

Exh. ALB-3T

Docket UE-230172

Witness: Allen L. Berreth

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-230172

*(Consolidated)*

In the Matter of

ALLIANCE OF WESTERN ENERGY  
CONSUMERS'

Docket UE-210852

*(Consolidated)*

Petition for Order Approving Deferral of  
Increased Fly Ash Revenues

**PACIFICORP**

**REBUTTAL TESTIMONY OF ALLEN L. BERRETH**

**October 2023**

**TABLE OF CONTENTS**

I. INTRODUCTION AND PURPOSE OF TESTIMONY ..... 1  
II. PACIFICORP’S RESPONSE TO PUBLIC COUNSEL ..... 1  
III. CONCLUSION..... 5

**ATTACHED EXHIBIT**

Exhibit No. ALB-4—Washington Wildfire Mitigation Plan

1                   **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2   **Q. Are you the same Allen L. Berreth who previously submitted direct testimony in**  
3   **this proceeding on behalf of PacifiCorp d/b/a Pacific Power & Light Company**  
4   **(PacifiCorp or the Company)?**

5   A. Yes.

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

7   A. The purpose of my rebuttal testimony is to respond to testimony and arguments that  
8   have been raised by witness Andrea C. Crane on behalf of the Public Counsel Unit of  
9   the Washington State Office of the Attorney General (Public Counsel).<sup>1</sup> My  
10   testimony specifically focuses on wildfire mitigation and vegetation management  
11   issues.<sup>2</sup>

12   **Q. Can you please summarize your rebuttal testimony?**

13   A. Yes, my testimony explains why PacifiCorp’s proposed operations and maintenance  
14   (O&M) costs for wildfire mitigation and vegetation management are reasonable and  
15   justified as part of the Company’s Washington Wildfire Mitigation Plan (WMP).  
16   PacifiCorp’s cost forecast is based on detailed knowledge of the individual programs  
17   and is more precise than Public Counsel’s recommendation.

18                   **II. PACIFICORP’S RESPONSE TO PUBLIC COUNSEL**

19   **Q. Did Public Counsel recommend any adjustments to the capital costs associated**  
20   **with wildfire mitigation activities?**

21   A. No. Public Counsel noted the importance of wildfire mitigation and their support of

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<sup>1</sup> Crane, Exh. ACC-1T at 27-29.

<sup>2</sup> Unless personal pronouns are specified by a witness in their testimony, in my rebuttal testimony I use “they/them” when using a pronoun to refer to a witness.

1 the Company’s efforts to harden its distribution and transmission assets.<sup>3</sup>

2 **Q. Did Public Counsel recommend any adjustments to PacifiCorp’s proposed**  
3 **O&M costs relating to wildfire mitigation and vegetation management?**

4 A. Yes. Public Counsel recommends limiting O&M costs relating to wildfire mitigation  
5 and vegetation management to a 10 percent annual increase over the Base Period.<sup>4</sup>

6 Public Counsel argues that the Company did not provide enough justification for the  
7 increased costs, and specifically objects to cost increases in wildfire mitigation  
8 situational awareness and non-wildfire vegetation management.<sup>5</sup>

9 **Q. What is the Company’s proposed incremental increase in wildfire-related O&M**  
10 **costs?**

11 A. The table below shows the incremental increase in O&M costs associated with  
12 Wildfire Mitigation, Vegetation Management, Contractor and National Electric  
13 Safety Code (NESC) Condition Corrections.

**Table 1. Washington Wildfire Mitigation O&M Costs**

<b>Description</b>	<b>Base Period</b>	<b>Test Period</b>	<b>Increase (\$)</b>	<b>Increase (%)</b>
Vegetation Administrative	\$241,020	\$444,155	\$203,135	84%
Wildfire Mitigation and Vegetation Management Activity	\$3,916,468	\$6,074,710	\$2,158,242	55%
Contractor Costs and NESC “B” Condition Corrections	\$8,494,470	\$10,157,471	\$1,663,001	20%
<b>Total</b>	<b>\$12,651,958</b>	<b>\$16,676,335</b>	<b>\$4,024,378</b>	<b>32%</b>

<sup>3</sup> Crane, Exh. ACC-1T at 27:8-11.

<sup>4</sup> *Id.*, at 29:8-11.

<sup>5</sup> *Id.*, at 28:2-29:15.

1 **Q. Public Counsel includes a similar table in its testimony but uses different values**  
2 **and shows a wildfire-related O&M increase of 50.9 percent.<sup>6</sup> Can you reconcile**  
3 **Table 1 above to Public Counsel’s table?**

4 A. Yes. The table in Public Counsel witness Crane’s testimony on pages 27 and 28  
5 presents the wildfire-related O&M on a total-Company basis. Table 1 above properly  
6 states the expenses on a Washington-allocated basis, which represents only the  
7 portion of these expenses that will be paid by Washington customers.

8 **Q. What is situational awareness and is it included in the Company’s wildfire**  
9 **mitigation O&M cost increase?**

10 A. Situational awareness costs are included in the wildfire mitigation O&M increase. As  
11 noted in my direct testimony, situational awareness in the context of wildfire  
12 mitigation involves having sophisticated, dynamic risk modeling capabilities that  
13 aggregates environmental conditions from the weather station network with known  
14 terrain conditions, electrical infrastructure, and historical data to extrapolate a risk  
15 forecast of potential events to inform operational strategies, response to local  
16 conditions and influence decision making.<sup>7</sup> Situational awareness is foundational to  
17 effective WMPs, which Exhibit No. ALB-4— the Company’s Washington WMP—  
18 describes in detail.<sup>8</sup>

19 **Q. What are the drivers for the steep increase in O&M costs relating to situational**  
20 **awareness?**

21 A. The expansive data inputs involve subscription services and software modeling

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<sup>6</sup> *Id.*, at 27-28.

<sup>7</sup> Berreth, Exh. ALB-1T at 13:6-13.

<sup>8</sup> Berreth, Exh. ALB-4 at 23-25.

1 licenses from multiple sources to produce an effective risk model. This is a  
2 completely new function for PacifiCorp so the ramp up of incremental O&M costs is  
3 reasonable as the Company establishes and refines its Washington WMP. The  
4 Company expects that as the plan is fully implemented in 2024, O&M costs will  
5 stabilize, and the benefits of situational awareness will be fully realized.

6 **Q. Public Counsel also noted an increase in costs in the non-wildfire vegetation**  
7 **program.<sup>9</sup> How were these O&M values determined?**

8 A. These values were determined by reviewing the actual vegetation unit costs that have  
9 been experienced in 2022 and 2023 to develop an appropriate O&M level for the  
10 vegetation program going forward. Specific activity increases include an additional  
11 200 miles of annual line trimming to ensure vegetation cycles are maintained (taking  
12 the total annual miles to approximately 1,100 miles), implementation of a new  
13 internal vegetation management quality assurance department, and a 25 percent  
14 increase in contractor vegetation trimming rates. As noted in my direct testimony  
15 these costs have been influenced in recent years by an increase in hazard trees (dead  
16 or dying trees that are in danger of falling into the electrical infrastructure) needing to  
17 be removed, as well as an increase in labor costs associated with vegetation  
18 management activities as almost all utilities along the western coast have increased  
19 their vegetation management programs as an underlying wildfire mitigation activity.<sup>10</sup>

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<sup>9</sup> Crane, Exh. ACC-1T at 29:1-6.

<sup>10</sup> Berreth, Exh. ALB-1T at 22:3-13.

1 **Q. Public Counsel claims that the Company has not adequately supported this**  
2 **O&M increase.<sup>11</sup> What are the specific drivers for the O&M increase outside of**  
3 **the wildfire and vegetation management programs?**

4 A. While all underlying operations and maintenance spending related to the electrical  
5 system helps mitigated the risk of wildfire, there are cost increases outside of the  
6 WMP. Specific activity cost increases include roughly 2,000 additional NESC  
7 condition corrections a year. This activity foundationally improves the asset health of  
8 the electrical infrastructure across the service territory by proactively resolving  
9 known conditions before they create reliability or potential wildfire ignition risks.  
10 Other specific cost increases are related to labor rate expenses, both internal and  
11 contracted, associated with delivering the work activity. While internal labor rates  
12 increased 10 percent from the Base Period as part of the union collective bargaining  
13 agreement, the contractor rate for delivering the preventive maintenance pole  
14 inspection program increased 20 percent. The increase in both activity and labor rates  
15 are the specific drivers for the O&M increases outside of the WMP or vegetation  
16 management program.

17 **Q. Are the costs prudent and necessary to support the Company's wildfire**  
18 **mitigation activities?**

19 A. Yes.

### 20 III. CONCLUSION

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

22 A. I recommend that the Commission approve the wildfire mitigation, vegetation

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<sup>11</sup> Crane, Exh. ACC-1T at 28:2-29:6.

1 management, and underlying O&M costs as proposed by the Company as  
2 fundamental activities to aid in the mitigation of wildfire risk in Washington.

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

4 A. Yes.