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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	CASE NO. AVU-E-21-01
OF AVISTA CORPORATION FOR THE	)	CASE NO. AVU-G-21-01
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR ELECTRIC AND	)	DIRECT TESTIMONY
NATURAL GAS SERVICE TO ELECTRIC	)	OF
AND NATURAL GAS CUSTOMERS IN THE	)	KAYLENE J. SCHULTZ
STATE OF IDAHO	)	
	)	

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Kaylene J. Schultz. I am employed by Avista Corporation as Manager of Regulatory Affairs in the Regulatory Affairs Department. My business address is 1411 East Mission, Spokane, Washington.

Q. Please briefly describe your educational background and professional experience.

A. I am a 2010 graduate from Gonzaga University with a Bachelor of Business Administration degree, majoring in both Accounting and Business Administration, with a concentration in Management Information Systems. After spending nearly eight years in the banking and capital markets sector, I joined Avista in September 2015 as a Natural Gas Analyst in the Company's Gas Supply Department. In January 2019, I joined the Regulatory Affairs Department as a Regulatory Affairs Analyst where I was, and continue to be, responsible for preparing annual filings and various applications related to the Purchased Gas Adjustments for all jurisdictions. In my current role as Manager of Regulatory Affairs, I am responsible for, among other things, preparing the capital additions pro forma adjustments in determination of the revenue requirement for all jurisdictions in which the Company provides utility services.

Q. Have you provided testimony before the Commission in prior proceedings?

A. No, this is the first formal rate proceeding in the State of Idaho that I have been involved with since I began working in Regulatory Affairs. I have provided testimony, on the same types of issues I am providing here, in Avista's most recent general rate cases in the

State of Oregon, Docket UG-389 and State of Washington, consolidated Dockets UE-200900 and UG-200901.

Q. What is the scope of your testimony?

A. My testimony and exhibit in this proceeding will describe the Company's restated twelve-months ended December 31, 2019 net plant from average-of-monthly-averages (AMA) to end-of-period (EOP) adjustment, as well as explain how pro forma capital additions for the period of January 1, 2020 through August 31, 2023 are incorporated into the Company's Two-Year Rate Plan[1] and proposed electric and natural gas revenue requirements sponsored by Company witness Ms. Andrews.

A table of contents for my testimony is as follows:

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Q. Are you sponsoring any exhibits?

A. Yes. I am sponsoring Exhibit No. 15, Schedule 1, which provides a summary of the capital additions included in each of the capital witnesses' testimonies by project (business case) for the period of January 1, 2020 through August 31, 2023.[2]

[1] The Company is proposing a Two-Year Rate Plan for the period September 1, 2021 through August 31, 2023. For both electric and natural gas, the Company is proposing an increase for Rate Year 1 effective September 1, 2021 (hereafter "RY1"), and Rate Year 2 effective September 1, 2022 (hereafter "RY2").

[2] Company witnesses Mr. Thackston, Ms. Rosentrater, Mr. Kensok, Mr. Magalsky, Mr. Howell and Mr. Kinney sponsor testimony explaining the Company's capital additions for the Pro Forma adjustments I sponsor.

II. CAPITAL ADDITIONS WITNESSES

Q. Would you please provide a brief summary of the witnesses who provide testimony related to capital additions in this proceeding?

A. Yes. Other capital witnesses, besides Ms. Andrews and myself who support the capital related adjustments, provide more detailed information on certain capital projects and describe the need for and timing of these capital projects. The following witnesses are presenting direct testimony supporting the capital additions adjustments I sponsor as outlined in Section III below:

Mr. Jason Thackston, Senior Vice President of Energy Resources and Environmental Compliance Officer, will address the generation capital projects described in this case. In addition, he will address the Colstrip Units 3 and 4 capital projects, included in the Pro Forma Colstrip Adjustment sponsored by Ms. Andrews.

Ms. Heather Rosentrater, Senior Vice President of Energy Delivery, will explain capital additions related to electric transmission and distribution, natural gas delivery, facilities, fleet, as well as general plant.

Mr. James Kensok, Vice President and Chief Information and Security Officer, will provide an overview of Avista's Information Service/Information Technology (IS/IT) programs and projects. This includes summaries of the Company's capital additions for a range of IS/IT systems used by the Company, many representing short-lived assets.

Mr. Kelly Magalsky, Director of Products, Services, and Customer Technology, will discuss capital additions related to the Company's "Customer at the Center" initiative.

Mr. David Howell, Director of Electric Operations and Asset Maintenance, will discuss the strategy and actions comprising the Company's Wildfire Resiliency Plan.

Mr. Scott Kinney, Director of Power Supply, will provide an overview of Avista's evaluation and decision to join the Western Energy Imbalance Market (EIM) operated by the California Independent System Operator (CAISO).

Q. How have capital witnesses presented the transfers-to-plant information in their testimony?

A. Mr. Thackston, Ms. Rosentrater, Mr. Kensok, Mr. Magalsky, Mr. Howell and Mr. Kinney present capital transfers-to-plant information (gross plant additions) on a calendar-year and system (Washington, Idaho and Oregon jurisdictions) basis grouped by plant investment driver. Each witness' testimony discusses capital additions from January 1, 2020 to August 31, 2023, on a system basis. A detailed listing of project (business case) names and calendar year totals can be found in my Exhibit No. 15, Schedule 1.

Table No. 1 below reflects the calendar year transfers-to-plant (TTP) for projects that are discussed in each witness' testimony, on a system basis:

Table No. 1:[3]

Capital Projects TTP (System), $ in (000's)						
Functional Area	**Witness**	**Exhibit No.**	**2020**	**2021**	**2022**	**2023(1)**
Generation/Production	Mr. Thackston	7	$ 21,619	$ 59,640	$106,500	$ 12,051
Electric Transmission & Distribution	Ms. Rosentrater	11	144,577	118,661	180,490	62,502
Natural Gas Distribution	Ms. Rosentrater	11	40,062	45,873	43,200	28,478
General Plant/Facilities	Ms. Rosentrater	11	19,123	16,405	13,417	7,832
Enterprise Technology	Mr. Kensok	13	46,236	39,687	42,959	16,645
Enterprise Technology (i.e. Customer at Center)	Mr. Magalsky	6	22,608	13,333	17,664	3,434
Other - Energy Imbalance Market (EIM)	Mr. Kinney	8	3,634	11,577	11,767	-
Total			$297,858	$305,175	$415,996	$130,942

(1) Includes system pro forma capital for the period of January 1, 2023 through August 31, 2023.

[3] While Ms. Rosentrater is responsible for the Company's work under the Wildfire Resiliency Plan, which is included in 2020-2023 Electric Transmission and Distribution balances, Company witness Mr. Howell provides an overview of the strategy and actions comprising the Wildfire Resiliency Plan.

Q. Company witness Mr. Thies identifies and briefly explains the six "Investment Drivers" or classifications of Avista's infrastructure projects and programs. How then do these "drivers" translate to the capital additions that are represented in each capital witness' testimony?

A. Exhibit No. 2, Schedule 3, sponsored by Mr. Thies, is a copy of Avista's "Infrastructure Investment Plan", a plan that provides an overview of our capital investment prioritization process and the six key "investment drivers". The Company's six Investment Drivers are briefly described as follows:

1. **<u>Customer Requested</u>** – Respond to customer requests for new service or service enhancements required for connecting new distribution customers or large transmission-direct customers.

2. **<u>Mandatory and Compliance</u>** – These investment drivers are compelled by regulation or contract and are generally beyond the Company's control as they are a direct result of compliance with laws, regulations and agreements, including projects related to dam safety upgrades, public safety, air and water quality, and equipment essential to legally operating within the interconnected grid among others.

3. **<u>Failed Plant and Operations</u>** – This investment driver includes the replacement of equipment that is damaged or fails due to an accident, or normal wearing out requiring periodic replacement. The large, massive rotating equipment and associated support machinery used for electric generation, for example, can experience sudden mechanical failures or electrical insulation breakdowns even with the benefit of ongoing maintenance and preventive maintenance programs.

4. **<u>Asset Condition</u>** – Replace infrastructure assets or portions of assets at the end

of their functional service life based on asset condition due to age, obsolescence and parts availability, and degradation of the asset. This category includes replacement of critical parts requiring replacement prior to failure, as well as replacing or overhauling older equipment to bring it up to meet current codes and standards.

5. **<u>Customer Service Quality and Reliability</u>** – Meet our customers' expectations for quality and reliability of service, as well as increasing the reliability of operating assets.

6. **<u>Performance and Capacity</u>** – Programs and projects to address system performance and capacity issues so Company assets can continue to satisfy business needs and meet performance standards to support the interconnected grid and to ensure the ability to participate in the regional wholesale energy market.

Each of the Company's capital witnesses outlined above provide more thorough discussions, additional detail and the main drivers for capital investments under their area of responsibility.

Q. Mr. Thies refers to planned capital expenditures of $405 million per year. Why do the annual totals in Table No. 1 differ from the $405 million planned expenditures?

A. There are two primary reasons. First, totals in Table No. 1 above represent <u>transfers-to-plant</u>, whereas, Mr. Thies' $405 million represents capital <u>expenditures</u> (i.e., spend). There is a timing difference between when the dollars are spent, and when the various capital projects are completed and transferred to plant-in-service. Second, the $405 million capital budget includes the investment associated with Advanced Metering Infrastructure

("AMI") which is a Washington-jurisdictional investment. Table No. 1 excludes the investment associated with AMI.

III. SUMMARY OF CAPITAL ADJUSTMENTS

Q. Would you please summarize the adjustments included in the Company's Two-Year Rate Plan as it relates to new additions in utility plant to serve customers?

A. Yes. The Company is proposing a Two-Year Rate Plan for the period September 1, 2021 through August 31, 2023. For both electric and natural gas, the Company is proposing an increase for Rate Year 1 effective September 1, 2021 (RY1), and Rate Year 2 effective September 1, 2022 (RY2). As discussed by Ms. Andrews, the Electric and Natural Gas Pro Forma Studies include restating and pro forma adjustments beyond the historical test year (2019). The Company started with utility plant rate base balances from historical accounting information, which for this case consists of the actual AMA balances for the twelve-months ended December 31, 2019, and made the following adjustments:

Rate Year 1

(1) **Adjustment (1.01) – Deferred FIT Rate Base**: This adjustment adjusts the electric and natural gas accumulated deferred federal income tax (ADFIT) rate base balance included in the Results of Operations to the adjusted ADFIT balance reflected on an AMA basis. ADFIT reflects the deferred tax balances arising from accelerated tax depreciation (Accelerated Cost Recovery System, or ACRS, and Modified Accelerated Cost Recovery, or MACRS) and bond refinancing premiums.

(2) **Adjustment (1.04) – Restate 2019 AMA Rate Base to EOP**: This adjustment includes two components. The first component adjusts plant-in-service, accumulated depreciation (A/D) and ADFIT to restate the December 31, 2019

AMA rate base to December 31, 2019 EOP balances[4]. The second component removes the incremental difference of depreciation expense, plant-in-service, A/D and ADFIT related to new revenue growth[5] to match 2019 test period revenues. The impacts of retirements through December 31, 2019 are included in the test year.

(3) **Pro Forma Adjustment (3.08) – 2020 Pro Forma EOP**: This adjustment includes four components. The first component adjusts EOP December 31, 2019 rate base to EOP December 31, 2020 rate base by extending A/D and ADFIT balances on utility plant-in-service from December 31, 2019 EOP balances to December 31, 2020 EOP balances. This component also adjusts depreciation expense for new depreciation rates[6], if applicable, to reflect the full amount of annual expense associated with plant-in-service as of December 31, 2019 on an EOP basis. The second component removes depreciation expense, A/D and ADFIT related to new revenue growth plant-in-service from December 31, 2019 EOP balances to December 31, 2020 EOP balances. The third component reflects the impact of retirements from January 1, 2020 through December 31, 2020. The fourth component reflects additions to plant-in-service between January 1, 2020 and December 31, 2020 on an EOP basis, inclusive of the A/D, depreciation expense, and ADFIT[7] associated with these additions for the period[8].

(4) **Pro Forma Adjustment (3.09) – August 2021 Pro Forma EOP**: This adjustment includes four components. The first component adjusts EOP December 31, 2020 rate base to EOP August 31, 2021 rate base by extending A/D and ADFIT balances on 2019 utility plant-in-service from December 31, 2020 EOP balances to August

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[4] In the 2019 historical test period, the transfer-to-plant balance for the Cabinet Gorge Gantry Crane Replacement project, completed in 2019, was overstated by approximately $1.4 million (system) in costs that should have been recorded to expense. This error was corrected in 2020 and was included in Adjustment 1.04 – Restate 2019 AMA Rate Base to EOP as it relates to 2019 balances, reducing Idaho rate base by approximately $473,000, reducing depreciation expense by $5,000, and increasing 2019 restated operating expense by approximately $478,000.

[5] For each of the rate base adjustments for the periods 2019 AMA through 2023 AMA, distribution-related capital expenditures associated with connecting new customers to the Company's system were excluded. The Pro Forma adjustments do not include the increase in revenues from growth in the number of customers from the historical test year to RY1 and RY2, and therefore, the growth in plant investment associated with customer growth should also be excluded.

[6] Depreciation rates approved in Idaho Public Utilities Commission Order No. 34276, dated March 19, 2019 related to Case Nos. AVU-E-18-03 and AVU-G-18-02.

[7] For each of the Pro Forma rate base adjustments for the period December 31, 2019 EOP through August 31, 2023 AMA, the associated ADFIT includes an estimated basis deduction (repairs, IDD #5, and meters), where applicable.

[8] After completion of the revenue requirement proposed in this filing, it was determined that the Customer Facing Technology project "Energy Management (Budget) Alerts", totaling approximately $790,000 total transfer-to-plant in 2020 (system), was a Washington only project, as discussed by Mr. Magalsky. Therefore, this project should have been excluded from the Pro Forma Capital Additions 2020 EOP Adjustment 3.08 in this filing. A portion of this project, however, was allocated to Idaho electric and natural gas in error. Correction of this error will reduce Idaho net rate base by $153,000 for electric and $41,000 for natural gas. This will also result in a reduction to the Company's proposed Idaho electric and natural gas revenue requirements of approximately $48,000 and $13,000, respectively.

31, 2021 EOP balances. The second component removes A/D and ADFIT related to 2019 new revenue growth plant-in-service from December 31, 2020 EOP balances to August 31, 2021 EOP balances. The third component reflects the impact of retirements from January 1, 2021 through August 31, 2021. The fourth component reflects additions to plant-in-service between January 1, 2021 and August 31, 2021 on an EOP basis, inclusive of the A/D, depreciation expense, and ADFIT associated with these additions for the period[9].

(5) **Pro Forma Adjustment (3.10) – August 2021 EOP to August 2022 AMA**: This adjustment includes four components. The first component adjusts EOP August 31, 2021 rate base to AMA August 31, 2022 rate base by extending A/D and ADFIT balances on 2019 utility plant-in-service from August 31, 2021 EOP balances to August 31, 2022 AMA balances. The second component removes A/D and ADFIT related to 2019 new revenue growth plant-in-service from August 31, 2021 EOP balances to August 31, 2022 AMA balances. The third component reflects the impact of retirements from August 31, 2021 EOP balances to August 31, 2022 AMA balances. The fourth component reflects additions to plant-in-service between August 31, 2021 on an EOP basis and August 31, 2022 on an AMA basis, inclusive of the A/D, depreciation expense, and ADFIT associated with these additions for the period.

<u>Rate Year 2</u>

(6) **Pro Forma Adjustment (22.01) – August 2022 AMA to August 2022 EOP**: This adjustment includes four components. The first component adjusts AMA August 31, 2022 rate base to EOP August 31, 2022 rate base by extending A/D and ADFIT balances on 2019 utility plant-in-service from August 31, 2022 AMA balances to August 31, 2022 EOP balances. The second component removes A/D and ADFIT related to 2019 new revenue growth plant-in-service from August 31, 2022 AMA balances to August 31, 2022 EOP balances. The third component reflects the impact of retirements from August 31, 2022 AMA balances to August 31, 2022 EOP balances. The fourth component reflects the restatement of additions to plant-in-service from August 31, 2022 AMA balances to August 31, 2022 EOP balances, inclusive of the A/D, depreciation expense, and ADFIT associated with these additions for the period.

(7) **Pro Forma Adjustment (22.02) – August 2022 EOP to August 2023 AMA**: This adjustment includes four components. The first component adjusts EOP August 31, 2022 rate base to AMA August 31, 2023 rate base by extending A/D and ADFIT balances on 2019 utility plant-in-service from August 31, 2022 EOP balances to August 31, 2023 AMA balances. The second component removes A/D and ADFIT related to 2019 new revenue growth plant-in-service from August 31,

[9] After completion of the revenue requirement proposed in this filing, the Company identified approximately $26 million (system) of additional 2021 transfers to plant related to variances between final 2020 expected transfers to plant amounts and 2020 year-end CWIP. This will result in an increase to the Company's proposed Idaho electric and natural gas revenue requirements of approximately $1,000,000 and $100,000, respectively.

2022 EOP balances to August 31, 2023 AMA balances. The third component reflects the impact of retirements from August 31, 2022 EOP balances to August 31, 2023 AMA balances. The fourth component reflects additions to plant-in-service between August 31, 2022 on an EOP basis and August 31, 2023 on an AMA basis, inclusive of the A/D, depreciation expense, and ADFIT associated with these additions for the period.

An overall summary of the change in rate base associated with the adjustments outlined above is included as Table No. 2 (electric) and Table No. 3 (natural gas) below. Detailed calculations for each adjustment that I sponsor have been provided in my workpapers filed with the Company's case. Please note, however, that Ms. Andrews sponsors the pro forma capital additions related to Colstrip Units 3 and 4. These capital additions are included in Ms. Andrews' Electric and Natural Gas Pro Forma Studies but are not included in my summary tables below.

Q. What is the change in electric and natural gas net plant for the capital adjustments included in this testimony?

A. The results of the Electric and Natural Gas Pro Forma Studies reflect the net plant that will be in service serving customers during RY1 and RY2. Prior to reflecting the additional projects sponsored by Ms. Andrews (Colstrip Units 3 and 4), for RY1, Electric net plant, after ADFIT, increases $47,197,000 from the December 31, 2019 AMA results of operations balance of $807,542,000 to the August 31, 2022 AMA balance of $854,738,000. For RY2, Electric net plant, after ADFIT, increases $35,614,000 from the August 31, 2022 AMA balance of $854,738,000 to the August 31, 2023 AMA balance of $890,352,000. Table No. 2 below summarizes the adjustments for electric capital additions included in this testimony and sponsored by me.

Table No. 2:

Idaho Electric Adjustments in $(000's)					
	Adj #	**Plant in Service**	**Accumulated Depreciation**	**Accumulated DFIT**	**Net Plant**
Rate Year 1 (September 1, 2021 - August 31, 2022)					
2019 AMA	Results	$1,587,000	$ (574,780)	$ (204,678)	$807,542
Deferred FIT Rate Base	1.01			(3,020)	(3,020)
Restate 2019 AMA to EOP Adj	1.04	23,641	(17,843)	146	5,945
2020 Pro Forma EOP Adj	3.08	57,337	(36,392)	(482)	20,464
Aug 2021 Pro Forma EOP Adj	3.09	29,739	(28,437)	165	1,467
Aug 2021 EOP to Aug 2022 AMA Adj	3.10	43,437	(20,978)	(117)	22,341
Rate Year 1 Total*		$1,741,154	$ (678,429)	$ (207,987)	$854,738
Rate Year 2 (September 1, 2022 - August 31, 2023)					
August 2022 AMA Balance		1,741,154	(678,429)	(207,987)	854,738
Aug 2022 AMA to Aug 2022 EOP Adj	22.01	31,336	(20,085)	(472)	10,779
Aug 2022 EOP to Aug 2023 AMA Adj	22.02	47,166	(22,133)	(198)	24,835
Rate Year 2 Total*		$1,819,656	$ (720,647)	$ (208,657)	$890,352

*Electric Pro Forma Rate Year 1 and Rate Year 2 Total balances exclude the effect of additional Pro Forma Adjustments sponsored by Ms. Andrews for Colstrip Units 3 and 4 investments.

For RY1, Natural Gas net plant, after ADFIT, increases $9,663,000 from the December 31, 2019 AMA balance of $164,739,000 to the August 31, 2022 AMA balance of $174,402,000. For RY2, Natural Gas net plant, after ADFIT, increases $1,222,000 from the August 31, 2022 AMA balance of $174,402,000 to the August 31, 2023 AMA balance of $175,624,000. Table No. 3 below summarizes the adjustments for natural gas capital additions included in this testimony and sponsored by me.

Table No. 3:

Idaho Natural Gas Adjustments in $(000's)					
	Adj #	**Plant in Service**	**Accumulated Depreciation**	**Accumulated DFIT**	**Net Plant**
Rate Year 1 (September 1, 2021 - August 31, 2022)					
2019 AMA	Results	$ 304,386	$ (102,118)	$ (37,528)	$164,739
Deferred FIT Rate Base	1.01			548	548
Restate 2019 AMA to EOP Adj	1.04	7,091	(3,437)	217	3,871
2020 Pro Forma EOP Adj	3.08	10,343	(7,692)	21	2,671
Aug 2021 Pro Forma EOP Adj	3.09	7,499	(6,031)	25	1,493
Aug 2021 EOP to Aug 2022 AMA Adj	3.10	5,353	(4,363)	89	1,079
Rate Year 1 Total		$ 334,672	$ (123,641)	$ (36,629)	$174,402
Rate Year 2 (September 1, 2022 - August 31, 2023)					
August 2022 AMA Balance		334,672	(123,641)	(36,629)	174,402
Aug 2022 AMA to Aug 2022 EOP Adj	22.01	4,340	(4,062)	131	409
Aug 2022 EOP to Aug 2023 AMA Adj	22.02	5,054	(4,439)	198	813
Rate Year 2 Total		$ 344,065	$ (132,142)	$ (36,300)	$175,624

Q. Please describe how the capital additions included in the pro forma adjustments described above are derived.

A. The Company directly assigns costs when appropriate. Costs not specifically identifiable to a specific jurisdiction are allocated in accordance with an approved allocation procedure. If costs were not directly assigned to electric or natural gas projects specific to our Idaho jurisdiction, all other costs were allocated to Idaho as part of an allocation process, which designates costs as common to all services and jurisdictions (CD.AA), common to electric operations only (ED.AN) or common to natural gas operations only (GD.AA).

Q. Please explain what offsets have been included within the pro forma capital additions adjustments.

A. First, for each of the pro forma capital adjustments described in my testimony, I have included the reduction in depreciation expense related to plant retirements. The overall effect of reflecting retirements from December 31, 2019 plant-in-service to August 31, 2023 AMA reduces the incremental depreciation expense pro formed in these adjustments by $3.5 million (or a reduction of 26%) for electric and $0.7 million (or a reduction of 27%) for natural gas.

In addition, each pro forma capital project included in the pro forma capital adjustments was also analyzed to determine if any additional offsets (e.g., reduced O&M costs) were probable. For example, maintenance records were reviewed to determine whether any specific maintenance costs were incurred in the test period that would be reduced or eliminated by the investment at the facility. When reviewing project offsets, typically projects may have two types of offsets. The first type of offset is a redeployment of costs or efficiency gains, that do not generally allow for an offset to its O&M costs, as there are no changes to the total level of expense that the Company will incur during the rate year. The second type of offset includes actual or "hard" incremental savings expected beyond the historical test period, that will occur during the rate-effective period, as a result of the capital investment. These offsets result in an overall reduction in the level of expense the Company will incur, such as a reduction in workforce or energy savings.

After review of the capital projects included in this case during RY1, September 1, 2021 through August 31, 2022, quantifiable savings included as a reduction to O&M were included in Adjustment 3.11 – Pro Forma O&M Offsets of approximately $56,000 for electric operations associated with: 1) Wood Pole Management; 2) Distribution Grid Modernization; and 3) Use Permits.

Q. What conclusions have you drawn regarding the increased capital

additions included in this case?

A. The Company is making substantial levels of capital additions in its electric and natural gas system infrastructure to address customer growth, replacement and maintenance of Avista's aging system, and to sustain reliability and safety. As soon as this new plant is placed in service, the Company must start depreciating the new plant and incur other costs related to the addition. Unless these capital additions are reflected in retail rates in a timely manner, it has a negative impact on Avista's earnings, particularly because the new plant is typically far more costly to install than the cost of similar plant that was embedded in rates decades earlier. As plant is completed and is providing service to customers, it is appropriate for the Company to receive timely recovery of the costs associated with that plant.

Q. Does this conclude your pre-filed direct testimony?

A. Yes, it does.