

Confidential Per WAC 480-07-160  
Exh. JB-1CTr  
Docket UE-230172  
Witness: Jayson Branch

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172

**PACIFICORP**

**CONFIDENTIAL DIRECT TESTIMONY OF JAYSON BRANCH**

**March 2023 (REVISED April 4, 2023, and REFILED April 19, 2023)**

## TABLE OF CONTENTS

I.	QUALIFICATIONS.....	1
II.	PURPOSE OF TESTIMONY .....	2
III.	BACKGROUND .....	3
	A. History of the NTP.....	3
	B. NTO Overview.....	7
IV.	PROJECT OBJECTIVES.....	14
V.	PROJECT SUMMARY AND TIMELINE.....	26
	A. Project Overview .....	26
	B. Procurement Due Diligence and Development Partners.....	30
	C. Other Considerations .....	34
VI.	PROJECT COST AND ALLOCATIONS .....	36
	A. Current Costs of NTO.....	36
	B. Proposed Project Costs.....	37
VII.	CONCLUSION.....	37

## ATTACHED EXHIBITS

- Exhibit No. JB-2—CRSA Life-Cycle Cost Analysis
- Exhibit No. JB-3—Salt Lake City Power District Request for Qualifications
- Exhibit No. JB-4—Request for Proposals
- Exhibit No. JB-5—eAuction Development Opportunity
- Exhibit No. JB-6—Letters of Support

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

3 A. My name is Jayson Branch, and my business address is 1407 West North Temple,  
4 Salt Lake City, Utah, 84116. I am currently employed as Vice President of Business  
5 Optimization and Innovation for PacifiCorp and Rocky Mountain Power Division  
6 Controller.

7 **I. QUALIFICATIONS**

8 **Q. Please describe your education and professional experience.**

9 A. I graduated from the University of Utah in 1998 with a Bachelor of Science in  
10 Accounting, and a Master's Degree in Professional Accounting with an auditing  
11 emphasis. I became a Certified Public Accountant in the State of Utah in 2001.

12 I began my career with PacifiCorp in 2005 as the Director of Administrative  
13 Services at the Carbon Plant and Blundell Plant, where I conducted financial planning  
14 and analysis, and managed warehouse and union payroll operations. From 2008 until  
15 2014, I was a Senior Finance and Accounting Specialist, and then Finance and  
16 Accounting Manager, for the Company's Thermal and Renewable Energy Generation  
17 divisions, where I conducted technical and partner plant accounting, consolidated  
18 financial results, and provided accounting oversight for the capital planning  
19 processes. I was the Controller for PacifiCorp's Thermal and Renewable Energy  
20 Generation division from 2014 to 2015.

21 I have been in my current position with the Company since 2015, where I  
22 direct business optimization for PacifiCorp and provide oversight of financial  
23 planning for capital expenditures, operations and maintenance expenditures, coal fuel

1 financial reporting, revenue, thermal plant economics, and technical accounting for  
2 Rocky Mountain Power.

3 **II. PURPOSE OF TESTIMONY**

4 **Q. What is the purpose of your direct testimony in this case?**

5 A. My testimony discusses the Company's planned development of the North Temple  
6 Property (NTP), where PacifiCorp will build a new corporate headquarters (HQ), an  
7 Essential Services Building (ESB) for the Electric Grid Operations and Dispatch  
8 Control Center (Grid Operations Center), Global Security Operations Center  
9 (Security Center), and IT Data Center Operations (IT Center) to replace the existing  
10 North Temple Office headquarters (NTO), a parking structure for employees working  
11 at the HQ and ESB, and site upgrades common to the projects (collectively referred to  
12 as Construction Projects). I also provide a general history of NTP, discuss the primary  
13 objectives for the Construction Projects, provides project summaries and timelines,  
14 and generally discuss Construction Project costs.

15 **Q. Can you provide an overview of the total Construction Project costs?**

16 A. Yes. The Company is requesting Commission approval of \$235.3 million on a total-  
17 company basis, or \$16.7 million on a Washington-allocated basis, for the  
18 Construction Projects. The specific total-company and Washington-allocated bases  
19 for each project are reflected in the table below.

20 **Table 1 – NTP Construction Project Costs (\$, millions)**

<b>Project</b>	<b>Total-Company</b>	<b>Washington-Allocated</b>
HQ	\$91.0	\$6.5
ESB	\$87.9	\$6.2
Parking Structure	\$35.8	\$2.5
Site Upgrades	\$20.6	\$1.5
Total	\$235.3	\$16.7

1 The Company expects to provide an update when project costs are available  
2 for: electromagnetic pulse (EMP) and geomagnetic disturbance (GMD) protection  
3 and blast barriers and shielding for the ESB; and project costs that are unknown at  
4 this time including, but not limited to, foundation requirements for soils in the area,  
5 water, sewer and other and utility infrastructure upgrades, final programming related  
6 to office space requirements, and other construction estimates. These costs are  
7 currently unknown and will be updated in rebuttal testimony when available.

8 **III. BACKGROUND**

9 **Q. What is the purpose of this section of your testimony?**

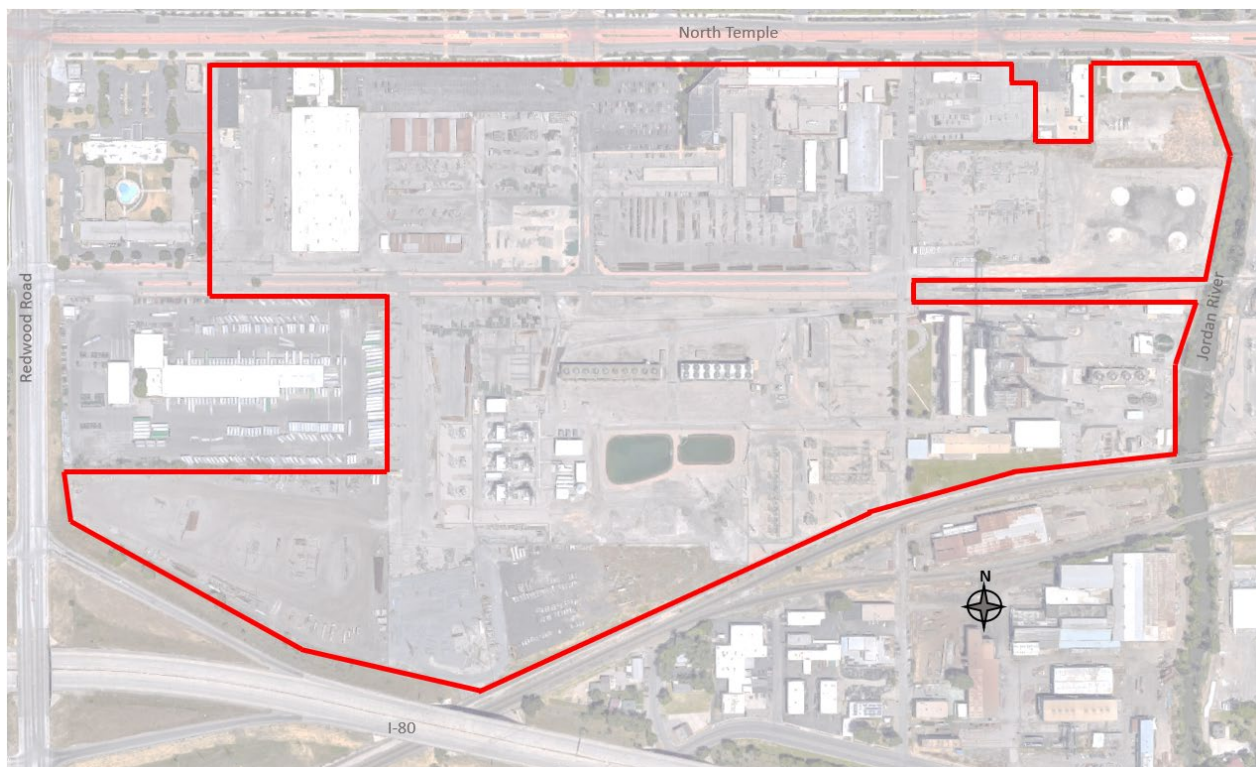
10 A. I provide relevant background on the history and facilities at the NTP, including a  
11 condition assessment of PacifiCorp’s current Utah corporate offices, NTO.

12 **A. History of the NTP**

13 **Q. Can you please provide a general background and overview of the NTP?**

14 A. Yes. As noted in the general reference map below, the NTP is an approximate 100-  
15 acre multi-purpose property and is bordered by the Jordan River to the east, North  
16 Temple Street to the north, Interstate 80 and a railroad line to the south, and Redwood  
17 Road to the west.

Figure 1 – NTP General Reference Map



1 **Q. What do you know about the NTP before PacifiCorp’s acquisition?**

2 A. To the best of my knowledge, PacifiCorp acquired the NTP in the 1940’s. Before that  
3 time, significant portions of the NTP were utilized for industrial activities, including  
4 mining and smelting of various hard metals before 1894. From 1894 through 1930,  
5 significant portions of the site were used as a landfill to store residential, commercial,  
6 and industrial waste for Salt Lake City and surrounding areas.

7 **Q. Are there any known environmental contaminants with the site?**

8 A. Yes. The Company is aware of several existing concerns: remnants of three storage  
9 tanks that stored pitch from previous oil refineries; underground concrete structures  
10 that may contain smelter waste and heavy metals; and a number of plugged  
11 stormwater drains that could include additional contaminants. The Company has  
12 partnered with the Utah Department of Environmental Quality (UDEQ) and federal

1 Environmental Protection Agency (EPA) to monitor the area and remediate where  
2 deemed necessary. The entire NTP is currently capped, covered, and contained by  
3 pavement, landscaping, and buildings. The safe occupancy of the site is continuously  
4 monitored by the Company and various state agencies.

5 **Q. How long has the NTO been located at the NTP?**

6 A. PacifiCorp's Utah corporate headquarters have been located at the NTP since  
7 approximately 1955, when it relocated from its prior downtown headquarters in the  
8 Kearns Building in Salt Lake City, Utah. To accommodate corporate utility functions,  
9 the Company built a two-story office building in 1950. As seen in the photograph  
10 below from operations in 1955, the building (bottom-center) was attached to the north  
11 side of a single-story warehouse that was built in the 1940s to serve the Company's  
12 Jordan Steam Plant (left-center) and planned Gadsby Coal Plant (center).<sup>1</sup>

---

<sup>1</sup> *The Power to Make Good Things Happen: The History of Utah Power and Light Company*, John S. McCormick, 121 (Utah Power & Light Company 1990).

NTP Facilities in 1955



1    **Q.    How has the NTO footprint expanded over time?**

2    A.    The Company incrementally expanded the NTO facilities over the course of forty  
3        years from the 1950s to the 1990s. In 1958, the Company added a third floor to the  
4        existing 1950 building, and generally extended all three floors along North Temple  
5        Street. In 1978 the Company extended these three floors to the south, resulting in a U-  
6        shaped structure. The Company subsequently expanded with three additional two-  
7        story extensions in the interior of the NTO courtyard in 1980, 1985, and 1990. The  
8        current NTO facilities, beyond typical repairs and maintenance, have remained in the  
9        same or substantially similar condition since 1990.



1 **Q. Do other facilities currently exist at the NTP?**

2 A. Yes. As seen in the photograph below, the NTP also includes the Salt Lake Metro  
3 Service Center (SLCSC), inventory laydown yards, space for parking, storage, and  
4 other operations.

Current NTP Facilities



5 **B. NTO Overview**

6 **Q. What utility functions are performed at the NTO?**

7 A. The NTO is an approximate 264,000 square foot multi-purposed office building that  
8 houses various visitor rooms, conference rooms, and training spaces (164,000 square  
9 feet); warehouse operations (31,000 square feet); IT Center (45,000 square feet);  
10 electric grid operations (20,000 square feet); and the Security Center (4,000 square  
11 feet).

12 **Q. Do these utility functions serve all PacifiCorp customers?**

13 A. Yes. Many personnel working at the NTO provide system-wide support across

1 PacifiCorp’s six-state service area. For example:

- 2 • The NTO includes personnel in engineering, grid operations, thermal generation,  
3 regulation, legal, finance, facilities and property management, customer and  
4 community solutions, environmental management, fuels procurement and  
5 mining, wind and solar resource development, health and safety, IT, human  
6 resources, and security divisions. All of these departments manage assets and  
7 operations that support system-wide generation and electric operations, and  
8 regularly appear before state utility commissions across PacifiCorp’s six-state  
9 service area;
- 10 • The IT Center located in the NTO supports PacifiCorp corporate and operation  
11 technology needs;
- 12 • The Grid Operations Center manages the power system in PacifiCorp’s Utah,  
13 Idaho and Wyoming service territories on a 24/7 basis, responds to disturbances  
14 on the power system, investigates outages on distribution and transmission  
15 assets, dispatches field resources, and schedules and performs switching on the  
16 distribution and transmission systems. It serves as the alternate and backup  
17 electric grid operations and control center for PacifiCorp’s Oregon, California  
18 and Washington service areas; and
- 19 • The Security Center monitors and provides critical infrastructure security to  
20 PacifiCorp’s physical and cyber assets throughout the Company’s six-state  
21 service area.

22 **Q. What is the current condition of the NTO facility?**

23 A. The NTO is in suboptimal condition for operations, disaster recovery, and business  
24 efficiency. It presents structural, electrical, mechanical, plumbing, fire protection, and  
25 physical and cyber-security and architectural concerns that need to be addressed for  
26 continued long-term occupancy. These concerns are discussed below, and are based  
27 on third-party assessment performed by CRSA, an architectural and planning firm,  
28 and PacifiCorp’s internal expertise and experience.

29 **Q. What are the structural concerns with the NTO?**

30 A. CRSA subcontracted with Calder Richards, a consulting engineering firm, to perform

1 a structural assessment of the existing facilities.<sup>2</sup> This assessment included several  
2 important details on the condition of the NTO, life safety, and renovation insights.  
3 Overall, Calder Richards found that NTO has significant structural concerns that need  
4 to be remedied.

5 For example, the NTO facility is located in an area of the Salt Lake Valley  
6 that has potentially liquefiable soils. In the event of a significant seismic event, these  
7 soils could settle, resulting in damage to NTO structures that were not built to  
8 withstand these forces. Cracks to the NTO facilities were observed, likely from result  
9 of the March 2020 earthquake that had an epicenter 10 miles from the NTO campus.  
10 Similarly, the NTO would need to be updated to current International Existing  
11 Building Code (IEBC) standards for seismic design requirements and design force  
12 levels, for masonry wall connections, and for lateral systems as well.<sup>3</sup> Calder  
13 Richards concludes that while the NTO was “designed well” and “performed well  
14 over years of use,” the facility does not meet current seismic ductility requirements  
15 nor requirements for immediate occupancy after a seismic event.<sup>4</sup>

16 **Q. Do you agree with Calder Richards’ structural assessments, or have any**  
17 **additional points to add?**

18 A. Yes. The Wasatch Front has earthquake magnitude risk across several fault zones.  
19 Historically, the area has experienced 17 earthquakes greater than a 5.5 magnitude

---

<sup>2</sup> Exhibit No. JB-2—CRSA Life-Cycle Cost Analysis, at 17–24.

<sup>3</sup> *Id.* at 22 (“The current force level is about double of the older code. If the older brace frame systems qualify as special rather than ordinary, the force level still increases by 16%. In short, it’s likely that the majority, if not all, of the buildings have lateral systems that do not meet current code seismic design levels and ductile detailing.”).

<sup>4</sup> *Id.* at 24.

1 since 1847. During the March 2020 earthquake and subsequent aftershocks, new  
2 cracks to the foundation and walls were observed throughout the facility.

3 **Q. What are the electrical concerns with the NTO?**

4 A. CRSA performed an assessment of the electrical systems at the NTO.<sup>5</sup> The firm  
5 noted: “Due to deficiencies at every level, complete demolition and replacement of  
6 the electrical system is recommended if the current headquarters is renovated.”<sup>6</sup> This  
7 was based on “observed deficiencies in the medium voltage distribution, lack of a  
8 centralized utility yard for electrical service, inefficient panel locations and layouts,  
9 and a handful of code violations.”<sup>7</sup> Examples of significant electrical systems  
10 upgrades, among others, would include: branch circuits loaded to no more than 80  
11 percent NFPA 70 standard; copper conductors throughout, sized to prevent voltage  
12 drop exceeding three percent at the farthest load; upgrading the grounding system;  
13 replacing uninterruptable power systems and emergency/standby generators;  
14 wholesale replacement of the lighting systems to meet current codes and health  
15 department requirements; wholesale replacement of security, A/V, and fire alarm  
16 systems to meet current codes.

17 **Q. Do you agree with CRSA’s electrical system assessments, or have any additional**  
18 **points to add?**

19 A. Yes. Due to the age and multiple additions to the NTO, the electrical system is  
20 difficult to maintain and requires significant repairs and replacements. Many circuit  
21 breakers are at capacity, some copper conductors are undersized to properly maintain

---

<sup>5</sup> *Id.* at 25-66.

<sup>6</sup> *Id.* at 6.

<sup>7</sup> *Id.*

1 voltage, and most lighting systems do not provide adequate lumens or are inefficient.  
2 Some electrical panels are not accurately labeled; others have lost panel identification  
3 cards. Some of the NTP's remodeled areas include recessed ceilings above ceilings  
4 where there are abandoned light fixtures and electrical conduit from previous  
5 systems. Certain areas of the building experience brief power disruptions when  
6 testing backup generators or during power outages. These power disruptions affect  
7 both lighting and computers.

8 **Q. What are the mechanical, plumbing, and fire protection concerns at the NTO?**

9 A. CRSA subcontracted with B&D Engineering, a mechanical, electrical, plumbing and  
10 controls firm, to perform an initial structural assessment of the NTO's mechanical,  
11 plumbing, and fire protection systems.<sup>8</sup> Based on life-cycle analyses of existing  
12 HVAC equipment, B&D concluded that "there is not a single mechanical system  
13 present on the PacifiCorp campus that has any service life remaining based upon  
14 industry standard calculations."<sup>9</sup> As a result, PacifiCorp "should expect that major  
15 mechanical systems failures will begin to occur, and a replacement plan should be  
16 developed and implemented as soon as possible if the buildings/campus are to be  
17 maintained/renovated."<sup>10</sup>

18 **Q. Do you agree with B&D Engineering's assessments, or have any additional**  
19 **points to add?**

20 A. Yes. The HVAC systems throughout the building are from different vintages, and  
21 various systems infiltrate or affect one another due to the lack of building static

---

<sup>8</sup> *Id.* at 67–73.

<sup>9</sup> *Id.* at 69.

<sup>10</sup> *Id.*

1 pressure controls. Areas with economizers are then required to bring outside air in to  
2 positively pressurize these areas. With greater static pressure in these zones, the air  
3 then migrates to the areas with lower pressure which creates noticeable draft. The  
4 drafts and other efficiency losses are further increased due to the poor exterior  
5 insulation materials and mostly single pane windows. Also, due to the age of some of  
6 the mechanical systems, obtaining replacement parts and control boards is becoming  
7 increasingly difficult as certain parts are either no longer manufactured or are in  
8 limited supply. Finally, the age and condition of the NTO plumbing and sewer system  
9 pipes have contributed to clogging of restroom drain lines, resulted in failure breaks,  
10 and have flooded crawl spaces and other areas.

11 **Q. What are the physical security concerns with the NTO?**

12 A. [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

[REDACTED]

5 **Q. What are the architectural concerns with NTO?**

6 A. CRSA concluded that a renovation of the NTO would require substantial effort,  
7 including: updating the facility to current IEBC standards, including enhanced  
8 accessibility for various floors and restrooms; substantial updates to the building  
9 envelope, including increasing the insulative performance of the roofs and walls, and  
10 increasing fixed fenestration (windows) throughout the building; and additional  
11 concerns if the Company were to pursue LEED certification type attributes for a high-  
12 performing building.<sup>11</sup>

13 CRSA concludes that the NTO “is not organized efficiently and fails to  
14 provide the quality of work environment expected in a modern office setting.  
15 Furthermore, some sections of the current headquarters do not meet current building  
16 codes, accessibility requirements, or environmental regulations.”<sup>12</sup>

17 **Q. Do you agree with CRSA’s architectural assessments, or have any additional**  
18 **points to add?**

19 A. Yes. The NTO falls short of high performing building standards, limits natural light  
20 to pass through the structure, allows cold air to easily transfer from exterior surfaces

---

<sup>11</sup> *Id.* at 11 (“One key component in the decision to retrofit or to build new is environmental sustainability, achieved largely through efficient mechanical systems and a tight, well-insulated building envelope. The current PacifiCorp building was constructed prior to adoption of energy codes, evidenced by draft facades. Energy consumption was hardly a consideration in the 1950s.”).

<sup>12</sup> *Id.* at 9.

1 to interior workspaces in the winter and heat transfers from exterior surfaces to  
2 interior workspaces in the summer. There are several areas of the roof that are in need  
3 immediate repair or replacement, are beyond their useful life, and show signs of  
4 failure. Concrete caps on top of the parapet walls are eroding, have the potential to  
5 break off and injure pedestrians or employees below, and present hazards for  
6 maintenance crews. The IEBC states that any major changes to a building, over 25  
7 percent of the building, will trigger a requirement to upgrade all systems to current  
8 code. Based on the condition of the NTO, a partial remodel option is not available.

#### 9 IV. PROJECT OBJECTIVES

10 **Q. What is the purpose of this section of your testimony?**

11 A. I describe the primary project objectives that the Company considered when  
12 determining whether to remodel or replace the NTO, and how replacing the building  
13 with new buildings at the NTP satisfies these objectives.

14 **Q. What are the primary objectives of the project?**

15 A. The project seeks to repair or replace dilapidated assets that are beyond their useful  
16 lives. When deciding how to proceed, the Company prioritized the following  
17 objectives:

- 18 • Enhance resilience of grid operations and data center assets;
- 19 • Bolster physical and cyber security to ensure life safety and asset protection;
- 20 • Build upon community relationships;
- 21 • Execute the Company's environmental compliance strategy at the NTP;
- 22 • Enhance the Company's ability to attract and retain employees by providing  
23 an optimal work environment that fosters increased collaboration and  
24 employee engagement;
- 25 • Position facilities to integrate Customer Service operations located in West  
26 Valley City, Utah; and
- 27 • Provide customer benefits and rate mitigation from revenue from development  
28 or disposition of sections of the NTP.



1 **Q. Why are grid operations and data center resilience a primary objective?**

2 A. Resilient facilities are necessary to ensure ongoing service of the Grid Operations  
3 Center and IT Center, and immediate occupancy of support functions during and after  
4 extreme weather geological events, EMP, GMD, and intentional blast against  
5 structures by bad actors. The Grid Operations Center performs core operational  
6 responses after major events to ensure continuity of policy execution, support of the  
7 event and community, and provide operational and damage assessment and  
8 communications. Although the Company can control the system from the Portland-  
9 based control center, this is only a short-term solution as the Portland control center  
10 does not have enough qualified personnel to support an extended duration event.  
11 Restoring power immediately is critical to support other integral event recovery  
12 components such as transportation, fuel, water supply, sewage treatment, emergency  
13 services, communication, etc.

14 **Q. What are some examples of resilience PacifiCorp used for reference?**

15 A. In Salt Lake City, many of the new government buildings, hospitals, and other critical  
16 infrastructure are constructed to a Category Risk Level IV to ensure essential services  
17 are maintained during and immediately following an event. This elevated level of  
18 resilience reduces damage during earthquakes, high winds and significant snow  
19 which reduces reliance on contractors and materials for repairs after a significant  
20 event. Several federal government efforts emphasize the risks of EMP, GMD events

1 and impacts to national critical infrastructure that could adversely impact millions of  
2 households and business.<sup>13</sup>

3 **Q. Why is physical and cybersecurity a primary objective?**

4 A. Security of information networks, critical infrastructure physical assets and facilities  
5 is a top priority for PacifiCorp and similarly situated utilities. The risk of a security  
6 breach is particularly significant in the energy sector because of the widespread  
7 disruption that an attack on electric systems could create. Recent news reports  
8 continue to highlight this as an increasing threat.

9 For example, electric utilities in the United States and abroad have been  
10 frequent targets for cyber-attacks carried out by hobbyist hackers, to well-funded  
11 cybercriminals, to the most capable of Nation State organizations. Each possess the  
12 ability and intent to quickly deploy sophisticated techniques that target and disrupt  
13 power operations. Globally, in 2015 malicious actors remotely accessed the control  
14 centers of three Ukrainian electricity distribution companies. By taking control of  
15 each utility's supervisory control and data acquisition (SCADA) systems, the actors  
16 successfully opened breakers in around 30 distribution substations, causing power  
17 outages effecting more than 200,000 consumers.

---

<sup>13</sup> See, e.g., Executive Order 13865 – Coordinating National Resilience to Electromagnetic Pulses, 84 Fed. Reg. 12,041 (Mar. 26, 2019); National Defense Authorization Act for Fiscal year 2020, Conference Report 116-333 (Dec. 9, 2019); *Electromagnetic Pulse and Geomagnetic Disturbance Overview*, Cybersecurity & Infrastructure Security Agency (<https://www.cisa.gov/resources-tools/programs/electromagnetic-pulse-and-geomagnetic-disturbance#:~:text=Extreme%20electromagnetic%20incidents%20caused%20by%20an%20intentional%20electromagnetic,equipment%2C%20water%20and%20wastewater%20systems%2C%20and%20transportation%20modes>); last accessed Mar. 9, 2023) (“Extreme electromagnetic incidents caused by an intentional electromagnetic pulse (EMP) attack or a naturally occurring geomagnetic disturbance (GMD), caused by severe space weather, could damage significant portions of the Nation’s critical infrastructure, including the electrical grid, communications equipment, water and wastewater systems, and transportation modes. The impacts are likely to cascade, initially compromising one or more critical infrastructure sectors, spilling over into additional sectors, and expanding beyond the initial geographic regions adversely impacting millions of households and businesses. For these reasons, the potential severity of both the direct and indirect impacts of an EMP or GMD incident compels our national attention.”).

1           Physical security attacks are also a concern. For example, at the Metcalf  
2           Substation in California perpetrators used high-powered rifles in a coordinated attack  
3           to damage several electric transformers inside the substation. A similar incident in  
4           North Carolina occurred that knocked out power to over 40,000 customers for  
5           multiple days. And locally, in Pierce County, two people have been charged for  
6           allegedly attacking four substations.

7           Explosives are also a viable threat, and there are many past examples of  
8           successful explosive attacks of varying sizes and impact. The materials and  
9           instructions needed to build an explosive device are readily available and public  
10          pedestrian and vehicle access near the building exterior make delivery of the device  
11          feasible to an attacker. Blast protection is necessary to mitigate this risk and reduce  
12          the potential death, damage, and impact to electric service. Additionally, blast  
13          protection helps to satisfy regulatory requirements to implement resilience and  
14          security measures designed to collectively deter, detect, delay, assess, communicate,  
15          and respond to identified physical threats and vulnerabilities.

16   **Q.    Why are community relationships a primary objective?**

17   A.    PacifiCorp has been an integral part of Salt Lake City and the Wasatch Front since it  
18          began generating electricity at the NTP site nearly a century ago.

19          The NTP area and community are economically disenfranchised. Completing  
20          the Construction Projects in an offsite location would damage community goodwill  
21          and have considerable negative reputation impacts. We are committed to working  
22          with community leaders and organizations to build economic vitality, provide  
23          infrastructure improvements and ensure that reliable and sustainable energy powers

1 the dreams for generations to come. Additionally, working in conjunction with the  
2 community ensures optimal outcomes for transportation, river management, and  
3 critical services such as fire, police, and other emergency services.

4 As a community steward, the Company seeks to utilize available land to help  
5 achieve the cooperative goals of the community, while providing potential value for  
6 customers and prioritizing environmental compliance.

7 **Q. Why is environmental compliance at the NTP a primary objective?**

8 A. Because of the lengthy history and industrial use of the site, there are risks of  
9 unknown or unexpected environmental releases, including releases that are within and  
10 outside of PacifiCorp's control. Releases outside of PacifiCorp's control could be  
11 triggered by neighboring property development, leaks or releases from existing  
12 infrastructure, or inadvertent releases discovered downstream or triggered by  
13 construction or repair at the NTP. Any of these "forced" triggers can result in loss of  
14 control, more extensive environmental impacts, and exponentially higher remediation  
15 costs.

16 **Q. Why is attracting and retaining employees a primary objective?**

17 A. A work environment that addresses health and well-being of personnel, provides  
18 technology and well-designed, collaborative workspaces, and promotes personnel to  
19 work in the office are critical tools for attracting and retaining talent in a competitive  
20 labor market to perform core utility functions.

21 **Q. Why is positioning facilities to integrate the Customer Service operations located  
22 in West Valley City, Utah, a primary objective?**

23 A. Consolidating facilities brings leadership and operations teams closer together, which

1 increases collaboration and provides customer benefits by reducing maintenance and  
2 other operating expenses. The more centralized NTP location offers greater recruiting  
3 access to employees from neighboring communities, and additional commuting  
4 options for Customer Service employees including access to light rail, bus systems  
5 and interstate travel. Additionally, proximity to the Salt Lake International Airport  
6 and central business districts allows for ease of access for visiting parties.

7 **Q. Why are optimizing future property disposition outcomes a primary objective?**

8 A. Salt Lake City continues to outpace national growth trends, and the west side of the  
9 city, primarily the area around North Temple, provides a unique opportunity. The  
10 NTP's 100 acres have direct light rail access, are adjacent to the city's principal  
11 waterway, and are within five minutes to both the State's central business district and  
12 an international airport. This area has also become increasingly important to municipal,  
13 county, and State officials, as Utah State has nearly 100 acres directly adjacent to the  
14 NTP that is being considered for heavy investment. The Salt Lake City Corporation  
15 has identified major community priorities in the area (including intermodal  
16 transportation hub design and location, the Public Parks Master Plan, the Fairpark  
17 Master Plan, and the Jordan River Master Plan).

18 This combination of growth and space is exceedingly rare in the fast-growing  
19 city, and a more concentrated NTP has the potential to generate customer benefits  
20 through property dispositions.

21 **Q. Which facilities did the Company consider building?**

22 A. PacifiCorp considered three near-term facilities with site upgrades common to the  
23 projects (ultimately becoming the Construction Projects discussed in this testimony)

1 at the NTP: (1) a Utah HQ that will house Engineering, Thermal Generation,  
2 Regulation, Legal, Finance, Facilities and Property Management, Customer and  
3 Community Solutions, Environmental Management, Coal Fuels Procurement and  
4 Coal Mining, Wind and Solar Resource Development, Health and Safety, and Human  
5 Resources staff; (2) the ESB that will house the Grid Operations Center, Security  
6 Center, and IT Center and Customer Service center; and (3) a parking structure for  
7 employees working at the HQ and ESB.

8 **Q. How does constructing new facilities at the NTP meet the Company's primary**  
9 **objective of grid operations and data center resilience?**

10 A. Building new facilities would allow the Company to substantially update and improve  
11 system reliability. Based on current plans, the HQ will be a category III risk structure,  
12 while the ESB will be a category IV risk structure. As a category IV risk structure, the  
13 ESB will include even more heightened resiliency protections and standards. For  
14 example, the ESB will be constructed with a base isolation system, strengthened  
15 superstructure, and be constructed with EMP, GMD protection. These facilities will  
16 allow for ongoing operations of critical grid infrastructure, security and data center  
17 operations during an event and immediate occupancy for utility support functions.

18 **Q. How does constructing new facilities at the NTP meet the primary objective of**  
19 **enhanced physical and cyber security?**

20 A. New facilities at the NTP will be designed, engineered, and constructed to meet or  
21 exceed industry-best practices for enhanced physical and cyber security. For example,  
22 the Company will design for, and embed, NERC Critical Infrastructure Protection  
23 Standards for its Electric Utility Control Centers and related reliability and resiliency

1 operations and blast protection to mitigate impacts of intentional attacks on the  
2 facility. These engineering security measures and systems will be physically and  
3 virtually integrated into the new facilities and provide overall effectiveness.

4 Additionally, by constructing new facilities, PacifiCorp is able to work closely with  
5 industry partners and law enforcement to monitor events and integrate new  
6 technology and emerging threat information with our planned security measures for  
7 the new facilities to reduce the likelihood and impact of an attack where possible.

8 **Q. How does constructing new facilities at the NTP meet the primary objective of**  
9 **building upon community relationships?**

10 A. By developing NTP, PacifiCorp will remain an integral part of Salt Lake City. The  
11 full development of the NTP has the potential to include a vibrant, mixed-use  
12 neighborhood that is anchored by a safe, efficient, and healthy main campus for the  
13 Company. PacifiCorp is committed to a redevelopment effort that combines unique  
14 transportation access, emissions reductions, and river frontage to ensure the property  
15 achieves its best use for customers and the surrounding community. The new  
16 facilities will be substantially all-electric, energy efficient, and reflect PacifiCorp's  
17 commitment to innovation and environmental stewardship. PacifiCorp has engaged  
18 with Salt Lake City stakeholders throughout the design and permitting process, and  
19 the city remains excited and fully supports the project.

1 **Q. How does constructing new facilities at the NTP satisfy the Company's**  
2 **environmental compliance primary objective strategy?**

3 A. PacifiCorp's decision to retain ownership and manage the construction of the new  
4 headquarters area at the NTP provides the following advantages:

- 5 • PacifiCorp can ensure appropriate development occurs in coordination with  
6 UDEQ, EPA, state regulators and applicable laws and that the necessary studies,  
7 monitoring and mitigation occurs for present and any future environmental  
8 issues;
- 9 • PacifiCorp can leverage existing environmental knowledge and positive agency  
10 relationships to conduct responsible development of the site. The onsite presence  
11 provides real-time oversight and increases the level of expertise to respond to  
12 immediate issues that may occur during development;
- 13 • PacifiCorp has substantial experience managing and remediating contaminated  
14 industrial properties. PacifiCorp has been able to use its expertise and good  
15 relationships with environmental regulators to develop comprehensive and  
16 effective environmental management, including a comprehensive voluntary  
17 cleanup program with the state that will govern site development; and
- 18 • By conducting the Construction Projects at this time, PacifiCorp is able to  
19 maintain control over site development, PacifiCorp has taken active steps to  
20 reduce environmental risks by conducting comprehensive site investigation up  
21 front, including geotechnical testing, site assessment, and area sampling and  
22 testing. PacifiCorp also selected development partners with extensive experience  
23 in industrial and contaminated site development. PacifiCorp has worked  
24 cooperatively with local, state, and federal agencies. PacifiCorp has also  
25 minimized ground-disturbance through development choices and limiting design  
26 options.

27 **Q. How does constructing new facilities at the NTP meet the primary objective of**  
28 **attracting and retaining employees?**

29 A. The Construction Projects are designed to equip employees with the resources needed  
30 to be successful. Modernized workspaces will be customized for different work-type  
31 responsibilities and allow for greater team building, collaboration, idea sharing,  
32 enhanced communication, and increased employee engagement. Employees will have  
33 access to proper technology and other resources. The Construction Projects will



1 utilize natural light, touchless access, and other amenities that increase employee  
2 satisfaction. Additionally, the facilities will enhance the employee experience by  
3 providing open space and a development that seeks to attract dining and retail  
4 amenities. Finally, remaining centrally located provides reasonable commuting  
5 opportunities for employees along the Wasatch front, with access to freeways, public  
6 transportation and airports for ease of access to employees, customers and other  
7 stakeholders.

8 **Q. How does constructing new facilities at the NTP meet the primary objective of**  
9 **positioning facilities to integrate the Customer Service operations located in**  
10 **West Valley City, Utah?**

11 A. The Company will be able to design facilities that can consolidate Customer Service  
12 operations in West Valley City, Utah. This brings key leadership and employees  
13 closer together and positions the Company to evaluate opportunities that have the  
14 potential to provide customer benefits from facility consolidation, reduced operating  
15 costs, and property disposition benefits of excess property.

16 **Q. How does constructing new facilities at the NTP optimize future property**  
17 **disposition outcomes?**

18 A. Much of the existing NTO site is zoned and used for industrial purposes. Other  
19 portions of the site are zoned for lighter-density transit uses. Constructing new  
20 facilities has the potential to allow for higher-density use, something that Salt Lake  
21 City supports.<sup>14</sup> This increase in use intensity directly correlates to increased NTP

---

<sup>14</sup> Exhibit No. JB-6—Letters of Support (Salt Lake City Office of The Major (Oct. 1, 2020); Economic Development Corporation of Utah (Sept. 24, 2020)).

1 per-acre value, which directly increases the potential lease and sale revenue that could  
2 mitigate customer rate impacts.

3 **Q. How does a parking structure meet the primary objectives?**

4 A. Constructing a parking structure at the NTP for employees working in the HQ and  
5 ESB meets several of the Company's primary objectives. A multi-level parking  
6 structure will minimize ground and soil disturbances (environmental objectives),  
7 increase acreage for ground leases or property dispositions (property disposition  
8 outcomes), meet Salt Lake City's preference for structured parking (community  
9 objective), and provides a secure location for employee and Company fleet vehicles  
10 (physical security objective).

11 **Q. Do you have any additional points to add?**

12 A. Yes. The decision to construct new facilities at the NTP compared to other  
13 alternatives was clear for the Company. The NTP site meets all primary project  
14 objectives by maintaining a centralized location for customers and employees,  
15 mitigating real estate costs, providing open acreage for design and constructions of  
16 resilient facilities, and allowing the Company to manage and mitigate environmental  
17 liabilities. Remaining on-site also provides stability to the surrounding community.  
18 The facilities at the NTP will enhance the employee experience by providing public  
19 open space and additional dining and retail amenities.

20 **Q. Did the Company consider remodeling the existing NTO facilities?**

21 A. Yes. However, the Company ultimately decided against remodeling the existing NTO  
22 facility. The necessary repairs and replacements would have been prohibitively  
23 expensive. CRSA concluded that based on their experience remodeling the existing

1 NTO would be more than ten percent higher cost than new construction, and these  
2 estimates did not include additional costs to lease temporary facilities during a  
3 remodel, movement of materials and equipment, and disruption of work activities.  
4 Additionally, remodeling would not meet many of the primary objectives. For  
5 example, the overall building envelope and motel-style shape leaves the Company's  
6 assets vulnerable to physical security threats and would retain a suboptimal  
7 workspace layout; retrofitting the building would not meet resilience objectives for  
8 continuity of the Grid Operations Center and IT Center during a major event; the  
9 Company would be unable to transition the Customer Service operations closer to  
10 other key operations; and the sprawl of assets across the NTP would reduce potential  
11 opportunities for customer benefits from property disposition.

12 **Q. Did the Company consider purchasing or leasing existing off-site facilities, or**  
13 **constructing new facilities at a different location, to replace the NTO?**

14 A. Yes. However, the Company ultimately decided against off-site facilities. The  
15 Company explored multiple properties; however, none met the primary project  
16 objectives. Notably, no off-site properties met the Company's resiliency  
17 requirements, and each would disrupt utility support functions. PacifiCorp may have  
18 been required to purchase multiple facilities with the potential for significant  
19 remodeling and upgrades. Off-site options would also reduce grid continuity,  
20 security, and operations, and would be less convenient for employees and customers  
21 to engage with the Company. An off-site location would limit revenue potential at the  
22 NTP if the Company, as anchor tenant, was not located there, and would also remove  
23 the Company from direct environmental oversight over the property.

1 **V. PROJECT SUMMARY AND TIMELINE**

2 **Q. What is the purpose of this section of your testimony?**

3 A. I provide an overview of the Construction Projects including relevant project  
4 timelines and next steps, describe procurement due diligence, detail the development  
5 partners, and discuss other relevant considerations.

6 **A. Project Overview**

7 **Q. Please provide an overview of the NTP development.**

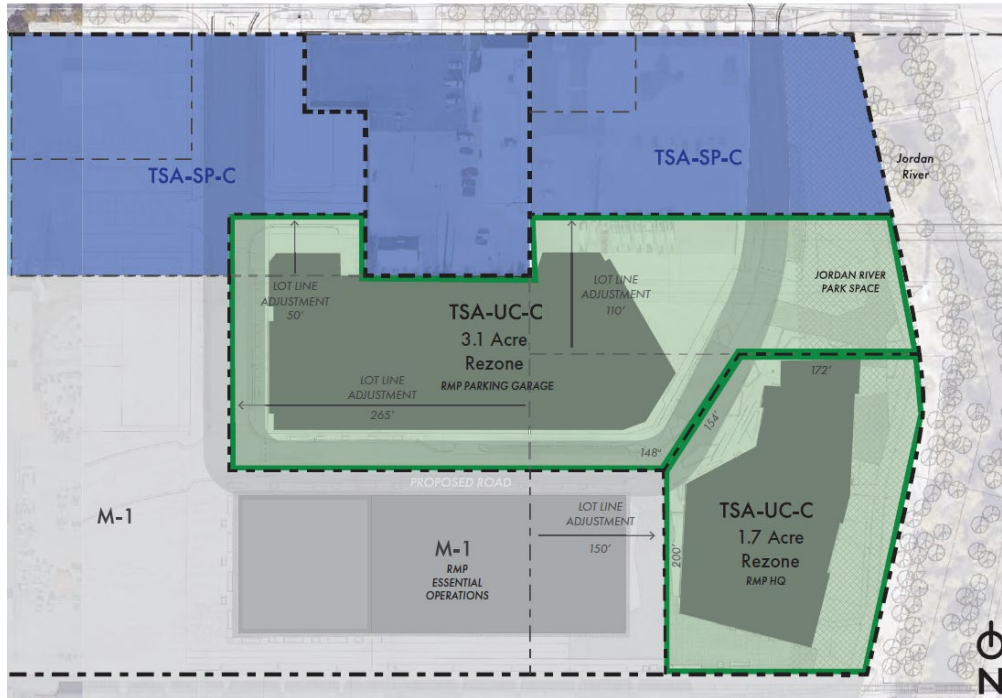
8 A. PacifiCorp intends to develop an approximate 13-acre parcel (Phase 1) of the 100-  
9 acre NTP. This Phase 1 parcel includes the northeast side of the property that borders  
10 North Temple Street and the Jordan River. While the Company may develop the  
11 remaining 87-acres in the future, the Company is not requesting any review of, or rate  
12 consideration for that acreage at this time.

13 **Q. Please describe the development of Phase 1.**

14 A. The Phase 1 development will include PacifiCorp's Construction Projects: a new HQ,  
15 the ESB, and a parking structure with approximately 500 stalls. PacifiCorp is also  
16 working with a real-estate broker to evaluate potential ground leases for mixed use  
17 development around the PacifiCorp Construction Projects. It is anticipated that the  
18 lessee or developer will construct multifamily units and/or retail space to wrap the  
19 parking structure and construct another building for multifamily or commercial use.  
20 To incorporate these new facilities in the Phase 1 development, PacifiCorp has  
21 initiated a zoning change request with Salt Lake City. This rezone will allow for a six  
22 story HQ building and multilevel parking structure that would not have been

1 compatible with the current M-1 zone. An illustration of the updated zoning request  
2 can be seen in the figure below.

PacifiCorp NTO Zoning Request Illustration



3 **Q. Please describe the development of the new PacifiCorp facilities.**

4 A. The HQ will house approximately 650 PacifiCorp employees and include  
5 approximately 205,000 gross square feet and will be built to LEED silver standards,  
6 powered by electricity, and able to operate in periods of extreme weather events.

7 The ESB will house approximately 140 PacifiCorp employees, and include  
8 approximately 92,400 gross square feet and will also be built to according to LEED  
9 silver standards, powered by electricity and conform to resiliency risk Category IV  
10 standards for critical infrastructure.

11 The ESB facility will be designed to accommodate critical infrastructure with  
12 heightened safety and security measures and a base isolation system, which provides

1 seismic protection by isolating the foundation from the superstructure. This will allow  
2 the building to remain operational during and after natural disasters, extreme  
3 environmental events and terrorist attacks; can withstand 7.5 magnitude earthquakes,  
4 110 mph wind events, support heavy snow accumulations, be habitable during bad air  
5 quality, incorporate EMP shielding, and have multilayered physical and electronic  
6 security measures to prevent ingress and thwart attacks from terrorists or rioters.

7 The ESB has the potential to create additional utility functions across the BHE  
8 network through Security Center site monitoring and data center hosting across BHE.

9 **Q. Do you have a visualization of the Construction Projects?**

10 A. Yes. General massings of the Construction Projects have been completed and a  
11 conceptual design is provided below. The Jordan River is on the left, bottom side of  
12 the diagram, and North Temple Street runs from the bottom center to right center. The  
13 proposed Construction Projects include utility property in light green (the new HQ far  
14 left with the ESB nearby) and the parking structure in gray (near the center); non-  
15 utility property in beige, (potential mix-use residential); and other non-utility property  
16 in blue and purple (potential commercial office space and retail or dining).

Design of Phase 1 Facilities



1 **Q. Please describe the project timeline.**

2 A. PacifiCorp began evaluating opportunities for the Construction Projects in the fall of  
3 2019 and ultimately decided that redeveloping the NTP was the most suitable option  
4 to meet the primary project objectives. The Company anticipates the following  
5 schedule: revised zoning and site civil/grading permits in the spring of 2023;  
6 architectural designs in the spring of 2023; building permits in the summer of 2023;  
7 and construction to begin in the summer of summer 2023 and conclude in the fall of  
8 2025.

9 **Q. When do you expect the Company's Construction projects to be placed in-**  
10 **service?**

11 A. The Company expects the Construction Projects to be in service by the fall of 2025.

1                    **B.        Procurement Due Diligence and Development Partners**

2        **Q.        Please provide an overview of PacifiCorp’s due diligence involved with the**  
3        **Construction Projects to date.**

4        A.        Consistent with PacifiCorp’s longstanding procurement policies, the Company  
5        engaged in significant procurement due diligence to ensure that redeveloping the NTP  
6        location was in the best interest of all stakeholders. This process involved several  
7        phases, including:

- 8                    • In the Pre-Development Phase, PacifiCorp contracted with a third-party  
9                    independent development consultant to assist PacifiCorp with designing a  
10                    general master plan for the site;
- 11                    • In Phase 1, PacifiCorp requested interested parties to provide a brief letter of  
12                    interest, and sign a Non-Disclosure Agreement, to participate in a Request for  
13                    Qualifications (RFQ) process and subsequent development discussions;<sup>15</sup>
- 14                    • In Phase 2, respondents were permitted to submit formal responses to an RFQ  
15                    issued in October 2020.<sup>16</sup> The RFQ was intended to develop a qualified list of  
16                    developers that could assist in developing the NTP. The Company evaluated  
17                    respondent submissions according to various threshold criteria included in the  
18                    RFQ;
- 19                    • In Phase 3, PacifiCorp invited the most qualified developers from the RFQ to  
20                    participate in a formal RFP, issued February 2021, through the Company’s  
21                    Jaggaer system.<sup>17</sup> This formal RFP involved pre-submission discussions to  
22                    evaluate and clarify Company expectations, and hold stakeholder discussions  
23                    with respondent project managers, proposed architects, environmental  
24                    consultants, finance and economic consultants, or other senior state members;
- 25                    • In Phase 4, qualified RFP development teams were asked to participate in a  
26                    forward electronic auction (eAuction), held June 2021, to secure the right to  
27                    design and construct PacifiCorp’s facilities, and to develop certain acreage.<sup>18</sup> The  
28                    eAuction was designed to select the RFP development team that was willing to  
29                    pay the highest net present value for the property; and

---

<sup>15</sup> Exhibit. No. JB-3: Salt Lake City Power District RFQ.

<sup>16</sup> *Id.*

<sup>17</sup> Exhibit. No. JB-4: Request for Proposals.

<sup>18</sup> Exhibit. No. JB-5: eAuction Development Opportunity.



- 1 • In Phase 5, PacifiCorp successfully negotiated and executed agreements with the  
2 project architect, engineer, and general contractor, but decided not to move  
3 forward with the developer ground lease.

4 The results from the RFQ, RFP, and contracts are discussed in greater detail below.

5 **Q. Please describe the results of the RFQ.**

6 A. PacifiCorp issued the RFQ on October 1, 2020, for qualified developers to build out  
7 Phase 1 of the NTP. The RFQ resulted in a mix of local and national development  
8 teams submitting their qualifications for the project. Some respondents were fully  
9 vertically integrated with in-house expertise for architecture, construction, and large-  
10 scale development, while other respondents used a teamed-up approach that included  
11 partnerships with outside architecture and construction firms.

12 **Q. Please describe the results of the RFP.**

13 A. PacifiCorp issued an RFP on February 12, 2021, that allowed qualified developers to  
14 submit detailed bids for the project. The RFP was a screening process after the RFQ  
15 to gauge the interest of the developers in helping PacifiCorp achieve the primary  
16 project objectives for the site. Many of the developer teams that responded to the  
17 RFQ were only interested in full control of the 100-acre site, rather than meeting the  
18 immediate need for designing and constructing PacifiCorp's new facilities. However,  
19 there were three developer teams that submitted comprehensive proposals for both the  
20 PacifiCorp facilities and the overall site development.

21 **Q. Please describe the results of the eAuction.**

22 A. The eAuction consisted of two separate bidding lots. The first lot focused on the  
23 ground lease of the acreage available for development, while the second concerned  
24 the purchase of those same acres. Each team was encouraged to participate in both  
25 bidding lots with PacifiCorp analyzing the highest scoring overall bid—either from a

1 ground lease or purchase—to be the winning team. These bidding lots were informed  
2 by competitive pricing guidelines to establish fixed price industry benchmarks on  
3 architectural, engineering, planning and design services, development services, and  
4 general contracting services.

5 Of the three development teams that participated in the eAuction, two teams  
6 submitted proposals for the ground lease option and one team submitted for the  
7 ground purchase option. The highest scoring bid for both the ground lease and ground  
8 purchase option was from the same developer team. Contract negotiations with the  
9 winning team commenced shortly thereafter, however the lead developer withdrew  
10 themselves from further negotiations, and recommended that PacifiCorp continue  
11 with their partners for architectural design and general contracting.

12 **Q. Please describe the third-parties that will assist PacifiCorp with the**  
13 **Construction Projects.**

14 A. The Company contracted with FFKR Architects to provide architectural and  
15 engineering services, M.A. Mortenson Company as the General Contractor, Giv  
16 Communities as the Company’s general project and development consultant, and  
17 Cushman & Wakefield as real estate broker for Phase 1 non-Company properties.

18 FFKR is a full-service architecture firm primarily located in Utah and  
19 Arizona,<sup>19</sup> Mortenson Construction is one of the nation’s largest construction firms  
20 with offices across the country,<sup>20</sup> Giv Communities specializes in large-scale urban

---

<sup>19</sup> More information available at: [www.ffkr.com](http://www.ffkr.com).

<sup>20</sup> More information available at: [www.mortenson.com](http://www.mortenson.com).

1 district rebuild and adaptive reuse projects along the Wasatch Front,<sup>21</sup> and Cushman  
2 & Wakefield is one of the leading global commercial real estate services firms.<sup>22</sup>

3 The Company signed contracts with Giv Communities in March 2020, FFKR  
4 in July of 2022, Mortenson in December of 2022, and Cushman & Wakefield in  
5 December of 2022. These entities and their respective roles are discussed below.

6 **Q. Please describe the services that FFKR will provide.**

7 A. FFKR is the project architect and engineer. In addition to support services, FFKR will  
8 provide three main deliverables: a Full Site Master Plan, HQ Area Master Plan, and  
9 Company HQ, ESB and parking structure designs.

10 **Q. Please describe the services that Mortenson will provide.**

11 A. Mortenson is the general contractor for the project, and will provide various services  
12 for the project, including procurement of services and material, preconstruction,  
13 construction, start-up and testing services. To ensure competitive pricing, Mortenson  
14 must obtain at least three proposals for each portion of construction to be performed  
15 by a Major Subcontractor (any subcontractor with aggregate value in excess of  
16 \$250,000). The parties are currently negotiating a guaranteed maximum price that is  
17 expected to be completed by late spring, early summer 2023.

18 **Q. Please describe the services that Giv Communities will provide.**

19 A. Giv Communities will serve as a general project consultant. This includes providing  
20 various general oversight and management functions, and assisting with vision,  
21 direction, problem-solving, and financial analyses to maximize project value for  
22 ratepayers. This includes: serving as an on-call consultant for general NTP

---

<sup>21</sup> More information available at: [www.givcommunities.com](http://www.givcommunities.com).

<sup>22</sup> More information available at: [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

1 development, industry standards of practice, and experience in the development  
2 sector; bi-weekly meetings; engage, collaborate, and negotiate as necessary with  
3 third-party consultants, communities, stakeholders, landholders, and relevant public  
4 entities.

5 **Q. Please describe the services that Cushman & Wakefield will provide.**

6 A. Cushman & Wakefield will serve as a real estate broker for the ground leases in the  
7 Phase 1 development area adjacent to the new facilities. Marketing information  
8 related to the acreage available for ground lease was released to local and national  
9 developers in January 2023. It is anticipated that a developer will enter into a ground  
10 lease contract for the multifamily wrap component of the parking structure as well as  
11 ground lease for the North Temple fronting acreage in 2023.

12 **C. Other Considerations**

13 **Q. What steps has the Company taken to maximize customer value and minimize  
14 rate impacts?**

15 A. The Company has taken several steps to ensure that customers receive the maximum  
16 benefit from the development of the NTP property:

- 17 • Building the Construction Projects on-site best achieves the primary project  
18 objectives compared to alternatives, and is more cost-effective than remodeling  
19 the current NTO facility. Additionally, PacifiCorp's presence on the site as an  
20 anchor tenant has the potential for compounding value and ratepayer benefits  
21 from potential revenue from the lease or disposition of unused acreage;
- 22 • The Company's RFQ, RFP, and eAuction processes are industry-leading  
23 procurement practices that ensure, to the greatest extent possible, that the  
24 Company receives competitive bids at reasonable prices. This includes the use of  
25 a guaranteed maximum price to contain overall construction costs, and a three-  
26 bid process (a Hard Bid process), to ensure that all costs over \$250,000 are  
27 compared against relevant benchmarks;
- 28 • The winning bids are comparable to industry-standard fees for like-kind project  
29 development owner's consultants, engineering and architecture firms, and

1 construction companies. For example, the eAuction included a cap on overall fee  
2 percentages and total fee amounts that was derived from actual RFP responses  
3 and consultant review. These fee percentages and total amounts then informed  
4 the Company's contracts with the third-party Construct Project partners;

- 5 • The proposed Construction Projects are comparable in project scope and  
6 resilience to Portland General Electric's recently completed corporate grid  
7 operations center;<sup>23</sup>
- 8 • When the non-utility acreage for Phase 1 is developed and PacifiCorp begins  
9 receiving revenue from the properties, this revenue will offset PacifiCorp's retail  
10 utility customer revenue requirements; and
- 11 • Security Center and IT Center activities, which support BHE and affiliates will  
12 be cross-charged and reduce revenue requirements.

13 **Q. What steps has the Company taken to mitigate environmental contaminants?**

14 A. PacifiCorp is also currently working with UDEQ on remedial actions for developing  
15 the new facilities. PacifiCorp has conducted subsurface investigation in different  
16 areas throughout the site. Based on the results, sections outside of the headquarters  
17 development area appear to have no known or suspected major environmental  
18 impacts requiring remedial efforts before development.

19 However, it is nonetheless prudent to develop the acreage with minimal soil  
20 disturbance and handling of groundwater. To these ends, PacifiCorp has the following  
21 requirements to avoid or mitigate environmental contaminants: no use of groundwater  
22 for drinking water, irrigation, or bathing purposes; if contamination or potential  
23 contamination in soils or groundwater is discovered, developers shall cease activity  
24 and work the Company and UDEQ to appropriately manage the contamination;

---

<sup>23</sup> *In the Matter of Portland General Electric Company's, Request for a General Rate Revision*, Docket No. UE 394, Order No. 22-129 at 6 (Apr. 25, 2022) (approving \$206.7 million for PGE's new integrated operations center); see also *PGE offers a Look Inside its Futuristic New Ops Center*, The Oregonian/OregonLive (Apr. 15, 2022) (<https://www.oregonlive.com/business/2022/04/pge-offers-a-look-inside-its-futuristic-new-ops-center.html#:~:text=PGE%20offers%20a%20look%20inside%20its%20futuristic%20new,its%20mission-critical%20operations%20for%20increased%20resilience%20and%20security.>).

1 perform soil vapor intrusion study before building construction and associated  
2 mitigation if necessary; all residential development shall be above-grade only; all  
3 construction shall be restricted to slab on grade unless UDEQ determines it is not  
4 necessary; and all excavated materials shall be segregated, characterized, and  
5 disposed of in accordance with applicable local, state, and federal environmental  
6 regulations.

## 7 VI. PROJECT COST AND ALLOCATIONS

8 **Q. What is the purpose of this section of your testimony?**

9 A. I generally discuss NTO's current and proposed cost allocation in Washington rates.

10 While my testimony seeks to provide helpful context on the history of NTO rate  
11 treatment, specific details should be directed to Company witness Sherona L. Cheung.

### 12 A. Current Costs of NTO

13 **Q. Is NTO included in customer rates across PacifiCorp's six-state service  
14 territory?**

15 A. Yes. Consistent with PacifiCorp's multi-state allocation methodology, the NTO is a  
16 system-allocated cost. For example, the Company's most recent Washington rate case  
17 included costs associated with NTO.<sup>24</sup>

18 **Q. Is PacifiCorp's Portland headquarters included in customer rates across the  
19 Company's six-state service territory?**

20 A. Yes. Consistent with PacifiCorp's multi-state allocation methodology, the Company's  
21 Portland headquarters is a system-allocated cost. For example, the Company's most

---

<sup>24</sup> See, e.g., *WUTC v. PacifiCorp d/b/a Pac. Power & Light Co.*, Docket UE-191024, PacifiCorp Ex. B15 – Miscellaneous Rate Base (Washington Utilities and Transportation Commission 2019) (discussing NTO rate base items).

1 recent Utah rate case included costs associated with the Company's Portland  
2 headquarters.<sup>25</sup>

3 **B. Proposed Project Costs**

4 **Q. What are the proposed project costs?**

5 A. As detailed in the direct testimony of Company witness Cheung, the Company  
6 requests Commission approval of \$235.3 million total-company, or \$16.7 million  
7 Washington-allocated costs, associated with the development of NTO. The Company  
8 expects to provide updated project cost forecasts in later testimony in this case. In  
9 addition, these amounts will be partially offset in future rate cases once revenue from  
10 ground leases from the development of non-utility property at NTP is known and  
11 measurable.

12 **VII. CONCLUSION**

13 **Q. Please summarize your direct testimony.**

14 A. While the NTO has been a durable and cost-effective corporate headquarters for the  
15 last seventy years, the current facilities fall short in meeting the Company's needs.  
16 The new HQ and ESB discussed above will meet those needs, will do so in a least-  
17 cost and least risk manner, and will anchor the NTP for decades to come.

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

19 A. Yes.

---

<sup>25</sup> See, e.g., *Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 20-035-04, Dir. Test. Of Steven R. McDougal, Ex. RMP SRM-3, at 233 (Utah Public Service Commission 2020) (discussing Lloyd Center Tower rate base items) ([https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/filings/docket-20-035-04/05-08-20-application/13\\_McDougal\\_Testimony\\_and\\_Exhibits\\_REDACTED.pdf](https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/filings/docket-20-035-04/05-08-20-application/13_McDougal_Testimony_and_Exhibits_REDACTED.pdf))