**Exhibit No. \_\_\_ CT (APB-1CT)**

 **Docket UE-111190**

 **Witness: Alan P. Buckley**

 **REDACTED VERSION**

**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,**  **Complainant,** **v.****PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY**  **Respondent.** | **DOCKET UE-111190**  |

**TESTIMONY OF**

**Alan P. Buckley**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

***Power Supply***

**January 6, 2012**

**CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION**

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### INTRODUCTION

### Q. Please state your name and business address.

A. My name is Alan P. Buckley. My office address is The Richard Hemstad Building, 1300 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia, Washington 98504. My email address is abuckley@utc.wa.gov.

# Q. By whom are you employed and in what capacity?

A. I am employed by the Washington Utilities and Transportation Commission (“Commission”) as a Senior Policy Strategist. Among other duties, I am responsible for analyzing rate and power supply issues as they pertain to the investor-owned electric utilities under the jurisdiction of the Commission.

**Q. How long have you been employed by the Commission?**

A. I have been employed by the Commission since 1993.

**Q. Would you please state your educational and professional background?**

A. I received a Bachelor of Science degree in Petroleum Engineering with Honors from the University of Texas at Austin in 1981. In 1987, I received a Masters of Business Administration degree in Finance from the University of California at Berkeley. From 1981 through 1986, I was employed by Standard Oil of Ohio (now British Petroleum-America) as a Petroleum Engineer working on Alaskan North Slope exploration drilling and development projects. From 1987 to 1988, I was employed as a Rates Analyst at Pacific Gas and Electric Company. I was next employed by R.W. Beck and Associates, an engineering and consulting firm in Seattle, Washington, conducting cost-of-service and other rate studies, carrying out power supply studies, analyzing mergers, and analyzing the rates of the Bonneville Power Administration (“BPA”) and the Western Area Power Administration.

 I came to the Commission in December 1993, where I have held a number of positions including Utility Analyst, Electric Program Manager, and the position that I now hold. I have been a witness in numerous proceedings before the Commission, including several general rate cases of Puget Sound Energy, Inc. (“PSE’” or the Company”) in which I testified on power supply issues. I also have testified before BPA and the Federal Energy Regulatory Commission.

**II. SCOPE AND ORGANIZATION OF TESTIMONY**

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to address the proposed pro forma normalized net power costs for the 12 month period ending May 31, 2013, as presented in Exhibit No.\_\_\_ (GND-1T), the testimony of PacifiCorp witness Gregory N. Duvall.

 The Company’s proposed Washington-allocated pro forma normalized net power costs of approximately $128.2 million (prior to the application of the production factor adjustment) represents an approximate $7.0 million increase from the level authorized in the Company’s 2010 rate case. In Exhibit No. \_\_\_ (APB-2C), I provide a summary of my recommended adjustments to the Company’s proposed Washington-allocated pro forma normalized net power costs at the expense level. The results of these adjustments on revenue requirement are reflected in Staff witness Michael Foisy’s Exhibit No. \_\_\_ (MDF-2).

**Q. How is the remainder of your testimony organized?**

A. The remainder of my testimony is divided into three sections. In Section III, I discuss the overall context for evaluating the Company’s proposed Washington-allocated pro forma normalized net power costs. In Section IV, I summarize my recommended adjustments to the Company’s proposed Washington-allocated pro forma normalized net power costs. In Section V, I explain the basis for each adjustment and describe the method of calculating the adjustment amount.

**Q. Did you prepare any exhibits in support of your testimony?**

A. Yes. They are the following:

* Exhibit No. \_\_\_ (APB-2C) Summary of Proposed Power Supply Adjustments
* Exhibit No. \_\_\_ (APB-3) Various Company Responses to UTC Staff Data Requests
* Exhibit No. \_\_\_ (APB-4) Excerpts from Company Responses to UTC Staff Data Requests 91 & 101
* Exhibit No. \_\_\_ (APB-5C) Confidential Excerpts of Company’s Supplemental Response to UTC Staff Data Request 101

**III. CONTEXT OF POWER COST EVALUATION**

**Q. Please describe the overall context in which you evaluated PacifiCorp’s proposed Washington-allocated pro forma normalized net power costs in this proceeding.**

A. The most relevant aspect of the Company’s case in this docket is its filing date. PacifiCorp made its filing in Docket UE-111190 on July 1, 2011. This was only a little more than three months after the Commission’s Final Order in Docket UE-100749, and fifty days after the Commission’s Order Denying Petitions for Reconsideration and Granting Clarification in that same docket. PacifiCorp has characterized its case in this proceeding as a “make-whole rate filing approach.” In doing so, the Company states that it “has elected not to contest any issues that were decided in the 2010 Rate Case, including net power costs.” Exhibit No.\_\_\_(GND-1T) at page 2. With regard to power supply issues; however, these statements are somewhat misleading.

 First, the Final Order in Docket UE-100749 addresses 17 separate power supply or transmission-related adjustments, in addition to the market price update issue. The Commission decided in favor of the intervening parties on ten of those issues. Two adjustments were adopted as being settlements by the parties. The Commission rejected all parties proposed adjustments on one issue. The Commission accepted the Company’s position on only four of the issues identified in its Final Order. A more accurate description of the Company’s magnanimous position in this proceeding would be that it has chosen not to re-contest issues that were decided by the Commission scarcely a few short weeks prior.

 Second, by its nature, the development of pro forma normalized net power costs for a future rate year period does not truly fit the “make-whole” only nature of the Company’s claims. In general, many power supply costs are being updated, and will continue to be updated throughout the proceeding. As PacifiCorp explains, the requested $7 million dollar increase in authorized power supply costs is actually the result of numerous changes in those parameters used to determine Washington-allocated pro forma normalized net power costs.

**Q. What factors has the Company identified as causing the requested increase in authorized normalized net power cost?**

A. The Company identifies the following factors as contributing to the requested increase: load growth, expiring contracts, changing market prices, changing reserve requirements, changing wholesale sales volumes, changes in thermal generation, coal costs, and changes in purchased power expense. Exhibit No.\_\_\_(GND-1T), beginning on page 3, line 10. In addition, the Company changed certain basic GRID model inputs subsequent to the 2010 Rate Case. I will discuss this issue later in my testimony.

**Q. Did you attempt to keep within the spirit of a “make-whole rate filing approach” when evaluating proposed Washington-allocated pro forma normalized net power costs in this proceeding?**

A. Yes. In fact, this approach forms the basis for several of my proposed adjustments and is a factor in addressing a related issue, namely what not to include in a “make-whole” filing.

**Q. Are there any other factors that you considered in evaluating the Company’s proposed Washington-allocated pro forma normalized net power costs?**

A. Yes. Unlike the other two electric utilities regulated by this Commission, PacifiCorp does not operate under a power cost adjustment mechanism. And finally, as evidenced by this filing, the Company appears to be continuing in the mode of relatively constant and regular general rate case filings.

**IV. SUMMARY OF STAFF RECOMMENDATIONS**

**Q. Please summarize your recommended adjustments to the Company’s proposed pro forma normalized net power costs.**

A.Exhibit No. \_\_\_ (APB-2C)identifies each of my recommended adjustments with the corresponding expense level impact. My proposed adjustments address two issues that significantly affect Washington-allocated pro forma normalized net power costs. The first adjustment addresses the level of generation assumed for the Company’s Western Control Area hydro facilities. The second adjustment addresses the effect of updating various pricing components that affect rate year power costs, including the effect of declining electric and gas forward market prices during the 12-month period ending May 31, 2013.

 My proposed adjustments reduce Washington-allocated pro forma normalized net power costs by an initially estimated $4,942,607 at the expense level, as shown in Exhibit No. \_\_\_ (APB-2C), line 13. The exact level of the reduction will depend on incorporating the latest Commission-ordered market price update that occurs at the end of the rate case. Notably, forward electric and gas prices have continued to decline throughout the time of this proceeding. In addition, I present a Staff proposed adjustment reflecting additional revenues associated with an extended ancillary services contract. This contract results in approximately XXXXXXX in additional rate year Washington jurisdictional revenues above what was included in the Company’s as-filed rate case. The revenue requirement effect of this and my other adjustments shown in Exhibit No. \_\_\_ (APB-2C) are reflected in Staff witness Foisy’s Exhibit No. \_\_\_ (MDF-2). Finally, I make a longer-term recommendation addressing what I believe should be the appropriate course of action for the Commission to take regarding power cost models to be used in future general rate case proceedings.

**V. NET POWER COST ADJUSTMENTS**

1. **Hydro Generation**

**Q. Please explain the context of your adjustment labeled “Hydro Generation” in Exhibit No. \_\_\_ (APB-2C).**

A. When reviewing the Company’s GRID Model Hydro Generation summary sheet for the Western Control Area, I observed a significant change in the total amount of available annual generation between the amounts in the previous rate case, Docket UE-100749, and this proceeding. This significant difference remained after adjusting for the effects of removing the Condit hydro facility and the effects of the Company’s non-owned Mid-C project hydro rights.

Exhibit No. \_\_\_ (APB-3) contains a series of Company responses to both UTC Staff and ICNU data requests in this proceeding, as well as from Docket UE-100749. UTC Staff Data Request 92 and ICNU Data Request 6.10 asked the Company to explain the significant difference in hydro generation between rate case filings. In response, the Company simply cited its responses to several data request responses (ICNU Data Request 1.26 through 1.29) from Docket UE-100749, which do nothing more than claim the Company had inadvertently excluded forced outages. No explanation as to the connection between “forced outages” and hydro generation changes was ever provided. In fact, to my knowledge, the additional information promised in those data responses by a June 17, 2010 date, namely ICNU Data Request 1.26 in Docket UE-100749, was never received. Later, in the present docket, the Company provided additional narrative and information as a supplement to its response to ICNU Data Request 6.10. However, as part of its original “make-whole” rate case filing, no explanation of the significant decline in available hydro generation was offered.

**Q. What is your concern with the observed decline in hydro generation between rate case filings?**

A. The Company’s use of a different set of hydro generation parameters violates the spirit of the “make-whole rate filing approach” of this proceeding. The Company did not identify the proposed change, nor did it provide specific testimony, exhibits, or workpapers supporting the decrease. I do not believe it is sufficient to cite an inadvertent error from the preceding case as reason for the accepting the change without support. As indicated by the extent of the information provided by the Company in its Supplemental Response to ICNU Data Request 6.10, the relationship between changes in forced outages and the actual output of multi-unit hydro generation facilities is a complicated one and its review is beyond the scope of a “make-whole” rate filing. It is not an update to a contract or market price forecast. For purposes of this proceeding, the change in methodology should not be allowed. The equivalent hydro generation that was used in the previous rate case filing, with the exception of Condit generation, should be used for purposes of this “make-whole” filing.

**Q. How did you determine your adjustment?**

A. I used the Company’s GRID model workpapers from this and the previous rate case to compare the difference in Western Control Area hydro generation by month. I eliminated the generation related to the Condit facility which has been removed and the generation associated with the Company’s Mid-C project rights. The remaining Company-owned hydro generation difference varies by month, with most months experiencing a decrease in generation as compared to the previous general rate case. To determine an adjustment amount, I effectively added the lost generation back into pro forma normalized net power costs as a revenue credit by pricing that generation at the California/Oregon Border (“COB”) electric market prices used in the GRID model. To more accurately reflect the monthly shape of the generation differences, I used average monthly COB electric prices.

**Q. What is the amount of your proposed Hydro Generation adjustment?**

A. My adjustment decreases Western Control Area pro forma normalized net power costs by $3,089,637, which equates to a decrease in Washington-allocated pro forma normalized net power costs of approximately $694,371 at the expense level based on the CAGW allocator of 22.4742%.

**B. Update Adjustments**

**Q. You have several adjustments under the label “Update Adjustments” in Exhibit No. \_\_\_ (APB-2C). Please explain the context of these adjustments.**

A. The Commission has recently allowed electric utilities to update certain costs during the general rate case process, as long as there is a suitable transparency to the calculation and adequate time for other parties to review the updated amounts. Typically, those updates have been limited to forecasted gas and electric market prices, new firm contracts, or budget updates from third party owners of resources such as the Mid-Columbia project owners. This transparency is critical, given the timing of when the updates are allowed to occur. It is critical that these updates be limited to items that can be readily audited and evaluated, preferably using generally available public or industry information.

**Q. Has the Company proposed to update its Washington-allocated pro forma normalized net power costs in this case?**

A. Only explicitly in the context of the final BPA rate case decision. Exhibit No. \_\_\_ (GND-1T), p.9, lines 10-12. However, on two occasions, Staff has asked the Company to update its net power costs using the latest available electric and gas forward price curves. Exhibit No.\_\_\_ (APB-4) contains the non-confidential narrative response and summary sheet from the Company’s response to UTC Staff Data Requests 91 and 101. The Company narrative provides a brief explanation of updates to power supply costs made by the Company in response to the data requests, and the summary provides the numbers attached to those updates.

**Q. Are you satisfied with the overall results of the updates identified by the Company in the data responses?**

A. No. I have three principal issues with the Company’s updates, two of which can be addressed in this proceeding, and one that will require some additional action on the part of the Commission and Company. First, any increases, or decreases, in net power costs associated with the amount identified as “Updated Coal Costs” should not be allowed in the proceeding. Second, although I will identify update adjustments in my testimony and in Exhibit No. \_\_\_ (APB-2C), it should be understood that several of the proposed adjustments shown on Exhibit No. \_\_\_ (APB-2C) are based on already out-of-date forward gas market pricing, and therefore should be further updated upon Commission order to reflect the latest available auditable pricing information. Finally, in order to address issues arising out of the Company’s use of a proprietary dispatch model, together with balancing the needs for transparency and timely auditing of updates, the Commission should order the Company to use a common commercially available dispatch model, such as what is used by our other two regulated electric utilities in general rate case and other proceedings before the Commission. The AURORA dispatch model is presently being used by both PSE and Avista, with results that are satisfactory to both companies, Staff, and intervening parties.

**Q. You state that the Commission should not allow net power costs to be updated for changes in coal prices as identified in the Company responses included in Exhibit No. \_\_\_ (APB-4). Please explain.**

A. As part of the Company’s direct case and “make-whole rate filing approach” in this filing, the Company provides testimony, exhibits, and workpapers supporting a significant increase in coal prices since the 2010 Rate Case. Exhibit No. \_\_\_ (CAC-1CT). The increase discussed in the Company’s direct case is principally related to costs at the mines serving the Company’s Jim Bridger plant. Later in this proceeding, in response to both UTC Staff Data Requests 91 and 101, the Company identified additional potential cost changes labeled “Updated Coal Costs” in the summaries that were included with those responses. In the first instance the change was a decrease in costs, while in the second, the change was a significant increase.

The Jim Bridger plant is presently served by two mines –one is an independent, “third-party” mine, while the other operates as an affiliate to the Company. To support a significant increase in coal prices, even during a proceeding, I would expect to see substantial support and analyses regarding the causes and possible alternatives. In any case, as can be observed by looking at the narrative summary for both data responses, the Company initially provided no explanation for either change amount or any alternatives as costs increased, although the cost changes were explicitly identified. Attempting to further update power costs based on unsupported presentations, in my opinion, goes well beyond the purported “make-whole rate filing approach” of this filing. The Company should not be allowed to recover in base rate coal costs greater than what has been supported in their “make-whole” filing, particularly given that the majority of the cost increases appear to be pass-through of affiliate costs.

**Q. Has the Company subsequently attempted to provide additional support for its response to UTC Staff Data Request 101?**

A. Yes. On December 22, 2011, a full 17 days after its initial response, the Company provided a supplemental response to UTC Staff Data Request 101, attempting to support the updated coal prices indicated in both UTC Staff Data Requests 91 and 101, as well providing information regarding the calculation of revenue from a new Seattle City Light Stateline contract. The supplement’s narrative summary and several excerpts are included in Exhibit No. \_\_\_ (APB-5C).

**Q. Does receipt of the supplemental information change your testimony regarding the coal cost updates indicated in the Company’s response to UTC Staff Data Requests 91 and 101?**

A. No. It only serves to reinforce my opinion to disallow any allowed coal cost updates in this “make-whole” filing. Receiving documents purporting to support cost updates that consists of numerous worksheets, each requiring significant analysis and auditing, 15 days before the due date of Staff and intervenor direct testimony is not consistent with a “make-whole rate filing approach.” A cost component that requires significant review, auditing, potential discovery and analyses, such as coal pricing of Company-owned mining facilities, is clearly different than update components such as FERC tariffs, contracts, or public and generally available industry market information that can be readily reviewed.

**Q. Does the Company propose to recover other increased coal costs in this proceeding?**

A. Yes. PacifiCorp’s witness Cindy Crane addresses the $20.3 million Western Control Area basis increase in coal costs reflected in the net power costs as initially filed in the Company’s direct case. The entire increase is due to increased costs associated with the Jim Bridger plant mines.

**Q. Are you contesting the Company’s proposed coal cost increases that are the subject of Company witness Crane’s testimony in this proceeding?**

A. No. In fact, that increase is the largest single component of the Company’s proposed $32.7 million difference in WCA net power costs between this rate case and the 2010 Rate Case. For purposes of this “make-whole” rate case, I have evaluated and have accepted the initially filed coal cost increase. For the reasons explained above I do not recommend the Commission accept coal cost updates related to the Jim Bridger plant.

**Q. The Company appears to have identified additional revenue from an ancillary service contract. Can you explain this update and the excerpt contained in Exhibit No.\_\_\_ (APB-5C) that is labeled “Confidential Attachment UTC 101-1 2nd Supplemental?”**

A. Yes. This worksheet shows the calculation of rate period revenues and the impact on Washington costs from a new integration and exchange contract with Seattle City Light (“SCL”) to manage the generation from SCL’s share of the Stateline wind project. As shown on the pages marked 3.7 and 3.7.1 in Exhibit No.\_\_\_(APB-5C), the Company has removed all booked revenues associated with the previous SCL Stateline contract on the assumption that it was expiring. This was included as Adjustment 3.7 of Company witness Mr. Dalley’s Exhibit No.\_\_\_ (RND-3). In actuality however, the contract is being extended.

**Q. How should the revenues associated with the extended SCL Stateline contract be treated in this proceeding?**

A. To maintain an easily understandable approach and to streamline adjustments, Staff chose to work within the existing Adjustment 3.7. In its Adjustment 3.7, the Company has removed, or effectively zeroed out, the approximately $5 million of ancillary contract revenues booked from the previous contract. To reflect an increase in revenues of XXXXXX, instead of zero revenues due to the new contract, Staff has included in Adjustment 3.7 the above revenues for a net increase in rate year Account 456 revenues of XXXXXX, which represents the difference between test-year booked revenues (now not zeroed out) and the additional rate-year revenues from the extended contract. From a Company as-filed perspective, this adjustment increases WCA revenues by XXXXXX with a Washington jurisdictional allocation revenue increase of XXXXXX based on a WA CAGW allocator of 22.4742%. The revenue requirement effect of this adjustment is shown in Staff witness Foisy’s Exhibit No.\_\_\_(MDF-2), Adjustment 3.7.

**Q. Is this contract update different than the coal cost update from a “make-whole” rate case context?**

A. Yes. The extended SCL Stateline contract has been entered into by the parties. It is easily audited and confirmed by the intervening parties, in stark contrast to the coal cost changes as discussed earlier.

**Q. What other updates do you recommend that the Commission adopt for purposes of this “make-whole rate filing approach” filing?**

A. In addition to the “Hydro Generation” adjustment and SCL Stateline contract revenue adjustment discussed above, I recommend that the Commission adopt the remaining updates other than those for coal costs, that are due to changes in actual FERC tariff rates or contract terms and are identified and included in the Company’s responses to UTC Staff Data Requests 91 and 101 (and supplements), as contained in Exhibits Nos. \_\_\_ (APB-4) and (APB-5C). In addition, I recommend that the Commission order an additional limited update at the time of the Company’s compliance filing in the manner that I further describe below.

**Q. What is the total effect of your additional recommended adjustments?**

A. As shown on Exhibit No. \_\_\_ (APB-2C), line 12, the total Update Adjustment amount is $18,902,722 on a Western Control Area basis, including the estimated system balancing impacts and without the updated coal costs. This equates to an approximate reduction in Washington-allocated pro forma normalized net power costs of $4,248,236, at the expense level based on a CAGW allocator of 22.4742%.

**Q. Returning to other updated items, how contemporary are the forward prices used in the Exhibit No. \_\_\_ (APB-4) updates?**

A. Unfortunately, not very contemporary. The Company’s response to UTC Staff Data Request 101 uses its own Company “Official” Forward Price Curves from November 8, 2011. The underlying market data used to develop those curves is even earlier than that.

**Q. How have forward gas price forecasts for the rate year behaved since the Company made its initial filing and data request responses?**

A. The three-month average of daily forward rate year gas price prices has continued to decline significantly. I expect the resulting Update Adjustment to increase, perhaps significantly, depending on the Company’s hedged position during the rate year. For general comparison purposes, the Company’s response to UTC Staff Data Request 101 shows a power cost reduction of almost $4 million due to a $0.26 decrease in annual average forward gas prices ($4.31/MMBTU annual 11/08/11 average compared to the $4.57/MMBTU annual 9/30/11 average used in the response to UTC Staff DR 91). The annual average of three-month rolling average daily forward rate year gas prices are in the range of $4.00/MMBTU in late December and still falling. The expected decrease in net power costs due to this trend should be significant.

**Q. You state that the Company uses its “Official” Forward Price Curves. Do these present problems for the parties when evaluating power cost updates during rate case proceedings?**

A. For Staff and intervenors, yes. The Company’s process for developing its “Official Forward Price Curves” is an internal one, carried out by its commercial and trading department. Market data is adjusted by using what the Company calls “scalars” developed from historic hourly data in order to develop on and off-peak market prices. However, the process is time consuming and not transparent for the customers who ultimately pay the rates. Moreover, the Company’s non-transparent process poses significant problems for Staff during a rate case proceeding, particularly when it is necessary to review and audit power cost updates that are proposed within a limited amount of time.

**Q. Do you have a solution for this problem?**

A. Yes. The short term solution is for the Commission to order a “final” update during the compliance phase of this proceeding to incorporate the latest forward market conditions, using generally available market information, NOT the latest Company internally generated “official” price curves. For example, Staff and the intervening parties are familiar with using a three-month rolling average of rate year forward gas prices in proceedings involving the other regulated electric utilities. The Commission should order the Company to use such easily auditable pricing data and to provide immediate access to resources sufficient for the parties to review and audit the updated data and results in a timely manner. The longer-term solution is for the Company to move away from the basic GRID model and to the same power supply dispatch model used by the other Commission regulated electric utilities and to use general forward pricing methodologies for rate making purposes that are as consistent with one another as possible.

**Q. Do you believe having a common power supply dispatch model and consistent general forward pricing methodology for all of the regulated electric companies will provide some benefits to ratepayers?**

A. Yes. Puget Sound Energy and Avista currently use EPIS, Inc.’s AURORA market forecasting model for rate case proceedings before this commission. PacifiCorp uses its internally developed and supported GRID model. All of the Companies have continued to file regular general rate cases along with their other periodic and necessary filings. It is important to look for ways to streamline the efforts of all the parties involved in these proceedings. In general, internal dispatch model issues with PSE and Avista have decreased significantly, or have been eliminated as the parties have gained familiarity and trust with a common dispatch model. In addition, the relatively transparent methodology used to update forward gas prices has enabled the parties to carry out timely reviews of updates throughout proceedings without reliance on proprietary or internally generated data.

**Q. Should the Company be allowed to present additional updates, including support for hydro generation changes or coal price changes, as part of its rebuttal filing in this proceeding?**

A. No. The context for this case should remain within the spirit of the “make-whole rate filing approach” suggested by the Company. To allow unsupported, untimely, or additional belated adjustments would violate this intent. Although the Commission has not adopted a set regulatory framework for proceeding with what might be called a “make-whole” rate case, Staff and the intervening parties should certainly expect the Company to maintain its stated intent to “minimize controversy and encourage expeditious resolution.” Exhibit No. \_\_\_ (ALK-1T), page 7. From a real and practical perspective, both Staff and intervening parties must schedule resources, make assignments, and carry out other business with certain rate case expectations in mind, including the needs of the Commission, the Company, and their constituents. However, neither Staff, nor the intervening parties, should be expected to process, evaluate, and make recommendations regarding burdensome updates to any, and all, cost components with little or no warning, and in some cases questionable support, including during the rebuttal phase of a proceeding. Fortunately, the regulated electric companies have for the most part been working with Staff and intervening parties to eliminate issues associated with providing updated costs, particularly power cost related ones, to the Commission for their consideration during rate cases. However, in this instance, I suspect that a gap remains between what the Company may believe is appropriate to update and what Staff and others believe appropriate. As stated in the testimony above, my recommendation is simply to not allow further increases, other than those proposed in the Company’s direct case, in coal costs associated with an affiliated mine at this time, and to not allow the Company to include the effects of any adjustments in hydro generation levels until a complete and thorough study can be carried out and evaluated by the parties. All other proposed cost updates are proposed to be allowed, including a final update of net power costs due to the latest electric and gas market prices.

**Q.** **Does this conclude your testimony?**

A. Yes.