



1 **Q. Are you the same R. Bryce Dalley who previously filed testimony in this**  
2 **case?**

3 A. Yes.

4 **Purpose and Summary of Testimony**

5 **Q. What is the purpose of your supplemental rebuttal testimony?**

6 A. My supplemental rebuttal testimony is being provided in response to the Second  
7 Prehearing Conference Order 05 in this proceeding. In that order, the  
8 Commission directs the Company and other parties to file revised testimony and  
9 exhibits to comply with the requirements of WAC 480-07-510 and Order 04 as  
10 discussed during the explanatory session held with the Commission advisors. I  
11 also sponsor and describe supplemental workpapers.

12 **Q. Have you provided revised pages to your previously filed testimony and**  
13 **exhibits?**

14 A. Yes. As I explain below, I have provided revised pages to all of prefiled Exhibit  
15 No.\_\_(RBD-5) and Exhibit No.\_\_(RBD-6). I have also provided a revised  
16 version of my rebuttal testimony Exhibit No.\_\_(RBD-4T).

17 **Q. Please describe the revisions to Exhibit No.\_\_(RBD-5).**

18 A. Exhibit No.\_\_(RBD-5) is a two-page summary of the rebuttal revenue  
19 requirement filed as an exhibit to my rebuttal testimony. This exhibit is being  
20 replaced in its entirety to reflect the specific revisions discussed below to my  
21 rebuttal Exhibit No.\_\_(RBD-6), the Company's Rebuttal Washington Results of  
22 Operations. The revised Exhibit No.\_\_(RBD-5) is marked "Revised 12/10/10".

1 **Q. Please describe the revisions to Exhibit No.\_\_(RBD-6).**

2 A. Exhibit No.\_\_(RBD-6) has also been replaced in its entirety to reflect the  
3 specific presentational changes described below. Each of these items is described  
4 in detail later in my testimony.

- 5 • In instances where an adjustment proposed in my rebuttal testimony is  
6 either a modification or update to an adjustment presented in the  
7 Company's initial filing (Exhibit No.\_\_(RBD-3)), the rebuttal adjustment  
8 replaces the original adjustment in its entirety. This method differs from  
9 the incremental presentation included in the Company's original Exhibit  
10 No.\_\_(RBD-6).
- 11 • Adjustment 12.8 of the Company's original Exhibit No.\_\_(RBD-6)  
12 reflected the Company's rebuttal adjustments related to both cash working  
13 capital (CWC) and interest expense. In the revised exhibit, these  
14 adjustments have been separated into two distinct adjustment pages. The  
15 CWC adjustment is presented as adjustment 12.8 and the interest expense  
16 adjustment is presented as adjustment 12.9.
- 17 • Consistent with Exhibit No.\_\_(RBD-3) – Revised 11/23/10, the CWC  
18 balances reflected in the per books data have been removed. In  
19 conjunction with this change, the CWC rebuttal adjustment 12.8 has been  
20 modified to reflect the addition of all CWC to the Washington test period.
- 21 • The supporting worksheets associated with the Pro forma Net Power Cost  
22 Adjustment (12.6) and Production Factor Adjustment (12.7) have been  
23 revised to more clearly present the calculations for each adjustment.

1           • Several supporting worksheets have been added to Tab 1 - Summary to  
2           provide additional detail on the development of the rebuttal test period  
3           results. These supporting worksheets show the Washington-allocated  
4           impact of each of the Company's proposed restating and pro forma  
5           adjustments.

6   **Q.    Do any of these revisions impact your previously filed rebuttal testimony?**

7   A.    Yes. Several conforming changes are necessary to my rebuttal testimony. A  
8        redline version of these changes has been provided as Exhibit No.\_\_(RBD-4T) –  
9        Revised 12/10/10 .

10   **Replaced Adjustments**

11   **Q.    Please describe the presentational revisions the Company has made to the**  
12        **rebuttal adjustments.**

13   A.    As discussed at length during the explanatory session held with the Commission  
14        advisors, when the Company proposes an update or modification to an adjustment  
15        included in its initial filing, the updated or modified rebuttal adjustment should  
16        replace the original adjustment. This method differs from the presentation used in  
17        the original rebuttal Exhibit No.\_\_(RBD-6). In that exhibit, each of the  
18        Company's rebuttal adjustments were presented incrementally to the Company's  
19        initially filed revenue requirement.

20                In Exhibit No.\_\_(RBD-6) – Revised 12/10/10, rebuttal adjustments that  
21        update or modify initially filed adjustments, replace the initial adjustment. This  
22        change requires presentation updates to several of the Company's rebuttal  
23        adjustments. The table below outlines the initial adjustments which have been

1 replaced by the Company's proposed rebuttal adjustments.

<b>Rebuttal Adj. No.</b>	<b>Rebuttal Adjustment</b>	<b>Initial Adj. No. Replaced*</b>
12.1	SO2 Emission Allowance Revenues	3.4
12.2	SERP Expense	N/A
12.3	Affiliate Management Fee	4.5
12.4	Advertising Expense	N/A
12.5	Green Tag (REC) Revenues	3.5
12.6	Net Power Costs - Pro forma	5.2
12.7 & 12.7.1	Production Factor	9.1 & 9.1.1
12.8	Cash Working Capital	8.1
12.9	Interest True Up	7.1

\* Refer to Exhibit No.\_\_\_\_(RBD-3) - Revised 11/23/10

## 2 **CWC and Interest Expense Adjustments**

3 **Q. Please describe the presentational revisions the Company has made to the**  
 4 **Cash Working Capital and Interest Expense adjustments.**

5 A. In the Company's original Exhibit No.\_\_\_\_(RBD-6), the CWC and interest  
 6 expense adjustments were combined into one rebuttal adjustment, page 12.8. In  
 7 Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10, the CWC and interest expense  
 8 adjustments have been split into two distinct adjustments. The CWC adjustment  
 9 is presented as adjustment 12.8 and the interest expense adjustment is presented  
 10 as adjustment 12.9. These adjustments are shown in separate columns in the  
 11 summary pages contained in Tab 1 and Tab 12 of the revised exhibit.

## 12 **Removal of Per Books CWC**

13 **Q. What changes have been made to the presentation of CWC?**

14 A. As discussed in my supplemental direct testimony, the Company's initial filing  
 15 reflected CWC balances in the per books data. This method was revised in  
 16 Exhibit No.\_\_\_\_(RBD-3) – Revised 11/23/10. In that exhibit, the Company

1 removed all CWC from the per books data and added all CWC balances to test  
2 period normalized results though the restating and pro forma CWC adjustments.  
3 This revised method is also used in Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10.  
4 All CWC balances included in the Company’s rebuttal Washington revenue  
5 requirement are added to rate base through rebuttal adjustment 12.8. As noted  
6 above, CWC rebuttal adjustment 12.8 replaces the Company’s original CWC  
7 adjustment, page 8.1 of Exhibit No.\_\_\_\_(RBD-3).

8 **Supporting Adjustment Worksheets**

9 **Q. Please describe the revisions the Company has made to the supporting**  
10 **worksheets included in Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10 for the**  
11 **rebuttal pro forma net power cost adjustment, page 12.6.**

12 A. Several modifications to the supporting worksheets for the rebuttal pro forma net  
13 power cost adjustment have been reflected. First, supporting page 12.6.1 of the  
14 exhibit has been revised to show more clearly the per books, normalized, and  
15 rebuttal pro forma net power costs included in the Company’s filing. This page  
16 reflects all three net power cost amounts, along with the associated restating and  
17 rebuttal pro forma adjustments, on both a west control area and Washington-  
18 allocated basis. The rebuttal pro forma net power costs presented on this page  
19 replace the Company’s initial pro forma net power costs presented in adjustment  
20 5.2 of Exhibit No.\_\_\_\_(RBD-3) – Revised 11/23/10. Second, supporting page  
21 12.6.2 shows the final west control area Generation and Regulation Initiatives  
22 Decision tools model (GRID) report for the rebuttal pro forma net power costs.  
23 Third, page 12.6.3 shows a comparison of the Company’s initial pro forma net

1 power costs, presented in Exhibit No.\_\_\_\_(RBD-3) – Revised 11/23/10, and the  
2 Company’s rebuttal pro forma net power costs. Fourth, page 12.6.4 shows a  
3 summary of each adjustment made from the Company’s initial pro forma net  
4 power costs. The left portion of this page is taken directly from Mr. Gregory N.  
5 Duvall’s rebuttal Exhibit No.\_\_\_\_(GND-7). The right portion of this page shows  
6 the Washington-allocated net power cost impact of each adjustment along with  
7 the Washington revenue requirement impact. Finally, each adjustment made from  
8 the Company’s initial filed level of pro forma net power costs is reflected in  
9 columnar format on a Washington-allocated results of operations basis on pages  
10 12.6.5 through 12.6.7. The column descriptions on these pages correspond to the  
11 naming convention presented on page 12.6.4.

12 **Q. How have the Washington-allocated impacts been determined for each of the**  
13 **adjustments made from the Company’s initially filed pro forma net power**  
14 **costs?**

15 A. Under the direction of Mr. Duvall, the Company’s net power cost department ran  
16 multiple GRID studies to determine the impact of each change to the Company’s  
17 initial pro forma net power costs. Each of these adjustments is described in detail  
18 in Mr. Duvall’s rebuttal testimony. The summary GRID reports were then used to  
19 allocate the total west control area amounts to Washington using the WCA  
20 allocation methodology. The precise Washington allocation of each GRID study  
21 summary is included in my supplemental rebuttal workpapers. The final  
22 Washington-allocated impacts of each of these adjustments are presented on  
23 pages 12.6.5 through 12.6.7 of Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10.

1 **Q. Are multiple Federal Energy Regulatory Commission (FERC) accounts and**  
2 **allocation factors used for some of these adjustments?**

3 A. Yes. Net power costs include FERC accounts 447 (Sales for Resale), 501 (Fuel –  
4 Coal), 547 (Fuel – Natural Gas), 555 (Purchased Power), and 565 (Wheeling  
5 Expenses). As shown on page 12.6.1, these accounts are allocated using the  
6 Control Area Generation West (CAGW), Control Area Energy West (CAEW),  
7 and Washington situs (WA) allocation factors.

8 **Q. Is it appropriate to use a single FERC account and allocation factor, or an**  
9 **average of factors to determine Washington’s allocation of each net power**  
10 **cost adjustment?**

11 A. No. In order to accurately determine Washington’s allocation of net power cost  
12 adjustments, each adjustment must be properly assigned to the correct FERC  
13 account(s) and allocation factor(s) based on the GRID output, as reflected in my  
14 supporting worksheets and workpapers.

15 **Q. Please describe the revisions the Company has made to the supporting**  
16 **worksheets included in Exhibit No. \_\_\_(RBD-6) – Revised 12/10/10 for the**  
17 **production factor adjustment, page 12.7.**

18 A. The supporting worksheets for the rebuttal production factor adjustment have  
19 been revised to reflect the same presentation format used in adjustment 9.1 of  
20 Exhibit No. \_\_\_(RBD-3) – Revised 11/23/10. Specifically, pages 12.7.2 and  
21 12.7.3 show the development of the rebuttal adjustment beginning with the per  
22 books Washington-allocated amounts. All of the normalizing adjustments that  
23 impact the production factor are then itemized in separate columns.

1 **Supporting Worksheets Added to Tab 1 – Summary**

2 **Q. Please describe the additional supporting worksheets that have been added**  
3 **to Tab 1 – Summary of Exhibit No.\_\_(RBD-6) – Revised 12/10/10.**

4 A. Pages 1.7 through 1.26 have been added to the exhibit to provide additional detail  
5 on the development of the rebuttal test period results. These supporting  
6 worksheets show the Washington-allocated impact of each of the Company’s  
7 proposed restating and pro forma adjustments.

8 Pages 1.7 through 1.16 reflect the combined impact of all of the  
9 Company’s proposed restating and pro forma adjustments. Each adjustment is  
10 presented in a separate column reflecting the Washington-allocated impact on the  
11 test year. Adjustments presented in the Company’s initial filing that have been  
12 replaced by rebuttal adjustments have been shaded in grey and contain no values.

13 Pages 1.17 through 1.22 reflect the impact of the Company’s proposed  
14 restating adjustments. Each adjustment is presented in a separate column  
15 reflecting the Washington-allocated impact on the test year. Adjustments  
16 presented in the Company’s initial filing that have been replaced by rebuttal  
17 adjustments have been shaded in grey and contain no values.

18 Pages 1.23 through 1.26 reflect the impact of the Company’s proposed pro  
19 forma adjustments. Each adjustment is presented in a separate column reflecting  
20 the Washington-allocated impact on the test year. Adjustments presented in the  
21 Company’s initial filing that have been replaced by rebuttal adjustments have  
22 been shaded in grey and contain no values.

1 **Supplemental Workpapers**

2 **Q. Have you provided additional workpapers with your supplemental rebuttal**  
3 **testimony?**

4 A. Yes. My supplemental rebuttal testimony includes an additional workpaper  
5 named “Supplemental Revenue Requirement Summary (Rebuttal)”. This file is a  
6 simplified version of the more sophisticated revenue requirement models used to  
7 produce the Company’s rebuttal revenue requirement as presented in Exhibit  
8 No.\_\_(RBD-5) – Revised 12/10/10 and Exhibit No.\_\_(RBD-6) – Revised  
9 12/10/10. The summary file also contains direct links to the formulas and  
10 calculations underlying each of the Company’s adjustment, including the  
11 Company’s rebuttal adjustments, to its per books data, as requested by the  
12 Commission in Bench Request 1.

13 This file begins with a summary sheet that shows the Washington-  
14 allocated unadjusted (per books) data in column (1) Column (2) Restating  
15 Adjustments shows the combined Washington-allocated impact of the Company’s  
16 proposed restating adjustments. Column (3) Total Restated Actual Results  
17 reflects the Washington-allocated restated results. Column (4) Pro forma  
18 Adjustments shows the combined Washington-allocated impact of the Company’s  
19 proposed pro forma adjustments. Column (5) Total Normalized Results shows  
20 the Washington-allocated normalized test year results. Column (6) Price Change  
21 reflects the revenue increase of \$48.5 million necessary to raise the ROE to 10.6  
22 percent. Column (7) Results with Price Change shows the Washington  
23 normalized results with the \$48.5 million price increase included. This summary

1 sheet is consistent with Pages 1.0 and 1.1 of Exhibit No.\_\_\_\_(RBD-6) – Revised  
2 12/10/10.

3 The worksheets named “Restating Adj.” and “Pro forma Adj.” show each  
4 of the Company’s proposed restating and pro forma adjustments on a  
5 Washington-allocated basis. Each adjustment is shown in a separate column with  
6 a reference to the corresponding page in Exhibit No.\_\_\_\_(RBD-3) – Revised  
7 11/23/10 for adjustments that remain unchanged from the Company’s initial  
8 filing, or Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10 for the Company’s rebuttal  
9 adjustments. Adjustments from the Company’s initial filing that have been  
10 replaced by proposed rebuttal adjustments have been shaded in grey and contain  
11 no values. For ease in following the calculations, the Washington-allocated  
12 adjustment values are each linked back to a supporting file that provides the  
13 calculations and development of the adjustment.

14 The supporting files are also provided as part of my workpapers and are  
15 separated into two main folders. The first folder named “Unchanged Adjustments  
16 from Initial Filing” contains the adjustment workpaper files for each of the  
17 restating and pro forma adjustments that have not changed from the Company’s  
18 initial filing. The second folder named “Tab 12 – Adjustments” contains the  
19 workpaper files for each of the Company’s rebuttal adjustments, including initial  
20 adjustments which have been replaced as part of the Company’s rebuttal filing.  
21 The sum of the Restating Adj. and Pro forma Adj. sheets are then carried forward  
22 to the Summary sheet columns (2) and (4) respectively.

23 The sheets named “CWC Calc” and “Interest Calc” show the calculations

1 of the Company's rebuttal CWC and interest expense adjustments respectively, as  
2 described in my rebuttal testimony. These calculations are consistent with the  
3 presentations reflected on pages 8.1 – Revised 11/23/10 Cash Working Capital  
4 and 7.1 Interest True-Up of Exhibit No.\_\_\_\_(RBD-3).

5 The sheet named "Variables" reflects the capital structure and costs  
6 proposed by the Company in this proceeding as described by Company witnesses  
7 Mr. Bruce N. Williams and Dr. Samuel C. Hadaway. It also shows the  
8 development of the revenue requirement gross-up factor consistent with the  
9 presentation on page 1.3 of Exhibit No.\_\_\_\_(RBD-6) – Revised 12/10/10.

10 The sheet named "Check Sheet" is provided to ensure that the summary  
11 file produces results that are identical to the Company's full rebuttal revenue  
12 requirement models.

13 **Q. Does this conclude your supplemental rebuttal testimony?**

14 A. Yes.