BEFORE THE WASHINGTON

UTILITIES & TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS CORPORATION,

Respondent.

DOCKET UG-170929

CROSS-ANSWERING TESTIMONY OF DONNA M. RAMAS (DMR-42T)

ON BEHALF OF PUBLIC COUNSEL

MARCH 23, 2018

CROSS-ANSWERING TESTIMONY OF DONNA M. RAMAS (DMR-42T)

DOCKET UG-170929

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EXHIBITS LIST

I. INTRODUCTION

Q: Please state your name, occupation and business address.

A: My name is Donna M. Ramas. I am a Certified Public Accountant licensed in the State of Michigan, with offices at 4654 Driftwood Drive, Commerce Township, Michigan 48382.

Q: Are you the same Donna Ramas that filed response testimony in this proceeding?

A: Yes. I filed response testimony on behalf of the Public Counsel Unit of the Washington Attorney General's Office (Public Counsel) on February 15, 2018.

Q: What is the purpose of your cross-answering testimony?

A: My cross-answering testimony responds to recommendations contained in the response testimonies of Washington Utilities and Transportation Commission (UTC) Staff witness David J. Panco and Northwest Industrial Gas Users (NWIGU) witness Bradley G. Mullins. Specifically, I address Mr. Panco's recommendation that $13,023,840 of post-test year plant additions be included in rate base. I also briefly address the recommended adjustments to rate case costs sponsored by Mr. Panco and Mr. Mullins. Finally, my testimony discusses Mr. Mullin's recommendations regarding excess deferred income taxes.

Additionally, Commission Order 05 in this docket, issued March 9, 2018, granted the parties the opportunity to respond to Bench Request No. 1 by no later than March 23, 2018, which is the due date for this cross-answering testimony. My response testimony filed on February 15, 2018, addressed Bench Request 1. In that testimony, I indicated that the amounts presented by Cascade in its response to Bench Request 1 had not yet been fully vetted and the Company had not filed supplemental testimony thoroughly explaining the proposed treatment of the excess taxes currently being collected, as well as the amortization of the EDFIT balances. This testimony supplements the response to Bench Request 1 contained in my reply testimony.

Q: Have you prepared any exhibits in support of your cross-answering testimony?

A: Yes. I have prepared Exhibits DMR-43 through DMR-46.

II. STAFF POST-TEST YEAR PLANT ADDITIONS ADJUSTMENT

Q: In your response testimony, you recommended that none of Cascade's proposed post-test year plant additions be allowed for inclusion in rate base. UTC witness Panco recommends that $13,023,840 of post-test year plant additions be included as "Major" pro forma plant additions. Does Mr. Panco's testimony cause you to revise your recommendation?

A: No, it does not. I stated in my response testimony:

> If any post-test year plant additions are allowed, they should be limited to large or "major" projects that are based on known and measurable amounts that are in service, used and useful, and do not violate the matching principle. By limiting allowed projects to major projects, greater care can be taken to ensure that including a project does not violate the matching principle and that all impacts of the project on revenue requirements are taking into consideration and synchronized in the adjusted test year.[1]

It remains my opinion that none of the post-test year projects proposed by the Company for inclusion in rate base should be allowed, including those recommended for inclusion by Mr. Panco. The reasons for my recommended

[1] Response Testimony of Donna M. Ramas, Exh. DMR-1T at 23:21 – 24:2.

disallowance were addressed in my response testimony, Exhibit DMR-1T, at pages 14 through 27 and will not be repeated here.

Q: In your response testimony, at page 17, you indicated that only three of the projects proposed by the Company had projected costs exceeding $1 million, with projected costs of $1.5 million, $1 million and $4.9 million. Given the low amount of projects with projected costs in excess of $1 million, how did Mr. Panco derive $13 million of "major" pro forma plant additions?

A: At page 7 of his revised response testimony, Mr. Panco provided the following description of how Staff determined which projects are "major" projects:

> Staff took a different approach to this measure. Nearly always in a wide-spread selection of costs or projects, the top 20 percent of the projects will make up 80 percent of the total cost. Staff considered this method as applicable to the type of projects in which an LDC must engage. Therefore, it examined for inclusion 12 of the 59 proposed projects (roughly 20 percent). These projects sum to an estimated expenditure of $13.8 million, or 76 percent of the total sought by Cascade.[2]

Table 1 at page 7 of Mr. Panco's testimony shows that Staff is recommending that 12 projects be considered "Major Pro Forma Plant Additions" and be allowed for inclusion in rate base. The amount recommended for inclusion for the projects ranges from $158,998 to $4,795,619.

Q: Do you agree that Staff's approach sets a reasonable amount for consideration as major pro forma plant additions?

A: No. As shown in Table 1 of Mr. Panco's testimony, this approach allows projects as low as $158,998 to be considered "major" plant additions, in addition to projects with costs of $317,237, $230,693 and $386,080. I do not agree that these

[2] Testimony of David J. Panco, Exh. DJP-1Tr at 7:5-10.

should be considered “major” projects for which special allowances for post-test year treatment should be allowed.

Additionally, the 12 projects recommended by Staff include five projects that are blanket projects, and consist of numerous separate individual plant additions. The five blanket projects recommended for inclusion by Staff include projects FP-101192 for $1,144,546; FP-313621 for $666,649; FP-101199 for $672,426; FP-101275 for $1,160,369 and FP-101196 for $158,998. I address the reasons blanket plant additions should be excluded for consideration as “major” plant additions in my response testimony. As pointed out in my response testimony, in its response to Public Counsel Data Request 45,[3] Cascade indicated that “Blanket funding projects are used for the numerous small work orders that arise on a day to day basis.” Such numerous small work orders that arise regularly should not be considered “major” plant additions.

Q: Do you have any concerns with the dollar amounts included in Staff’s adjustment for the 12 projects it has recommended for inclusion as post-test year plant additions?

A: Yes. At pages 7 and 8 of Mr. Panco’s revised testimony, he indicates that the amounts included for the 12 projects are based on amounts completed and in service that were provided by Cascade in response to Public Counsel Data Request 45.[4] However, in determining the amounts to include, Staff’s recommendation was based on total actual costs incurred to date for each of the

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[3] Cascade Natural Gas Response to Public Counsel Data Request 45 previously provided as Exhibit DMR-13 with my response testimony. The attachment to the response was also provided as Exhibit DJP-2 with Mr. Panco’s direct testimony.

[4] *Id.*

projects and not the amount actually placed into service and used and useful in serving customers. Column (b.1) of the table provided in response to Public Counsel Data Request 45[5] provided the "Total Actual Cost Placed into Service" and column (d.1) of the table provided the "Actual Costs Incurred to Date". Column (d.1) would include projects that were still under construction and not yet placed into service as of the date of the response. The amounts presented in Mr. Panco's testimony are based on Column (d.1).

For instance, Staff included $230,693 for Project FP-314964 – MAOP Rep 8" March Point 11C1144-1. The response to Public Counsel Data Request 45 indicates that: (1) $0 had been placed into service for the project, (2) $230,692.74 had been expended on the project to date, and (3) the project is estimated to be placed in service in September 2018.[6]

Another example of an item included by Staff is $1,144,546 for FP-101192 – Main-Relo Repl – Washington, which is a blanket project workorder consisting of multiple individual projects. The amount identified as being placed into service under the project number by the date of the response was only $881,946.[7]

Similarly, Staff included $1,160,369 for FP-101192 – Serv-Relo-Repl – Washington, which is another blanket project workorder consisting of multiple individual projects, while the amount identified as being placed into service under the project number by the date of the response was only $710,315.[8] Thus, Staff's

[5] *Id.*
[6] *Id.*
[7] *Id.*
[8] *Id.*

recommended amounts would include projects placed into service as of the date of the response, as well as additional expenditures that would be included in Construction Work In Progress and not yet in service.

Q: In your response testimony, you recommended that the one project you considered to be a "major" pro forma plant addition, specifically the Kennewick/Richland Project, not be included in rate base. Did Staff recommend inclusion of this project as a pro forma plant addition?

A: Yes. Staff included $4,795,619 for the project. I continue to recommend it be disallowed for the reasons addressed at pages 25 to 27 of my response testimony. As indicated in my testimony, major post-test year plant additions should be limited to projects that are not revenue producing or expense reducing in order to avoid distortion of the matching principle. It remains my opinion that growth-related projects should not be included as pro forma post-test year plant additions.

Q: Are any of the other projects recommended by Staff for inclusion as major pro forma plant additions growth-related projects?

A: Yes. Staff included $1,560,305 for FP-302588 – Hildebrand Blvd 6" HP Main.[9] UTC Staff Data Request 65 asked the Company to "Please provide the study that supports the need for each project in service prior to December 31, 2017, and the evaluation of any alternatives to each project." In response, the Company provided four separate Executive Summaries for this project.[10] These four

[9] *Id.*

[10] The Executive Summaries for the project provided on the compact disc (CD) with the response to UTC Staff Data Request 65, specifically the files titled "Executive Summary FP 302588-1", "Executive Summary FP 302588-2", "Executive Summary FP 302588-3" and "Executive Summary FP 302588-4" are

Executives Summaries are being provided as Exhibit DMR-43. The Executive Summaries clearly indicate that the projects are growth oriented. The first Executive Summary titled "Project Summary – Bob Olsen Parkway, Kennewick District," is dated July 2016 and pertains to the portion of the project that would have been placed into service during the test year. The second Executive Summary, titled "Project Summary – Sherman Street 6" HP Reinforcement" is dated July 14, 2017. The third Executive Summary is titled "Project Summary – Sherman Street 6" HP Reinforcement" and dated May 23, 2017. The forth Executive Summary is titled "Project Summary – Brinkley Road 8" HP Reinforcement" and is dated June 12, 2017. The "Background" section of the 2nd, 3rd, and 4th Executive Summaries state:

> The increasing growth rate in house developments, commercial firms, and industrial corporations has placed a strain on the Kennewick, WA natural gas system. Cascade Natural Gas Corporation (CNGC) proposes to expand their natural gas delivery capacity within the Cities of Kennewick and Richland, in Benton County, Washington. This project will provide additional natural gas capacity as necessary for growth demands, and to reinforce Cascade's natural gas distribution infrastructure.

The "Benefits" section of the Executive Summaries identify the "Ability to serve new developing area in Kennewick," and "Additional natural gas capacity as necessary for growth demands," as well as other benefits. The first benefit listed on each of the summaries pertain to growth. In the first Executive Summary, dated July 11, 2016, the Company identified the "Alternatives" to the project as not constructing the pipeline and making the choice not to serve the

provided as Exhibit DMR-43.

developing area. Clearly this project is focused on growth of the system and serving additional customers.

Staff has also included $1,139,385 for FP-315894 – 10,700 of 6" & 800' 4" Reinforce Pasco. The Executive Summary for this project,[11] dated June 29, 2017, indicates the following under the "Background" section:

> The increasing growth rate in house developments, commercial firms, and industrial corporations has placed a strain on the Pasco, WA natural gas system. Cascade Natural Gas Corporation (CNGC) proposes to reinforce the Pasco system due to the heavy bypassing that occurred this past winter to maintain minimum operating pressures. This project will provide additional natural gas capacity as necessary for growth demands, and to reinforce Cascade's natural gas distribution infrastructure.

Under the "Proposal" Section of the Executive Summary, it indicates that "This installation will alleviate the pressure concerns in this system for cold weather events like those that were experienced this past winter as well as add capacity for future growth in the area." While the project will improve reliability, it also allows for increased sales and revenues, and was driven by growth in the area.

As addressed in my response testimony, I recommend that growth-driven projects be excluded from the major pro forma plant additions. Inclusion of growth driven projects would violate the matching principle and cause a distortion in the test year synchronization of investments, revenues, and expenses.

Q: Are any of the pro forma plant additions recommended for inclusion by Staff replacing existing assets that were in service during the test year?

[11] The Executive Summary for the project provided on the compact disc (CD) with Cascade Natural Gas Response to UTC Staff Data Request 65, specifically the file titled "Executive Summary FP 315894" is provided as Exhibit DMR-44.

A: Yes. In response to Public Counsel Data Request 52, the Company identified the proposed pro forma plant additions that were replacing existing assets.[12] Of the 12 projects Staff recommends for inclusion, six are replacing assets that were included in plant in service during the test year. These include project numbers FP-101192, FP-101199, FP-101275, FP-101196, FP-315709, and FP-315710. While not identified in Cascade's response to Public Counsel Data Request 52 as replacing existing assets, Project FP-313621 – Family Meter Replacement, for which Staff has included $666,649, would also presumably be replacing existing assets. Thus, if these six new projects (or seven if the meter replacement project is included) are allowed for inclusion as pro forma plant additions, the adjusted test year expenses would include depreciation on the assets being replaced, as well as depreciation on the new assets.

Q: Did the Company provide the amount of depreciation expense included in the test year associated with the assets being replaced by its proposed pro forma plant additions?

A: While the Company was able to provide the amount of depreciation expense include in the test year for some of the assets being replaced by its proposed pro forma plant additions, it was not able to provide the information for the blanket projects. The attachment to Cascade's Response to Public Counsel Data Request 52 indicates as follows regarding the blanket projects:

> Blanket funding projects are 'bucket' projects used on an ongoing basis for 'small dollar' work, with a short construction time frame and from various locations state-wide within our service territories. Because there is a constant population of work orders being

[12] Cascade Natural Gas Response to Public Counsel Data Request 52, with attachment, provided as Exhibit DMR-45.

> created, in progress, and closed out, establishing an asset cost retired and associated depreciation is problematic due to the size and variety of the population of work orders involved."[13]

This is another example of why blanket projects consisting of numerous small projects should not be considered "major" pro forma plant additions for inclusion in the test year. If allowed, the adjusted test year would include both the assets being replaced, the replacement assets, and the depreciation expense on both.

III. RATE CASE EXPENSE ADJUSTMENTS

Q: In your response testimony, at pages 27 to 30, you addressed the Company's pro forma adjustment for rate case costs. Could you please summarize your recommendation?

A: Yes. The Company's rate case cost adjustment increased the actual recorded test year rate case expense of $109,633 by the Company's estimated 2017 rate case costs of $298,512, resulting in combined total costs in the adjusted test year of $408,145. This resulted in the inclusion of costs associated with both the prior rate case and the current rate case, which the Company contends is reflective of the costs associated with this rate case. In my response testimony, at page 29, I recommend that the actual and projected costs for the current rate case be normalized based on a three-year amortization of the costs associated with this case.[14] Based on projected costs for this rate case of $482,060, this resulted in $160,687 of recommended annual rate case expense to include in rates.

Q: Did other parties also recommend adjustments to the Company's proposed rate case costs to include in adjusted test year expenses?

[13] Ramas, Exh. DMR-45.
[14] Ramas, Exh. DMR-1T at 29:6-8.

A: Yes. Staff witness Mr. Panco recommends that the test year rate case expense be based on an average of the actual rate case costs incurred by the Company for the three-year period 2015 through 2017.[15] Staff determined the amount based on invoices provided by the Company and thus, would be based on known and measurable amounts. While Mr. Panco's testimony does not disclose the annual amount of rate case expense being recommended under this approach, based on his Exhibit DJP-5, the resulting annual rate case expense would be $233,847.[16]

Additionally, NWIGU witness Mr. Mullins recommends that Cascade's method of determining the adjusted test year rate case expense be rejected. Mr. Mullins proposes to use the average rate case costs over the period 2016 and 2017 to determine an average expense level to be included in rates.[17] The amount was based on actual costs recorded in 2016 and the estimated costs for 2017 presented by the Company. His recommendation would result in annual rate case expense of $204,072.

Q: Are the approaches recommended by Staff and NWIGU reasonable?

A: Yes. Public Counsel, Staff, and NWIGU all agree that the approach proposed by the Company, which includes two years of rate case costs in a single year for ratemaking purposes, is unreasonable. Public Counsel, Staff, and NWIGU each have recommended different methods of determining a normalized amount of annual rate case expense to include in rates. Thus, the Commission has been presented with three separate reasonable methods for determining a normalized

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[15] Panco, Exh. DJP-1Tr at 10:5-8.

[16] Calculated from Exhibit DJP-5 as the total of amounts for 2015 through 2017 of $240,118, $110,364 and $351,060, respectively, divided by 3. (($240,118 + $110,364 + $350,060)/3).

[17] Mullins, Exh. BGM-1T at 16:10-16.

level of annual rate case expense to include in rates. I do note that both my recommended adjustment and the one sponsored by NWIGU witness Mr. Mullins include estimated amounts that were provided by Cascade, whereas Staff's approach, which was based on a review of actual invoices for a three-year period, is based entirely on actual amounts. While I still believe my recommended approach is reasonable, I agree that Staff's approach presents a reasonable alternative for the Commission's consideration.

IV. NWIGU EDFIT ADJUSTMENT

Q: NWIGU witness Mr. Mullins addressed Excess Deferred Federal Income Taxes (EDFIT) at pages 20 – 24 of his response testimony.[18] What adjustment does he recommend associated with EDFIT?

A: Mr. Mullins calculated an EDFIT balance of $29,477,684, which he recommends amortizing using a composite depreciation rate. This resulted in a recommended amortization of the EDFIT of $839,215 per year. In calculating his recommended EDFIT balance to amortize, he limited the calculation to the Accumulated Deferred Income Taxes associated with the book-tax depreciation differences and book-tax debt refinancing cost differences. He also limited the calculation to test year balances, which were determined using the Average of Monthly Averages (AMA) rate base approach. Mr. Mullins indicates at page 23 of his testimony that Cascade calculated "a materially higher EDFIT balance of $49,503,717." He states that the cause of the difference appeared to be related to Cascade including

[18] Mullins, Exh. BGM-1T at 20:6 – 24:7.

a number of book tax differences in its calculation of EDFIT that were not considered in test period ADFIT.

Q: Do you agree that the amount of EDFIT calculated by Mr. Mullins and the associated amortization thereof is the appropriate amount to include in this case for the amortization of EDFIT?

A: No, I do not. Mr. Mullins's adjustment is significantly understated and would result in a windfall to the Company. While Mr. Mullins's adjustment picks up a portion of the ADFIT included in test year rate base, it does not factor in all of the test year ADFIT balances. A significant amount of ADFIT is also included in the Company's calculation of its Working Capital Allowance. Additionally, the amount of Excess Deferred Federal Income Taxes that needs to be returned to ratepayers should be based on the actual EDFIT balance that results from the enactment of the Tax Cuts and Jobs Act,[19] hereinafter referred to as the TCJA. This amount was calculated by the Company based on the amount of EDFIT that was to be recorded for book purposes and included in its 2017 financial statements. The EDFIT balance is calculated based on the ADFIT that had previously been recorded based on the higher 35 percent federal income tax rate. Thus, the impact of the new tax law on the ADFIT balance resulting in the EDFIT balance should be used, which would be based on the ADFIT balance as of the effective date of the TCJA, which would be the December 31, 2017, ADFIT balance. Mr. Mullins's adjustment, calculated based only on a portion of the

[19] The official title of the TCJA is an Act "To provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018", which is commonly referred to as the Tax Cuts and Jobs Act, abbreviated as TCJA.

ADFIT balance during the historic test year, significantly understates the amount of EDFIT owed to ratepayers.

V. BENCH REQUEST 1 – TCJA

Q: Did you address the impacts of the TCJA in your response testimony?

A: Yes. As indicated in my direct testimony, Public Counsel's recommended revenue requirement was based the 21 percent federal income tax rate resulting from the TCJA. Additional impacts of the TCJA beyond the impact of the reduction in the federal income tax rate on test year income tax expense were addressed at pages 51 through 56 of my response testimony.[20] Page 55 of the testimony, lines 6 through 11, stated:

> With regard to the treatment of the excessive income taxes currently being collected in rates, and the appropriate treatment of the flow-back of the EDFIT, I am not taking a position at this time, except to recommend that 100 percent of the amount of income taxes being over-collected from ratepayers should be returned to ratepayers and a regulatory liability should be established if amortization of EDFIT is not included in rates in this case.

Additionally, in addressing the Company's proposal that the impacts of the TCJA being realized from the January 1, 2018, effective date through the date of new rates resulting from this case be treated as period costs that are included in the 2018 results of operations and incorporated in the existing earnings sharing mechanism, I stated as follow:

> Pubic Counsel believes that all of the over-collected federal income taxes resulting from the TCJA should be flowed-back to ratepayers. Ratepayers are currently paying a higher amount for income taxes in rates than the amount of income tax expense Cascade is actually incurring. It is Public Counsel's position that 100 percent of the over-collection should be returned to ratepayers

[20] Ramas, Exh. DMR-1T at 51:14 – 56:16.

> through either a separate mechanism or through a deferral to be returned to ratepayers at a future time.[21]

My testimony also indicated that the amounts presented by Cascade in its January 29, 2018 supplemental response to Bench Request 1 had not been fully vetted. The response included assumptions and several proposals regarding treatment of the excess taxes being collected, the amortization of the EDFIT balances, and that the Company had not filed supplemental testimony thoroughly explaining its proposals.[22]

Q: On March 9, 2018, the Commission issued Order 05 in this docket granting Staff's motion requesting the opportunity to respond to Bench Request 1. Do you wish to supplement the information contained in your response testimony regarding the Company's response to Bench Request 1?

A: Yes. I recommend that the Commission include the flow-back of the EDFIT in the revenue requirements resulting from this case. Since the EDFIT balances are known, and Cascade was able to use its Powertax System to determine the amount of reduction to the plant-related EDFIT (i.e., flow-back of plant-related EDFIT) that will occur during 2018 under the Average Remaining Asset Method (ARAM) required under the IRS normalization rules, there is no need to exclude the flow-back from the revenue requirements resulting from this case.

In its First Supplemental Response to Bench Request 1, the Company provided the 2018 reduction in the plant related Excess Deferred Income Tax (EDIT) balance using the ARAM for both the portion of the EDFIT protected under the IRS normalization rules and the non-protected portion of the

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[21] *Id.* at 54:20 – 55:2.
[22] *Id.* at 55:12-18.

plant-related EDFIT. The Commission has the option of amortizing the non-protected, plant-related EDFIT balances over a period of its choosing and is not required to use the ARAM for that portion.

In response to Public Counsel Data Request 124, provided as Exhibit DMR-46, the Company provided a breakdown of the protected and non-protected portion of the plant-related Excess Deferred Income Taxes as of December 31, 2017. Since the vast majority of the balance is protected under the normalization rules, I do not oppose utilizing the ARAM in amortizing the entire plant-related EDIT balance. The Commission also has discretion regarding the amortization period to apply to the non-plant related EDIT balances. The Company has proposed a 10-year amortization period for the non-plant related EDIT balances. While the Commission may shorten the amortization period if it so choses, I do not oppose the Company's proposed 10-year amortization period. Presented below is the impact on the Company's revenue requirements if the amortization of the Excess Deferred Income Taxes are included in the revenue requirements in this case. This is based on the Company's calculated annual reduction to the plant-related EDIT under the ARAM method for both the protected and non-protected plant-related EDIT balances, as well as a 10-year amortization of the non-plant related EDIT balances. As shown below, the result would be an additional $2,546,360 reduction to current rates.

Description	Amount
2018 Reduction in Plant Related EDIT	1,699,492
Amortization of Non-Plant EDIT	789,473
Total Annual Amortization of EDIT	2,488,965
WA Allocation Factor	77.24%
Annual Amortization, WA basis	1,922,477
Revenue Conversion Factor	0.75499
Revenue Requirement Impact	2,546,360

There are no compelling reasons that I am currently aware of for not including the above amortizations of the Excess Deferred Income Taxes in the determination of revenue requirements in this case. In fact, in its Second Supplemental Response to Bench Request 1 provided on March 15, 2018, Cascade agrees that the reversal and amortization of the Excess Deferred Federal Income Taxes should be included in this case as a pro forma adjustment that reduces income tax expense. In a spreadsheet provided with its Second Supplemental Response to Bench Request 1, the Company included the pro forma adjustment to income tax expense, reducing the income tax expense by the $1,922,477 shown in the above table.[23] The Commission could increase this impact by shortening the amortization period for the non-plant related and the non-protected plant related EDIT balances at its discretion.

Q: Is it still Public Counsel's position that the excess income taxes being recovered in rates from January 1, 2018, to the rate effective date of new rates from this case be returned to ratepayers?

[23] The spreadsheet provided with the Second Supplemental Response to Bench Request 1 also identified the revenue requirement impact of the pro forma adjustment as $2,546,351. The $2,546,351 is within $9 of the $2,546,360 revenue requirement impact presented in the above table, with the difference attributable to rounding.

A: Yes, it is. There are three options of which I am aware for achieving this: (1) The amount could be returned to ratepayers through a separate mechanism, (2) the amount could be deferred and returned to ratepayers at a future time, or (3) the amount could be amortized and included as a reduction to revenue requirements as part of this proceeding.

Q: Does this conclude your cross-answering testimony?

A: Yes, it does.