

BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-080416 AND UG-080417

RESPONSE TESTIMONY OF CHARLES W. KING (CWK-5T)

ON BEHALF OF

PUBLIC COUNSEL

AND THE

INDUSTRIAL CUSTOMER OF NORTHWEST UTILITIES

October 10, 2008

RESPONSE TESTIMONY OF CHARLES W. KING

1
2 **Q: Please state your name, position and business address.**

3 A: My name is Charles W. King. I am President of the economic consulting firm of
4 Snavelly King Majoros O'Connor & Bedell, Inc. My business address is Suite
5 300, 1111 14th Street, N.W., Washington, DC 20005.

6 **Q: On whose behalf are you testifying?**

7 A: I am testifying on behalf of the Public Counsel Section of the Washington
8 Attorney General's Office (Public Counsel) and the Industrial Customers of
9 Northwest Utilities (ICNU).

10 **Q: Are you the same Charles W. King who submitted direct testimony on behalf**
11 **of Public Counsel and ICNU in these cases on September 19, 2008?**

12 A: Yes. I am.

13 **Q: What is the purpose of your response testimony?**

14 A: The purpose of my response testimony is to comment on the non-unanimous
15 settlement reached by other parties in these proceedings in light of my initial
16 direct testimony.

17 **Q: What was the topic of your initial direct testimony?**

18 A: My testimony dealt with the issue of depreciation.

19 **Q: What have you recommended with respect to depreciation?**

20 A: I have recommended that the Commission modify the manner in which net
21 removal costs are incorporated into depreciation rates so as to be fairer to the
22 respective generations of ratepayers. The effect of my recommendation on test
23 year depreciation expense is as follows:

1

Year 2007 Depreciation Expense			
	Avista	Public Counsel	Adjustment
Electric			
Transmission	\$ 8,233,982	\$ 6,697,810	\$ (1,536,173)
Distribution	14,781,408	12,583,606	(2,197,802)
Gas			
Distribution	7,976,709	6,167,980	(1,808,729)

2

3 **Q. Does the proposed settlement cover the depreciation issues you addressed in**
4 **your testimony?**

5 A. No. It does not.

6 **Q. Could the proposed settlement in this case have considered your**
7 **recommendations regarding net removal costs and their incorporation into**
8 **depreciation?**

9 A. No. I do not see how the settlement could have reflected my recommendations
10 because it was agreed to before my initial direct testimony was filed.

11 **Q. What is your recommendation with respect to the proposed settlement?**

12 A. I recommend that the Commission reject the revenue requirement settlement as a
13 basis for settling all issues in this case and set this case for hearing on the
14 depreciation issues raised in my direct testimony.

15 **Q. Does this complete your response testimony?**

16 A. Yes. It does.