

Docket No. UE 433
Exhibit PAC/1400
Witness: Allen Berreth

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

Direct Testimony of Allen Berreth

February 2024

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, business address, and present position with PacifiCorp**
3 **d/b/a Pacific Power (PacifiCorp or the Company).**

4 A. My name is Allen Berreth. My business address is 825 NE Multnomah Street, Suite
5 1700, Portland, Oregon 97232. My present position is Vice President of Transmission
6 and Distribution Operations for PacifiCorp. I am responsible for the departments that
7 support the operations, maintenance, and construction of PacifiCorp’s transmission
8 and distribution systems; such as Asset Management, Investment Delivery, Finance,
9 Real Estate, GIS, Facilities, Vegetation Management, and Wildfire Mitigation
10 Planning.

11 **Q. Briefly describe your education and professional experience.**

12 A. I have a Bachelor of Science degree in Electrical Engineering with a focus in electric
13 power systems from the University of Idaho and a Masters of Business
14 Administration from Utah State University. I have been Vice President of
15 Transmission and Distribution Operations since October 2020. Prior to my current
16 position, I have held positions in delivery assurance, asset management, work
17 planning, business improvement, and field engineering since joining PacifiCorp in
18 1998.

19 **Q. Have you testified in previous regulatory proceedings?**

20 A. Yes, I have testified previously in California, Oregon, and Washington.

21 **II. PURPOSE OF TESTIMONY**

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

23 A. The purpose of my testimony is to describe PacifiCorp’s wildfire related transmission

1 and distribution investments and vegetation management expenses included in this
2 rate case. I support the Company's incremental investments in wildfire mitigation to
3 address the risks posed by the increased frequency, severity, and costs of wildfires to
4 customers, employees, and Company facilities. While most of these costs are now
5 recovered through the ongoing Wildfire Mitigation Plan (WMP) Automatic
6 Adjustment Clause (AAC), there are certain costs that are not recovered in that
7 mechanism that are recovered in this case. My testimony also supports the baseline
8 vegetation management spend. Additionally, my testimony discusses and supports the
9 inclusion of the restoration costs for the 2020 Labor Day wildfires. Finally, I describe
10 the Company's investment in the Juniper Ridge Bend Service Center. I recommend
11 that the Public Utility Commission of Oregon (Commission) approve these new
12 investments and proposed changes as prudent and in the public interest.

13 III. BACKGROUND ON WILDFIRE RISK IN OREGON

14 **Q. How have the risks associated with wildfires evolved in PacifiCorp's service**
15 **territories?**

16 A. There has always been some degree of wildfire risk across PacifiCorp's service
17 territories, including in Oregon. This risk is inherent to operating an electric utility
18 and is elevated for utilities in the Western United States where climates are arid
19 year-long in some areas, or seasonally in others. However, the frequency, severity,
20 and costs of catastrophic wildfires are increasing across the West. Recent experiences
21 with catastrophic and tragic wildfires have resulted in an even greater focus on
22 wildfire risk mitigation by public utilities in the region.

1 **Q. Please describe Senate Bill (SB) 762 and the WMPs.¹**

2 A. On July 19, 2021, Governor Brown signed SB 762 into law. SB 762 requires that
3 public utilities file with the Commission risk-based WMPs that include means for
4 mitigating wildfire risk, balancing costs with the resulting reduction of risk, and
5 preventive actions and programs to minimize risk of utility facilities causing a
6 wildfire.² This law allows for recovery of all reasonable costs and prudent
7 investments made by a public utility to implement a WMP and also allows for the
8 recovery of those costs through an automatic adjustment clause.³ Following SB 762,
9 PacifiCorp filed its first WMP on December 30, 2021.⁴

10 **Q. What are the elements of the WMP?**

11 A. PacifiCorp is adapting to the changes in wildfire risk through adoption of accelerated
12 and enhanced wildfire mitigation measures that conform with Oregon legislation,
13 including SB 762, for utility wildfire mitigation. PacifiCorp identified key goals to
14 help inform its wildfire mitigation approach: 1) minimize the risk of wildfires from
15 PacifiCorp equipment; 2) promptly address any problems attributed to PacifiCorp
16 equipment if they do occur; 3) be prepared to address wildfires from other sources;
17 and 4) respond when a wildfire puts utility equipment at risk. PacifiCorp took these
18 goals and engaged in an extensive modeling process to develop a risk-based approach
19 to achieving them. This risk-based approach facilitates smart investments targeted to
20 places on PacifiCorp's system where they will have the most impact and ensures that

¹ Per formal rulemaking and OAR 860-300-0020, the Wildfire Protection Plan is now referred to as the Wildfire Mitigation Plan.

² See ORS 757.963.

³ ORS 757.963(8).

⁴ See UM 2207. Since 2021 the Company has filed a WMP annually with the most recent WMP filed on December 29, 2023.

1 PacifiCorp's human capital is also deployed in areas where they will have the greatest
2 impact. These targeted investments are incremental to PacifiCorp's investment in the
3 ordinary course of its business and will meaningfully reduce the wildfire risk on the
4 Company's system.

5 **Q. Please describe how the risk of wildfire has been modeled in PacifiCorp's service**
6 **territory.**

7 A. PacifiCorp recognizes that if certain weather and fuel conditions are present, a
8 disruption of normal operations on the electrical network, called a "fault", can result
9 in the ignition of a fire. Under certain weather conditions and in the vicinity of
10 wildland fuels, such an ignition can grow into a harmful wildfire, potentially even
11 growing into a catastrophic wildfire causing great harm to people and property.
12 PacifiCorp's risk analysis reviews fire history, the recorded causes of the fires, the
13 acreage impact of the fires, and when in the year the fires typically occur. Using that
14 information, the risk analysis identifies the logic for a risk-informed method to
15 strategically address utility wildfire risks.

16 **IV. WILDFIRE MITIGATION CAPITAL COSTS**

17 **Q. Please explain how the Company recovers costs for the implementation of the**
18 **WMP.**

19 A. The majority of costs for the implementation of PacifiCorp's WMP are recovered
20 through the WMP AAC.

1 **Q. Please explain the WMP AAC that was approved by the Commission in docket**
2 **UE 407.⁵**

3 A. The Company makes an annual advice filing adjusting Schedule 190 rates to reflect
4 collection for the Company's WMP Oregon capital investments, projections of WMP
5 incremental costs for the coming year, as well as incorporating any variances from the
6 previous year. The forecast WMP expense for the next calendar year is based on the
7 annual WMP. The residual amounts in the balancing account may result in an
8 increase or a decrease in the amounts to be collected through the adjustment
9 schedule. The combined forecast amounts, capital investments plus residual balance
10 amount, is the total amount to be collected through Schedule 190 rates for the year.

11 **Q. Are there certain costs associated with the WMP that are not recovered through**
12 **the WMP AAC?**

13 A. Yes. Consistent with the agreement with staff reached in Advice No. 23-015 (ADV
14 1529) and approved by the Commission on January 9, 2024, capital costs associated
15 with wildfire mitigation activities for transmission lines located outside the state of
16 Oregon and certain costs related to indirect capital loadings were removed from the
17 WMP AAC and will be recovered in this proceeding. While Company witness
18 Sherona L. Cheung will address how wildfire mitigation capital costs, including
19 capital loadings, are reflected in this case in her testimony, I describe the transmission
20 investments outside of Oregon in greater detail below.

⁵ *In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of an Automatic Adjustment Clause for Recovery of Costs Associated with the Company's Wildfire Protection Plan; Docket No. UE 407, Order 23-173 (May 10, 2023).*

1 **Q. Please identify the amount of capital investment the Company is seeking to**
2 **recover for wildfire mitigation investments in transmission lines outside the state**
3 **of Oregon.**

4 A. The Company is seeking to recover \$14.9 million of project costs on an Oregon-
5 allocated basis.

6 **Q. Can you provide a brief explanation of the types of investments that are included**
7 **in this amount?**

8 A. Yes, these investments represent rebuilding transmission lines with the installation of
9 new equipment such as poles, insulators, and conductor. Rebuilding transmission
10 lines in areas where the wildfire risk is heightened allows PacifiCorp to improve
11 structures which will reduce the probability of a fault event and improve resiliency to
12 the extent rebuilt structures can better withstand wildfire events.

13 **Q. Do these investments benefit PacifiCorp's Oregon customers and help reduce**
14 **wildfire risk across PacifiCorp's system?**

15 A. Yes, rebuilding transmission lines helps to reduce equipment failures and incidental
16 contacts that pose a risk of wildfire ignition. Such equipment failures, while
17 infrequent occurrences, could result in substantial arc energy that can result in
18 wildfire ignition. Due to the cross-country nature of many portions of PacifiCorp's
19 system the risk of ignition sources is heightened. Maintaining a resilient transmission
20 system benefits all states that PacifiCorp serves as it allows power to be moved from
21 the location of generation to the communities served.

1 the vegetation management program through forester interaction and oversight of
2 contractors the number of internal audit findings resolved has increased resulting in a
3 decrease of the number of probable violations identified in the Oregon Public
4 Commission annual audit.

5 **Q. Is PacifiCorp proposing to continue the Wildfire Mitigation and Vegetation
6 Management (WMVM) adjustment mechanism?**

7 A. Yes. In Order No. 22-491 the Commission approved the current structure of the
8 WMVM. PacifiCorp proposes to continue the use of this mechanism until its next
9 general rate case.

10 **VI. 2020 WILDFIRE RESTORATION COSTS**

11 **Q. Can you please describe the 2020 wildfires?**

12 A. At the beginning of September 2020, a historic wind event resulted in a number of
13 wildfires spreading across Oregon causing widespread and extensive damage in and
14 around PacifiCorp's service territory. Areas affected by the fires include western
15 Oregon counties where the Company provides service including Josephine, Jackson,
16 Douglas, Lane, Linn, Lincoln, Klamath, and Marion Counties. This event resulted in
17 widespread and extensive damage to PacifiCorp's transmission and distribution
18 facilities and resulted in loss of power to customers.

19 **Q. Can you describe the restoration activities that occurred as a result of these
20 activities?**

21 A. Yes, PacifiCorp coordinated with state and local officials to gain access and repair
22 damaged structures to restore service to its customers in those areas affected.
23 PacifiCorp incurred significant costs restoring power to customers and repairing,

1 restoring, and replacing damaged equipment. The areas affected had extensive
 2 damage to transmission and distribution lines that required immediate reconstruction
 3 of burnt poles and replacement of conductors to restore vital electric service to
 4 communities in PacifiCorp’s service territory. Over 500 field resources were deployed
 5 to work with public safety partners responding to the containment and reconstruction
 6 and restoration of communities.

7 **Q. Can you describe the restoration and rebuild efforts that have occurred?**

8 A. Yes, the following table provides a high-level summary of the restoration along with
 9 the benefits and resiliency efforts:

District	Wildfire	Benefits
Medford	Almeda	Restore services to customers in Talent, Phoenix, Ashland, and Medford and address distribution tree removal.
Medford	South Obenchain	Restore transmission Line 19 for Prospect Hydro, and to customers in Shady Cove and Butte Falls. Address transmission rights of way vegetation and distribution tree removal.
Lincoln City	Echo Mountain	Restore transmission redundancy on Van Duzer transmission lines, address vegetation management along transmission right of way and restore customers in Otis and Neotsu, and address distribution tree removal.
Roseburg	Archie Creek	Restore Line 46 and Line 39 transmission in support of Umpqua hydro projects, address long-term vegetation management and tree removal for both rebuild and future asset protection, procure fire wrapped poles for Line 39, access management and erosion control for improved access. Restore distribution service to customers in the town of Glide.
Stayton	Beachie Creek	Restore customers on the distribution system in Mehama, Mill City, Gates, and Lyons. Address vegetation removal in support of rebuild efforts.
Grants Pass	Slater	Restore transmission on Line 33. Restore distribution service to customers in Takelma and O’Brien.
Klamath Falls	Two Four Two Fire	Restore distribution service to customers in Chiloquin and address vegetation along both distribution and transmission right of way.

10 **Q. Is there work continuing in support of these activities?**

11 A. Yes, of the work noted in the table above, environmental cultural studies and

1 reporting in support of vegetation management and line rebuild efforts remains for the
2 Archie Creek Fire. Ongoing service restoration will continue in all rebuild project
3 locations as customers continue to rebuild homes and businesses that were destroyed.
4 This work is anticipated to continue through 2024.

5 **Q. What were the costs of these activities?**

6 A. The costs of these activities have been deferred as identified in docket UM 2116,⁶ and
7 the Company is seeking to amortize the approximately \$45.2 million in costs, before
8 interest accrual, that have been incurred through 2023.

9 **Q. Please explain why it is prudent and in the public interest for PacifiCorp to
10 recover these costs.**

11 A. The Company has an obligation to serve its customers and these activities were
12 necessary and reasonable to eliminate potentially hazardous conditions, repair or
13 replace damaged facilities, and restore service to customers in the affected areas.

14 VII. JUNIPER RIDGE BEND SERVICE CENTER

15 **Q. Please describe the Company's new Juniper Ridge Bend Service Center.**

16 A. The new Bend Service center includes office space, truck bays, warehouse,
17 meter/wireroom, mechanic shop, yard storage, parking, and conference/learning space
18 on 15 acres. The service center will be used primarily by the Company field
19 employees that provide operational support (maintenance, operations, construction of
20 the transmission, substation, and distribution electrical network) to the surrounding
21 communities.

⁶ *In the Matter of PacifiCorp, dba Pacific Power, Application Deferred Accounting Related to Wildfire Damage and Restoration Costs*, Docket No. UM 2116, Order Nos. 22-154 (May 9, 2022) and 22-140 (May 9, 2022).

1 **Q. Please explain why the new Juniper Ridge Bend Service Center is necessary for**
2 **the Company to provide service to Oregon customers.**

3 A. This new site will consolidate the three Bend-area operating centers (the leased Bend
4 Service Center and Bend Metering Office, and the owned Bend Substation Ops) into
5 one location and resolve end-of-lease risks for the current Bend Service Center and
6 Bend Metering Office.

7 **Q. Will the Company's new Juniper Ridge Bend Service Center lead to greater**
8 **efficiency in the Company's operations?**

9 A. Yes. The consolidated operational center creates increased collaboration, facility
10 efficiencies (e.g., building maintenance, consolidated storage, etc.) and makes use of
11 the previously unused Company-owned Juniper Ridge property. Consolidating
12 multiple leased facilities into one Company-owned location reduces annual rent
13 expense and eliminates future lease increase exposure.

14 **Q. What is the forecast cost of the Juniper Ridge Bend Service Center and when is**
15 **it expected to be placed in-service?**

16 A. The total project is forecasted to be \$40.3 million, and is expected to be in-service by
17 December 2024.

18 **VII. CONCLUSION**

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

20 A. My testimony supports the Company's activities with regards to Wildfire Mitigation
21 costs that are not included in the WMP AAC and the current level of appropriate
22 non-wildfire vegetation management spend. Additionally, I support the prudence of
23 the costs associated with the Company's restoration of power and additional capital

1 investments from the 2020 wildfires. Finally, I support the Company's investment in
2 the new Juniper Ridge Bend service center. I recommend the Commission approve
3 these investments as prudent and appropriate for inclusion for recovery in this general
4 rate proceeding.

5 **Q. Does this conclude your direct testimony?**

6 A. Yes.