

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman
Kate Giard
Paul F. Lisankie
T.W. Patch
Janis W. Wilson

In the Matter of the Revenue Requirement and)
Cost of Service Study Designated as TA381-1)
Filed by ALASKA ELECTRIC LIGHT AND)
POWER COMPANY)

U-10-29

UNOPPOSED PARTIAL STIPULATION

I. Introduction.

This Stipulation is by and between Alaska Electric Light and Power Company ("AELP") and the Attorney General ("AG") (collectively, the "Stipulating Parties"). By this Stipulation, the Stipulating Parties propose to resolve some, but not all, of the disputed issues between those parties. JPPP is not a party to this Stipulation, but does not oppose the Commission's acceptance of this Stipulation. *See* JPPP Settlement Report, filed April 28, 2011.

II. Background.

On May 3, 2010, AELP submitted Tariff Advice Letter No. 381-1, which was suspended into this docket, seeking interim and permanent increases to AELP's firm service demand and energy charges. AELP's filing included a revenue requirement study, cost of service study, and prefiled direct testimony. The AG elected to participate in this proceeding and the Juneau Peoples Power Project ("JPPP") was granted intervention.

1 On January 18, 2011, the AG filed the prefiled testimony of Janet K. Fairchild
2 and David C. Parcell, and JPPP filed the prefiled testimony of Randall A. Sutak. On
3 February 17, 2011, the AG filed an errata to Ms. Fairchild's prefiled testimony. Ms. Fairchild's
4 testimony proposed a number of adjustments to the pro forma test year revenue requirement set
5 forth in AELP's revenue requirement study.
6

7 On March 4, 2011, AELP filed the prefiled reply testimony of a number of
8 witnesses, including Constance S. Hulbert. Ms. Hulbert's testimony addressed the revenue
9 requirement adjustments proposed by Ms. Fairchild.

10 Following the AG's review of AELP's reply testimony, the Stipulating Parties
11 conferred to discuss resolution of the issues raised in Ms. Fairchild's testimony. As a result, the
12 Stipulating Parties have reached agreement regarding some of those issues based on good faith
13 negotiation and compromise. This Stipulation memorializes the resolution of those issues. All
14 other issues raised by the AG and JPPP remain in dispute.
15

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17 **III. Adjustments to Operating Expenses.**

18 The Stipulating Parties agree that AELP's filed pro forma operating expenses
19 shall be adjusted as set forth below, with reference to the AG's proposed expense adjustments set
20 forth on Exhibit JKF-2 to Ms. Fairchild's testimony. These stipulated adjustments reflect a total
21 reduction of \$292,259 to the pro forma operating expenses in AELP's originally filed revenue
22 requirement study (plus any adjustments to pro forma income tax allowance required after final
23 adjudication of AELP's total revenue requirement).
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1 A. RAPA 1 (\$42,242 decrease in amortization expense) is changed to a decrease of
2 \$36,000.

3 B. RAPA 2 (\$56,958 decrease in expense for IT position wages and benefits) is
4 changed to a decrease of \$0 (no adjustment to AELP's pro forma test year expense).
5

6 C. RAPA 3 (\$40,740 decrease in expense for Lake Dorothy operator position wages
7 and benefits) is changed to a decrease of \$0 (no adjustment to AELP's pro forma test year
8 expense).

9 D. RAPA 4 (\$168,616 decrease in property tax allowance) is accepted in its entirety.

10 E. RAPA 5 (\$54,786 decrease in expense for bad debt expense) is accepted in its
11 entirety.

12 F. RAPA 6 (\$98,738 decrease to miscellaneous expense) is changed to a decrease of
13 \$32,857.
14

15 G. RAPA 7 (\$3,307,373 decrease to income tax allowance) will be adjusted to reflect
16 the other adjustments agreed to in this Stipulation and the final outcome of the other disputed
17 revenue requirement issues after hearing.
18

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20 **IV. Adjustments to Rate Base.**

21 The Stipulating Parties agree that AELP's filed pro forma rate base shall be
22 adjusted as set forth below, with reference to the AG's proposed rate base adjustments set forth
23 on Exhibit JKF-2 to Ms. Fairchild's testimony. These stipulated adjustments reflect a total
24 reduction of \$1,810,265 to AELP's pro forma rate base.
25

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1 A. RAPA 10 (\$777,498 decrease in rate base associated with prepayments) is
2 changed to a decrease of \$14,807.

3 B. RAPA 11 (\$1,525,692 decrease in rate base associated with deferred debt debit) is
4 accepted in its entirety.

5 C. RAPA 12 (\$57,760 decrease in cash working capital allowance) is changed to a
6 total decrease of \$269,766, which is the sum of: (1) a decrease of \$233,234 associated with
7 removing \$1,865,874 (\$1,900,874 - \$35,000) of prepayments from operating expenses used to
8 calculate AELP's 45-day cash working capital allowance ($\$1,865,874 \times 12.5\% = \$233,234$); and
9 (2) a decrease of \$36,532 associated with the \$292,259 reduction to operating expenses agreed to
10 in Section III ($\$292,259 \times 12.5\% = \$36,532$).
11
12

13
14 **V. Telephonic Participation at Hearing by AELP Witness David A. Gray.**

15 Given the limited issues in dispute regarding AELP's cost of service study, and to
16 reduce the cost of consulting fees and travel expenses, the AG agrees to not oppose AELP's
17 request to allow AELP's cost of service study witness, David A. Gray, to testify at the hearing
18 telephonically.
19

20
21 **VI. Testimony Relating to Stipulated Issues.**

22 For the convenience of the Commission in connection with the hearing scheduled
23 to commence on May 9, 2011, AELP and the AG have identified the portions of their prefiled
24 testimony that address the substantive issues that are resolved in this Stipulation:
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Prefiled Direct Testimony of Constance S. Hulbert

Page 7, lines 4 through 17

Page 9, lines 20 through 25 (referencing, in relevant part, Revenue Requirement
Schedule 7 and Schedule 7H, pages 6, 7, and 18)

Prefiled Reply Testimony of Constance S. Hulbert

Page 28, line 16, through page 39, line 13

Page 44, line 1, through page 57, line 14

Prefiled Testimony of Janet K. Fairchild

Page 17, line 10, through page 25, line 7

Page 32, line 11, through page 36, line 10

The Stipulating Parties agree that these portions of testimony, and associated supporting exhibits, along with AELP's revenue requirement study filing, may be admitted into evidence and provide evidentiary support for this Stipulation.

VII. General Conditions.

On the basis of the foregoing, the Stipulating Parties agree as follows:

1. AELP's rates shall be determined based on the treatment of the stipulated items as set forth in this Stipulation, in conjunction with the Commission's resolution of issues not resolved by this Stipulation.

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2. The issues resolved through this Stipulation need not be addressed at the hearing scheduled to commence on May 9, 2011. The Stipulating Parties waive the right to cross examine witnesses in this docket with respect to those issues, except to the extent, if any, that such testimony bears on any issues left unresolved by this Stipulation.

3. The Stipulating Parties enter into this Stipulation for the sole purpose of resolving the specific issues addressed herein. This Stipulation shall not prevent the Stipulating Parties from presenting or arguing in future cases their respective positions on the issues resolved in this Stipulation.

4. The validity and enforceability of the agreements contained in this Stipulation are conditioned on the Commission's acceptance of this Stipulation in its entirety. If the Commission does not accept this Stipulation in its entirety, the Stipulating Parties reserve the right to present evidence to support all of their positions at a public hearing as if this Stipulation had not been entered into. Should this occur, the Stipulation may not be entered into evidence, and no party may use this Stipulation in this or any other proceedings.

5. Nothing in this Stipulation is intended to limit the Commission's powers as conferred by statute or to bind the Commission in any future proceeding.

6. This Stipulation is binding on the Stipulating Parties for the purposes of this docket only, shall have no binding or precedential effect, and shall not be admissible as evidence of the truth of any matter asserted in any other proceeding.


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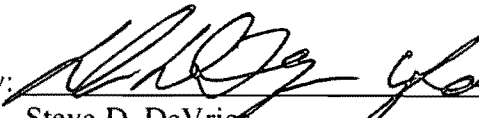
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Appendix A
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1 RESPECTFULLY SUBMITTED this 28th day of April, 2011, at Anchorage,
2 Alaska.

3 KEMPEL, HUFFMAN AND ELLIS, P.C.
4 Attorneys for Alaska Electric Light
5 and Power Company

6 By: 
7 Dean D. Thompson
8 Paul J. Jones

9 JOHN J. BURNS
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11 By: 
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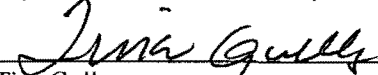
14 CERTIFICATE OF SERVICE

15 I certify that copies of the foregoing document
16 were served on the persons named below by
U.S. mail and email on the 28th day of April, 2011.

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Appendix A
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