

October 16, 2015

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250  
Olympia, Washington 98504-7250

**RE: Docket UE-143932—Pacific Power & Light Company's Initial Brief**

Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), submits for filing its initial brief in the above-referenced proceeding.

If you have any informal inquiries regarding this matter, please contact Ariel Son, Manager, Regulatory Projects, at (503) 813-5410.

Sincerely,

  
R. Bryce Dalley  
Vice President, Regulation

Enclosures

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding by electronic mail.

**Walla Walla Country Club**

Melinda Davison  
Jesse E. Cowell  
Davison Van Cleve, P.C.  
333 S.W. Taylor, Suite 400  
Portland, OR 97204  
[jec@dvclaw.com](mailto:jec@dvclaw.com)  
[mjd@dvclaw.com](mailto:mjd@dvclaw.com)

**Walla Walla Country Club**

David Grossman  
Minnick-Hayner, P.S.  
PO Box 1757  
Walla Walla, WA 99362  
[grossman@minnickhayner.com](mailto:grossman@minnickhayner.com)

**Walla Walla Country Club**

Stanley M. Schwartz  
Matthew Daley  
Witherspoon-Kelley  
422 W. Riverside Ave., Suite 1100  
Spokane, WA 99201  
[sms@witherspoonkelley.com](mailto:sms@witherspoonkelley.com)  
[mwd@witherspoonkelley.com](mailto:mwd@witherspoonkelley.com)

**PacifiCorp**

R. Bryce Dalley  
Vice President Regulation  
825 NE Multnomah, Suite 2000  
Portland, OR 97232  
[bryce.dalley@pacificorp.com](mailto:bryce.dalley@pacificorp.com)

**The Walla Walla Country Club**

1390 Country Club Road  
Walla Walla, WA 99362  
[jeff@wwocountryclub.com](mailto:jeff@wwocountryclub.com)

**PacifiCorp**

Sarah K. Wallace  
Vice President and General Counsel  
825 NE Multnomah, Suite 2000  
Portland, OR 97232  
[sarah.wallace@pacificorp.com](mailto:sarah.wallace@pacificorp.com)

**PacifiCorp**

Troy Greenfield  
Claire Rootjes  
Schwabe, Williamson & Wyatt  
1420 5th Ave., Suite 3400  
Seattle, WA 98101  
[tgreenfield@schwabe.com](mailto:tgreenfield@schwabe.com)  
[crootjes@schwabe.com](mailto:crootjes@schwabe.com)

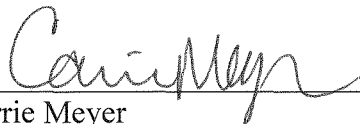
**Public Counsel**

Simon fitch  
Office of the Attorney General  
800 Fifth Ave., Suite 2000  
Seattle, WA 98104-3188  
[simonf@atg.wa.gov](mailto:simonf@atg.wa.gov)

**Washington Utilities & Transportation Commission**

Sally Brown  
Assistant Attorney General  
1300 S. Evergreen Park Dr. SW  
Olympia, WA 98504-7250  
[sbrown@utc.wa.gov](mailto:sbrown@utc.wa.gov)

DATED at Portland, OR this 16<sup>th</sup> day of October 2015.



Carrie Meyer  
Supervisor, Regulatory Operations

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

THE WALLA WALLA COUNTRY CLUB,

Complainant,

vs.

PACIFIC POWER & LIGHT COMPANY,

Respondent.

**DOCKET UE-143932**

**INITIAL BRIEF OF PACIFIC POWER & LIGHT COMPANY**

**October 16, 2015**

## TABLE OF CONTENTS

I.	The Net Removal Tariff does not provide for a forced sale of Pacific Power's facilities, as sought by Columbia REA. ....	1
II.	The estimated cost of removing the subject facilities is essentially equal to the fair market value of those facilities. ....	3
A.	Appraisal Economics Inc. determined the FMV - \$108,262. ....	5
B.	The estimated cost of removal was \$104,176 as of January 2013. ....	6
III.	The safety concerns arising from duplicate facilities on the property of the Walla Walla Country Club are representative of the safety concerns arising throughout the greater Walla Walla area as a result of the practices of Columbia REA. ....	7
IV.	The National Electric Safety Code includes a provision which decreases the potential for physical injury or other damage arising from abandoned facilities. ....	10
V.	While the opinions of the Walla Walla Country Club's witnesses, as set forth in their prefiled direct and rebuttal testimony, are all predicated upon a forced sale of Pacific Power's facilities and reuse of those facilities by Columbia REA, at this stage it is entirely unclear what would be done with Pacific Power's facilities in the event they were transferred to the Walla Walla Country Club. ....	12
VI.	Pacific Power will complete removal of the subject facilities, in an efficient and otherwise reasonable manner. ....	16
VII.	Conclusion ....	16

**I. The Net Removal Tariff does not provide for a forced sale of Pacific Power's facilities, as sought by Columbia REA.**<sup>1</sup>

1 Pacific Power's Net Removal Tariff is contained in Rule 1, Rule 6 and Schedule 300. Permanent Disconnection is defined as follows: "Disconnection of service where the customer has either requested the Company permanently disconnect the Company's facilities or chosen to be served by another electric utility provider."<sup>2</sup> Rule 6 provides: "When Customer requests Permanent Disconnection of Company's facilities, Customer shall pay to Company the actual cost for removal less salvage of those facilities that need to be removed for safety or operational reasons...."<sup>3</sup> Pacific Power is required to provide an estimate of the cost of removing facilities before initiating the work.<sup>4</sup> The customer is required to pay the estimated amount, before disconnection and removal of the facilities.<sup>5</sup> No later than 60 days after disconnection and removal, Pacific Power determines the actual cost for removal less salvage, and issues either an invoice or refund.<sup>6</sup> Schedule 300 of Pacific Power's tariff also provides that the rate charged for removal of facilities for "non-residential service removals" is the "actual cost less salvage."<sup>7</sup>

2 At the conclusion of his prefiled direct testimony, Mr. Bradley G. Mullins made a very succinct statement of what Columbia REA seeks by way of this proceeding:

I recommend that the Commission find that it is in the public interest for the Company to transfer the facilities at net book value, plus reasonably negotiated labor charges necessary to effect permanent disconnection, as requested

---

<sup>1</sup> As addressed throughout the prefiled testimony and further confirmed during the hearing, Columbia REA is the real party in interest in this docket. Columbia REA is responsible for paying the fees of all three law firms appearing on behalf of the Walla Walla Country Club, the nominal complainant. (Exhibit No. RBD-5).

<sup>2</sup> Rule 1.

<sup>3</sup> Rule 6.

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

<sup>5</sup> *Id.*

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

<sup>7</sup> Schedule 300.

in the Club's June 19, 2015 offer letter.<sup>8</sup>

By way of his prefiled rebuttal testimony, Mr. Mullins exercised greater liberties with Pacific Power's Net Removal Tariff:

In this case, it is in the public interest to *require* the facilities located on the Club property to be transferred at net book value.<sup>9</sup>

Remarkably, Mr. Mullins took it a step further, testifying:

[T]he *objective* of Rule 6 is to effectuate a fair transfer price without regard to the cost of interconnection with the new service provider.<sup>10</sup>

3 In light of that rather remarkable and wholly-unsupported prefiled testimony, during the hearing, Mr. Mullins was asked whether “transfer,” “sale” or “sell” appear anywhere in the Net Removal Tariff. Ultimately, Mr. Mullins necessarily admitted the Net Removal Tariff is devoid of any of those terms.<sup>11</sup> Mr. Mullins was then asked to explain why he testified that the objective of Rule 6 is to effectuate a fair transfer price, and the following exchange ensued:

Q. And you state, “It is the objective of Rule 6, the Net Removal Tariff, to effectuate a fair transfer price.” That’s your testimony, sir? Do you feel --

A. So --

Q. -- compelled to change it?”

A. Well, so -- yeah. So I’d probably change that a little bit. So -- so it is -- I’d probably flip it around such that -- I guess, to say that it is not the objective of Rule 6 to prohibit competition. That was the -- the

---

<sup>8</sup> Mullins, Exhibit No. BGM-1CT 17:6-9.

<sup>9</sup> Mullins, Exhibit No. BGM-6T 13:5-6 (emphasis added).

<sup>10</sup> Mullins, Exhibit No. BGM-6T 11:4-5 (emphasis added).

<sup>11</sup> Mullins, TR. 151:22-24, 52:19-23.

point of that.<sup>12</sup>

After offering a number of unequivocal but entirely unsupported statements of the mandate and intent underlying the Net Removal Tariff, Mr. Mullins embedded a very telling qualifier in a footnote to his prefiled rebuttal testimony:

My testimony does not contain any legal conclusions...as to the tariff's application to the sale and transfer of facilities absent removal.<sup>13</sup>

By all accounts Pacific Power's Net Removal Tariff does not provide for a forced sale of the Company's facilities.

**II. The estimated cost of removing the subject facilities is essentially equal to the fair market value of those facilities.**

4 Mr. Mullins urges the Commission to exercise the equivalent of eminent domain and "require" Pacific Power to transfer its facilities for the benefit of a competitor that is not regulated by the Commission. During the hearing, Mr. Mullins was asked whether he is aware of the measure of damages in the event of a taking under eminent domain in Washington. In response, Mr. Mullins stated that he is "not qualified to answer" that question.<sup>14</sup> In Washington, the measure of damages under eminent domain is fair market value for the property taken.<sup>15</sup>

5 Despite the fact that the Net Removal Tariff does not provide for the sale or transfer of Pacific Power's facilities upon permanent disconnection, Mr. Mullins urges not only that Pacific Power be required to transfer its facilities but that it do so for a fraction of the fair market value of those facilities. Specifically, Mr. Mullins argues that Pacific Power should be required to sell its facilities for use by Columbia REA in

---

<sup>12</sup> Mullins, TR. 152:9-18.

<sup>13</sup> Mullins, Exhibit No. BGM-6T 2:fn. 1.

<sup>14</sup> Mullins, TR. 154:6-9.

<sup>15</sup> Washington Pattern Jury Instructions (WPI) 150.05.

exchange for \$24,049.

6 Columbia REA and the Walla Walla Country Club executed an Electric Service Agreement on December 7, 2012, but the Agreement was made effective as of November 30, 2012.<sup>16</sup> The Agreement includes Columbia REA's statement of the cost to construct the facilities necessary to service the Walla Walla Country Club - \$318,732.50.<sup>17</sup> Absent some discount obtained through its prosecution of this action, Columbia REA would shoulder the entire cost of construction.<sup>18</sup>

7 In his prefiled rebuttal testimony, Mr. Mullins was critical of Pacific Power for not having secured a fair market value appraisal of the subject facilities.<sup>19</sup> He went on to state:

[T]he Club, in offering to pay the full Net Book Value, would more than compensate the Company for the fair value of the facilities.<sup>20</sup>

8 Troubled by that statement, Pacific Power questioned Mr. Mullins regarding his appreciation of governing appraisal standards and specifically the commonly-recognized definition of fair market value:

Q. Are you familiar with the Uniform Standards of Professional Appraisal Practice, USPAP?

A. Not in detail, no.

Q. Do you recognize them as standards that govern appraisals or valuation of property?

A. I -- I am not familiar with their -- their methods, no.

---

<sup>16</sup> Thomas, TR. 130:20-23, referring to RBD-6.

<sup>17</sup> RBD-6 3:Section 10.

<sup>18</sup> Thomas, TR. 131:17-21; RBD-6 3:Section 10.

<sup>19</sup> Mullins, Exhibit No. BGM-6T 6:5-8.

<sup>20</sup> Mullins, Exhibit No. BGM-6T 7:16-17.



Q. Have you ever seen a definition of fair market value under USPAP?

A. I have seen a definition -- many definitions of market value and fair market value; however, not the one you're referring to.

Q. Let me ask you whether you agree with the following definition of fair market value. It's defined as "the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having reasonable knowledge of the relevant facts."

Q. Would you agree with that definition?

A. I think it's a fair -- fair definition.<sup>21</sup>

9 During the hearing, Mr. Mullins was asked whether his definition of "fair value" as used in his prefiled rebuttal testimony accounted for the cost of installation. The following exchange ensued:

A. So the -- the Net Removal Tariff, the formula that I relied upon, is detailed -- it's detailed in Table 1 on page 4 of BGM-1CT.

Q. Does Table 1 reference cost of installation?

A. Table 1 is the Net Removal Tariff formula which does not reference the cost of installation, correct.

Q. And again, the Net Removal Tariff does not reference sale or transfer; correct?

A. The -- the tariff itself does not, but the -- well correct. I won't -- I won't go on.<sup>22</sup>

**A. Appraisal Economics Inc. determined the FMV - \$108,262.**

10 Given the degree to which Mr. Mullins' prefiled testimony deviated from

---

<sup>21</sup> Mullins, TR. 155:16-156:10.

<sup>22</sup> Mullins, TR. 157:18-158:2.

recognized valuation standards, Pacific Power commissioned a fair market value appraisal of the subject facilities. Professional appraisers, very experienced in valuing electric utility facilities, concluded that the fair market value of the subject facilities is \$108,262.<sup>23</sup> The appraisers took into account the loss of value caused by physical deterioration, functional obsolescence and economic obsolescence—what is commonly referred to as depreciation.<sup>24</sup> The appraisers utilized the Cost Approach, which necessarily incorporates installation of the facilities.<sup>25</sup> The cost of the facilities installed new is \$142,588.<sup>26</sup> As set forth above, after taking into account depreciation, the fair market value of the subject facilities is \$108,262.<sup>27</sup>

**B. The estimated cost of removal was \$104,176 as of January 2013.**

11 Given the fair market value figure necessarily incorporates the cost of installation, it stands to reason that the estimated cost to remove the subject facilities is roughly equal. As of January 25, 2013, the estimated cost of removing the facilities, as communicated to the Walla Walla Country Club, was \$104,176.<sup>28</sup> Mr. Mullins seeks a forced sale of Pacific Power’s facilities, for less than 25 percent of the fair market value of those facilities. Consequently, the following statement from Mr. Mullins is confounding:

Finally, the Company’s claims that transferring the facilities at net book value will provide a competitive advantage to the Club’s new service provider are unfounded.<sup>29</sup>

---

<sup>23</sup> Exhibit No. BGM-14CX 9.

<sup>24</sup> Exhibit No. BGM-14CX 2.

<sup>25</sup> *Id.*

<sup>26</sup> Exhibit No. BGM-14CX Appendix:1.

<sup>27</sup> Exhibit No. BGM-14CX9.

<sup>28</sup> Exhibit No. JCT-8.

<sup>29</sup> Mullins, Exhibit No. BGM-6T 3:12-13.

**III. The safety concerns arising from duplicate facilities on the property of the Walla Walla Country Club are representative of the safety concerns arising throughout the greater Walla Walla area as a result of the practices of Columbia REA.**

12           The photographs comprising Exhibit No. WGC-2 document not only safety issues on the property of the Walla Walla Country Club but also in the greater Walla Walla area. The second photograph illustrates Columbia REA's practice of trenching near Pacific Power poles and anchors. The third photograph demonstrates a safety issue arising from duplicate facilities. As a result of a locate performed by Columbia REA, "NO CREA" is painted on the pavement immediately adjacent to underground facilities of Pacific Power. The fourth photograph is another example of the same circumstance. Pacific Power secured a locate and, as a result, "NO PPL" was painted on the pavement, immediately adjacent to an underground Columbia REA vault. Inexperienced road crews might proceed to dig as a result of the "NO PPL" painted on the pavement. The fifth photograph illustrates the fact that Columbia REA refuses to adhere to a minimum six foot clearance between the facilities of the two companies. In this circumstance, Columbia REA was running its primary underground line between Pacific Power's pole and guy wire. The seventh photograph shows Columbia REA trenching within six feet of Pacific Power's facilities. The heavy equipment is almost resting against Pacific Power's distribution pole. The eighth photograph reveals how Columbia REA simply runs its facilities underground, directly beneath Pacific Power's overhead facilities. The ninth and final photograph in the series again shows Columbia REA's intent to place its underground facilities well within the minimum six feet, in this case only 2.5 feet from Pacific Power's underground facilities.

13           Mr. Jeffrey C. Thomas, the Walla Walla Country Club's General Manager,

testified by telephone during the hearing. By way of that testimony, Pacific Power first learned that Columbia REA may have already installed all of its facilities on the Walla Walla Country Club's property:

Q. Has Columbia REA since done any trenching, boring, or backhoe work on Club property?

A. Yes.

Q. On which dates did it do so?

A. Well, it would have been after that date of November 9<sup>th</sup> [2012], and by -- most of -- through December of that year, they had bored and trenched almost the entire Club. They probably finished sometime in January, February of '13.

...

A. So all their service is underground, in vaults, all in place.

Q. That's news to us, sir. I was just about to ask you, what work was performed? It's your testimony today that Columbia REA has completed its work on Club property and it has vaults and everything it needs to immediately service the Club?

A. Yes.<sup>30</sup>

14 While installing its facilities, Columbia REA damaged Pacific Power's facilities on the Walla Walla Country Club property, further demonstrating a primary safety issue. In his prefiled rebuttal testimony, Mr. Thomas was questioned regarding Exhibit No. WGC-2:

Q. Do any of the photographs annexed to Mr. Clemens' testimony reflect Club facilities or facilities relevant to electrical service to the Club?

A. No. None of the photographs annexed to Mr. Clemens' testimony reflect actual facilities at, or

---

<sup>30</sup> Thomas, TR. 138:25-139:21.

even near, the Country Club. The exhibits do not reflect a single photograph of facilities relevant to the Club and its property.<sup>31</sup>

15 Mr. Thomas ultimately retracted that statement, in the face of the unequivocal contrary testimony of Mr. Clemens:

Q. Are you aware that photo [number 6 in the sequence comprising Exhibit No. WGC-2] depicts a condition on Club property?

A. I have no idea of knowing if that's on Club's property.

Q. Okay, were you made aware that when Columbia REA was installing conduit on Club property, it actually struck a Pacific Power conduit that had live wire in it?

A. No.<sup>32</sup>

16 During cross-examination, Mr. Clemens was asked to identify the location of the condition depicted in the sixth photograph contained in Exhibit No. WGC-2. In response, Mr. Clemens testified that the photograph was taken on the property of the Walla Walla Country Club. Mr. Clemens further explained that the location is graphically depicted with a star in the upper right corner of Exhibit No. JCT-24CX, an aerial photograph of the Walla Walla Country Club property and surrounding area.<sup>33</sup> Mr. Clemens carefully explained that Columbia REA ran six conduit lines vertically between two Pacific Power conduit runs. Even with knowledge of the location of Pacific Power's conduits, Columbia REA struck one of the Pacific Power lines, causing an outage on a pump servicing the Walla Walla Country Club.<sup>34</sup>

---

<sup>31</sup> Exhibit No. JCT-4T 2:9-14.

<sup>32</sup> Thomas, TR. 140:18-25.

<sup>33</sup> Clemens, TR. 97:23-99:10.

<sup>34</sup> Clemens, TR. 98:25-99:4.

17 As testified by Mr. Thomas, there are duplicate underground facilities throughout the Walla Walla Country Club property, as it appears Columbia REA long ago completed its boring, trenching and other work to install its facilities. The sixth photograph in the sequence comprising Exhibit No. WGC-2 captures just a single example of the prevailing duplicate facilities condition currently on the property of the Walla Walla Country Club. As indicated, even with full knowledge of the location of Pacific Power's lines in the two conduit runs, Columbia REA struck one of those lines, causing an outage. It is certainly easy to imagine the following very dangerous circumstance arising from a third-party contractor working on the property of the Walla Walla Country Club. In anticipation of digging, that third-party contractor may secure a locate. Presumably, the locate would reveal that there is an energized line underground. The contractor would commence digging and come across conduit, assuming that it contains an energized line. If that were simply empty, abandoned conduit, the contractor could very easily continue digging entirely unaware of additional conduit containing energized lines buried beneath the empty conduit run. The result could be serious if not fatal injury.

IV. **The National Electric Safety Code includes a provision which decreases the potential for physical injury or other damage arising from abandoned facilities.**

18 Pacific Power interprets the NESC to require removal of all underground facilities unless the utility provider is willing to assume the duty to perpetually maintain those facilities after permanent disconnection.<sup>35</sup>

19 NESC Part 3, Safety Rules for the Installation and Maintenance of Underground Electric Supply and Communication Lines Section 313.B.3, requires that Pacific Power's lines and equipment either be removed or maintained in a safe condition. Because

---

<sup>35</sup> Dalley, Exhibit No. RBD-1T 23:4-6.

Pacific Power has an obligation both to limit costs for its customers and comply with the requirements of the NESC, the Company determined that all Company facilities not likely to be reused by Pacific Power to serve its customers would be removed as part of a customer's request to permanently disconnect service, including underground facilities. This eliminates the need for the Company to track or maintain the facilities or to remove them at a later date.<sup>36</sup> Pacific Power has carefully reviewed the NESC and there is absolutely no limitation upon the duty of the disconnecting utility provider to remove or maintain the underground facilities in a safe condition.<sup>37</sup>

20           According to Mr. David J. Marne, in the event of permanent disconnection, there are only two alternatives, namely removing the facilities or selling them to the departing customer.<sup>38</sup> However, like Mr. Mullins, Mr. Marne was required to concede that the Net Removal Tariff does not provide for the sale or transfer of Pacific Power's facilities in the event of permanent disconnection.<sup>39</sup>

21           Given Mr. Marne's testimony is entirely predicated upon a forced sale of Pacific Power's facilities, he was questioned regarding probable liability exposure to the Walla Walla Country Club. The following exchange ensued:

Q.       And what would that do to the Country Club's liability if there are Pacific Power facilities on its property that aren't used by the REA?

A.       They wouldn't be Pacific Power's property. They would be the Country Club's property if they bought them.

Q.       And what would that mean for the Country Club's liability to third parties, now there's -- if it didn't

---

<sup>36</sup> Dalley, Exhibit No. RBD-1T 23:7-16.

<sup>37</sup> Dalley, Exhibit No. RBD-1T 23:22-24:1.

<sup>38</sup> Marne, TR. 175:1-10.

<sup>39</sup> Marne, TR. 173:5-22.

maintain those facilities as a utility such as Pacific Power is required to do?

- A. The Country Club doesn't have to follow the National Electric Safety Code.<sup>40</sup>

22 Again, Mr. Marne was required to concede that the Net Removal Tariff does not provide for a forced sale or transfer of Pacific Power's facilities to the Walla Walla Country Club. Regardless, hypothetically assuming Pacific Power could be forced to sell its facilities, his opinion that the Walla Walla Country Club would not have to follow the National Electric Safety Code is disconcerting.

23 As noted above, according to Mr. Marne, the only alternative to a forced sale is removal. Consistent with the Net Removal Tariff, Pacific Power has determined that all Company facilities not likely to be reused by Pacific Power to serve its customers must be removed upon a customer's request to permanently disconnect service. Pacific Power is simply not prepared to expose its remaining customers to the potential negative financial ramifications of failing to strictly adhere to the governing provisions of the NESC.<sup>41</sup>

- V. **While the opinions of the Walla Walla Country Club's witnesses, as set forth in their prefiled direct and rebuttal testimony, are all predicated upon a forced sale of Pacific Power's facilities and reuse of those facilities by Columbia REA, at this stage it is entirely unclear what would be done with Pacific Power's facilities in the event they were transferred to the Walla Walla Country Club.**

24 The following rebuttal testimony of Mr. Marne illustrates the degree to which his opinions and those of Mr. Mullins, as set forth in their prefiled testimony, are predicated upon a forced sale and necessary reuse of the facilities by Columbia REA:

The facilities that are to be abandoned and sold are on the Country Club's property. The maps, drawings and pictures

---

<sup>40</sup> Marne, TR. 176:17-177:2.

<sup>41</sup> Dalley, Exhibit No. RBD-1T 24:1-4.



I have reviewed, produced by the Company in discovery, show that the facilities can be reused to supply power to buildings, pumps and other improvements on the Club's property.<sup>42</sup>

As addressed above, during the hearing, Pacific Power learned that Columbia REA may well have completed all necessary boring, trenching, and installation of its facilities on the Country Club property, in early 2013.<sup>43</sup>

25           Shortly before the hearing, the Walla Walla Country Club supplemented its response to DR 58, by which Pacific Power sought a projection of the cost to Columbia REA to replace the subject facilities. The second supplemental response to that DR reads as follows:

[B]ased on his discussion with Columbia Rural Electric Association, Mr. Mullins has come to understand that neither the Club nor Columbia Rural Electrical Association, intends to use any of the electrical components reflected in the net book value calculations discussed in Mr. Mullins' testimony. This is due to Mr. Mullins' understanding that Columbia Rural Electric Association will provide electric service at a different voltage than previously delivered by Pacific Power. Accordingly, all of the electrical components included in the list of facilities transferred will be of no value to Columbia Rural Electric Association and will be removed and scrapped at the expense of the Club.<sup>44</sup>

26           The Walla Walla Country Club's response to the DR clearly indicates that all of the subject facilities will be removed. That representation came as a complete surprise to Mr. Thomas during the hearing:

Q.       And I'll read it -- I'll read the quote to you again, sir, and see -- I'm just asking whether you're aware of this.

---

<sup>42</sup> Marne, Exhibit No. DJM-1CT 4:14-17.

<sup>43</sup> Thomas, TR. 138:25-139:21.

<sup>44</sup> Exhibit No. BJM-15CX.

“All of the electrical components included in the list of facilities transferred will be of no value to Columbia REA and will be removed and scrapped at the expense of the Club.”

Is that an accurate summary of your understanding of the circumstances as they currently exist?

A. I don't remember that at all.

.....

Q. So I'm talking about the -- the current circumstance. Am I fair in understanding your testimony right now that, as general manager of the Club, you have no idea of whether the Club will remove all of -- will seek to remove all of Pacific Power's facilities and scrap them?

A. No. it was never in my mind that we were to remove and scrap anything. We couldn't touch a thing. Pacific Power would remove their wires and meters.<sup>45</sup>

Throughout his prefiled direct and rebuttal testimony, Mr. Mullins referred to removal of the subject facilities as “invasive,” “costly,” and “unnecessary.”<sup>46</sup>

Remarkably, he now contends the Walla Walla Country Club will perform the removal.

27 During the hearing, Mr. Marne sought to leave the door open and allow the Walla Walla Country Club to do whatever it might chose to do with the subject facilities, if Pacific Power were forced to sell those facilities:

Q. Okay, if I understand correctly, your opinions are also predicated upon the following, which is taken from your prefiled direct testimony, and I'm referring to page 4, lines 14 through 18, so that's DJM-1CT.  
And there you testify, “The maps, drawings and pictures I have reviewed produced by the Company in discovery show that the facilities can be reused to supply power to buildings, pumps, and other

---

<sup>45</sup> Thomas, TR. 145:13-146:9.

<sup>46</sup> Mullins, Exhibit No. BGM-1CT 8:21, Exhibit No. BGM-6T 2:14 and Exhibit No. BGM-6T 11:6.

improvements on the Club's property. There's no reason or necessity to install additional conduit to serve the property."

So as I read that I took it that you were assuming that Columbia REA would reuse Pacific Power's facilities; correct?

- A. Facilities as in conduits.
- Q. Okay. And they'd be reusing all of it?
- A. The Country Club would take over those facilities, and then they would pass on to Columbia REA whichever ones were beneficial for the Country Club to have used.
- Q. And if they didn't pass some on, as Mr. Mullins testified, we would have, under the scenario presented by Columbia REA and the Club in this matter, facilities of Pacific Power's that are sitting on Club property that aren't being used by Columbia REA; correct?
- A. They're -- if they're sold, they're owned by the Country Club, if I'm following you.
- Q. Okay.
- A. Yes.
- Q. And some may not be used by the REA. What's going to happen to those? Will they be dug up? Will they just sit there fallow in the ground? What's intended?
- A. That would be up to the Country Club.<sup>47</sup>

At this time, what Columbia REA and the Walla Walla Country Club might do with Pacific Power's facilities in the event Pacific Power were forced to sell those facilities is a complete unknown.

---

<sup>47</sup> Marne, TR. 175:11-176:16.

**VI. Pacific Power will complete removal of the subject facilities, in an efficient and otherwise reasonable manner.**

28 Mr. Clemens provided testimony regarding Pacific Power’s ability to efficiently remove facilities and perform appropriate remediation:

I just want to explain that to remove conduit is basically the same thing as installing it. We do it all the time. We remediate after we install. The comments were earlier that we were going to rip out conduit. We don’t rip anything out. We’re actually very good at restoration after construction happens.<sup>48</sup>

In the context of providing testimony regarding facilities currently on the Walla Walla Country Club property, Mr. Clemens noted the following:

Now, this is a very good example of how good we are at remediation after we install and remove conduit. This (indicating) is where we had the problem with a fault in the cable where we had to come in and completely replace this run of conduit and wire, and I’ll bet if you visited today, you would never even know it happened.<sup>49</sup>

During the hearing, Mr. Clemens provided very detailed testimony regarding the various efforts Pacific Power would undertake to efficiently remove its facilities, with minimal disruption to the Walla Walla Country Club’s operations.<sup>50</sup> For example, Pacific Power has repeatedly offered to remove its facilities during early January, when activities at the Walla Walla Country are very limited.<sup>51</sup>

**VII. Conclusion**

29 Pacific Power has clearly articulated the operational and safety concerns which necessitate removal of its facilities from the Walla Walla Country Club property. Pacific Power’s Net Removal Tariff does not provide for the sale or transfer of Pacific Power’s

---

<sup>48</sup> Clemens, TR. 107:5-11.

<sup>49</sup> Clemens, TR. 109:8-13.

<sup>50</sup> Clemens, TR. 107:5-111:16.

<sup>51</sup> Clemens, TR. 112:16-19.

facilities in the event a customer requests permanent disconnection. Regardless, in their prefiled testimony, Mr. Mullins and Mr. Marne argued that Pacific Power should be forced to sell its facilities, at a fraction of the fair market value of those facilities, predicated upon the representation that Columbia REA would reuse those facilities. Most recently, Columbia REA and the Walla Walla Country Club represented that the subject facilities would be of no use to Columbia REA and, therefore, the Country Club would remove those facilities. However, even that position was modified by the testimony of Mr. Marne on cross-examination. Apparently, he sought to preserve discretion to reuse some facilities and simply leave others unused in the ground. It is not entirely clear what underlies Columbia REA's prosecution of this matter on behalf of the Walla Walla Country Club. Regardless, pursuant to its Net Removal Tariff, Pacific Power should be permitted to remove its facilities, leaving the Walla Walla Country Club to receive electric service from Columbia REA.

Dated this 16<sup>th</sup> day of October, 2015.

SCHWABE, WILLIAMSON & WYATT, P.C.

By: Troy Greenfield / As  
Troy Greenfield  
Claire L. Rootjes  
tgreenfield@schwabe.com  
crootjes@schwabe.com  
*Attorneys for Respondent*

Sarah Wallace  
Vice President and General Counsel  
Pacific Power and Light Company  
sarah.wallace@pacificorp.com  
*Attorney for Respondent*