

Application No. 22-05-006  
Exhibit PAC/1500  
Witness: Timothy J. Hemstreet

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

PACIFICORP

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Rebuttal Testimony of Timothy J. Hemstreet  
Foote Creek II-IV Repowering - Schedule and Costs

February 2023

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**I. INTRODUCTION**

**Q. Are you the same Timothy J. Hemstreet who previously provided testimony in this case on behalf of PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company)?**

A. Yes.

**II. PURPOSE OF REBUTTAL TESTIMONY**

**Q. What is the purpose of your rebuttal testimony?**

A. I respond to the testimony and recommendations of the California Public Utilities Commission’s Public Advocates Office (Cal Advocates) witness Nahal Mirfendereski regarding the Company’s Foote Creek II- IV wind repowering project. Witness Mirfendereski opposes inclusion of costs for the Foote Creek II-IV repowering project (the Project) in the Company’s 2023 General Rate Case revenue requirement based on a contention that the Project is unlikely to be commercially operational in the 2023 test period.<sup>1</sup>

**III. DISCUSSION**

**Q. Do you agree with Witness Mirfendereski’s concern that the Project will not be completed by the end of 2023?**

A. No. The Foote Creek II-IV repowering project is on track per PacifiCorp’s schedule. The Project construction contractor mobilized to the site in June 2022 to begin construction, and as of December 2022 all eleven new wind turbine foundations have been completed, access road improvements have been made to support turbine deliveries in spring 2023, and collection system and communication cabling installation have advanced. Since December 2022, construction activity has

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<sup>1</sup> Cal Advocates-04, Mirfendereski/2.

1           undergone a planned pause due to challenging winter weather conditions, but will  
2           resume again in April 2023. In May 2023, wind turbine deliveries are anticipated,  
3           followed by wind turbine installation and commissioning activities to meet the  
4           planned commercial operation date of December 2023. There is nothing in the current  
5           outlook that suggests any anticipated delays to the Company’s projected in-service  
6           date.

7           **Q.    Do you agree with Witness Mirfendereski’s suggestion that the lack of costs**  
8           **currently in-service for the Project reflects a delayed project schedule?<sup>2</sup>**

9           A.    No. As described above, the Foote Creek II-IV repowering project is currently on  
10           schedule with the anticipated in-service date of late 2023, as identified in  
11           PacifiCorp’s General Rate Case application. Thus, while on schedule, the Foote  
12           Creek II- IV wind repowering project is not yet in service. Therefore, construction  
13           costs for the Project are still accounted as construction work in progress, and there are  
14           no costs currently in-service for the project. When the project is serving customers, its  
15           capital costs will also be placed in-service. Witness Mirfendereski appears to  
16           misunderstand how the Company accounts for costs associated with capital projects.  
17           Until a project is placed in service and serving customers, the costs of the project are  
18           not in-service. Thus, the lack of in-service costs for Foote Creek II-IV does not reflect  
19           construction delays but simply proper utility accounting.

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<sup>2</sup> Cal Advocates-04, Mirfendereski/4.

1 **Q. In Data Request 11.2, Cal Advocates requested that the Company provide**  
2 **“historical comparable projects,” referring to other capital projects. The**  
3 **Company pointed to the repowering of the Foote Creek I project as being**  
4 **comparable to the repowering of the Foote Creek II-IV project. Do you agree**  
5 **with Witness Mirfendereski’s claim that Foote Creek I is not a comparable**  
6 **project because various milestones took longer to accomplish at Foote Creek I**  
7 **than is anticipated at Foote Creek II-IV?**<sup>3</sup>

8 A. No. Foote Creek I is very comparable – reflecting the same exact project location and  
9 even the same turbine models and overall repowering scope of work. Thus, the two  
10 projects are nearly identical. What’s not comparable is that Foote Creek I was  
11 constructed during the initial stages of the COVID-19 pandemic which caused  
12 significant schedule impacts and delays to the Foote Creek I project. Similar delays  
13 are not anticipated at the Foote Creek II-IV project since we are now at a much  
14 different stage of the COVID-19 pandemic and are not seeing similar manufacturing,  
15 transport, and work force disruptions as we did in 2020. Therefore, a line-by-line  
16 schedule comparison of some of the discrete project milestones, such as foundation  
17 completion or turbine deliveries between the two projects, will not exactly match or  
18 include similar durations. As I stated above, the Foote Creek II-IV project is on track  
19 to be serving customers in late 2023.

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<sup>3</sup> Cal Advocates-04, Mirfendereski/6.

1 **Q. Do you agree with Witness Mirfendereski's suggestion that because milestones**  
2 **within the project schedule may not have defined costs that this is a reflection of**  
3 **a delayed project schedule?<sup>4</sup>**

4 A. No. The Company provided milestones associated with construction progress for the  
5 Project in response to a data request, but does not separately track costs associated  
6 with those milestones in its accounting system and is therefore unable to report costs  
7 associated with these milestones. Allocating specific costs to construction milestones  
8 would have no impact on the construction schedule itself. Further, the cost associated  
9 with the Project will be allocated to California based on system allocation factors, and  
10 those allocation factors are not separately applied to specific project costs associated  
11 with individual project milestones. This is consistent with how costs are allocated to  
12 California pursuant to the 2020 Protocol, for which approval is being requested by  
13 PacifiCorp in this rate case, and not indicative of a delayed project schedule.

#### 14 **IV. SUMMARY AND CONCLUSION**

15 **Q. Please summarize your testimony.**

16 A. PacifiCorp recommends inclusion of costs for the Foote Creek II-IV repowering  
17 project in the Company's 2023 General Rate Case revenue requirement. The Foote  
18 Creek II-IV repowering is on track to be in-service and serving customers during the  
19 test period of this general rate case. Until the Project is placed in service, there will be  
20 no costs placed in-service for the project. The fact that costs have not yet been placed  
21 in service simply reflects that the turbines will all be placed in commercial operation  
22 at the same time. The Company is on track to deliver customers the benefits of the

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<sup>4</sup> Cal Advocates-04, Mirfendereski/5.

1 Foote Creek II-IV project with an in-service date within the test period of this general  
2 rate case and these costs should be included in the revenue requirement.

3 **Q. Does this conclude your rebuttal testimony?**

4 **A. Yes.**