Witness CCS – 2D RR

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the 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. 08-035-38** **Direct Revenue Requirement Testimony of Donna Ramas For the Committee of Consumer Services**

CONFIDENTIAL-- SUBJECT TO PROTECTIVE ORDER

IN DOCKET 08-035-38

REDACTED- Grey highlights indicated redacted confidential information

February 12, 2009

Table of Contents

Page

INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

A. My name is Donna Ramas. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory analyst at Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

A. Larkin & Associates, PLLC, is a Certified Public Accounting Firm. The firm performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin & Associates, PLLC has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings, including numerous electric, water and wastewater, gas and telephone utility cases.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THESE PROCEEDINGS?

A. On October 7, 2008 I filed direct prefiled testimony on the issue of the appropriate test year in this docket under the name Donna DeRonne. My qualifications were provided as an attachment to that testimony.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. Larkin & Associates, PLLC, was retained by the Utah Committee of Consumer Services (Committee) to review Rocky Mountain Power's (the Company or RMP) application for an increase in rates in the State of Utah and to make recommendations in the areas of rate base and operating income (expense and revenue). Accordingly, I am appearing on behalf of the Committee.

Q. HAVE YOU PREPARED ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?

A. Yes. I have prepared Exhibits CCS 2.1 through 2.9, which are attached to this testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I present the overall revenue requirement recommended by the Committee and sponsor specific adjustments to the Company's filing for the future test period ending December 31, 2009. I also present a correction to the rate mitigation cap presented in the Company's filing. The overall revenue requirement presented in the summary schedules, specifically Exhibit CCS 2.1, includes the impact of recommendations of other witnesses testifying on behalf of the Committee. It includes the recommended return on equity and capital structure presented by

Committee witness Daniel Lawton, as well as specific adjustments recommended by Committee witness Randall Falkenberg.

Q. PLEASE DISCUSS HOW YOUR EXHIBITS ARE ORGANIZED.

A. Exhibit CCS 2.1 presents the overall revenue requirement and summary schedules reflecting the impact of the Multi State Process (MSP) stipulation, which caps RMP's Utah revenue requirement at 101.00 percent of the Utah revenue requirement calculated under the rolled-in allocation method. Each of the pages in Exhibit CCS 2.1 is based on the rolled-in allocation method. Since the rates are capped at 101.00% of the rolled-in allocation methodology, I am not presenting an exhibit based on the MSP revised protocol jurisdictional allocation methodology (revised protocol method) with this testimony.

In preparing Exhibit CCS 2.1, I used the Company's Jurisdictional Allocation Model, flowing each of the Committee's recommended adjustments through the model.

Q. DO YOUR SUMMARY SCHEDULES INCLUDE THE EMBEDDED COST DIFFERENTIAL CALCULATION?

A. I have not included the Embedded Cost Differential calculation in my revenue requirement schedules presented with this testimony. The Embedded Cost Differential calculation does not impact the rolled-in allocation method and is only utilized in the revised protocol method. Since the rates are capped at 101.00% of the rolled-in allocation method, the Embedded Cost Differential calculation does not, at this time, impact the rates of Utah customers. Therefore, I did not perform the calculation in this rate case.

Q. PLEASE DESCRIBE THE ORGANIZATION OF THE REST OF YOUR EXHIBITS.

A. Exhibit CCS 2.2 includes a summary schedule that lists all of the Committee's recommended adjustments in one schedule on a Utah basis. The amounts presented on this schedule were calculated based on the revised protocol jurisdictional allocation method. The full revenue requirement impact will not tie directly into the summary schedule on Exhibit CCS 2.1 as the amounts on this schedule are based on the revised protocol method and do not include the cash working capital impact and interest synchronization impact of each of the adjustments as these impacts flow automatically through the jurisdictional allocation model.

The remaining exhibits attached to my testimony, Exhibits CCS 2.3 through 2.9, consist of the supporting calculations for the specific adjustments I recommend the Commission adopt. These supporting exhibits are presented using the top-sheet approach, showing the specific adjustments on a total Company and Utah allocated basis with brief descriptions of the adjustments at the bottom of each exhibit.

In determining the Utah allocated impact of each adjustment in Exhibits CCS 2.2 through 2.9, the revised protocol jurisdictional allocations factors contained in Company Exhibit RMP__(SRM-2SS) are used, consistent with how RMP's filing in Exhibit RMP__(SRM-2SS) was presented. In discussing each of the adjustments in this testimony, the Utah amounts are based on PacifiCorp's allocation factors associated with the revised protocol method so that the adjustments are comparable to the basis presented by the Company in its exhibits.

Q. BASED ON THE COMMITTEE'S ANALYSIS OF ROCKY MOUNTAIN POWER'S FILING, WHAT IS THE COMMITTEE'S RECOMMENDED CHANGE TO THE CURRENT LEVEL OF UTAH REVENUE REQUIREMENT?

A. Rocky Mountain Power's revised filing shows a requested increase in revenue requirement of $137.8 million based on the revised protocol method, reduced to $116.1 million based on the Company's proposed 101.06% rate mitigation cap. In response to DPU Data Request 58.11, 1st Supplemental Response, the Company identified an error in its case. The Company inadvertently utilized an incorrect normalization level for Avoided Cost and Contributions in Aid of Construction in its tax calculations. Correction of the error resulted in a $17,655,478 reduction to the revenue requirement presented in RMP's case. Upon running the correction through the Company's JAM model, this results in a revised revenue requirement request of $120.1 million using the revised protocol method, reduced to $98.2 million when the 101.06% rate mitigation cap is applied.

Based on the Committee's analysis, the Company's request is significantly overstated by an amount of $82,673,194. As shown on Exhibit CCS 2.1, page 2.0, the Committee recommends an increase in the current level of Utah revenue requirement of $15,575,235. The Committee's recommendation includes the correction of the error identified by the Company and the rate mitigation cap at 101.00% consistent with the MSP stipulation.

Q. IN WHAT ORDER WILL YOU PRESENT YOUR RECOMMENDED ADJUSTMENTS TO ROCKY MOUNTAIN POWER'S REVISED REQUEST?

A. I first present the recommended correction to the rate mitigation cap. I then address my recommended rate base adjustments, followed by recommended adjustments to net operating income.

RATE MITIGATION CAP

Q. PLEASE ADDRESS THE RATE MITIGATION CAP.

A. Under the Stipulation in Docket No. 02-035-04 ("MSP Stipulation"), for purposes of determining the revenue requirement for Utah ratepayers, the determination of revenue requirement is capped as calculated under the rolled-in allocation method multiplied by the applicable percentage. The applicable percentage would be the then-applicable rate mitigation cap. Under paragraph 2 of the MSP Stipulation, for the period April 1, 2007 to March 31, 2009, the rate mitigation cap is 101.25%. In other words, the Utah revenue requirement can not exceed the results of the revenue requirement calculation under the Rolled-In Allocation Method multiplied by 101.25% during that time. Under the MSP Stipulation, beginning April 1, 2009, the rate mitigation cap is 101.00% of the Rolled-In Allocation Method.

Q. WHAT SPECIFICALLY DOES THE MSP STIPULATION SAY WITH REGARDS TO THE RATE MITIGATION CAP AFTER THE 101.25% CAP EXPIRES ON MARCH 31, 2009?

A. Paragraph 3 states: "Subject to the conditions of Paragraph 4b, below, for the period from April 1, 2009 to March 31, 2012, the Company may collect a Rate Mitigation Premium as follows: the Company's Utah revenue requirement as calculated pursuant to the Revised Protocol multiplied by 100.25 percent." Paragraph 4b states:

> Unless and until any amendments to the Revised Protocol are ratified by the PSCU, for the Company's fiscal years beginning April 1, 2009 through March 31, 2014, for all general rate proceedings, the Company's Utah revenue requirement to be used for purposes of setting rates for Utah customers will be the lesser of: (i) the Company's Utah revenue requirement calculated under the Rolled-In Allocation Method multiplied by 101.00 percent; or (ii) the Company's Utah revenue requirement resulting from the Revised Protocol, plus the Rate Mitigation Premium referenced in Paragraph 3, if applicable.

As of the present time, the Utah revenue requirement under the Revised Protocol Allocation Methodology still greatly exceeds the Rolled-In Allocation Methodology, thus, the rate mitigation cap remains in effect. It is worth noting that at the time the stipulation was entered into, the Company was utilizing a fiscal year end of March 31^{st} each year. Since that time, the Company has changed to a December 31^{st} or calendar year end.

Q. WHAT PERCENTAGE DID RMP USE IN ITS FILING FOR THE RATE MITIGATION CAP?

A. RMP applied a rate mitigation cap of 101.06%. This was calculated by assuming the 101.25% rate mitigation cap would be in effect from January 1, 2009 through March 31, 2009 and the 101.00% cap would be in effect from April 1, 2009 through December 31, 2009.

Q. DO YOU AGREE THAT A WEIGHTED CAP, AS SUGGESTED BY RMP, SHOULD BE USED IN THIS CASE?

A. No, I do not. The new rates to be set in this case will go into effect after the date the 101.25% cap expires, or after March 31, 2009. For periods after that date through March 31, 2014, the 101.00% rate mitigation cap is to be used until one of two criteria is met. These two criteria are: (1) the Revised Protocol plus a 100.25% premium is less than the rolled-in method multiplied by 101.00%; or (2) amendments to the Revised Protocol are ratified by the PSCU. As neither of these criteria has been met, a rate mitigation cap of 101.00% should be used in this case. I have included the impacts of setting the rate mitigation cap at 101.00% in the Committee’s revenue requirement calculations in this case.

RATE BASE ADJUSTMENTS

Q. WHAT ADJUSTMENTS TO RATE BASE DO YOU SPONSOR?

A. I am sponsoring adjustments to RMP’s projected Utah distribution plant additions, the removal of three cancelled projects from plant in service, and a reduction in the projected Bridger Mine rate base. I will discuss each of the adjustments below.

Distribution Plant in Service

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE COMPANY'S PROJECTED PRO FORMA ADDITIONS TO PLANT IN SERVICE?

A. Yes. In determining the average test year plant in service the Company began with the actual June 2008 plant balances. It then forecasted additions for the period July 1, 2008 through the end of the test period, or through December 31, 2009. Based on a review of the actual additions to date, along with some revisions to the Company's original forecast, the projected Utah distribution plant additions incorporated in the filing are overstated.

Q. PLEASE EXPLAIN.

A. In the Company's fourth supplemental response to DPU Data Request 14.2, RMP provided its actual plant additions by month for the period July 2008 through November 2008. When comparing these actual additions with the projected monthly plant additions incorporated within the Company's filing, it is evident that the Company has not been adding distribution plant additions specific to Utah to the degree it had originally forecasted. In the first supplemental response to DPU 47.1 the Company provided actual plant additions for December 2008. This response shows the actual Utah distribution plant additions for December 2008 of $18,540,225, which is considerably less than the projected December 2008 additions of $34 million incorporated in the filing. On Exhibit CCS 2.3, page 2.3.1, I provide a side by side analysis of the projected distribution plant additions to the actual distribution plant additions for the State of Utah on a monthly basis for the period July 2008 through

December 2008. During this six month period the Company had projected Utah distribution plant additions of approximately $94.9 million. Actual additions during that six month period were $68 million, which is $26.9 million below the projected amount. This results in a six month average variance of 29% below the forecast.

Q. HAVE YOU SEEN ANY INDICATION THAT THIS UNDER SPENDING IN UTAH DISTRIBUTION PLANT ADDITIONS MAY CONTINUE THROUGH THE END OF THE TEST YEAR?

A. Yes. CCS Data Request 27.61 asked the Company to provide a listing of the projects included in the projected plant additions with specific cost per project, the estimated in service date of the projects, and the current actual cost incurred on the projects to date. The response provided by RMP identified six Utah distribution plant projects as being delayed. In its filing, RMP projected a significant level of distribution plant additions in the State of Utah in the month of May 2009. On CCS Exhibit 2.3, page 2.3.1, I provide the Company's projected Utah distribution plant additions by month for the period January 2009 through December 2009. As can be seen from the schedule, the Company projected additions to Utah distribution plant of approximately $39.6 million in May 2009, this is significantly higher than the other months presented. Based on the response to CCS Data Request 27.61, five of the distribution projects that were projected to be placed in service in the month of May 2009 have been delayed. There was no further information given with regards to the anticipated length of the delays.

Additionally, the Company's filing included a large Utah distribution plant addition going into service in December 2008 for the Herriman Purchase Sub Prop and Trans ROW. The projected cost of this project included in the filing was $18,739,133. According to the response to CCS Data Request 27.61, the actual additions or expenditures associated with this project through December 2008 was only $16.2 million and the project was not identified as being delayed.

Q. HAS THE COMPANY REFLECTED THE IMPACT OF THE CURRENT ECONOMIC DOWNTURN ON ITS PROJECTED PLANT ADDITIONS IN THIS CASE?

A. According to the second supplemental direct testimony of RMP witness A. Richard Walje, at page 5, the Company has scaled back its 2009 Utah local transmission and distribution capital expenditure budgets by 10%. He indicates that reduced load growth has allowed the Company to delay certain projects by a year or more. However, as indicated above, the projected additions to Utah distribution plant in service is still overstated based on the actual additions to date as compared to what is incorporated in the filing.

Q. WHAT IS YOUR RECOMMENDATION WITH REGARDS TO THE PROJECTED DISTRIBUTION PLANT IN SERVICE ADDITIONS?

A. As shown on Exhibit CCS 2.3, I recommend that the average test year distribution plant in service for the Utah jurisdiction be reduced by $42,389,867. As previously mentioned, the actual Utah distribution plant additions for the period July 2008 through December 2008 were $68.0 million while the Company had projected additions of $94.9 million for the same period. In projecting the distribution plant additions going forward, I recommend that the six-month average percentage variance of 28% be applied to the Company's projected Utah distribution plant additions for the period January 2009 through December 2009. As shown on Exhibit CCS 2.3, page 2.3.1, reflecting actual additions through December 31, 2008 and the revised projected additions results in reducing the Company's projected cumulative Utah distribution plant additions for the period June 2008 through December 31, 2009 of $202.5 million downward to $145.1 million. The result is a $42,389,867 reduction to the average test year Utah distribution plant in service.

Q. HAVE YOU CALCULATED THE IMPACT OF YOUR RECOMMENDED REDUCTION TO AVERAGE TEST YEAR UTAH DISTRIBUTION PLANT IN SERVICE ON ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE?

A. Yes. As shown on Exhibit CCS 2.3, Utah distribution accumulated depreciation should be reduced by $599,960 and depreciation expense should be reduced by $1,062,714. These amounts are on a Utah basis as these are all Utah situs plant additions that are impacted. The determination of the impact on depreciation expense was derived utilizing the Company's Utah distribution depreciation rate of 2.507%.

Cancelled Projects

Q. ARE YOU RECOMMENDING ANY ADDITIONAL REVISIONS TO THE COMPANY'S PROJECTED 2009 ADDITIONS TO PLANT IN SERVICE?

A. Yes. In response to CCS Data Request 27.61, RMP provided the actual expenditures through December 2008 on some of the plant additions that it projects to go into service during the test period in this case. In that same response, the Company identified several projects that have either been delayed or cancelled. For many of the delayed projects, the Company has begun the project and expended funds to date. Within the response, the Company identified three projects that it has cancelled which will not be going into service during the test period in this case. These include the Yale Land Fund Project that was projected to go into service in December 2009 at a cost of $2,968,885, the Blundell No. 3 Generation Interconnection Project for $11,674,979, which was projected to go into service in November 2009, and GSU Main Transformer Spare-ST Project for $2.65 million which was projected to go into service in December 2009. I recommend that the impact of each of these cancelled projects be removed from the test period. As shown on Exhibit CCS 2.4, average test year plant in service should be reduced by $2,228,421, accumulated depreciation should be reduced by $47,362 and depreciation expense should be reduced by $47,362. Under the revised protocol allocation methodology, removing these projects result in reductions to Utah plant in service of $898,671, Utah accumulated depreciation and depreciation expense of $19,100.

Q. HAVE YOU MADE AN ADJUSTMENT TO SHOW THE IMPACT OF THE VARIOUS DELAYED PROJECTS IDENTIFIED IN THE COMPANY'S RESPONSE TO CCS DATA REQUEST 27.61?

A. No, I have not. While the Company indicated in the response that some of the projects were delayed, it did not provide the new projected in service dates. Also, while going through the response it was noted for some of the delayed projected that the actual expenditures have exceeded the projected amounts. Additionally, a few projects have gone into service earlier than anticipated in RMP’s filing. Thus, the impact of delaying some of these projects will be offset by the higher project costs and other projects being placed into service earlier than anticipated.

<u>Jim Bridger Mine Rate Base</u>

Q. WOULD YOU PLEASE PROVIDE A BRIEF DESCRIPTION OF THE COMPANY'S JIM BRIDGER MINE RATE BASE ADJUSTMENT?

A. Yes. Through an affiliate, Pacific Minerals Inc. (PMI), the Company owns two-thirds interest in the Bridger Coal Company. The Bridger Coal Company supplies coal to the Jim Bridger Generating Plant. Since Docket No. 97-035-01, the Company has included its investment in the Bridger Coal Company as an adjustment to rate base. On Exhibit RMP__(SRM-2SS), page 8.7, the Company includes its ownership percentage or 66.67% of the total projected rate base for Bridger Coal Company.

Q. HAS THE AMOUNT OF THE ADJUSTMENT FOR THE INVESTMENT IN THE JIM BRIDGER MINE INCREASED SINCE THE LEVEL INCORPORATED IN DOCKET NO. 97-035-01?

A. Yes. The amount of Bridger Mine rate base has increased significantly over the past several general rate case proceedings due to significant investments being made at the Jim Bridger mine. In its filing, the Company has projected additional significant increases in the structures, equipment and mine development assets at the Jim Bridger Mine going through the end of the test period. Within the filing, the Company projects that the structures, equipments and mine development assets at Jim Bridger Mine will increase from an actual June 2008 balance of $345,722,000 to a December 2009 balance of $414,446,000, an increase of $68.67 million or approximately 20% over an 18-month period.

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE AMOUNT INCLUDED IN RATE BASE BY THE COMPANY FOR ITS OWNERSHIP INTEREST IN JIM BRIDGER MINE?

A. Yes, I am. Based on the response to DPU Data Request 47.2, the Company has significantly overstated the plant additions made by the Bridger Coal Company in its filing. The Company's filing includes a projected December 31, 2008 balance for structures, equipment and mine development assets of $377.12 million. Based on the response to the data request the actual balance as of this date was $367.5 million. Thus, the Company has over estimated the beginning of the test period balance or the December 31, 2008 balance, by approximately $9.6 million. During the period June 30, 2008 through December 30, 2008 the filing included a projected increase in the structures, equipment and mine development assets of $31.4 million. During this same period the actual increase in those assets was only $21.76 million. As shown on Exhibit CCS 2.5, page 2.5.1, the actual increases in these assets for the six-month period were 69% of the forecasted amount.

Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT TO THE PROJECTED 13-MONTH AVERAGE BALANCE OF STRUCTURES, EQUIPMENT AND MINE DEVELOPMENT ASSETS?

A. As shown on Exhibit CCS 2.5, I am recommending a $13,526,605 reduction to the projected 13-month average plant in service balance for the Bridger Coal Company. The derivation of this amount is shown on page 2.5.1 of that exhibit. First, I recommend that the beginning balance for the test year be reduced by $9.637 million to reflect the actual balance as opposed to the projected balance at the beginning of the test year incorporated by the Company in the filing.

Next, as shown on page 2.5.1, lines 7 through 9, I calculated the projected 13-month average impact of the Company's projected 2009 additions to structures, equipment and mine development assets at the Bridger Coal Company based on the amounts incorporated within the Company's filing. The Company had projected a 13-month average impact of the 2009 plant additions as being $12.673 million. I recommend that the percentage of actual additions to budgeted additions for the six-month period June 30, 2008 through December 30, 2008 of 69% be applied to the Company's projected 2009 additions. As the Bridger Coal Company was significantly under budget in its projected additions for the six-months leading up to the start of the test period, I recommend that the same percentage of actual additions to budget of 69% be applied to the projected 2009 plant additions. This results in an additional reduction to the 13-month average for structures, equipment and mine development assets at Bridger Coal Company of $3,889,605. The combination of reflecting the amount by which the beginning of the test year was under budget, or $9.6 million, and the projected amount that the average 2009 plant additions will be under budget of approximately $3.9 million results in my recommended reduction to the average test year Bridger Coal Company plant in service balance of $13.5 million.

Q. ARE YOU RECOMMENDING ANY ADDITIONAL ADJUSTMENTS TO THE COMPANY'S PROJECTED BRIDGER COAL COMPANY RATE BASE BALANCES INCORPORATED IN THE FILING?

A. Yes. The Company has also overestimated the materials and supplies balance it incorporated into the filing for the Bridger Coal Company. The Company had projected a December 2008 materials and supplies balance of $15.808 million. The actual balance as of that date was only $14.350 million. On page 2.5.2 of Exhibit CCS 2.5, I provide the actual monthly materials and supplies balance at the Bridger Coal Company for the period June 2008 through December 2008. As is shown on this exhibit the monthly balance fluctuates, rising in some months and decreasing in other months. In its filing, on page 8.7.1, the Company has projected that the balance in materials and supplies would increase each and every month throughout the test year. This is not supported by the actual results and experience of this account for Bridger Coal Company. I am recommending that the materials and supplies balance at the Bridger Coal Company be based on the most recent average that is available. As shown on page 2.5.2 of Exhibit CCS 2.5, the seven-month average balance is $15.257 million. I recommend that this amount be used in projecting the rate year 13-month average balance. The Company's filing incorporated a projected average balance of $16.5 million. Thus, I recommend that materials and supplies at the Bridger Coal Company be reduced by $748,000.

Q. WHAT IS THE OVERALL IMPACT OF YOUR RECOMMENDED REDUCTIONS TO THE JIM BRIDGER RATE BASE AMOUNTS?

A. After applying PacifiCorp's ownership share of 66.67%, I recommend that the Jim Bridger rate base amount presented in the Company's filing be reduced by $9,068,057 on a total Company basis. This translates to a reduction of approximately $3.6 million on a Utah allocated basis.

<u>NET OPERATING INCOME</u>

Q. THE COMPANY'S FILING INCLUDES AN ADJUSTMENT TITLED "ADJUST NON-POWER COST O&M TO 2009 TARGET." WOULD YOU PLEASE BRIEFLY ADDRESS THIS COMPANY PROPOSED ADJUSTMENT?

A. Yes. The Company's various non-power cost Operation and Maintenance expense (O&M) adjustments are presented in Section 4 of Exhibit RMP__(SRM-2SS), sponsored by RMP Witness Steven R. McDougal. In determining the proposed test year non-power O&M costs, the Company began with the base year ended June 2008 actual levels and then made numerous adjustments to the base year actual amounts. These include adjustments, for the most part, that are similar to adjustments made by the Company in prior rate case proceedings, such as removal of non-recurring costs, adjustments to payroll costs, overhaul costs, incremental generation O&M, escalation adjustments and numerous other adjustments to the base year in going to the test period cost levels. After making all of its various proposed adjustments to the base year non-power O&M expenses, the Company then compared the results to its 2009 budgeted non-power O&M expenses. These would be the 2009 Target amounts incorporated in the Company's 10-Year Strategic Plan. After determining its adjusted non-power O&M expenses incorporating all of the O&M expense adjustments contained in the filing, the Company compared the resulting amount to its 2009 Target in Adjustment 4.23. In Adjustment 4.23, the Company reduced its adjusted test period non-power O&M costs by $50.6 million on a total Company basis, or $21.5 million on a Utah allocated basis, to get to the 2009 Target level.

In other words, the Company made all the typical adjustments that it would make in going from a base year to a forecasted test period and then compared the resulting amount to its 2009 Target within its 10-Year Strategic Plan for that same forecasted period. It then made the $50.6 million downward adjustment to non-power O&M expenses to put its adjusted amounts in line with the non-power O&M cost it actually anticipates to incur in 2009 under its strategic plan.

Q. HAS THIS COMPANY ADJUSTMENT IMPACTED THE RECOMMENDATIONS YOU ARE MAKING IN THIS CASE?

A. Yes. There are several adjustments that I would normally recommend be made to the Company's escalated base year cost; however, many of these adjustments were effectively addressed in the Company's Adjustment 4.23. For example, during the Committee's on-site review of the Company's SAP accounting system it was determined that the base year included amortization expense associated with the amortization of a pension regulatory asset. As the cost was recorded on RMP's books during the base year, this amortization was escalated by the Company in its filing. The pension regulatory asset amortization however expired prior to the start of the 2009 test period in this case. Normally an adjustment would need to be made to remove the amortization of the now fully amortized regulatory asset along with the escalation thereon incorporated in the filing; however, I was able to determine during my on-site review at the Company's offices that this discontinued amortization was excluded in the Company's 2009 non-power cost O&M target amount. Thus, as a result of the Company making Adjustment 4.23 in its filing, this expired amortization has been effectively removed.

Another example pertains to a cost recorded by the Company during the base year for a project called "The Leonardo" project that should be a below the line cost. This was not removed in the specific adjustment incorporated in the Company's filing as a non-recurring item or an item that is not to be charged to ratepayers. However, this project was not included in the 2009 target and thus, is no longer in the rate period. These are just two examples of many adjustments the Committee would normally be recommending had the Company not incorporated Adjustment 4.23 in its filing.

Q. GIVEN THE COMPANY'S $50.6 MILLION REDUCTION TO ITS ADJUSTED NON-POWER O&M COSTS AND ITS ADJUSTMENT TO TAKE THOSE COSTS TO THE 2009 TARGET LEVEL, ARE THERE ANY OTHER ADDITIONAL ADJUSTMENTS TO NON-POWER COSTS THAT NEED TO BE MADE IN THIS CASE?

A. Yes. There are still several adjustments that need to be made. There are several items that are treated differently in the Company's 2009 non-power O&M budget than what the Commission has determined to be appropriate for ratemaking purposes in other cases. I will address each of these specific issues below, along with some additional recommended adjustments to non-power O&M costs.

<u>**Pension Curtailment and Measurement Date Change**</u>

Q. ON FEBRUARY 4, 2009, IN THE REPORT AND ORDER IN DOCKET NO. 08-035-93, THE COMMISSION ADOPTED A STIPULATION

AGREED TO BY THE PARTIES PERTAINING TO ROCKY MOUNTAIN POWER'S REQUEST FOR AN ACCOUNTING ORDER REGARDING PENSION CURTAILMENT AND MEASUREMENT DATE CHANGE. ARE THE IMPACTS OF THIS DECISION AND THE ASSOCIATED STIPULATION REFLECTED IN THE COMPANY'S FILING?

A. No, they are not. In the Commission approved stipulation in Docket No. 08-035-93, the Company agreed to amortize a $40,519,000 pension curtailment gain over a three-year period beginning January 1, 2009. The amortization of this curtailment gain was to be included in revenue requirement in this current general rate case. The annual amortization of the curtailment gain on a total Company basis is $13,506,333. The Company's filing does not reflect the full annual amortization of the gain as agreed to in the stipulation.

Q. WHAT AMOUNT IS INCORPORATED IN THE COMPANY'S FILING?

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Q. WHAT ADJUSTMENT IS NECESSARY TO REFLECT THE THREE-YEAR AMORTIZATION OF THE CURTAILMENT GAIN IN THIS GENERAL RATE CASE?

A. As shown on Exhibit CCS 2.6, an additional amortization of the pension curtailment gain of $9,806,333 on a total Company basis should be reflected. On a Utah allocated basis using the revised protocol methodology, the result is an additional $3,214,889 curtailment gain being reflected. The calculation of the Utah allocated amount is presented on pages 2.6.1 through 2.6.4 of the exhibit.

In deriving the allocation to the various FERC accounts I utilized the same methodology as employed by the Company in its salary and wage adjustment in its Exhibit RMP__(SRM-2SS), Adjustment 4.11, with one exception. The exception is that I did not allocate a portion of this curtailment gain to capital and non-utility. Rather, the full impact should flow through as a reduction to O&M expense as this is a historical curtailment gain that would not be allocated in any way to capital.

Q. PLEASE DISCUSS THE PENSION AND OTHER POST RETIREMENT BENEFITS MEASUREMENT DATE CHANGE AND THE ADJUSTMENT TO REFLECT THE AMORTIZATION OF THE REGULATORY ASSET.

A. In the stipulation between the parties in Docket No. 08-035-93, it was agreed that RMP's $13.77 million measurement date change transitional adjustment would be amortized over a 10-year period beginning January 1, 2008. As the amortization of the measurement date change transitional adjustment is not reflected in the Company's filing, I have reflected the impact on Exhibit CCS 2.7. As shown on Exhibit CCS 2.7, test year expenses should be increased by $1,377,300 on a total Company basis and by $451,531 on a Utah basis to reflect the annual agreed to amortization of this transitional adjustment. In determining the Utah allocation, I utilized the same methodology discussed above with regards to the allocation of the pension curtailment gain amortization. Consistent with the amortization of the curtailment gain, the amortization of the measurement date change transitional adjustment also should not be allocated to capital accounts but rather, should all pertain to expense.

Wage and Employee Benefits

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE COMPANY'S WAGE AND EMPLOYEE BENEFITS ADJUSTMENT?

A. Other then the pension curtailment and measurement date change amortization adjustments discussed above, I have not reflected additional revisions to the wage and employee benefit costs included in RMP’s filing at this time.

Company Adjustment 4.23 essentially results in the salaries and wages, along with employee benefits, being based on the 2009 Target amounts contained in the Company’s 10-Year Strategic Plan. I have been unable to reconcile many of the wages and benefit amounts from Company Adjustment 4.11 to the employee costs identified in Company Adjustment 4.23 at page 4.23.3. Even though Adjustment 4.23 results in a reduction to the forecasted non-power cost O&M expenses, I am unable to determine if the overall salary and wage costs and employee benefit costs incorporated in that adjustment are reasonable absent additional information. The DPU has issued several data requests seeking additional information concerning the employee cost components on page 4.23.3 of the Company’s filing, but the requests are still outstanding as of the date I prepared this testimony.

<u>Advertising Expense</u>

Q. ARE THERE ANY EXPENSES THAT SHOULD BE REMOVED FROM THE COMPANY'S ADJUSTED NON-POWER O&M COSTS?

A. Yes, there are. As previously indicated, Company Adjustment 4.23 essentially results in the adjusted test year non-power O&M costs being revised to reflect the 2009 Target amounts incorporated in PacifiCorp's 10-Year Strategic Plan. The plan includes an increase in cost in 2009 associated with advertising. The Company's First Supplemental Response to CCS 27.29 provides the 2009 goals for the president of Rocky Mountain Power, Rich Walje. Incorporated at page three of these goals is: "In conjunction with Pacific Power, launched both internally and externally the new PacifiCorp communications and outreach program."

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Thus, the Company is including a higher level of customer communication and advertising costs in the 2009 test year through its Adjustment 4.23. At the present time I have been unable to determine the full impact of the increases in advertising and communications costs that are effectively incorporated in the filing. The Committee has several data requests outstanding in this area that should hopefully provide the details to determine the enhanced communications and advertising costs that are now incorporated in the Company's filing.

Q. DO YOU RECOMMEND ANY ADJUSTMENTS TO THE ADVERTISING AND COMMUNICATIONS COST FOR THE 2009 TEST PERIOD?

A. Yes, I do. First, ratepayers should not be required to pay a higher level of advertising expenses due to the Company's goal of enhancing communications and outreach. Ratepayers should not be required to fund advertisements that serve to enhance or promote the image of PacifiCorp and Rocky Mountain Power unless it can be demonstrated that they provided benefit to customers.

The Committee is particularly concerned with the type of advertising and customer outreach recently sponsored by Rocky Mountain Power in the State of Utah. This includes concerns with the actual advertisements themselves, sponsorship of local weather reports, information contained in bill inserts to customers, and press releases made by Rocky Mountain Power. Overall, the tone of some of the enhanced advertisements and customer outreach in the State of Utah seem to be the result of Rocky Mountain Power's dissatisfaction with the Commission's rate case decision in the prior general rate case, Docket No. 07-035-93. Many of these advertisements and bill insert information do not contain any information regarding conservation, safety or other types of advertisements that would normally be allowable for inclusion in rates. Rather, the tone of these advertisements appear to focus on informing customers that Rocky Mountain Power's rates in the State of Utah are, in the Company’s opinion, too low and should increase. I am attaching, as Appendix I to this testimony, samples of some recent advertisements by RMP within the State of Utah and a bill insert sent to Utah customers.

It is clear from a review of these advertisements that they provide no benefit to customers. Thus, the Committee strongly recommends that the Commission disallow a portion of Rocky Mountain Power's advertising and communications costs in this case. At a very minimum the projected increase in advertising associated with the Company's 2009 goals of promoting a new PacifiCorp communications and outreach project should be disallowed. As the data requests remain outstanding in which the Committee has sought additional information for projected advertising activities and costs, I am unable to quantify an adjustment at this time.

Q. IS IT CORRECT THAT THERE IS A MASTER DATA REQUEST THAT SEEKS THE AMOUNT OF ADVERTISING EXPENSE INCLUDED IN

THE BASE YEAR AND THE TEST YEAR BY ACCOUNT AND BY TYPE OF ADVERTISING?

A. Yes. Master Data Request 2.30 asks the Company as follows: "Please provide for the base year, the prior historical year and the test year the amount of advertising expense, by account, by type of advertising (i.e., informational, instructional, promotional). " In response the Company indicated that advertising expense ". . . for the test year is expected to be incurred in the same categories and in the same proportions as in the base year." The response also indicated that the Company made some minor adjustments to FERC Account 909 - Advertising for miscellaneous journal expenses and to remove some non-recurring entries and Blue Sky related advertisements. The response also indicated that the base year amounts would have been escalated by the inflation index applied by the Company.

As an attachment to the response, the Company identified advertising for the base year ended June 30, 2008 of approximately $3 million. This amount is broken out by legally mandated advertising services of approximately $104,000, general advertising services of $143,000, and informational advertising services of approximately $2.8 million. No further breakdown was provided. However, I must point out that this response is incorrect as the amount of advertising expense included in the test year is not based on the base year escalated amount. This is due to the Company's incorporation of Adjustment 4.23 which takes the non-power O&M cost to the Company's targeted 2009 level contained in its 10-Year Strategic Plan. Thus, the level of advertising expense effectively included in the filing would be based on the amounts incorporated in the Company's 2009 Target. Again, the Company has not yet provided the responses to discovery requests that seek the amount actually incorporated in the filing. At this point, I recommend that the Company be permitted to recover no more than the base year level of costs identified in response to Master Data Request 2.30 of approximately $3 million, subject to receipt and review of outstanding discovery.

Q. DO YOU HAVE ANY ADDITIONAL CONCERNS WITH THE RECENT INCREASE IN ADVERTISING BY RMP IN THE STATE OF UTAH?

A. Yes, I do. As a result of its dissatisfaction with the rate increase resulting from Docket No. 07-035-93, RMP has taken steps during 2008 to reduce costs incurred within the State of Utah. In fact, the 2009 Goals for RMP President Richard Walje, under goal 32, indicates that he will track Utah costs against the 2007 Utah general rate case order received in August 2008 and implement cost saving measures to offset the cost disallowances. Given the Company’s announced reduction in expenditures in Utah, it seems ironic that it is increasing its advertising spending in Utah at the same time, particularly given the nature of the advertisements.

Generation Overhaul Expense

Q. ARE YOU RECOMMENDING ANY ADDITIONAL ADJUSTMENTS TO THE COMPANY'S 2009 TARGETED NON-POWER O&M EXPENSES?

A. Yes. In past cases, the Company's generation overhaul costs have been included in rates at a normalized level. This is partially because the generation overhaul costs can fluctuate significantly from year to year so a normalized level is used in setting rates. This is consistent with the normalization that is done in setting net power costs. In fact, in the Report and Order in Docket No. 07-035-93, issued August 11, 2008, the Commission included overhaul costs in rates based on a four-year average historic cost level for existing plants, excluding escalation, and a projected four-year average cost level for new generation plants.

While the Company's filing included an adjustment, Adjustment 4.6, to reflect generation overhaul expenses based on a normalized level, this normalization adjustment was effectively deleted when the Company made its Adjustment 4.23 to take the non-power O&M costs to the 2009 target level. Thus, RMP's filing, as adjusted, includes generation overhaul expenses at the 2009 budgeted level instead of at a normalized expense level. I recommend generation overhaul expenses be adjusted to reflect the four-year average cost level, consistent with the Commission's decision in the prior general rate case.

Q. HAVE YOU CALCUALTED THE NECESSARY ADJUSTMENT?

A. Yes. Exhibit CCS 2.8 presents the adjustment that is necessary to reflect generation overhaul costs based on the four-year average level. This adjustment reduces test period expenses by $6,520,052 on a total Company basis and $2,629,407 on a Utah basis. The adjustment is calculated based on the same methodology adopted by the Commission in Docket No. 07-035-93 on August 11, 2008. It bases generation overhaul expense for existing plants on the four-year average historic level and generation overhaul expense for new plants on the projected four-year average level based on the amounts presented by RMP in Exhibit RMP__(SRM-2SS), Adjustment 4.6.

In deriving the adjustment, I took the difference between the four-year average normalized generation overhaul expense amounts, totaling $33,635,948, and the Company's budgeted 2009 generation overhaul expense amounts as provided in response to data requests CCS 2.52 and CCS 4.4 of $40,156,000. In response to these data requests, the Company provided its calendar year 2009 generation overhaul expense budget, by plant. Presumably it is these same amounts that are incorporated in the 2009 Target non-power O&M costs in RMP's filing. Again, this adjustment, reducing expenses by $6, 520,052, is necessary to reflect a normalized generation overhaul expense level, consistent with past practice and methods used in determining power costs, instead of a budgeted 2009 level.

Property Tax Expense

Q. IS THE PROJECTED 2009 PROPERTY TAX EXPENSE IN THE COMPANY'S FILING A REASONABLE PROJECTION?

A. No, it is my opinion that the estimated 2009 property tax expense incorporated in RMP's filing is overstated. In estimating its 2009 property tax expense, the Company utilized the same methodology it employed in prior general rate cases, including the most recent general rate case, Docket No. 07-035-93. In the Report and Order in the prior general rate case dated August 11, 2008, along with the Commission's Order on Reconsideration in that case, dated October 13, 2008, the Commission found the Company's estimation methodology to be lacking and not reflective of a reasonable estimate of future property tax expense. As the Company has employed the same methodology in estimating property tax expenses in the current case, it has once again overestimated property tax expense.

Q. WHY DO YOU FEEL THE METHOD EMPLOYED BY THE COMPANY IN ESTIMATING ITS TEST PERIOD PROPERTY TAX EXPENSE RESULTS IN AN OVERSTATEMENT OF SUCH COSTS?

A. The Company's property tax estimation model only considers one of the factors that goes into the determination of property tax expense, that being the projected level of state assessments. As indicated at page 21 of the Second Supplemental Direct Testimony of Steven R. McDougal, Mr. McDougal indicates that the property tax costs in this case were estimated using similar methods to those used in the last rate case. He indicates that "These methods give necessary consideration to the effect that changes in the level of operating property and net operating income may have on a state-by-state assessed values." In response to CCS Data Request 14.9, the Company also states that "Changes in assessed values are capable of being estimated by use of state specific valuation models which are functionally identical to the models annually used by the various states when setting the assed value of the Company's operating property." The response also states that the models consider how changes in the level of property and other factors impact the state specific assessed values." Assessed property values are but one of the many factors that go into the determination of the actual property tax expenses paid. The Company's projection model leaves the other assumptions, or the tax rates to be paid, stagnant.

Q. GIVEN THAT THE COMPANY'S MODEL FOCUSES ON THE PROJECTION OF THE ASSESSMENT COMPONENT OF THE OVERALL PROPERTY TAX EXPENSE EQUATION, HAVE YOU

LOOKED INTO THE ACCURACY OF PAST ASSESSMENT PROJECTIONS MADE BY RMP OR CHANGES IN ASSESSMENTS?

A. Yes. DPU Data Request 31.5 asked the Company to provide for the years 2002 through 2005 the preliminary assessed property value, the reduction on appeal, and the final assessed property value for each state allocating property taxes to Utah. The response indicated that the "…changes in value between each state's preliminary and final assessment may have resulted from either a formal or informal (administrative) appeals or merely as a result of correcting erroneous data reflected in preliminary assessment workpapers." The response provided the following data, by year, with regards to preliminary appraised values and final appraised values:

	Preliminary Appraised Value	Final Appraised Value	Change	% Change
Appraised Value as of 1/1/02	5,621,300,103	5,449,977,880	(171,322,223)	-3.05%
Appraised Value as of 1/1/03	5,833,173,296	5,569,527,498	(263,645,798)	-4.52%
Appraised Value as of 1/1/04	6,233,398,287	5,668,951,651	(564,446,636)	-9.06%
Appraised Value as of 1/1/05	5,898,105,457	5,752,660,052	(145,445,405)	-2.47%

The response to UIEC Data Request 3.38 also indicated that assessed values decreased by $304,683,994 in 2006 and $256,503,395 in 2007 as a result of informal and formal tax challenges.

Additionally, in the prior general rate case proceeding, in its original filing the Company had projected that the assessments as of 1/1/08 would be $7,810,462,142. The actual assessments as of 1/1/08 were

$7,670,700,659, which was $139,761,483 less than projected at the time of the last rate case filing. Thus, even the one component of the property tax equation the Company does focus on in making its projections has proven to be inaccurate in past years as compared to assessments the Company ultimately pays the property taxes based on.

Q. DOES THE COMPANY'S PROPERTY TAX PROJECTION MODEL FACTOR IN CHANGES IN TAX RATES?

A. No, it does not. The model only factors in projected changes in assessment values, not potential changes in tax rates. CCS Data Request 14.9(c) asked the company to explain "…why the property tax assumptions appear to only factor in anticipated changes in assessments and not any known or anticipated changes in tax rates." The response indicated as follows:

> Changes in assessed values are capable of being estimated by use of state specific valuation models which are functionally identical to the models annually used by the various states when setting the assessed value of the Company's operating property. These models consider how changes in the level of operating property and other factors impact the resulting state specific assessed values.
>
> There are no "known or anticipated changes in tax rates." The Company notes that year over year changes in property tax rates do not follow a reliably predictable or consistent pattern either from county to county with a single state or across multiple states.
>
> Given the inconsistent pattern of changes in tax rates, the Company's property tax estimation process relies on the assumption that rates will remain level with those in place during the preceding tax year. The Company believes this to be the most reasonable assumption given the absence of reliable information to the contrary….

Q. DO THE TAX RATES CHANGE REGULARLY?

A. Yes, they do. For example, in response to CCS Data Request 18.1 in the prior rate case, Docket No. 07-035-93, the Company indicated that the Arizona composite property tax rates declined by 5.5% from 2006 to 2007; Montana's composite property tax rates declined by 6.8% from 2006 to 2007; Utah's composite property tax rates declined by 6.5% from 2006 to 2007 and Washington's composite property tax rates declined by 4.5% from 2005 to 2006. In the response to DPU Data Request 35.1 the Company included its originally estimated 2008 property tax rates and the actual 2008 property tax rates for each of the states in which it pays property taxes. The actual composite rates paid in every state differed from the Company's estimated amounts. Below is the comparison provided in the response of the estimated rates to the actual rates, by state.

	Estimated 2008 Property Tax Rates	Actual 2008 Property Tax Rates
Arizona	1.56%	1.39%
California	0.99%	1.03%
Colorado	1.52%	1.68%
Idaho	0.91%	0.92%
Montana	1.99%	2.01%
New Mexico	0.74%	0.81%
Oregon	1.05%	1.15%
Utah	1.21%	1.12%
Washington	1.15%	1.05%
Wyoming	0.77%	0.75%

As noted above, the Company indicated in response to CCS Data Request 14.9 that the "…year over year changes in property tax rates do not follow a reliably predictable or consistent pattern…"

Q. GIVEN THAT THE PROPERTY TAX RATES DO CHANGE REGULARLY, DO YOU AGREE WITH THE COMPANY'S METHOD OF ONLY CONSIDERING THE PROJECTED CHANGES IN ASSESSMENTS FOR ESTIMATING FUTURE TEST PERIOD PROPERTY TAX EXPENSE?

A. No, I do not. As pointed out by the Committee in the prior general rate case proceeding, Docket No. 07-035-93, the Company's method has consistently resulted in its over-projection of income tax expense. This continues to be the case.

Q. CAN YOU CITE SOME SPECIFIC EXAMPLES?

A. Yes. In Docket No. 04-035-42, utilizing a projected test year ending March 31, 2006, the Company projected property tax expense for that period of $71.7 million. The actual property tax expense for the twelve-months ended December 31, 2005 and December 31, 2006 was $64.9 million and $67.5 million, respectively. Each of these amounts is considerably lower than that projected by the Company in the rate case filing.

In Docket No. 06-035-21, utilizing a projected test year ending September 31, 2007, RMP projected property tax expense for that period of $75 million. The actual property tax expense for the twelve-months ended December 31, 2007 was $69.1 million.

In its original filing in Docket No. 07-035-93, the Company had projected that property taxes for calendar year 2007 would be $71.35 million. The actual property tax expense for calendar year 2007 was $69.1 million.

In its original filing, in Docket No. 07-035-93, the Company projected property tax expense for calendar year 2008 at $82.4 million, in the rebuttal phase of that proceeding, the Company revised the 2008 calendar year property tax expense estimate downward to $79.7 million. The actual property tax expense for calendar year 2008 was $77.5 million, approximately $5 million less than its original projection.

On CCS Exhibit 2.9, page 2.9.2 I provide an analysis of these past inaccuracies in schedule form for ease of reference.

Q. BY WHAT AMOUNTS HAS THE COMPANY'S ACTUAL PROPERTY TAX EXPENSE CHANGED IN RECENT YEARS?

A. Presented in the table below is the actual property tax expense, by year, for the period 2003 through 2008. During this same six-year period there has been considerable growth in PacifiCorp's capital assets and in the amount of property that would be subject to assessment. It is clear when looking at the actual property tax expense and changes, by year, the final determination of property tax expense is contingent on much more than just the assessments or the amount of property subject to assessment.

	Property Tax Expense	% Change
2003 Property Tax Expense - Actual	67,067,823	
2004 Property Tax Expense - Actual	65,005,807	-3.07%
2005 Property Tax Expense - Actual	64,942,799	-0.10%
2006 Property Tax Expense - Actual	67,506,520	3.95%
2007 Property Tax Expense - Actual	69,102,427	2.36%
2008 Property Tax Expense - Actual	77,529,233	12.19%
Average Percentage Increase in Property Tax Expense		3.07%

Q. HOW DO YOU RECOMMEND THAT PROPERTY TAX EXPENSE BE PROJECTED IN THIS CASE?

A. For purposes of forecasting the 2009 test period property tax expense, I recommend that the actual 2008 property tax expense of $77,529,233 be used as the starting point in the determination. I then recommend that the average annual change in property tax expense over the period 2003 through 2008 of 3.07% be applied, resulting in a projected 2009 test period property tax expense of $79,907,047. As shown on Exhibit CCS 2.9, the Company's projected property tax expense should be reduced by $6,664,953 on a total Company basis and $2,813,277 on a Utah basis.

Using an historic average percentage change in property tax expense would factor in the impacts, over time, of all of the factors that go into the determination of the ultimate property tax expense in a given period. It would consider changes in property subject to assessment, changes in assessments and assessment methodology, changes in property tax rates at each of the numerous taxing authorities, the Company's past success in appealing assessments, impact of property tax refunds, and annual variances in the level of property taxes that are not charged to expense such as the portions capitalized and charged to fuel expense.

In my opinion, increasing the actual 2008 property tax expense, now that the amount is know, by the average annual percentage change in property expense results in a reasonable estimate for forecasting 2009 test period property tax expense in this case. It has been demonstrated that the Company's limited estimation methodology, which only factors in projected changes in assessments, has been inaccurate in projecting property tax expenses in the past and has consistently over-projected the costs.

Q. DOES THIS COMPLETE YOUR PREFILED DIRECT TESTIMONY?

A. Yes. However, as mentioned earlier there are several data requests outstanding and several responses have been recently received. The review and analysis of these responses may result in additional adjustments being warranted.