

Confidential Per WAC 480-07-160
Exh. JB-1CT_r
Docket UE-23~~—~~0172
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-23~~—~~0172

PACIFICORP

REDACTED DIRECT TESTIMONY OF JAYSON BRANCH

~~March 2023~~ **REVISED April 4, 2023**

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

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.

¹³ 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 (available here: <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 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;²³
- 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;

²³ *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) (available here <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.²⁴

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

²⁴ 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.²⁵

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.

²⁵ 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) (available [here 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))

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