

Application No. 22-05-006
Exhibit PAC/1600
Witness: Allen Berreth

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Rebuttal Testimony of Allen Berreth
Wildfire Mitigation Capital and Expense, Vegetation Management and Risk-Based
Decision Making

February 2023

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I. INTRODUCTION

Q. Are you the same Allen Berreth who previously submitted direct and supplemental testimony in this proceeding on behalf of PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company)?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to testimony and arguments that have been raised by witnesses from the California Public Utilities Commission’s Public Advocates Office (Cal Advocates) and the California Farm Bureau Federation (CFBF). This testimony is specifically focused on the areas of wildfire mitigation, vegetation management, and PacifiCorp’s Risk-Based Decision-Making Framework.

Q. Can you please summarize your testimony?

A. Yes, my testimony explains why PacifiCorp’s forecast for operations and maintenance (O&M) costs and capital costs for wildfire mitigation are required under the Wildfire Mitigation Plan (WMP) and provide a more complete picture of the increased spend that will happen during the test year. PacifiCorp’s proposal for these costs is based on detailed knowledge of individual projects and provides a more precise forecast when compared to Cal Advocates’ recommendation. Additionally, I respond to the CFBF’s concerns about our risk mapping process, and explain that the risk assessment process is increasingly being incorporated into the wildfire mitigation planning process.

1 **III. CHANGES AND UPDATES TO PACIFICORP'S DIRECT TESTIMONY**

2 **Q. Do you have any updates to the costs that you identified and supported in your**
3 **direct testimony?**

4 A. Yes, as reviewed later in my testimony, the following 2023 Expense forecasts have
5 been updated from my direct testimony.

Program Category	Original Forecast from Direct Testimony	Updated Forecast	Difference
Risk Assessment and Modeling	\$186,000	\$181,698	(\$4,302)
Situational Awareness	\$1,177,000	\$531,829	(\$645,171)
Asset Management & Inspections (Distribution Only)	\$90,000	\$0	(\$90,000)
Transmission	\$1,321	\$862	(\$459)
Total Difference			(\$739,932)

6 **Q. For the costs identified above, can you explain why PacifiCorp's proposed costs**
7 **have changed?**

8 A. The costs submitted in my direct testimony were prepared in May of 2022 and
9 included forecasted amounts. These proposed costs have now been updated based on
10 the Company's approved 2022 WMP Update and revised forecasts as discussed
11 below in my testimony.

12 **Q. Have these changes been incorporated into PacifiCorp's revised revenue**
13 **requirement calculation?**

14 A. Yes, please see Exhibit PAC/1700, rebuttal testimony of Company witness Shelley E.
15 McCoy who discusses how these revisions were incorporated into PacifiCorp's
16 updated revenue requirement.

1 **IV. PACIFICORP’S RESPONSE TO CAL ADVOCATES**

2 **Q. Cal Advocates makes recommendations to PacifiCorp’s proposed forecast O&M**
3 **and forecast capital additions related to wildfire mitigation.¹ Can you provide a**
4 **brief overview of how these forecasts are developed in coordination with**
5 **PacifiCorp’s California WMP?**

6 A. Consistent with California law,² PacifiCorp files, with the Office of Energy
7 Infrastructure Safety (OEIS), both a comprehensive WMP every three years and a
8 comprehensive annual update (WMP Update) of the most recently approved WMP in
9 years where a three-year plan is not filed. In development of these plans and updates,
10 PacifiCorp adheres to the compliance operational protocols and proscribed templates³
11 published annually by OEIS that require utilities to identify specific programs, define
12 unique program targets, forecast units of work and establish capital and expense
13 forecasts. These forecasts are identified and compared to actuals on an annual basis in
14 the non-spatial Quarterly Data Report (QDR)⁴ and on a quarterly basis in the
15 Quarterly Initiative Update (QIU) reports.⁵

16 PacifiCorp cannot rely on historic funding levels or flat forecasts to be able to
17 meet these unique quarterly and annual reporting requirements. Additionally, nearly
18 all programs included in the WMP are new, ramping up, or growing based on OEIS

¹ Cal Advocates-03, Nawaz/10-14; Cal Advocates-04, Mirfendereski/11-17.

² Cal. Pub. Util. Code §8386.

³ The Compliance Operational Protocols were established in 2021 consistent with Cal. Pub. Util. Code §8386.3(c)(1) by the Wildfire Safety Division (WSD). The 2022 guidelines and templates were developed OEIS and documented in the 2022 Wildfire Mitigation Plan Update Guidelines. See [2022 Wildfire Mitigation Plans | Office of Energy Infrastructure Safety \(ca.gov\)](https://www.pacifiCorp.com/community/safety/wildfire-mitigation-plans.html).

⁴ See Table 12 - Q1 2022 Quarterly Data Report (QDR) Non-Spatial Data – May 2, 2022 at <https://www.pacifiCorp.com/community/safety/wildfire-mitigation-plans.html>.

⁵ See Q1 2022 Quarterly Initiative Update (QIU) – May 2, 2022 at <https://www.pacifiCorp.com/community/safety/wildfire-mitigation-plans.html>.

1 guidance or stakeholder feedback. For example, the advanced weather monitoring and
2 weather stations program, also referred to as initiative 7.3.2.1 in the 2022 WMP
3 Update, the 2022 QIU, and the 2022 QDR,⁶ was initiated in 2019 with approximately
4 10 weather stations and has since grown to over 80 operational stations. When
5 initiated, PacifiCorp did not have historic funding available to reference for this
6 program. Additionally, the program has changed and grown each year since 2019. As
7 a result, PacifiCorp incurred both an increase in capital and expense costs year over
8 year since initiation. Based on this experience, PacifiCorp does not forecast or incur
9 flat, repetitive expenditure for these types of new or growing programs. Instead,
10 specific units are forecasted and combined with contract rates for materials or
11 services determined through competitive Request for Proposal (RFP) processes.
12 PacifiCorp takes a similar approach for most WMP programs to develop forecasts
13 which are outlined in the 2022 QDR and QIU reports.

14 **Q. Is PacifiCorp's WMP reviewed by the OEIS?**

15 A. Yes. As discussed in my direct testimony,⁷ PacifiCorp's three-year WMP was filed
16 and approved in 2020.⁸ This plan was then updated and approved in 2021.
17 PacifiCorp's most recent annual update, the 2022 WMP Update, was filed on May 6,
18 2022, and approved by OEIS on December 9, 2022. In approving PacifiCorp's 2022
19 WMP Update, OEIS expects that PacifiCorp will continue to make progress toward

⁶ The QIU and QQR are both components of quarterly and annual reports filed with OEIS consistent with Cal. Pub. Util. Code §8386.3(c)(1), the Compliance Operational Protocols established in 2021 by the Wildfire Safety Division (WSD), and the 2022 guidelines and templates developed OEIS and documented in the 2022 Wildfire Mitigation Plan Update Guidelines.

⁷ PAC/800, Berreth/13.

⁸ 2020 WMPs were approved in June 2020 (Resolution WSD-002) by the CPUC, following review from the Commission's Wildfire Safety Division. In July 2021, OEIS (formerly the CPUC's Wildfire Safety Division) transitioned to the Office of the California Natural Resources Agency.

1 reducing utility-related ignition risk and implement the programs and measures
2 described in the plan.⁹ The expenditures proposed by PacifiCorp in my direct
3 testimony reflect the known forecasted costs required to implement the Company’s
4 WMP and these expected programs and measures.

5 **Q. Cal Advocates’ testimony contends that it is appropriate to use historical**
6 **spending information to develop a forecast for PacifiCorp’s future O&M and**
7 **capital spending relating to wildfire mitigation activities.¹⁰ Is this view consistent**
8 **with the guidance that PacifiCorp has been receiving from OEIS?**

9 A. No. As stated above, the WMP requirements and templates are developed and
10 published annually by OEIS and, as a result, PacifiCorp, like other electric utilities, is
11 required to provide detailed, unit-based forecasts for projects and programs instead of
12 relying on historic funding levels. Additionally, throughout the WMP review process,
13 OEIS and other stakeholders have repeatedly encouraged and required that PacifiCorp
14 consider new programs, increase activity levels, and accelerate completion of work
15 with a heightened sense of urgency, often stating that “business-as-usual” is not
16 enough.

17 For example, the expulsion fuse replacement program was initiated by
18 PacifiCorp in response to a potential deficiency identified when reviewing

⁹ “Electrical corporations, including PacifiCorp, must continue to make progress toward reducing utility-related ignition risk. Energy Safety expects PacifiCorp to effectively implement its wildfire mitigation activities to reduce the risk of utility-related ignitions and the potential catastrophic consequences if an ignition occurs, as well as to reduce the scale, scope, and frequency of PSPS events.” Decision on 2022 Wildfire Mitigation Plan Update, PacifiCorp, Office of Energy Infrastructure Safety (December 9, 2022), proposed for ratification by the Commission in Draft Resolution SPD-12 (Jan. 20, 2023).

¹⁰ Cal Advocates-03, Nawaz/10-14; Cal Advocates-04, Mirfendereski/11-17.

1 PacifiCorp's 2021 WMP.¹¹ Prior to 2022, this program did not exist, was not part of
2 the WMP, and was not in historic funding levels. Now, it is part of forecasted capital
3 costs and included in the WMP. As another example, PacifiCorp initiated the portable
4 battery program in response to feedback from Commissioners during August 2021
5 Public Safety Power Shutoff (PSPS) Public Briefings, and new PSPS guidelines
6 outlined in Decision 21-06-034 that required electric utilities to "administer a
7 program to support resiliency for customers that rely on electricity to maintain
8 necessary life functions."¹² Prior to implementation as described in PacifiCorp's 2021
9 Change Order¹³ and 2022 WMP Update, this program would not have been part of
10 historic funding levels.

11 The implementation of new programs like these, expansion of existing
12 programs, and acceleration of activity required to move with a heightened sense of
13 urgency requires incremental funding that can vary and change over time as
14 continuous feedback is received and the WMP is updated. Historic funding levels
15 and flat forecasts do not capture this increase or variation over time, do not reflect the
16 level of granularity required by OEIS, and do not align with standard utility
17 accounting and forecasting practices for new programs or WMPs. Cal Advocates'
18 proposal does not align with the dynamic regulatory environment and WMP process.

¹¹ See PC-6 in WSD-017-Attachment A.

¹² See G5 in Appendix A of D. 21-06-034 at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-and-enforcement-division/documents/decision-phase-3-gl.pdf>

¹³ PacifiCorp's 2021 Change Order Report was filed with OEIS on November 1, 2021, consistent with Resolution WSD-017 and the October 6, 2021 guidance document, Office of Energy Infrastructure Final Change Order Process.

1 **Q. Do PacifiCorp’s capital and O&M cost forecasts reflect known and measurable**
2 **expectations for the 2023 test year?**

3 A. Yes.

4 *A. Wildfire Mitigation O&M Costs*

5 **Q. Cal Advocates recommends an overall decrease of \$1,049,549 to PacifiCorp’s**
6 **forecasted wildfire mitigation expenses. These adjustments simply take the lower**
7 **of PacifiCorp’s forecast or the annualized spend in each wildfire mitigation**
8 **category.¹⁴ Do you have concerns with this generally over-simplified approach?**

9 A. Yes, as described above, this is not an appropriate way to forecast future wildfire
10 mitigation spend by the Company. PacifiCorp’s proposed costs reflect a more
11 accurate forecast because these costs take into account detailed program planning,
12 unique forecasted units, and known unit costs.

13 **Q. Did Cal Advocates conduct any individualized analysis on these line items to**
14 **determine if the annualized amounts would be more accurate when compared to**
15 **PacifiCorp’s proposed costs?**

16 A. No, based on data request responses, Cal Advocates used costs incurred from January
17 1, 2022 to October 31, 2022 and simply annualized those costs to cover the entire test
18 period.¹⁵

¹⁴ Cal Advocates-03, Nawaz/10-14.

¹⁵ PAC/1601. Berreth/2-3.

1 **Q. Cal Advocates recommends a \$4,302 adjustment to PacifiCorp’s Risk**
2 **Assessment and Mapping wildfire mitigation expense.¹⁶ Are you contesting this**
3 **adjustment?**

4 A. No. PacifiCorp recognizes a higher level of uncertainty may exist with this program
5 forecast and does not contest Cal Advocates’ recommended adjustment.

6 **Q. How did PacifiCorp develop its forecast for the Risk Assessment and Mapping**
7 **wildfire mitigation expense?**

8 A. The 2023 forecast was developed based on the estimated personnel time for
9 PacifiCorp’s data scientists to develop and evolve the Company’s risk assessment
10 modeling and tools. Cal Advocates’ recommendation reflects a 2.3 percent reduction
11 in this forecast. PacifiCorp agrees that this forecast could be reduced.

12 **Q. Cal Advocates recommends a \$921,880 adjustment to PacifiCorp’s Situational**
13 **Awareness and Forecasting wildfire mitigation expense.¹⁷ Do you agree with this**
14 **approach?**

15 A. No, as stated above, simply annualizing past expense is not an accurate way to
16 forecast future costs here.

17 **Q. How did PacifiCorp develop its forecast for the Situational Awareness and**
18 **Forecasting wildfire mitigation expense?**

19 A. The forecast for situational awareness proposed by PacifiCorp reflects a combination
20 of personnel costs, software development, high powered computing, data
21 maintenance, and weather station calibrations. The methodology to determine
22 forecasted weather station calibration was discussed above. The remaining costs in

¹⁶ Cal Advocates-03, Nawaz/12.

¹⁷ Cal Advocates-03, Nawaz/12.

1 situational awareness were determined based on planned milestones, program targets,
2 and contract rates with established and industry standard vendors.

3 **Q. Please explain why PacifiCorp's approach to forecasting for the Situational**
4 **Awareness and Forecasting wildfire mitigation expense is more accurate.**

5 A. PacifiCorp's estimate leverages established contract rates, forecasted deliverables and
6 program targets. Additionally, the increase in forecast over previous years more
7 accurately reflects the significant increase in activity and planned maturation for the
8 program. Flat spending would not be indicative of the continuous improvement
9 recommended by OEIS and planned by PacifiCorp for this program as outlined in
10 Section 4.5.1 of the 2022 WMP Update.

11 **Q. Have you updated your forecast for Situational Awareness and Forecasting**
12 **expense?**

13 A. Yes. Since my direct testimony, PacifiCorp has expanded the software component of
14 its situational awareness program to be system-wide. As a part of this expansion,
15 PacifiCorp evaluated and updated the allocation factor to be consistent with other
16 software projects in use across the Company. As a result, PacifiCorp has revised its
17 California allocated 2023 forecast for situational awareness to \$531,829 which is
18 \$645,171 lower than proposed in my direct testimony.

19 **Q. Cal Advocates recommends a \$13,145 adjustment to PacifiCorp's Asset**
20 **Management and Inspections wildfire mitigation expense.¹⁸ Do you agree with**
21 **this adjustment?**

22 A. While PacifiCorp does not agree with the methodology used by Cal Advocates for

¹⁸ Cal Advocates-03, Nawaz/12.

1 this adjustment, this expense category has been updated. Through discovery, this
2 program was identified as a transmission program and had already been accounted for
3 in the transmission spend category. The line item has been removed and the change
4 reflected in the updated revenue requirement.

5 **Q. Cal Advocates recommends a \$82,568 adjustment to PacifiCorp's Emergency**
6 **Planning and Preparedness wildfire mitigation expense.¹⁹ Do you agree with this**
7 **adjustment?**

8 A. No.

9 **Q. How did PacifiCorp develop its forecast for the Emergency Planning and**
10 **Preparedness wildfire mitigation expense?**

11 A. PacifiCorp's forecast includes an evaluation of planned activity to ensure proper
12 coordination and preparedness for PSPS events such as workshops, tabletop
13 exercises, and even a full-scale exercise, in compliance with Decision 21-06-034. In
14 general, this planned activity reflects a significant increase over historic levels.
15 Therefore, PacifiCorp's forecast includes an increase over previous spend.

16 **Q. Please explain why PacifiCorp's forecast for the Emergency Planning and**
17 **Preparedness wildfire mitigation expense is more accurate.**

18 A. PacifiCorp's forecast includes an assessment and increase of planned activities over
19 historic levels. This approach is consistent with the recommendations from OEIS,
20 Commission directives and stakeholder feedback to enhance existing programs and
21 work with a sense of urgency to mitigate risk.

¹⁹ Cal Advocates-03, Nawaz/13.

1 **Q. Cal Advocates recommends a \$27,195 adjustment to PacifiCorp’s Stakeholder**
2 **Cooperation and Community Engagement wildfire mitigation expense.²⁰ Do you**
3 **agree with this adjustment?**

4 A. No.

5 **Q. How did PacifiCorp develop its forecast for the Stakeholder Cooperation and**
6 **Community Engagement wildfire mitigation expense?**

7 A. As described in my direct testimony, stakeholder cooperation and community
8 engagement includes webinars, in-person meetings, targeted paid media campaigns,
9 press engagement, distribution print materials, social media updates, and
10 communication through owned channels such as bill messages and website content,
11 among others.²¹ Additionally, this program captures travel associated with
12 workshops, Commission engagement, field visits, tours, and local stakeholder
13 engagement. PacifiCorp has learned through stakeholder feedback, customer surveys,
14 and interviews with Community Based Organization that this outreach is working but
15 requires continued improvement to reach more customers and members of the
16 communities served by PacifiCorp. This program forecast was developed assuming
17 continued implementation of the program but assumes an increase in travel costs now
18 that certain pandemic restrictions have eased.

19 **Q. Please explain why PacifiCorp’s forecast for the Stakeholder Cooperation and**
20 **Community Engagement wildfire mitigation expense is more accurate.**

21 A. PacifiCorp’s forecast includes an increase in activity that is expected to continuously
22 improve and advance the program and incorporates travel costs associated with an

²⁰ Cal Advocates-03, Nawaz/13.

²¹ See PAC/800, Berreth/31.

1 increase in demand for in-person engagement.

2 **Q. Cal Advocates recommends a \$459 adjustment to PacifiCorp's wildfire**
3 **mitigation expense.²² Are you contesting this adjustment?**

4 A. No.

5 **Q. How did PacifiCorp develop its forecast for the transmission wildfire mitigation**
6 **expense?**

7 A. Similar to other programs, PacifiCorp reviewed planned units and contract rates
8 throughout its entire service territory and then calculated California's allocation of
9 that forecasted system cost. PacifiCorp agreed that the proposed adjusted forecast
10 from Cal Advocates could be used.

11 **B. Wildfire Mitigation Capital Costs**

12 **Q. Can you provide a brief overview of how PacifiCorp forecasts capital costs?**

13 A. As described previously, PacifiCorp forecasts all WMP capital and expense costs
14 consistent with the WMP template and reporting requirements by using a
15 combination of defined projects or programs, planned work or units, and agreed upon
16 contract rates or unit costs. However, in terms of rate recovery, capital costs are
17 forecasted differently than expense because, consistent with utility accounting
18 practices, assets are not included in rate base until they are placed in service, used and
19 useful. For example, a nominal five-mile covered conductor project may require 16
20 months for completion. While capital costs are forecasted and incurred throughout the
21 entire sixteen months, which would be reflected in a WMP filing or quarterly report,
22 the recovery of the project cost is only forecasted beginning the month that the project

²² Cal Advocates-03, Nawaz/13.

1 completes. As opposed to taking an average or run rate for forecasting, PacifiCorp
2 determines an anticipated completion date for each project based on type, scope, and
3 complexity and forecasts the capital cost recovery accordingly.

4 **Q. Can you provide an explanation as to why capital investment placed in-serve for**
5 **these wildfire mitigation capital projects will have significant variation on a**
6 **month-to-month basis, but the overall forecast will still remain accurate?**

7 A. Given the preferred construction season during more favorable weather, it is also
8 common to see more projects completed in the third and fourth quarter of the year.
9 Additionally, as described above, many of the wildfire mitigation capital projects,
10 such as covered conductor, require multiple years to complete. With any multi-year
11 project, many variables can impact delivery timelines both accelerating and
12 decelerating delivery from baseline expectations. Examples include supply chain,
13 resource availability, design requirements, stakeholder input, permitting and local
14 conditions during construction. Therefore, it is common for completion dates to shift
15 from forecast where some projects may be completed after their forecasted in-service
16 date while others are completed before their forecasted in-service date. Despite the
17 changes and variations throughout the year, the balance of the plan and forecast
18 remains accurate as the program works to complete all planned work.

1 **Q. Cal Advocates takes the average of the monthly capital costs from July 2021 to**
2 **October 2022 to forecast \$23.8 million for PacifiCorp’s capital spend for wildfire**
3 **mitigation for November 2022 through December 2023.²³ This results in a**
4 **reduction of \$28 million to PacifiCorp’s incremental wildfire mitigation capital**
5 **costs.²⁴ Is this adjustment appropriate?**

6 A. No.

7 **Q. Please explain why Cal Advocates’ adjustment is inappropriate and based on a**
8 **flawed methodology for forecasting costs.**

9 A. Similar with other recommended adjustments, using previous experience to forecast
10 future costs does not account for the significant ramp up in place for many of the
11 capital programs. PacifiCorp is continuously focused on increasing activity to deliver
12 more projects faster to mitigate risk at the recommendation of OEIS.

13 **V. PACIFICORP’S RESPONSE TO THE CALIFORNIA FARM BUREAU**
14 **FEDERATION**

15 **Q. The CFBF noted in their testimony that “wildfire-risk is not even mentioned in**
16 **the Company’s list of top ten risk events[.]”²⁵ Can you briefly explain how those**
17 **risk events were developed and why wildfire risk was not included?**

18 A. The risk event analysis provided pre-dated PacifiCorp’s first WMP filed in 2019
19 which required that PacifiCorp build upon the state-led risk mapping effort and
20 perform utility specific wildfire risk analysis to inform programs and investment.
21 Since this initial filing in 2019, PacifiCorp has worked to improve and mature the

²³ Cal Advocates-03, Mirfendereski/16-17.

²⁴ Cal Advocates-03, Mirfendereski/16-17.

²⁵ CFBF/100, Reed/11.

1 Company's risk modeling and assessment efforts consistent with industry standards
2 and the guidance and recommendations of OEIS. The risk analysis and methodology
3 was first described in PacifiCorp's 2020 WMP Remedial Compliance Plan (RCP)
4 dated July 27, 2020, augmented in both the 2021 and 2022 WMP Updates, and, as
5 described in the 2022 WMP Update, will continue evolving toward a risk-spend
6 efficiency style evaluation consistent with OEIS guidelines and best practices in other
7 California utilities. Key investments included in the company's 2022 WMP Update
8 include datasets, tools, and software to further this analysis.²⁶

9 **Q. The CFBF also notes that PacifiCorp did not provide a cost/benefit analysis as**
10 **related to wildfire costs.²⁷ Can you provide some additional context around how**
11 **PacifiCorp determined that these costs were appropriate and how they have**
12 **been vetted through the development of PacifiCorp's wildfire mitigation plan?**

13 A. PacifiCorp's wildfire mitigation programs and costs have been developed over
14 multiple years through the WMP proceedings. These programs and costs, which align
15 with utility best practice and compliance requirements, are made available for review
16 during the robust WMP public process where they are refined by stakeholder input,
17 public comment, third party reviews, and feedback and recommendations from the
18 Wildfire Safety Advisory Board and OEIS. As a result, PacifiCorp believes these
19 costs and programs to be appropriate.

20 VI. CONCLUSION

21 **Q. Please summarize your recommendation to the Commission.**

22 A. I recommend that the Commission approve the wildfire mitigation costs as proposed

²⁶ See Section 4.5 and Section 7.3.1 of PacifiCorp's 2022 WMP Update.

²⁷ CFBF/100, Reed/12.

1 by the Company and including the updates noted in this testimony and revenue
2 requirement update.

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

4 **A. Yes.**

Application No. 22-05-006
Exhibit PAC/1601
Witness: Allen Berreth

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Exhibit Accompanying Rebuttal Testimony of

Allen Berreth

Cal. Advocates Responses to DR#1

February 2023



**A.22-05-006: In the Matter of the Application of
PacifiCorp (U-901-E), for an Order Authorizing a
General Rate Increase Effective Jan. 1, 2023**

Origination Date: December 27, 2023
Due Date: Jan. 11, 2023
Response Date: Jan. 18, 2023

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Re: A.2205006 Cal Advocates' Response to PacifiCorp's Data Request #1

INTRODUCTION

Public Advocates Office at California Public Utilities Commission (Cal Advocates) hereby submits the following Responses and Objections to PacifiCorp's Data Request #1. For clarity, each portion of each question of the data request is re-stated prior to Cal Advocates' response.

RESERVATION OF RIGHTS

1. These responses and objections are made without waiving or intending to waive, but to the contrary intending to preserve and preserving: (a) any objection as to the competency, relevancy, materiality, privilege, or admissibility as evidence, for any purpose, or any documents or information produced in response to the Data Request; (b) the right to object on any ground to the use of documents or information produced in response to the Data Request at any hearing, trial or other point during this action; (c) the right to object on any ground at any time to a demand for further responses to Data Request; and (d) the right at any time to revise, correct, add to, supplement, or clarify any of the responses to objections contained herein.
2. Cal Advocates reserves the right to present further information and produce additional documents as a result of its ongoing efforts to respond to the Data Request. Cal Advocates expressly reserves the right to rely, at any time, on subsequently discovered documents.

GENERAL OBJECTIONS

1. The documents, information, and responses supplied herein are for use in A.22-050006 and for no other purpose.
2. No response or objection made herein, or lack thereof, is an admission by Cal Advocates as to the existence or non-existence of any documents or information.
3. Cal Advocates objects to the Data Request to the extent it seeks to impose duties and obligations on Cal Advocates greater than Cal Advocates' duties and obligations under the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC).
4. Cal Advocates objects to the Data Request as unduly burdensome to the extent that the requestor purports to require Cal Advocates to create, compile, analyze, compute, and/or summarize voluminous data or information that the requestor has the ability to create, compile, analyze, compute, and/or summarize by reviewing the documents, information, or data that Cal Advocates has produced or will produce.
5. Cal Advocates objects to the Data Request to the extent that it calls for disclosure of material which is subject to the attorney-client privilege or attorney work-product doctrine.

DATA RESPONSE

PacifiCorp's Question 1:

Please provide copies of all data requests submitted to Cal Advocates by other parties to this proceeding and copies of all of Cal Advocates' responses to those data requests. This is an ongoing request for the duration of this proceeding.

Cal Advocates' Response to Question #1:

Cal Advocates has not received data requests by other parties to this proceeding.

The following questions relate to Exhibit Cal Advocates-03 (Expenses):

PacifiCorp's Question 2:

Please refer to page 12, lines 6-11 of Exhibit Cal Advocates-03, Testimony of Fauzia Nawaz. For Cal Advocate's proposed adjustment on Situational Awareness and Forecasting, Cal Advocates proposed \$255,120 as a reasonable amount to be recovered. Did Cal Advocates conduct any review or analysis to arrive at that amount beyond annualizing the recorded costs in 2019, 2020, and 2021 to arrive at this adjustment? If any review or analysis was conducted, please provide those analysis including any spreadsheets with formulas intact.

Cal Advocates' Response to Question #2:

As mentioned on page 12, lines 6-11 of Exhibit Cal Advocates-03, Cal Advocated used costs incurred by PacifiCorp between January 1, 2022, and October 31, 2022, and annualized those costs to arrive at the recommendation of \$255,120 for TY 2023. There are no additional workpapers or spreadsheets related to this analysis.

PacifiCorp's Question 3:

Please refer to page 12, lines 15-19 of Exhibit Cal Advocates-03, Testimony of Fauzia Nawaz. For Cal Advocate's proposed adjustment on Asset Management and Inspections, Cal Advocates proposed \$66,855 as a reasonable amount to be recovered. Did Cal Advocates conduct any review or analysis to arrive at that amount beyond annualizing the recorded costs in 2021 and 2022 to arrive at this adjustment? If any review or analysis was conducted, please provide those analysis including any spreadsheets with formulas intact.

Cal Advocates' Response to Question #3:

As mentioned on page 12, lines 15-19 of Exhibit Cal Advocates-03, Cal Advocated used costs incurred by PacifiCorp between January 1, 2022, and October 31, 2022, and annualized those costs to arrive at the recommendation of \$66,855 for TY 2023. There are no additional workpapers or spreadsheets related to this analysis.

PacifiCorp's Question 4:

Please refer to page 13, lines 12-16 of Exhibit Cal Advocates-03, Testimony of Fauzia Nawaz. For Cal Advocate's proposed adjustment on Emergency Planning and Preparedness, Cal Advocates proposed \$35,432 as a reasonable amount to be recovered. Did Cal Advocates conduct any review or analysis to arrive at that amount beyond annualizing the recorded costs in 2020, 2021, and 2022 to arrive at this adjustment? If any review or analysis was conducted, please provide those analysis including any

spreadsheets with formulas intact.

Cal Advocates' Response to Question #4:

As mentioned on page 13, lines 12-16 of Exhibit Cal Advocates-03, Cal Advocated used costs incurred by PacifiCorp between January 1, 2022, and October 31, 2022, and annualized those costs to arrive at the recommendation of \$35,432 for TY 2023. There are no additional workpapers or spreadsheets related to this analysis.

PacifiCorp's Question 5:

Please refer to page 13, lines 17-21 of Exhibit Cal Advocates-03, Testimony of Fauzia Nawaz. For Cal Advocate's proposed adjustment on Stakeholder Cooperation and Community Engagement, Cal Advocates proposed \$102,671 as a reasonable amount to be recovered. Did Cal Advocates conduct any review or analysis to arrive at that amount beyond annualizing the recorded costs in 2019, 2020, 2021, and 2022 to arrive at this adjustment? If any review or analysis was conducted, please provide those analysis including any spreadsheets with formulas intact.

Cal Advocates' Response to Question #5:

Cal Advocates is not recommending \$102,671. Cal Advocates' recommendation is \$123,205.

As mentioned on page 13, lines 17-21 of Exhibit Cal Advocates-03, Cal Advocated used costs incurred by PacifiCorp between January 1, 2022, and October 31, 2022, and annualized those costs to arrive at the recommendation of \$123,205 for TY 2023. There are no additional workpapers or spreadsheets related to this analysis.

PacifiCorp's Question 6:

Please refer to page 14, lines 1-4 of Exhibit Cal Advocates-03, Testimony of Fauzia Nawaz. For Cal Advocate's proposed adjustment on Transmission related expenses, Cal Advocates proposed \$862 as a reasonable amount to be recovered. Did Cal Advocates conduct any review or analysis to arrive at that amount beyond annualizing the recorded costs in 2021 and 2022 to arrive at this adjustment? If any review or analysis was conducted, please provide those analysis including any spreadsheets with formulas intact.

Cal Advocates' Response to Question #6:

As mentioned on page 14, lines 1-4 of Exhibit Cal Advocates-03, Cal Advocated used costs incurred by PacifiCorp between January 1, 2022, and October 31, 2022, and annualized those costs to arrive at the recommendation of \$862 for TY 2023. There are no additional workpapers or spreadsheets related to this analysis.

The following questions relate to Exhibit Cal Advocates-05 (Cost of Capital):

PacifiCorp's Question 7:

Please provide all source documents used to develop the exhibits provided by Dr. Woolridge. Source documents include Value Line reports, original source data from Yahoo, Zacks and S&P growth rates.

Cal Advocates' Response to Question #7

The Value Line data is provided in the zip file “Electric V-Lines - December 12, 2022.zip. The Yahoo and Zacks data are provided in Dr. Woolridge’s work papers in the “Work Sheets – CA – Pacificorp” folder in the file “Yahoo - Zacks - Growth Rates.xlsx.” The S&P Cap IQ growth rates are provided in in Dr. Woolridge’s work papers in the file “SP Cap IQ - Dividend Yields and Cap IQ Growth Rates - Updated Utilities Stock Data - Woolridge - 12-5-22 - Updated Annualized Dividend.xlsx.”

PacifiCorp’s Question 8:

Please provide the underlying data and working electronic files that support the figures that have been provided in Dr. Woolridge’s exhibits. Specifically, Dr. Woolridge provides pictures in his Exhibits: a. JRW-2:

- a. the Dividend Yield for his proxy groups over time,
- b. JRW-2: Long-term A rated public utility bond yields
- c. JRW-2: Electric Utility Group average ROE and Market-to-book ratios
- d. JRW-6: 30-year US Treasury Yields 2010-2022

Cal Advocates’ Response to Question #8

a.-c. The requested data and calculations are provided in Dr. Woolridge’s work papers in the “Work Sheets – CA – Pacificorp” folder in the file “Exhibit JRW-2 - Electric Utility Group COC Data – 2021.xlsx.”

d. The requested data and calculations are provided in Dr. Woolridge’s work papers in the “Work Sheets – CA – Pacificorp” folder in the file “30-Year Treasury Yields - 2010-22.xlsx.”

PacifiCorp’s Question 9:

Please provide all cited sources referenced in Dr. Woolridge’s testimony.

Cal Advocates’ Response to Question #9

Dr. Woolridge’s work papers, data and work sheets, and source documents are provided in three zip files. The zip files, and their contents, are:

<u>File</u>	<u>Contents</u>
Articles 2022.zip	Copies of articles, studies, reports, regulatory decisions And orders used and cited in the Testimony and Exhibits, listed by Authors name and date of publication
Electric V-Lines – December 12, 2022.zip	Copies of the <i>Value Line</i> reports used in Testimony and Exhibits
Work Sheets – CA - Pacificorp.zip	Copies of data, work papers, and work sheets used in the development of Dr. Woolridge’s Exhibits as well as the Figures, and Tables in his Testimony.

PacifiCorp’s Question 10:

Please provide the workpapers used to create all figures and tables in Dr. Woolridge’s Direct Testimony. Please include original source documents and all electronic files with formulas and figures, and calculations.

Cal Advocates’ Response to Question #10

The requested data and work sheets are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificcorp" folder. Work sheets used for tables, figures, and exhibits are labeled as such.

PacifiCorp's Question 11:

Please provide all testimony filed by Dr. Woolridge on the cost of equity in the last five years.

Cal Advocates' Response to Question #11

Please see at attached zip file entitled "JRWoolridge Testimonies – 2018-22.zip."

PacifiCorp's Question 12:

Referencing Exhibit JRW-5, Please provide the calculations that resulted in the growth rates used in Dr. Woolridge's DCF analysis.

Cal Advocates' Response to Question #12

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificcorp" folder in the file named "CA - Pacificcorp - Exhibits of J. Randall Woolridge under tabs for Exhibits JRW-5.

PacifiCorp's Question 13:

Please provide all studies that Dr. Woolridge relied upon in the development of Exhibit JRW-6, pages 5 and 6.

Cal Advocates' Response to Question #13

The requested documents are provided in Dr. Woolridge's work papers in the "Articles 2022" folder in files by Author Names and Dates.

PacifiCorp's Question 14:

Referencing Dr. Woolridge's testimony at page 7, lines 19-20, please confirm that Dr. Woolridge is aware that Ms. Bulkley has used the 30 day average yield on the 30-Treasury bonds in the Bond Yield Risk Premium analysis as well as projected Treasury bond yields.

Cal Advocates' Response to Question #14

Confirmed

PacifiCorp's Question 15:

Referencing Dr. Woolridge's Exhibit JRW, 2, page 2. Please provide the electronic file with original source data used to develop this analysis in a workable excel file. Please also explain what the data is that is summarized in columns Q through V of Dr. Woolridge's workpaper for this schedule. Please provide all source data for this summarized information. Please indicate how this information is used in Dr. Woolridge's COE analyses and specifically where referenced in his testimony.

Cal Advocates' Response to Question #15

The requested electronic file is provided in Dr. Woolridge's work papers in the "Work Sheets" zip file in the file "Exhibit JRW-2 - Electric Utility Group COC Data – 2021.xlsx." The data in Columns Q through V are the average authorized ROEs for electric utilities. This data is not used on page 2 of Exhibit JRW-2. The source data is provided in the file. This data is only used to support Dr. Woolridge's discussion of historical utility capital cost indicators on pages 10-11 of his testimony.

PacifiCorp's Question 16:

Referencing Dr. Woolridge's testimony at page 10, Figure 2, please provide the electronic file including source data with working formulas that was used to create this figure. Please indicate why Dr. Woolridge is only relying on data through 2021 in this exhibit. Confirm that it would be important to understand the debt and equity capital that has been raised by public utilities in 2022. If that cannot be confirmed, please explain why that information is not relevant.

Cal Advocates' Response to Question #16

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Figure - Capital Raised by US Utilities - 2009-21 - 1-17-22." The data come from an annual study by S&P Global Market Intelligence. The study covering 2022 data has not been published.

PacifiCorp's Question 17:

Referencing Dr. Woolridge's testimony at page 11, lines 2 through 21, please provide the source documents used to establish each measure of inflation, unemployment, real GDP growth, and interest rate increase referenced in this section of his testimony.

Cal Advocates' Response to Question #17

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "CA - Pacificorp - Exhibits of J. Randall Woolridge" under tabs for Exhibits JRW-8, pages 1-6.

PacifiCorp's Question 18:

Referencing Dr. Woolridge's testimony at Figure 3, please provide the source data used to develop this figure in Excel format with working formulas.

Cal Advocates' Response to Question #18

The figure was downloaded from the Federal Reserve Bank of St. Louis's Fred website (<https://fred.stlouisfed.org/>). Dr. Woolridge did not perform the analysis. The St. Louis Fed collected the data and performed the analysis.

PacifiCorp's Question 19:

Referencing Dr. Woolridge's testimony at Figure 4, please provide the source data used to develop this figure in Excel format with working formulas.

Cal Advocates' Response to Question #19

The figure was downloaded from the S&P Cap IQ. Dr. Woolridge did not perform the analysis. S&P Cap IQ collected the data and performed the analysis.

PacifiCorp's Question 20:

Referencing Figure 5 in Dr. Woolridge's testimony, please provide the underlying data used to develop this chart. If such data cannot be provided, please indicate the dates that were used to develop the chart.

Cal Advocates' Response to Question #20

The figure was downloaded from the website "<https://www.ustreasuryyieldcurve.com/>." Dr. Woolridge did not perform the analysis. The U.S. Treasury compiled the data and performed the analysis.

PacifiCorp's Question 21:

Referencing Dr. Woolridge's testimony at page 16, lines 1-3 please provide the data that supports Dr. Woolridge's statement that "utility stocks have held up quite well in 2022 compared to the overall stock market, which is down about over 10%".

Cal Advocates' Response to Question #21

The statement is based on the analysis in Figure 4. Dr. Woolridge did not perform the analysis in Figure 4. S&P Cap IQ compiled the data and performed the analysis.

PacifiCorp's Question 22:

Referencing Figure 7 of Dr. Woolridge's testimony, please provide all underlying data used to develop the figure in Excel format with working formulas.

Cal Advocates' Response to Question #22

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Authorized ROEs and Ten-Year Treasury Yields, Quarterly since 2000 --- Updated."

PacifiCorp's Question 23:

Referencing Table 1 of Dr. Woolridge's Direct Testimony, please provide the Excel file that supports the summary of authorized ROE data for gas and electric utilities from 2010 through 2022.

Cal Advocates' Response to Question #23

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Authorized ROEs and Ten-Year Treasury Yields, Quarterly since 2000 --- Updated."

PacifiCorp's Question 24:

Referencing Figure 8 please provide the source data in Excel format, with formulas for both charts provided in Figure 8. Please explain how the gas distribution company data was used in the determination of the ROE for PacifiCorp in its California operations.

Cal Advocates' Response to Question #24

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" in the files named "Annual Electric ROE and 30-Year Treasury Yield.xlsx" and "Annual Gas ROE and 30-Year Treasury Yield - 2007-21.xlsx."

PacifiCorp's Question 25:

Referencing Table 4 please provide the source data used to support the figures, in electronic format, including formulas that result in the averages presented in the figure. Please explain how Dr. Woolridge relied on the natural gas utility average authorized ROEs in making his recommendation for PacifiCorp's California operations.

Cal Advocates' Response to Question #25

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" in the files named "Annual Electric ROE and 30-Year Treasury Yield.xlsx" and "Annual Gas ROE and 30-Year Treasury Yield - 2007-21.xlsx." The gas company data was included as an additional analysis that shows utility commissions treated gas companies in a manner similar as electric utilities.

PacifiCorp's Question 26:

Referencing Dr. Woolridge's testimony at page 23-24, please explain whether or not Dr. Woolridge believes that owning generation results in greater risk for a vertically integrated electric utility than a distribution only utility, assuming all other operating and financial issues are held equal.

Cal Advocates' Response to Question #26

The ownership of generation assets is normally considered to have more risk than delivery-only electric utilities. Consistent with this observation, authorized ROEs for integrated electrics have been higher than those for delivery-only electrics. However, Dr. Woolridge uses S&P and Moody's credit ratings to assess risk, and the ownership and operating of generation assets is part of the evaluation of risk. PacifiCorp's Standard & Poor (S&P) and Moody's issuer credit ratings are A and A3. The averages of the two Proxy Groups are BBB+ and Baa1. This indicates that its investment risk of PacifiCorp is below that of other electric utilities, even though they own and operate generation assets.

PacifiCorp's Question 27:

Referencing Dr. Woolridge's testimony at page 26, lines 7 through 16: Please confirm that Dr. Woolridge is not proposing short-term debt for PacifiCorp in his weighted average cost of capital recommendation.

Cal Advocates' Response to Question #27

Confirmed

PacifiCorp's Question 28:

Please provide the data used to develop Figure 9 in Dr. Woolridge's Direct Testimony. Please confirm that the expected returns and market-to-book ratios that are being evaluated in this analysis are at the holding company level, not the operating company level.

Cal Advocates' Response to Question #28

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Figure - Utility ROE-M-B Ratio - Electric Proxy Group - 4-27-22 .xlsx."

PacifiCorp's Question 29:

Referencing Table 6 of Dr. Woolridge's Direct Testimony, please confirm that the February 4, 2022 Value Line Investment Survey of Betas that has been relied upon in this figure is the most recent published survey of Industry Betas, as of the date of Dr. Woolridge's testimony (December 22, 2022). If that cannot be confirmed, please provide the most current version of this publication and indicate why the more current data was not relied upon by Dr. Woolridge in his analysis.

Cal Advocates' Response to Question #29

Confirmed. The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Table - Beta Study - 2-4-22 - Updated Betas.xlsx." The updated Betas are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file named "Beta Study - 1-15-23 - Updated Betas.xlsx."

PacifiCorp's Question 30:

Please provide the workpaper that supports Figure 11 of Dr. Woolridge's Direct Testimony in electronic format with working formulas.

Cal Advocates' Response to Question #30

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the files named "Combined Utilities Projects Master Summary - 4-19-22 - Electric and Gas Companies.xlsx."

PacifiCorp's Question 31:

Please provide the workpapers that support Figure 12 of Dr. Woolridge's Direct Testimony including the electronic file used to create the figure and original source data relied upon.

Cal Advocates' Response to Question #31

The requested data and calculations are provided in Dr. Woolridge's work papers in the "Work Sheets – CA – Pacificorp" folder in the file "Damodaran - S and P Data - Implied Equity Risk Premium – 2021.xlsx."

PacifiCorp's Question 32:

Referencing Dr. Woolridge's testimony at page 67, please provide all Moody's reports reviewed by Dr. Woolridge referencing utility ROEs and credit quality since the 2015 Moody's report referenced in footnote 37. If Dr. Woolridge has not reviewed any additional reports that reference utility ROEs and credit quality, please so state.

Cal Advocates' Response to Question #32

Dr. Woolridge is not aware of other Moody's studies on utility ROEs and credit quality.

END DATA RESPONSE