

1 **Rebuttal Testimony of Mark E. Armstrong**

2

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

4 A. My rebuttal testimony responds to 1) the testimony of William F. Donohue
5 concerning fuel supply at Kimberly-Clark Tissue Company’s pulp and paper mill in
6 Everett, Washington (the “Facility”) and 2) the testimony of Heidemarie C. Caswell
7 concerning Puget Sound Energy’s (“Puget”) conduct during the curtailment.

8 **Q. Is Mr. Donohue’s characterization of the Facility’s fuel supply arrangement**
9 **accurate?**

10 A. No. Mr. Donohue mischaracterizes the fuel supply arrangement as a “gamble” and
11 thinks that we should buy more firm transportation service from Puget. In fact,
12 Kimberly-Clark’s operating strategy includes primary and backup fuel sources to
13 manage interruptions in fuel supply. What we experienced in December 1998 was an
14 extraordinary coincidence of adverse circumstances that we could not have planned
15 for. For the No. 14 Boiler, we had the unprecedented experience of a primary fuel
16 (wood waste) shortage at the same time the two backup fuel sources (natural gas and
17 fuel oil) failed. The fact that we continued to operate the Facility successfully for
18 approximately half of the Puget curtailment demonstrates that, unless there are
19 extraordinary circumstances, the operating strategy works. If the fuel oil system had
20 been fully operational, as we had every reason to expect it would be, then the Facility
21 would have operated during the Puget curtailment without needing to burn any
22 penalty gas.

1 **Q. Does Mr. Donohue accurately characterize Kimberly-Clark's motive for not**
2 **purchasing more than 14,000 therms of firm transportation service from Puget?**

3

4 A. No. Although firm transportation service costs more than interruptible, Kimberly-
5 Clark's operating strategy is to use fuel oil and natural gas only to supplement the
6 primary boiler fuels as necessary. It does not make either economic or operational
7 sense to arrange for a firm supply of natural gas for the boilers when it plays a backup
8 role, especially where we have a second backup – the fuel oil system.

9 **Q. Did Kimberly-Clark adequately test the fuel oil system after the caustic**
10 **contamination incident?**

11 A. Yes. As I previously testified, the bulk fuel oil storage system was accidentally
12 contaminated with caustic in September of 1998. We hired an environmental
13 remediation firm to clean the bulk fuel oil storage system, and that firm informed
14 Kimberly-Clark on or about October 1, 1998 that the system was free of caustic and
15 was ready to operate. To be sure, I had the fuel oil in the system tested for caustic.
16 The test results were negative for caustic contamination of the of the fuel oil. A copy
17 of the test results is attached to my testimony as Ex. ____ (MEA-2).

18 **Q. With respect to Puget's conduct during the curtailment, what aspect of Ms.**
19 **Caswell's testimony do you wish to address?**

20 A. Ms. Caswell testified that Puget extended the curtailment through the weekend
21 following Christmas in large part because of the expected peak on Monday December
22 28, 1998. Ms. Caswell also stressed that Kimberly-Clark is one of Puget's two largest

1 customers and that the Facility's demand can affect distribution system capacity.

2 **Q. What is your response to this testimony?**

3 A. The expected peak on Monday December 28, 1998 is not a valid reason for Puget's
4 decision to continue the curtailment. If necessary, Puget could have coordinated with
5 us to reduce our demand during the Monday morning peak. As I previously testified,
6 Puget's past practice has been to call Kimberly-Clark and request short-term load
7 reduction. In my experience, we have always accommodated these requests to reduce
8 gas usage, which sometimes occurred on an hour-by-hour basis.

9 **Q. Does that complete your rebuttal testimony.**

10 A. Yes.