**Q. Are you the same Mark R. Tallman that previously submitted direct testimony on behalf of PacifiCorp d/b/a Pacific Power & Light Company (Company or PacifiCorp) in this case?**

A.Yes.

**PURPOSE OF TESTIMONY**

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

A. The purpose of my testimony is to provide the Washington Utilities and Transportation Commission (Commission) with a status update on construction of the Company’s Merwin Fish Collector. My testimony also rebuts the recommendations of Commission Staff and the Public Counsel Division of the Washington Attorney General’s Office (Public Counsel) that the Commission reject the Company’s inclusion of the operation and maintenance (O&M) costs associated with the Merwin Fish Collector and Swift Fish Collector.

**MERWIN FISH COLLECTOR UPDATE**

**Q. Please summarize Staff’s and Public Counsel’s recommendations regarding the Company’s proposed pro forma rate base adjustment for the Merwin Fish Collector.**

A. Both Staff and Public Counsel recommend that the Company’s pro forma rate base adjustment for the Merwin Fish Collector be rejected because the project is not anticipated to be placed into service until after a proposed “cut-off” date for capital additions.[[1]](#footnote-2) Staff’s recommended cut-off date is January 11, 2013, which is the date the Company filed its initial case.[[2]](#footnote-3) Public Counsel’s recommended “cut-off” date is the end of February 2013.[[3]](#footnote-4) Company witness Mr. Steven R. McDougal responds to the substance of Staff’s and Public Counsel’s recommendations in his rebuttal testimony;[[4]](#footnote-5) in this testimony, I provide an update on the project’s status.

**Q. Does Staff or any other party to this proceeding contest the prudence of the Merwin Fish Collector?**

A. No.

**Q. What is the projected in-service date for the Merwin Fish Collector?**

A. The current projected in-service date for the Merwin Fish Collector is February 2014.

**Q. What is the projected in-service date based on?**

A. The Company’s contractor is contractually obligated to achieve substantial completion by February 10, 2014, and final completion by May 12, 2014.[[5]](#footnote-6) Recent projections indicate the project will be substantially complete and used and useful in February 2014. Accordingly, the Company is currently projecting an in-service date during February 2014.

**Q. Is the Merwin Fish Collector required by a governmental agency?**

A. Yes. The Company is constructing the Merwin Fish Collector to implement and comply with the requirements of the Merwin hydroelectric project license issued by the Federal Energy Regulatory Commission (FERC).[[6]](#footnote-7)

**Q. Is the Merwin Fish Collector an environmental requirement?**

A. Yes. The Merwin Fish Collector is one of the environmental requirements contained in the Merwin hydroelectric FERC license.[[7]](#footnote-8)

**Q. Did resource agencies review and approve the fish collector design of the Merwin Fish Collector?**

A. Yes. The National Oceanic and Atmospheric Administration (NOAA), the U.S. Fish and Wildlife Service (USFWS), and the Washington Department of Fish and Wildlife reviewed the design, and the design was approved by NOAA and the USFWS. Although the Company provides input, these agencies have final authority over the design of the Merwin Fish Collector.[[8]](#footnote-9)

**Q. What is the Company’s current cost projection for the Merwin Fish Collector?**

A. The current cost projection is $56.58 million on a total-company basis, which is a slight reduction from the $56.80 million reflected in the Company’s initial filing.

**MERWIN FISH COLLECTOR AND
SWIFT FISH COLLECTOR O&M**

**Q. Please summarize Staff’s recommendation.**

A. Staff recommends that the Company’s O&M adjustments for the Merwin Fish Collector ($282,000 on a total-company basis) and Swift Fish Collector ($756,000 on a total-company basis) not be included in the Company’s revenue requirement.[[9]](#footnote-10) Staff contends that neither project has sufficient operational data, and therefore, the O & M expense does not meet the “known and measurable” standard.[[10]](#footnote-11)

**Q. Does Staff or any other party argue that there are no incremental O&M expenses associated with the Merwin Fish Collector or the Swift Fish Collector?**

A. No party disputes that these Company investments require additional O&M expense.

**Q. When was the Swift Fish Collector project placed into service?**

A. The final phase of the project was placed into service in November 2012.

**Q. Does the Company have operational data for the Swift Fish Collector?**

A. Yes. The Company has operational data through June 2013 to inform its pro forma calculation of approximately $344,000 per year (on a total-company basis) of O&M costs for the Swift Fish Collector.[[11]](#footnote-12) This O&M expense level is reduced from $756,000 in my direct testimony due to reduced costs associated with the electricity required for water pumps located on the floating fish collector. Electricity is used to pump a high volume of water to create flow for the purpose of attracting fish into the collector. The Swift Fish Collector is unique to PacifiCorp in this regard.

**Q. What is the basis for the Company’s calculated annual O&M expense associated with the Merwin Fish Collector project?**

A. The basis for the Company’s O&M expense is the Company’s extensive experience in projecting operational costs associated with contract maintenance, fish monitoring supplies, general supplies, and periodic assistance from the Washington Department of Fish and Wildlife.

**Q. If operational history shows the O&M expenses for the Swift Fish Collector are lower than originally anticipated, then does the Company’s pro forma calculation of O&M expenses associated with the Merwin Fish Collector remain valid?**

A. Yes. Unlike the Swift Fish Collector, the Merwin Fish Collector does not require electricity to create fish attraction flow. As described above, the lower O&M costs for the Swift Fish Collector are primarily due to actual electricity costs being lower than expected. The annual O&M expenses associated with the Merwin Fish Collector in my direct testimony of $282,000 per year (on a total-company basis) remains valid.

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

A. Yes.

1. Exhibit No.\_\_\_(CRM-1T) at pages 11-12; Exhibit No.\_\_\_(SC-1CT) at page 7. [↑](#footnote-ref-2)
2. Exhibit No.\_\_\_(CRM-1T) at page 3. [↑](#footnote-ref-3)
3. Exhibit No.\_\_\_(SC-1CT) at page 7. [↑](#footnote-ref-4)
4. *See* Exhibit No.\_\_\_(SRM-6T). [↑](#footnote-ref-5)
5. Confidential Exhibit No.\_\_\_(MRT-3C). [↑](#footnote-ref-6)
6. FERC Project No. 935, License Ordering Paragraphs E and F and Article 401; *PacifiCorp*, 123 FERC ¶ 62,258 at Ordering Paragraphs E and F, Article 401 (June 26, 2008) (FERC Project No. 935). [↑](#footnote-ref-7)
7. *Id.* [↑](#footnote-ref-8)
8. *See* Exhibit No.\_\_\_(MRT-1T) at pages 5-6. [↑](#footnote-ref-9)
9. Exhibit No.\_\_\_(CRM-1T) at page 4. [↑](#footnote-ref-10)
10. *Id.* at 12. [↑](#footnote-ref-11)
11. *See* Confidential Exhibit No.\_\_\_(MRT-4C). [↑](#footnote-ref-12)