

Docket No. 06-035-163  
Docket No. 07-035-14  
Docket No. 07-035-14  
DPU Exhibit No. 1.0  
David T. Thomson  
September 10, 2007

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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power, a Division of PacificCorp, for a Deferred Accounting Order To Defer the Costs of Loans Made to Grid West, the Regional Transmission Organization	:	
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In the Matter of the Application of Rocky Mountain Power for an Accounting Order to Defer the Costs Related to the MidAmerican Energy Holdings Company Transaction.	:	Docket No. 06-035-163
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In the Matter of the Application of Rocky Mountain Power for an Accounting Order Costs related to the Flooding of the Powerdale Hydro Facility	:	Docket No. 07-035-04
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	:	Docket No. 07-035-14
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**DIRECT TESTIMONY**

**OF**

**DAVID T. THOMSON  
STATE OF UTAH  
DIVISION OF PUBLIC UTILITIES**

**SEPTEMBER 10, 2007**

1 **Q. Please state your name and business address for the record.**

2 A. David T. Thomson. My business address is Heber M. Wells Building 4<sup>th</sup> Floor,  
3 160 East 300 South, Salt Lake City, Utah 84114-6751.

4 **Q. For which party will you be offering testimony in this case?**

5 A. I will be offering testimony on behalf of the Utah Division of Public Utilities  
6 (“Division”).

7 **Q. Please describe your position and duties with the Division of Public Utilities?**

8 A. I am a Technical Consultant. Among other things, I serve as an in-house  
9 consultant on issues concerning the terms, conditions and prices of utility service;  
10 industry and utility trends and issues; and regulatory form, compliance and  
11 practice relating to public utilities. I examine public utility financial data for  
12 determination of rates; review applications for rate increases; conduct research,  
13 examine, analyze, organize, document and establish regulatory positions on a  
14 variety of regulatory matters; review operations reports and ensure compliance  
15 with laws and regulations, etc.; testify in hearings before the Public Service  
16 Commission (“Commission”); assist in analysis of testimony and case  
17 preparation; and participate in settlement conferences, etc.

18 **Q. Please summarize the Division’s recommendations as to these three Dockets.**

19 A. The Division recommends that the application to defer the cost of loans made to  
20 Grid West be denied by the Commission. The costs do not meet the Division’s  
21 guidelines for deferred accounting treatment. (See exhibit 1.1) The application

22 fails multiple portions of the Division's guidelines in that it was not extraordinary  
23 and an unforeseen event, the Utah portion is not material, and there is no future  
24 net benefit to ratepayers.

25 The Division recommends that the transition costs (\$6.4 million) in the  
26 rate case settlement Docket No. 06-035-21 be denied deferred accounting  
27 treatment. The Division's position is that they were part of the stipulated  
28 settlement and a deferred accounting order for those costs is not appropriate. The  
29 Company should not be able to change the stipulation and get an amortization.

30 The Division recommends that the transition costs in the application that  
31 were not addressed in Docket No. 06-035-21, the transitions cost not considered  
32 in Docket No. 06-035-21, (\$39 million) also be denied deferred accounting  
33 treatment. The Division believes these costs would or could have been foreseen  
34 and should have been included in the past rate case.

35 The Division recommends that the application to defer the costs related to  
36 the flooding of the Powerdale Hydro Facility meets the Division's guidelines for  
37 deferred accounting treatment and should be granted deferred accounting  
38 treatment.

39 **Q. Please explain how you arrived at the above recommendations.**

40 A. The Division has guidelines for what costs qualify for deferred accounting. It is  
41 the Division's position that if these guidelines are not met then a deferred  
42 accounting order should not be granted by the Commission. These guidelines

43 have been put forth in other filings before the Commission and those guidelines  
44 are outlined in Exhibit 1.1.

45 The Division has concerns for transition costs that it has considered, that  
46 are not part of its guidelines in exhibit1.1, that it believes warrant the denial of  
47 deferred cost accounting. In addition to the guidelines in exhibit 1.1, the Division  
48 also believes that costs in a deferred accounting order should be given some initial  
49 consideration by the applicant as to qualification for rate recovery.

50 **Q. Does the Division have any concerns with the filing of these three deferred**  
51 **accounting applications?**

52 A. Yes. Within the space of four months, Rocky Mountain Power (“RMP”)  
53 submitted three deferred accounting applications with the Commission. The  
54 Applications for Deferral for Grid West - Docket No. 06-035-163 and Transition  
55 costs – Docket 07-035-04 were filed December 2006 and January 2007,  
56 respectively. The Powerdale Hydro application was filed March 2007. Upon  
57 review of the first two applications, the Division had concerns that the costs do  
58 not meet the Division’s guidelines for deferred accounting qualification. The  
59 Division also believes these costs, outside of its guidelines, would not qualify for  
60 deferred accounting.

61 These applications have provided the Division the opportunity to discuss  
62 its guidelines for what costs qualifies for deferred accounting. The Division sees  
63 a need for the Commission to clarify its policy on when an application can be

64 made for a deferred accounting treatment, what is addressed in the application  
65 process and what is ordered after the process is completed. This clarification is  
66 especially needed in light of the provision in the law for a future test year and the  
67 increased frequency in filing rate cases in electric regulation in Utah.

68 **Q. Please explain why the Grid West costs do not qualify for deferred**  
69 **accounting.**

70 A. Using the Division's guidelines, the Grid West costs do not qualify for deferred  
71 accounting for the following reasons. First, the costs are not extraordinary and  
72 could have been foreseen and included in a past rate case. In response to the  
73 Committee of Consumers Services data request No. 1.27 under Docket 06-035-  
74 163 which asked "When was the Company first aware that Grid West would  
75 cease activities?" The responses was as follows:

76 After two utilities had withdrawn from continued support and  
77 funding for Grid West in late 2005, the Company assisted in  
78 development of a streamlined business model for consideration of  
79 Grid West funders. In February and March 2006, the Company  
80 evaluated Grid West's proposal and its chances of success. It  
81 concluded that even if funders had sufficient interest and  
82 commitment to justify moving forward, it was unlikely that Grid  
83 West could support its loan burden if it were to implement the  
84 more limited services and markets contemplated at that time. After  
85 several additional funders decided to withdraw, the Company  
86 determined that continued development efforts were no longer  
87 justified and therefore supported the Grid West Board of Directors'  
88 recommendations to dissolve.

89  
90 The Division believes that RMP had adequate time and knowledge of the  
91 Grid West situation to present this information in its last rate case filing or at least

92 during the proceedings of the last rate case which was filed March 2006.  
93 Applications were filed immediately in three states in March 2006 when the  
94 Company supported dissolution of Grid West, thus enabling the Company to  
95 determine the worthlessness of its loans to the Grid West entity. (See Exhibit 1.2  
96 for the Divisions summary of RMP's filings in all jurisdictions for deferred cost  
97 addressed in this testimony)

98 At a minimum RMP could have filed for a deferred accounting application  
99 in March like it did in other states. This would have brought to light the costs for  
100 consideration for future rate recovery or consideration in settlement negotiations.  
101 However, RMP did not file its application in Utah until December 2006 long after  
102 it negotiated a settlement in the last rate case which took place during July 2006.

103 Second, the Grid West loans have no future net benefit to ratepayers. The  
104 Division believes the Company has failed to demonstrate any net future benefits  
105 that customers have received as a result of the Grid West funding.

106 Third, the costs to be deferred for Grid West are not material. Judgment is  
107 required in addressing the materiality of costs perceived as extraordinary and  
108 unforeseen and having net future benefit. The Division could find no hard fast  
109 rules in accounting literature relating to materiality.

110 The Securities and Exchange Commission in Staff  
111 Accounting Bulletin No. 99 on materiality states the following:

112 The use of a percentage as a numerical threshold, such as  
113 5%, may provide the basis for a preliminary assumption that –

114 without considering all relevant circumstances – a deviation of less  
115 than the specific percentage with respect to a particular item on the  
116 registrant’s financial statements is unlikely to be material. The  
117 staff has no objection to such a “rule of thumb” as an initial step in  
118 assessing materiality. But quantifying, in percentage terms, the  
119 magnitude of a misstatement is only the beginning of an analysis  
120 of materiality; it cannot appropriately be used as a substitute for a  
121 full analysis of all relevant considerations. Materiality concerns  
122 the significant of an item to users of a registrant’s financial  
123 statements. A matter is “material” if there is substantial likelihood  
124 that a reasonable person would consider it important. In its  
125 Statement of Financial Accounting Concepts No. 2, The Financial  
126 Accounting Standards Board stated the essence of the concept of  
127 materiality as follows:

128         The omission or misstatement of an item in a financial  
129 report is material if, in the light of surrounding circumstances, the  
130 magnitude of the items is such that it is probable that the judgment  
131 of a reasonable person relying upon the report would have been  
132 changed or influence by the inclusion or correction of the item.

133         This formulation in the accounting literature is in substance  
134 identical to the formulation used by the Courts in interpreting the  
135 federal securities laws. The Supreme Court has held that a fact is  
136 material if there is – a substantial likelihood that the .....fact would  
137 have been viewed by the reasonable investor as having significant  
138 altered the “total mix” of information made available.

139         Under the governing principles, an assessment of  
140 materiality requires that one view the facts in the context of the  
141 ‘surrounding circumstances,’ as the accounting literature puts it, or  
142 the “total mix” of information, in the words of the Supreme Court.  
143 In the context of a misstatement of a financial statement item,  
144 while the “total mix” includes the size in numerical or percentage  
145 terms of the misstatement, it also includes the factual context in  
146 which the user of financial statements would view the financial  
147 statement item. The shorthand in the accounting and auditing  
148 literature for this analysis is that financial management and the  
149 auditor must consider both “quantitative” and “qualitative” factors  
150 in assessing an item’s materiality. Court decisions, Commission  
151 rules and enforcement actions, and accounting and auditing  
152 literature have all considered “qualitative” factors in various  
153 contexts.

154

155           However, the Federal Energy Regulatory System (“FERC”) system of  
156 accounts for electric and gas utilities defines materiality, relating to an  
157 extraordinary item, as approximately 5% of income, computed before  
158 extraordinary items and FERC approval must be obtained to treat an item of less  
159 than 5 percent as extraordinary. (18 CFR Ch.1 part 101, p 293 [4/1/03 Edition] –  
160 definition of extraordinary items) The Division would like to note that the Utah  
161 Commission has granted deferral for costs under 5%.

162           The amortization term also affects materiality on a year to year basis.  
163 Subject to the length of the amortization, a cost may or may not be material in a  
164 given yearly period. For example, if one felt that \$1 million is material for  
165 deferred accounting treatment for a yearly period, and then a total \$5 million  
166 deferred cost amortized over 5 years is material. However, if the \$5 million is  
167 amortized over 10 years it is not. In determining materiality for deferred costs the  
168 Division believes the effect of the deferred costs on rate of return or income from  
169 operations could be used to assist in judging materiality.

170           The Division believes the burden of proof as to materiality should rest  
171 with the applicant. The Division believes that the FERC threshold of 5% of  
172 income before extraordinary items is a good starting point and any cost below this  
173 threshold should be justified by the applicant. Taking Utah’s \$1.1 million cost  
174 deferral for Utah for Grid West loans and amortizing the costs by three years  
175 gives a yearly cost amount of \$367,000. The Division believes this yearly amount



176 and the total amount are immaterial. The total is less than 1% of utility net  
177 operating income and the yearly amortization amount has no material significance  
178 to rate of return. If a longer amortization term is used the yearly amount becomes  
179 even more immaterial.

180 However, if the cost is deemed material by the applicant, the Division  
181 believes this is evidence that the event should be important enough that the  
182 deferral accounting application be filed as soon as possible after the event has  
183 taken place. Again, the Division notes that the Grid West application for Utah  
184 was filed in December 2006 with other applications for Grid West being filed in  
185 March 2006 with Wyoming, Oregon and Idaho. (See exhibit 1.2) March was  
186 when the Company determined the loan was uncollectible. (I reference the filings  
187 from other states in this testimony for timing purposes only and not to address  
188 how other States handled these deferred accounting applications. The handling of  
189 these applications is a matter for this jurisdiction and these Dockets.)

190 Finally, the Division is troubled that RMP now seeks to shift the burden of  
191 its funding of Grid West's expenses through loans to ratepayers. The Grid West  
192 organization was set-up, run for six years, and ended outside the utility  
193 organization, regulation and accounting records except as a third party loan. Any  
194 costs, loans or expenses of this organization should not rest with ratepayers.

195 The Division believes that the way Grid West was organized and funded  
196 precluded it from the opportunity for future rate recovery before this Commission.

197 For rate recovery to take place, the Division believes that ratepayers from the  
198 beginning should have had the opportunity to review the cost underlying the loans  
199 as being prudent, fair, reasonableness and for adherence to this Commission's  
200 policies for rate recovery. This did not happen. Ratepayers do have the  
201 opportunity for judging prudence of costs related to other FERC activities and  
202 expenses related to the Company because such activates are included in normal  
203 operational expenses of the Company. In fact, Company expenses for Grid West  
204 have been included in past rate case filings. The Grid West loan should not now  
205 become a responsibility of ratepayers.

206 **Q. Please explain why the transition costs do not qualify for deferred**  
207 **accounting.**

208 **A.** I will first address why the transition costs that were included in the last rate case  
209 do not qualify for deferred accounting.

210 There should be no deferral of costs if such costs were part of a rate case  
211 that had a stipulated settlement and if such costs were not referenced to specific  
212 treatment in the stipulation. Another way of putting this is that there cannot be a  
213 future amortization of costs unless that amortization is spelled out in either a  
214 deferred accounting order or a rate case decision either by stipulation or by order.

215 This reason is unique to Docket No. 07-035-14. It relates specifically to  
216 the first part of the application relating to the deferral of transition costs of \$6.4  
217 million that were put forth by RMP in its last rate case in Docket No. 06-035-21.

218 Due to the settlement, the Commission had no opportunity to issue an order  
219 authorizing deferral of the transition costs or to establish transition cost  
220 amortization.

221 The last rate case took place with a partial “black box” settlement and a  
222 stay out provision. Rates went forward from the settlement and stay out  
223 provisions. The Division believes that items under the settlement should only be  
224 addressed to future periods if specifically addressed in the settlement. This is due  
225 to the fact that the final components under the settlement that make up the  
226 revenue requirement have not been determined. Since components have not been  
227 determined, it is not possible at a later date to address a specific cost as a deferral  
228 because it is assumed that all remaining issues are included in the settlement.

229 The Division notes that some items were specifically outlined in the  
230 settlement such as rate of return, revenue requirement, rate credit, rate spread,  
231 retail load forecast, stay out provision, Power Cost Adjustment Mechanism and  
232 other items. RMP had the opportunity to include the amortization of the transition  
233 cost in the stipulation but it did not.

234 Since it is not specifically in the settlement stipulation, the Division  
235 believes it does not qualify for a deferral. Again, the Division believes this  
236 qualification is unique to the “black box” settlement stipulation and, if deferrals  
237 are specified in future settlements, then this reason for not qualifying will  
238 disappear because of a lack of relevancy.

239                   Second, as to the next part of the transition costs of \$40 million that was  
240 not contemplated in the last rate case, the Division believes there should be no  
241 deferral of cost because they would or could have been foreseen or should have  
242 been included in the last rate case.

243                   In his Direct Testimony to these Dockets, Mr. Jeffery K. Larsen discusses  
244 the rule against retroactive ratemaking and whether the rule prohibits the  
245 Company from deferring the costs that it has requested in these Dockets (See lines  
246 133 to 142). He states the following:

247                   The rule against retroactive ratemaking only applies to a  
248 rate setting proceeding in which the utility is attempting to recover  
249 past expenses or in which it is being required to refund past  
250 revenue that were contemplated in setting rates in the prior  
251 proceeding. When the estimates of cost and revenues prove to be  
252 inaccurate and **costs are either higher or lower than predicted,**  
253 **the rates cannot be changed to correct for the error.** As such,  
254 the rule prohibits refunds when rates were set too high and  
255 surcharges when rates were too low. (Emphasis added)

256                   The Division believes that if deferred costs were not contemplated but  
257 should have been contemplated, or were not predicted but should have been  
258 predicted in a future test year filing, returning to the prior period to correct the  
259 non-contemplated or non-predicted cost (a “misstep”) is retroactive ratemaking.  
260

261                   The utility has control and the best information of what is included or not  
262 included in the rate case filing (including whether costs should be deferred) for  
263 revenue requirement. If it puts forth its best effort to prepare an accurate rate  
264 case filing, then there should be a high probability of the capture of all foreseeable

265 costs, including deferred costs. An accurate and fully complete filing would limit  
266 the need for a deferred accounting order till the end of the rate effective period or  
267 the filing of a future rate case except for unforeseen and extraordinary events.  
268 The utility would not need to take a second bite of the apple to try and recover a  
269 deferred cost which it may have not predicted but should have predicted in  
270 electing to use a future test year. The Division believes one should not only  
271 determine what costs were not considered in the prior rate case but also why they  
272 were not considered. Were they not considered because they were poorly  
273 predicted or not predicted or not included but should have been included? Or,  
274 were they not considered because they were unforeseen or extraordinary? As  
275 stated above, “when the estimates of costs and revenues prove to be inaccurate  
276 and costs are either higher or lower than predicted, the rates cannot be changed to  
277 correct the error.”

278 The transition costs of a number of employees were included in the last  
279 rate case, but it appears not enough were included. Deferred accounting  
280 applications for transition costs were filed in May 2006 for Wyoming, Oregon  
281 and Washington. (See exhibit 1.2) It appears from the above filing dates that  
282 additional transition costs other than those already in the filed rate case were  
283 known to be taking place in early 2006, which was during the last rate case in  
284 Utah. In a filing with the Idaho Public Service Commission in October 2006, the  
285 Company stated, “The Costs of the Transition severance plan is anticipated to

286 exceed \$25 million on a total company basis.” In response to Committee of  
287 Consumer Services data request No. 1.8; the Company provided confidential  
288 information about the severance cost by displacement dates. The total  
289 displacement costs by month were broken down by the Division from that Data  
290 response and are shown in confidential Exhibit 1.4. It appears from the exhibit  
291 that RMP knew that significant numbers of employees and related severance costs  
292 along with related salary saving were taking place during the last rate case. Why  
293 weren’t these significant numbers included in the future test year filing? The  
294 Division believes the additional severance costs not in the rate case should or  
295 could have been contemplated and should or could have been predicted in the last  
296 rate case filing. To not include them in the filing was to err in future test year  
297 prediction of costs.

298 At a minimum RMP could have filed for a deferred accounting application  
299 in May 2006 as like they did in other states. This would have brought to light the  
300 costs for consideration for future rate recovery or consideration in settlement  
301 negotiations. However, it did not file its application in Utah until January 2007,  
302 long after it negotiated a settlement in the last rate case which ended in July 2006.

303 In its data request 2.24 to this Docket, the Division asked the following,  
304 ‘What are the Company’s criteria for determining when information relating to  
305 expenses or revenue in rate case filing is beyond “lockdown of results to complete  
306 the case filing,’ The Company responded as follows:

307 There is no specific time frame associated with the lockdown of  
308 results and will be determined on a case-by-case basis. The  
309 lockdown of results occurs when no further changes are made to  
310 revenue requirement so that sufficient time is provided to perform  
311 the costs of service study and prepare the company's final rate  
312 spread and pricing proposal.  
313

314 If "locking down" a rate case is on a case-by-case basis, in other words is  
315 at the discretion of management as to when that takes place, then the Division  
316 believes that the locking down of changes to the revenue requirement could have  
317 been modified or postponed at management's discretion to ensure that the  
318 anticipated Grid West and forecasted transition costs were included in the last rate  
319 case. The Company is in control of the timing of the filing of a rate case.

320 The Division believes that great care should be given to include all  
321 foreseeable cost benefit actions in a rate case. Locking down the rate case filing  
322 (February/March 2006), negotiating a stipulated rate requirement settlement (July  
323 2006) in Utah, and then filing an application in January of 2007 in Utah for  
324 severances cost that should or could have been contemplated or forecasted during  
325 the rate case, in the eyes of the Division, is a misstep in forecasting and is an  
326 attempt to take another bite of the apple and disqualifies the cost for deferred  
327 accounting application.

328 **Q Please explain why the Powerdale Hydro costs qualify for deferred**  
329 **accounting.**

330 A. Using the Division's guidelines, the event and its related cost qualifies for  
331 deferred accounting because it was unforeseen and extraordinary. The costs are

332 most likely material and should qualify for rate recovery. The Division agrees  
333 that a regulatory asset in Account 182.2 could be established consisting of the  
334 original book value of the asset in Account 101 decreased by the actual  
335 accumulated provision for depreciation from Account 108. Insurance proceeds  
336 should also offset the net cost, if any. Since it is an early retirement of an asset,  
337 net salvage value should also be considered.

338 The Division at this time has no input as to the amortization period other  
339 than it request that the Commission consider that the net plant costs should not be  
340 amortized beyond the end of the dismantling of the plant. Considering a start date  
341 of January 1, 2007, a 3 to 5 year amortization would appear to be reasonable.

342 The Division suggests that the amortization start January 1, 2007. We  
343 note that in November 2005, the Company had a FERC order permitting  
344 generation until April 10, 2010, at which time the plant was to be dismantled. We  
345 are concerned that this information and proper accounting for the plant  
346 decommissioning cost activity was not presented in the last general rate case.  
347 When preparing their last rate case, the Company knew that the plant was going  
348 to be decommissioned per FERC order, its license efforts terminated and that it  
349 would not be generating electricity past April 10, 2010. Depreciation rates that  
350 were being used should have been terminated at the time it was known that the  
351 plant had a decommission date in 2010, and the depreciation/amortization of the



352 remaining costs over the remaining life of the plant should have been addressed in  
353 the last rate case.

354 The Division does not know how those costs would have been treated in  
355 the last rate case. It is possible that if the amortization had started at the FERC  
356 order date the amortization of the remaining plant costs now would be lower  
357 because the amortization of costs from prior periods would be higher than the  
358 depreciation rate (4.2%), which the Division assumes is still being applied at the  
359 time of this testimony, to depreciate the cost of the plant. Amortization costs have  
360 been delayed and pushed into future accounting periods and possibly future test  
361 years.

362 The Division will address its concerns, if it has any, as to rate recovery in  
363 the next rate case.

364 **Q. Does the Division have an accounting position for the decommission costs?**

365 A. No, not at this time. Since the decommissioning cost will not start until April  
366 2010, there is no need to address these costs prior to the next rate case. However,  
367 the Division believes that the decommissioning costs should be addressed in the  
368 next rate case as to amortization, amortization start date and recovery. The  
369 Commission, as part of its Order in this Docket could make this a requirement.

370 **Q. Once a cost qualifies for a deferred accounting what should happen next?**

371 A. The Division believes that an order from a deferred cost application should put  
372 forth or address certain items. The items would be addressed through hearing

373 procedures, *i.e.* technical conferences, discovery and testimony. The Division  
374 would like to suggest the following be part of the order issued by the  
375 Commission.

376 The first suggestion is that the Commission continues to state the period  
377 for the amortization of the costs in the final deferred accounting order. The  
378 Division also believes the amortization period should be of proper length that  
379 costs are matched to the life of the benefit. The burden for putting forth the life of  
380 the benefit should be on the applicant. The method or analysis used to determine  
381 benefit life should be disclosed in the application. The Division notes that in past  
382 deferred accounting orders, the Commission has used a wide variety of  
383 amortization lives based on its analysis of the cost and the circumstances  
384 surrounding the costs in the application. (See exhibit 1.3)

385 The second suggestion is that the Commission continues, as it has done in  
386 the past, to state the start date of the costs to be amortized. The Division believes  
387 that the amortization of the costs should begin at a date that best enables the  
388 proper matching of cost amortization to benefit life. If the cost amortization  
389 begins at the start of the future benefit and the amortization of such costs run the  
390 life term of the benefit, you have a perfect matching of cost to benefit. Any  
391 unnecessary delays in starting the amortization period will create a mismatch due  
392 to the benefit life running and the matching costs are being held in abeyance.  
393 Retroactively setting a date to create proper matching would correct this problem

394 but accounting for the deferred costs prior to the final determination of cost  
395 treatment would be misstated until the correct timing of cost recognition is given  
396 by the Commission.

397 **Q. What would be the Division's recommendation for amortization start date**  
398 **and length if the Commission accepts the Grid West and Transition cost for**  
399 **deferral accounting?**

400 A. For Grid West the Division would accept the three year amortization put forth by  
401 the Company in its filed testimony and would recommend a starting date of  
402 March 2006.

403 For the Transition cost the Division would accept the start date put forth  
404 by the Company in its filed testimony and would recommend a five year life.

405 **Q. Does this conclude your Testimony?**

406 A. Yes.