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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman
Stephen McAlpine
Rebecca L. Pauli
Norman Rokeberg
Janis W. Wilson

In the Matter of the Tariff Revision Designated as TA453-1 Filed by ALASKA ELECTRIC LIGHT AND POWER COMPANY

TA453-1

PREFILED DIRECT TESTIMONY OF CONSTANCE S. HULBERT

I. INTRODUCTION

Q1. Please state your name, business address and occupation.

A1. My name is Constance S. (Connie) Hulbert. My business address is 5601 Tonsgard Court, Juneau, Alaska 99801. I am a Vice President and the Secretary-Treasurer of Alaska Electric Light and Power Company ("AELP"). I have been in this position since January of 2002. I was the controller of AELP from December 1996 to December 2001.

Q2. What is your educational background and work experience?

A2. Please see my resume, which is attached to this testimony as Exhibit CSH-1.

Q3. Have you previously testified on behalf of AELP?

A3. Yes. In Docket U-97-245, I prepared AELP's cost of service study that was presented to the Commission. In Docket U-05-090, I prepared AELP's revenue requirement and cost of service studies and presented testimony in support of those studies. In Docket

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U-10-029, AELP's most recent rate case, I prepared AELP's revenue requirement study and presented testimony in support of that study.

Q4. What is the purpose of your testimony in this proceeding?

A4. The purpose of my testimony is to explain and support AELP's request for interim and permanent firm service rate relief and the revenue requirement study upon which that request is based.

Q5. How is your testimony organized?

A5. Following this introduction, my testimony is organized into three sections. Section II provides a general description of AELP's revenue requirement study and its request for rate relief. Section III discusses certain proforma adjustments in the revenue requirement study. Section IV addresses affiliated interest transactions.

II. REVENUE REQUIREMENT STUDY AND REQUESTED RATE RELIEF

Q6. Please summarize how the revenue requirement study was prepared.

A6. The revenue requirement study was prepared in conformance with applicable Commission regulations and policies and was based on a proforma test year ending December 31, 2015. Test year revenues and operating expenses were modified as necessary, with proforma adjustments, to make the resulting amounts representative of the period in which the proposed rates will be in effect. Test year rate base was calculated using 13-month average historical data with proforma adjustments associated

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with the addition of a 25-megawatt ("MW") backup diesel-fired generation plant ("New Backup Unit"), including adjustments to deferred income taxes related to the differences between book and tax depreciation associated with the New Backup Unit. AELP's weighted cost of capital was applied to rate base to determine AELP's total required return on investment, and the net income portion of the return was used to calculate the requirement provision for state and federal income taxes. AELP's cost of equity was determined by AELP witness Adrien McKenzie using standard cost of capital analyses.

Q7. Why is AELP requesting a rate increase at this time?

A7. The primary drivers for the rate increase are (1) AELP's overall cost of providing electric service has increased in the six years since AELP's last rate increase (test year 2009); and (2) AELP is incurring new capital costs associated with the New Backup Unit. As shown on Schedule 5 of the revenue requirement study, AELP has a test year 2015 revenue requirement of $47,364,933, proforma revenues of $41,665,039, and a revenue deficiency of $5,699,894. That revenue deficiency amounts to 16.6% of proforma test year firm service revenues ($34,351,132).

Q8. How does AELP propose to recover the $5,699,894 revenue deficiency?

A8 As was approved in its two most recent general rate cases, AELP proposes to recover a portion of the deficiency through (1) revenues that AELP projects to receive from interruptible energy sales to Hecla Greens Creek Mining Company ("HGCMC"), and (2) a general increase to firm service base rates.

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Specifically, AELP proposes to recover $2,915,913 of the revenue deficiency by retaining additional projected revenues from interruptible sales to HGCMC (beyond the amount that was retained in the test year). As is explained in TA453-1, that additional recovery requires Commission approval of a revision to the retained HGCMC revenue amount that is set forth in AELP's cost of power adjustment ("COPA") (Tariff Sheet No. 168). If that revision is approved, AELP proposes to recover the remainder of the revenue deficiency ($2,783,981) through a permanent 8.10 percent across-the-board increase to firm service base rates (customer, demand, and energy). The calculation of these amounts is shown on Schedule 5 of the revenue requirement study.

Q9. Please explain what you mean by "retained" revenue from interruptible energy sales to HGCMC.

A9. Under the rate treatment approved by the Commission in AELP's last rate case (Order No. U-10-029(15)), a portion of AELP's then-existing firm service revenue deficiency was to be met by revenues from interruptible sales to HGCMC and a portion was to be met by a rate increase to firm service base rates. The annual amount projected to be met from HGCMC sales was $6,653,760, or $554,480 per month. AELP's currently approved COPA Rate Schedule No. 98, Section c.7 (Tariff Sheet No. 168) provides that any monthly amount received from energy sales to HGCMC which exceeds $554,480 will be flowed through to firm service customers through a credit to the COPA balancing

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account. Conversely, if monthly energy revenues from HGCMC are less than $554,480, that amount is debited to the COPA balancing account.

Thus, $6,653,760 per year, or $554,480 per month, is the approved amount of HGCMC energy revenues that AELP can retain to help offset its revenue requirement, and that is the amount that AELP retained during the test year. Starting November 1, 2016, AELP requests that the amount of energy and customer charge revenue to be retained from interruptible energy sales to HGCMC be increased to $9,569,673 per year (an increase of $2,915,913 over test year retained HGCMC revenues), or $797,473 per month.

Q10. How were the proposed HGCMC revenues to be retained determined?

A10. The annual average energy sold to HGCMC since the Lake Dorothy Hydroelectric Project ("Lake Dorothy") came online is 61 gigawatt-hours ("GWh"). The annual average energy sold to HGCMC for the last two calendar years is 72 GWh, but that amount is higher than typical due to "wetter-than-normal" years. AELP is proposing to use 66 GWh as the projected amount of interruptible energy sales to HGCMC as it relates to the revenue requirement. This is greater than the actual average experienced in the period since Lake Dorothy came online, but less than the amount experienced in the last two, wetter-than-normal years. The rates that HGCMC pays for interruptible energy are determined under the provisions of a Commission-approved special contract (see TA334-1, dated July 13, 2005). Under the HGCMC customer and energy charges that went into

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effect September 1, 2016, the projected annual interruptible sales to HGCMC yield projected annual revenues for energy and customer charges totaling $9,569,673.

Q11. Please clarify how AELP proposes that projected revenues from interruptible energy sales to HGCMC will be treated for purposes of firm base rates and COPA treatment.

A11. In short, AELP proposes to continue the treatment that the Commission approved in Order U-10-029(15), except that AELP proposes to increase the amount of HGCMC revenue to be retained from $6,653,760 per year ($554,480 per month) to $9,569,673 per year ($797,473 per month). With that change, the currently approved methodology will reduce AELP's firm base rate revenue deficiency (and thus reduce the required base rate increase) by $9,569,673 of retained revenue, instead of by the test year amount of $6,653,760.

In terms of COPA, any variation between (a) the actual annual energy and customer charge revenues received from HGCMC, and (b) the specified annual portion of the revenue requirement to be met by HGCMC, namely $9,569,673, will be incorporated into the calculation of AELP's COPA. On a monthly basis, any monthly energy and customer charge revenues from the mine in excess of $797,473 (1/12th of the annual projected revenue) will be flowed through to firm service customers through a credit to the COPA balancing account. If in any month those revenues are less than $797,473, then the shortfall will be debited to the COPA balancing account. Such treatment of mine

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revenues will ensure that any "windfall" revenues from the mine will promptly benefit customers while at the same time protecting AELP from shortfalls in the projected HGCMC revenues used to determine base rates. Again, this is the same rate treatment that was approved by the Commission in AELP's last rate case, and was supported by the Attorney General's witness Janet K. Fairchild in that case.[1]

Q12. Is AELP requesting approval of interim rate relief?

A12. Yes. Although the proposed permanent increase is 8.1 percent, AELP is requesting approval of an interim and refundable across-the-board increase of 3.86 percent to firm service base rates (customer, demand, and energy charges), effective for bills rendered immediately following the expiration of the statutory notice period. Consistent with Commission practice, AELP calculated its revenue deficiency for purposes of interim and refundable rates using AELP's currently authorized rate of return on equity. Those calculations are shown on Alternate Schedules 5, 8, and 12 of the revenue requirement study. As can be seen on Alternate Schedule 5, using the currently authorized rate of return on equity, AELP has a revenue deficiency of $1,655,777, which is 4.82 percent of proforma firm service base rate revenues. However, AELP is requesting an interim and refundable rate increase of only 3.86 percent, which is 80 percent of the 4.82 percent revenue deficiency, and is 48 percent of the 8.10 percent permanent rate increase request.

[1] *See* Prefiled Testimony of Janet K. Fairchild (Jan. 18, 2011), pages 42, 43.

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In addition to its request for approval of an interim and refundable increase to firm service base rates, AELP requests that the Commission approve the proposed increase to the amount of retained HGCMC revenue effective when interim rates go into effect. Approval of that change to the amount of retained HGCMC revenue concurrently with interim and refundable rates going into effect is necessary because the amount of AELP's requested interim and refundable base rate increase assumes the requested higher level of retained HGCMC revenue ($9,569,673). If that higher amount of retained HGCMC revenue is not approved, AELP's firm service base rate revenue deficiency will be greater by $2,915,913, and AELP's interim and refundable rate increase would need to be increased accordingly.

III. PROFORMA ADJUSTMENTS

Q13. Please describe the nature of the proforma adjustments AELP has made to the revenue requirement to normalize or annualize the test year data.

A13. All of the proforma adjustments are designed to restate the test year in order to make the result representative of the period in which the proposed rates will be in effect. The adjustments are of the nature and magnitude of proforma adjustments included in previous revenue requirement studies filed by AELP and approved by the Commission.

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Q14. Please explain the reason for the proposed normalization of rate base and depreciation expense related to the New Backup Unit.

A14. The New Backup Unit will be completed, in service, and available to provide backup power by October 31, 2016, which is prior to when interim and refundable rates will go into effect. Once the unit is placed into service, it will provide significant reliability benefits to AELP's current and future customers, as is explained in the testimony of Christy M. Yearous and Timothy D. McLeod. The currently incurred capital cost of this unit is $22,657,423, which is 20 percent of AELP's net plant in service at the end of the test year. AELP will begin to incur depreciation expense at the beginning of the calendar month following when the unit is placed into service. Because the unit will be placed into service by October 31, 2016, AELP will begin incurring depreciation expense concurrently with when interim rates go into effect on November 1, 2016. Additionally, the accrual of Allowance for Funds Used During Construction will cease once the plant is placed into service.

Q15. Is the $22.7 million the total projected cost of the New Backup Unit?

A15. No. The $22.7 million represents costs recorded on AELP's books as of the time of this filing. Therefore, the plant costs included in the revenue requirement study are limited to those costs that are currently known, measurable, and incurred. There will be additional costs incurred to complete the project, but those additional costs are not included in this rate filing.

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Q16. Are you aware of other revenue requirement proceedings which were filed prior to completion of construction of plant, but in which the plant costs were included in rates?

A16. Yes. Chugach Electric Association, Inc.'s ("Chugach") rate case, TA364-8 (Docket U-13-007), included projected completion costs for the Southcentral Power Project ("SPP"), which was still under construction at the time of the filing. In that case, Chugach filed its rate increase request on December 21, 2012, which included estimated costs for SPP. Chugach anticipated that SPP could be placed into service "during the latter part of January, 2013." *See* TA364-8, page 1. Chugach requested the interim and refundable increases be approved by February 4, 2012, "to allow Chugach to include the costs of the SPP in base rates on the first billing cycle immediately following commercial operation of the new power plant." *Id.* In Order No. U-13-007(1), the Commission suspended Chugach's filing and granted Chugach's requested interim and refundable rate increase effective February 6, 2013 (see pages 4-6).

Q17. Has the Commission approved rate base adjustments similar to the one proposed for the New Backup Unit?

A17. Yes. The Commission has approved this type of adjustment in Order No. U-01-108(26), which allowed Chugach to recover annualized depreciation expenses associated with a $20 million generation unit repowering project although the project was not 100 percent complete in the test year. The order stated:

> We also find that it is reasonable to include this plant in the 2000 test year depreciable plant. While this finding includes plant that exceeds the

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> temporal scope of the test year, we find that the plant should be included for the following reasons.
>
> First, a test year is simply used as a "surrogate" year to determine a reasonable revenue requirement on a prospective basis. In this case, it would be unrealistic to establish prospective rates while disallowing costs associated with plant that will be used and useful in providing utility service during the period the prospective rates will be in effect. Such a result would require Chugach to file an immediate request for relief based on an updated test year. That would result in an unnecessary waste of utility and commission resources as more fully discussed below.
>
> Second, this case is distinguishable from other proceedings in which we disallowed the inclusion of out of-period *[sic]* plant addition. [The Commission then noted that at the time of its filing Chugach had advised the Commission that it would be updating its filing when the repowering project was operational, and that disallowing the adjustment would require Chugach to immediately file another rate case.]

Order No. U-01-108(26), pages 62-64.

Another docket of interest is Docket U-15-093, in which TDX North Slope Generating, Inc. proposed, and the Attorney General's witness Parker J. Nation, Jr. agreed, to include in rate base an amount related to new plant that was not placed into service until after the test year.[2] Although the proceeding was settled by an approved stipulation and is therefore not precedential, the important factor to note is that the RAPA witness agreed in responsive testimony with the utility's proposed rate base adjustment.

[2] *See* Prefiled Testimony of Parker Nation, Jr. (Jan. 11, 2016), pages 30, 37-38.

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Q18. Are you aware of additional dockets in which rate base adjustments were approved by the Commission?

A18. Yes, I am aware of two additional dockets. The first is Docket U-08-157, which allowed the Municipality of Anchorage d/b/a Anchorage Water and Wastewater Utility ("AWWU") to annualize rate base and depreciation expense for a $22.2 million water loop project that was placed into service in October of the test year. Order No. U-08-157(10), pp. 26-28. The AWWU plant addition is similar to AELP's addition of its New Backup Unit in that the plant additions in each case were (1) for the purpose of providing service reliability to customers and (2) completed after the test year.

The second docket is Docket U-10-029, AELP's last rate case. In that docket, the Commission allowed annualization of rate base and depreciation expense associated with Lake Dorothy, which was placed into service in August of the test year. Order No. U-10-029(15) stated:

> Lake Dorothy apparently went into permanent service on or about July 20, 2010, and the interim rate increase authorized in this proceeding could have gone into effect no earlier than July 16, 2010. Thus, for all practical purposes, Lake Dorothy will be in service during the period of time rates established in this proceeding have been or will be in effect. The capital costs of Lake Dorothy are known and measurable and were litigated extensively in this proceeding. The primary operation cost related to Lake Dorothy appears to be labor cost related to the project operator, and the AG has already stipulated to include an annualized normalization adjustment to AEL&P's revenue requirement for this expense. AEL&P is proposing a normalization adjustment to revenue reflecting a full year's worth of anticipated revenue from sales of Lake Dorothy energy to Greens Creek. The other anticipated benefit of Lake Dorothy would be a reduction in diesel fuel consumption, which will be returned to consumers through AEL&P's COPA mechanism.

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> There appears to be no material synchronization problem with accepting AEL&P's proposed Lake Dorothy normalization adjustments in this docket. If those adjustments are rejected for being out of time, AEL&P would probably immediately file a new revenue requirement study given the magnitude of the proposed Lake Dorothy adjustments compared to AEL&P's revenue requirement. The public interest would not be served if we were to force AEL&P to immediately file a new rate case.

Order No. U-10-029(15), pages 27-28.

Q19. Please explain how rate base synchronization issues related to the New Backup Unit have been addressed within the revenue requirement study.

A19. The 13-month average rate base has been adjusted for the known and measurable costs related to the New Backup Unit which were recorded on AELP's books through August 2016. This adjustment was calculated as though the New Backup Unit was in service on January 1, 2015. Accumulated depreciation that is based on one-half year of depreciation on the New Backup Unit served to reduce the plant rate base adjustment. The rate base reduction for accumulated deferred income taxes ("ADIT") has been increased to reflect the book-tax differences related to depreciation expense (including bonus depreciation) on the New Backup Unit. There are no plant retirements associated with the addition of the New Backup Unit.

Q20. Please explain how expense synchronization issues related to the New Backup Unit have been addressed within the revenue requirement study.

A20. Depreciation expense and property taxes have been adjusted as though the New Backup Unit was in service on January 1, 2015. Income tax expense was increased related to the

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net amount of plant rate base adjustments. Any fuel costs related to use by the New Backup Unit will be recovered through the COPA mechanism.

There may be some reduction in the amortization of overhaul expense related to the potential of reduced usage of other diesel backup units, but any such amounts are not known and measurable at this time. In addition, any such reduction would certainly be *de minimis* in relation to the revenue requirement because the total expense included in the revenue requirement for amortization of overhauls of existing units in the test year is only $2,480.

Q21. Are there any revenues projected from the addition of the New Backup Unit?

A21. No, there are not any revenues related to the addition of the New Backup Unit. The New Backup Unit is an addition to AELP's existing fleet of diesel backup units that are necessary to provide safe and reliable service in circumstances where hydro generation is unavailable due to hydro supply or transmission disruptions.

Q22. Please summarize the justification for recovery of New Backup Unit costs in rates.

A22. The New Backup Unit will be completed, in service, and available for use by the time the interim rates are in effect (i.e. used and useful during the rate-effective period), the costs related to the unit are known and measurable, all synchronization issues have been addressed, and most importantly, the plant addition provides a substantial benefit to customers through enhanced reliability.

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Q23. AELP does not currently have an approved depreciation rate for Account 344 – Generators. Explain what is proposed in the instant filing for depreciation expense for generator costs related to the New Backup Unit.

A23. AELP filed a request for approval of an initial depreciation rate for Account 344 – Generators (U-16-067). The rate for Account 344 as proposed by AELP's witness Dane A. Watson is 2.70%. AELP has used the 2.70% proposed rate in the instant filing.

Q24. Please explain the proforma adjustment on Schedules 9A and 9B for "ND Proforma Adjustment."

A24. AELP has made an investment in transmission assets which are located on North Douglas and which tie AELP's system to HGCMC facilities (connecting via the submarine transmission cable owned by Kwaan Electric Transmission Intertie Cooperative, Inc.). Because the assets are in service, they are included in the plant balances. However, since the North Douglas assets are used solely to serve one customer (the mine), the corresponding amounts included in the plant accounts and accumulated depreciation have been deducted from the 13-month average balances so that they are not included in rate base.

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Q25. Why is there not a proforma adjustment to remove charitable contributions from the test year expenses?

A25. AELP records charitable and civic contributions "below the line." Therefore, no adjustment to operating expense is necessary.

Q26. Do you address AELP's other proforma adjustments in this testimony?

A26. No. The other proforma adjustments are addressed in Schedules 6, 7, and 7A through 7H of the revenue requirement study. I have provided explanations of those proforma adjustments in the revenue requirement study itself and hereby incorporate those explanations by reference.

IV. Affiliated Interest Transactions

Q27. Does AELP's revenue requirement study include charges from any affiliated interests?

A27. Yes. Effective July 1, 2014, Avista Corporation ("Avista") acquired Alaska Energy and Resources Company ("AERC"). AERC is the Alaska corporation that owns AELP. Therefore, AERC is a wholly-owned subsidiary of Avista, and AELP is a wholly-owned subsidiary of AERC. According to the statutory definitions in AS 42.05.990, AERC and Avista are affiliated interests of AELP.

The revenue requirement includes $37,332 in direct charges for services provided by Avista employees. Additionally, some of AELP's property and liability insurance

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coverages are now included under Avista's policies. The revenue requirement study includes direct charges for the premiums associated with AELP's insurance coverage. There are no charges from AERC to AELP included in the revenue requirement.

Q28. Please describe the Alaska statutes that apply to the inclusion in rates of charges from affiliated interests.

A28. AS 42.05.441(c) requires that payments made to a person having an ownership interest of more than 70 percent in the utility for goods or services are reasonably necessary for the operation of the utility, and that the costs for the goods or services are competitive with the price at which the goods or services could be obtained from a person having no ownership interest. AS 42.05.511(c) states that in a rate proceeding, the utility has the burden of proving that the provision of goods or services from an affiliated interest is necessary and consistent with the public interest, and that payments made to affiliated interests must be based, in part, on the cost incurred by the affiliated interest, and further, that the payments be reasonably based, in part, on the estimated cost the utility would have incurred if it had provided the goods or services with its own personnel and capital.

Q29. What is the nature of the direct charges for services from Avista that are included in the revenue requirement?

A29. The charges are for tax accounting services and directors expenses. These charges were billed at cost, with no markup. There are no *allocated* costs charged for services provided by Avista. Costs included in the revenue requirement are for the costs

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(including payroll overheads, where applicable) related to actual time spent by Avista employees, or for reimbursement of out-of-pocket expenses directly related to AELP operations.

Q30. Are the direct charges from Avista for accounting services and directors expenses "reasonably necessary for the operation of the utility" and "necessary and consistent with the public interest"?

A30. Yes, they are. AELP is a corporation, and as such, requires oversight from a board of directors to aid in AELP's business operations of providing electric service. The provision of electric service is by definition necessary and consistent with the public interest. AELP has always had a board of directors and included directors expenses in its revenue requirements. The difference now is that in addition to AELP's president, the directors of AELP are senior managers of Avista and therefore those directors expenses are affiliated interest transactions.

AELP is also a tax-paying entity and, as such, must pay income taxes and, as part of a consolidated entity, file income tax returns. Because this is a legal requirement of AELP, and because AELP operates a utility, these activities are necessary for the operation of the utility and are thus also necessary and consistent with the public interest.

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Q31. Are the direct charges from Avista for accounting services and directors expenses reasonable based on the affiliated interest's cost to provide the services and when compared to the cost to AELP if it had furnished the services itself or if it had purchased the services from an unaffiliated third-party?

A31. Yes. All of the direct charges from Avista are actual costs borne by Avista, with no mark-up, and are therefore equivalent to Avista's cost to provide the services. The directors expenses included in the revenue requirement total only $27,880. The actual directors expenses recorded in the test year were $74,880, but the level of activity in 2015 is higher than what is expected in the rate-effective period. Accordingly, a proforma adjustment reduced the expense to an amount that reflects the annualization of 2016's expenses for the first five months of the year. The amount included for directors expenses in AELP's last rate filing (Docket U-10-029) was approximately $41,000 and the five-year average for 2010 through 2014 was $48,000. Therefore, the directors expenses included in the instant filing are lower than AELP had experienced prior to the merger with Avista.

The tax accounting expenses included in the revenue requirement total only $9,452. AELP has only 62 permanent employees and does not have tax accounting expertise in-house. It certainly would not be possible to self-provide tax accounting services for less than the amount charged by Avista, because AELP would need to hire an employee with tax accounting experience and could not do so at the amount paid to Avista of less than

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$10,000. Prior to the merger with Avista, tax accounting services were provided by a third party at an annual cost of about $27,000.

The tax accounting services and directors expenses are therefore reasonable based on the affiliated interest's cost to provide the services and also reasonable when compared to the cost to AELP if it had furnished the services itself or if it had purchased the services from an unaffiliated third-party.

Q32. What is the nature of the direct charges for insurance premiums from Avista that are included in the revenue requirement?

A32. The charges are for property and liability insurance. These charges were billed at cost, with no markup.

Q33. Are the direct charges from Avista for insurance premiums "reasonably necessary for the operation of the utility" and "necessary and consistent with the public interest?"

A33. Yes. It is certainly prudent, and in some cases legally required, for AELP to purchase property and liability insurance. AELP has purchased insurance for many years and has included the cost of insurance in its revenue requirements. Because insurance is a normal business expense, it is reasonably necessary for the operation of the utility and therefore also necessary and consistent with the public interest.

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Q34. Are the charges from Avista for insurance premiums reasonable based on the affiliated interest's cost and when compared to the cost to AELP if it had furnished the services itself or if it had purchased the services from an unaffiliated third-party?

A34. Yes. All of the charges from Avista are actual costs borne by Avista, with no mark-up, and are therefore equivalent to Avista's cost to provide the services. The premiums and fees charged are based on AELP's coverage limits and exposures.

The total cost of property insurance and liability insurance in 2009, the test year for AELP's previous rate case, was approximately $1.6 million. The five-year average for the period from 2010 through 2014 was approximately $1.8 million. The total cost of property and liability insurance included in the 2015 test year revenue requirement is $1,273,509, which is a reduction from previous years' costs.

Not all of AELP's insurance is provided by being combined with Avista's coverage, but where coverage has been combined with Avista's coverage, either coverage was increased at no additional cost, costs were reduced, or there was a combination of increased coverage and reduced costs. The charges from Avista for insurance coverages are therefore reasonable when compared to the cost to AELP if it had furnished the services itself or if it had purchased the services from an unaffiliated third-party.

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Q35. Have any transaction costs associated with the acquisition of AERC by Avista been included in the rates proposed by this rate filing?

A35. No. The revenue requirement and the resulting proposed rates submitted by AELP do not include any transaction costs associated with Avista's acquisition of AERC.

Q36. Is AELP seeking recovery of any premium or acquisition adjustment associated with the acquisition of AERC by Avista?

A36. No. The revenue requirement and the resulting proposed rates submitted by AELP do not include recovery of any premium or acquisition adjustment associated with Avista's acquisition of AERC.

Q37. Does this conclude your testimony?

A37. Yes.

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Constance Hulbert

Education

1986 University of Alaska, Fairbanks

B.S. Computer Science

- *Cum laude*
- Computer Science Student of the Year, 1986
- 33 credit-hours of Accounting classes after attaining B.S.

Professional experience

2002 - present Alaska Electric Light and Power Company

Vice-President and Secretary-Treasurer

Responsibilities include:

- *Financial filings and other matters with governmental bodies*
- *Commercial and investment banking relationships and borrowing*
- *Insurance matters*
- *Pension Plan Administrator*
- *Management, safety and control of all monies and investments*
- *Preparation of rate filings to the Regulatory Commission of Alaska*
- *Preparation of financial reporting and forecasts*

1996 - 2001 Alaska Electric Light & Power Company

Controller

- *Responsible for the integrity and accuracy of general ledger and financial statements*
- *Supervise accounting department personnel*
- *Prepare annual operating budget*
- *Ensure annual audit work is complete and accurate*

1994 - 1996 Echo Bay, Alaska

Accounting Supervisor

- *Preparation of monthly and project-to-date financial reports*
- *Supervised Accounts Payable and Payroll*
- *Performed I.T. support functions*

1993 R&M Engineering, Inc.

Accountant

- *Preparation of monthly financial reports*
- *Performed Payroll, General Ledger, Accounts Payable functions*
- *Responsible for audit preparation*

1986 - 1992 Various

Accountant / Computer Consultant