UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

MIDAMERICAN CENTRAL CALIFORNIA TRANSCO, LLC	**Docket No. ER19-____-000**

DIRECT TESTIMONY OF BRANDON D. SMITH

June 26, 2019

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

MidAmerican Central California	**)**	
Transco, LLC	**)**	**Docket No. ER19-___-000**

DIRECT TESTIMONY OF BRANDON D. SMITH

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Brandon D. Smith, and my business address is 1407 West North Temple, Salt Lake City, Utah 84116.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am employed by PacifiCorp as Director of Rocky Mountain Power Project Controls and Support Services.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I graduated from Utah State University in 1998 with a Bachelor of Science degree in Civil/Environmental Engineering. I also obtained my Project Management Professional certification in August 2010.

Upon graduating from Utah State University, I commenced my professional career as a field engineer for Kiewit Construction. In 1999, I joined Bechtel BWXT at the Idaho National Laboratory managing environmental remediation and treatment of nuclear contamination. I joined PacifiCorp in 2001 as a project manager responsible for managing environmental remediation as well as electric transmission and substation projects. I joined BHE U.S. Transmission, LLC as Senior Project Manager in August

2015, and managed the Central Valley Power Connect project ("CVPC" or "Project") for MidAmerican Central California Transco, LLC ("MCCT").

I re-joined PacifiCorp in January 2019 as Director of Rocky Mountain Power Project Controls and Support Services.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE A REGULATORY BODY?

A. Yes, I have filed testimony before the Utah Utility Facilities Siting Board.

Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.

A. I will provide a description of MCCT's project development activities related to the Project, the costs for which MCCT seeks recovery through this proceeding. In addition, I will explain why these costs were prudently incurred.

Q. SUMMARIZE THE COSTS FOR WHICH MCCT IS REQUESTING RECOVERY.

A. The development of the Project was assigned jointly to MCCT and Pacific Gas & Electric Company ("PG&E") on November 6, 2013 by the California Independent System Operator ("CAISO") through its Order No. 1000 competitive process. On November 6, 2013, MCCT and PG&E entered into a development agreement detailing each party's development responsibilities for the Project, and a cost-sharing mechanism. Exhibit No. MCCT-400, Development, Construction and Ownership Agreement ("Development Agreement"). Pursuant to the Development Agreement, PG&E was primarily responsible for overall project management, routing and permitting, public affairs and right-of-way acquisition. MCCT was primarily responsible for engineering and construction of the Project. In the context of early-stage development activities, MCCT

managed the detailed engineering and construction planning necessary to support the development of the proponents' environmental assessment, which is a key component of the Project's application to the California Public Utility Commission for a certificate of public convenience and necessity. These activities included, for example, transmission line structure siting and the development of an access road plan and construction plan. Given the lead time and schedule risk associated with permitting delays, PG&E and MCCT commenced development of this application immediately following the CAISO's selection of PG&E and MCCT as Project Sponsors in order to meet the Project's March 31, 2020 required energization date.[1] As described in the Direct Testimony of Heather L. Cushman, Exhibit No. MCCT-300, MCCT and PG&E agreed to share the costs of these activities, and therefore MCCT's costs include both its actual costs as well as true-up payments from or to PG&E pursuant to this cost-sharing mechanism.

Q. WERE THERE CONTROLS IN PLACE DURING THE LIFE OF THE PROJECT TO ENSURE THAT PROJECT COSTS WERE PRUDENTLY INCURRED?

A. Yes. MCCT, both individually and in conjunction with PG&E through the terms of the Development Agreement, instituted a number of controls to ensure that the Project costs were prudently incurred.

Q. PLEASE DESCRIBE THE CONTROLS PUT IN PLACE BY MCCT AND PG&E TO CONTROL AND MONITOR THE PROJECT'S SHARED COSTS.

A. MCCT and PG&E met regularly to review planned work, and mutually agree upon the need for work to be performed and, if applicable, a particular contractor to perform

[1] *See California Independent System Operator Corp.*, Filing of Service Agreement No. 3061, Att. A – Approved Project Sponsor Agreement, App. B at 37, Docket No. ER14-2347 (July 1, 2014) ("APSA").

services in connection with that work. The party with primary responsibility for the approved work would retain and pay the contractor. In my role as project manager, I was in regular contact with the contractor responsible for pre-construction and construction activities as well as the engineering contractors responsible for final design of the project. I coordinated routine progress meetings, often weekly, with all team members to monitor the status of the project work and to confirm that the work being performed was consistent with Project needs and the participants' expectations. When a contractor submitted an invoice for work performed, I carefully reviewed the backup documentation (such as monthly reports, defined deliverables, and expenses incurred by the contractor) that accompanied the invoice to ensure that it was consistent with the contract before issuing payment.

In addition, I worked closely with PG&E to perform a similar review of its costs associated with development of permitting and right of way documentation, which could include subcontractor invoices, overheads and internal labor. This was part of the monthly true-up of MCCT's and PG&E's shared costs.

Q. PLEASE DESCRIBE THE NATURE OF ANY COSTS INCURRED AFTER THE PROJECT WAS DEFERRED BY THE CAISO IN MARCH 2017.

A. Following the CAISO's deferral of the Project on March 16, 2017, as described in the Direct Testimony of Steven C. Rowley, Exhibit No. MCCT-100, MCCT stopped incurring Project development costs, except for limited costs necessary to place the Project on hold pending further CAISO assessments. These actions included performing the necessary work to archive the Project data in a manner that would enable Project activities to resume on a timely basis if necessary. This included organizing all the final

versions of documentation developed prior to that date, in addition to filing backup documentation supporting the final versions. MCCT also exercised the necessary terms and conditions of its agreements with its contractors to suspend activities while preserving the contracts' scope and pricing in order to avoid cost increases if the Project was resumed.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

MidAmerican Central California Transco, LLC	))	**Docket No. ER19-___-000**

State of Iowa)
) ss
County of Polk)

AFFIDAVIT OF BRANDON D. SMITH

Brandon D. Smith, being first duly sworn, on oath says that he is the Brandon D. Smith identified in the foregoing prepared direct testimony; that the answers therein are true to the best of his knowledge and belief; and that if asked the questions appearing herein, his answers would be the same.

Brandon D Smith
Brandon D. Smith

Subscribed and sworn to (or affirmed) before me this 26 day of June 2019, by Brandon D. Smith, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Notary Public

AMBER BURNINGHAM
NOTARY PUBLIC -STATE OF UTAH
My Comm. Exp 06/17/2023
Commission # 706658

My commission expires on: 6/17/2023