

1     Q.     Please provide a schedule that compares the functionalization, classification  
2           and allocation of costs related to Granite Canal between the 2004 cost-of-  
3           service and the 2007 cost-of-service study. Please provide an explanation for  
4           any differences that arise either as a result of changes in the overall costs  
5           related to Granite Canal or cost-of-service methodology changes.

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8     A.     There have been no changes in the cost of service methodology since the  
9           2004 Test Year that would effect changes in the 2007 Test Year.

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11           The schedule on the following page shows comparisons between the  
12           functionalization, classification and allocation of costs related to Granite Canal  
13           for the 2004 and 2007 Test Years and a list of the items that resulted in the  
14           changes.

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16           The increase in the average capital cost between the 2004 and 2007 cost of  
17           service studies results from \$2.4 million in additions to plant in service.

**Granite Canal**  
**Changes to Plant in Service Average Capital Cost in the Cost of Service**  
**2004 Test Year vs 2007 Test Year**

	<u>Function</u>	<u>Classification</u>	<u>Allocation</u> Production and Transmission	
	<u>Generation</u>	<u>Hydraulic</u>	<u>Demand</u>	<u>Energy</u>
<b>2004 Test Year</b>	<b>119,770,609</b>	<b>119,770,609</b>	<b>50,533,376</b>	<b>69,237,233</b>
<b>Allocations Restated for New Allocation Factors</b>			<b>48,582,398</b>	<b>71,188,211</b>
<b>Allocation of Actuals:</b>				
Terminal Stations	(6,005,643)	(6,005,643)	(2,436,061)	(3,569,581)
Info Systems & Telecom Assets	(3,341,017)	(3,341,017)	(1,355,212)	(1,985,804)
General Plant	(177,761)	(177,761)	(72,105)	(105,656)
Forecast Greater Than Actual	(6,050,389)	(6,050,389)	(2,454,211)	(3,596,177)
<b>Actual 2004</b>	<b>104,195,800</b>	<b>104,195,800</b>	<b>42,264,808</b>	<b>61,930,992</b>
<b>Allocations Restated for New Allocation Factors</b>			<b>45,417,840</b>	<b>58,777,960</b>
<b>Increases / (Decreases):</b>				
BATTERY BANKS	139,824	139,824	60,948	78,876
BUS DUCT GENERATOR	365,971	365,971	159,523	206,448
CANALS	850,000	850,000	370,506	479,494
GENERATOR - ROTOR	175,267	175,267	76,397	98,870
PENSTOCK	145,850	145,850	63,574	82,276
POWERHOUSE SUBSTRUCTURE	596,601	596,601	260,052	336,549
POWERHOUSE SUPERSTRUCTURE	(683,921)	(683,921)	(298,114)	(385,807)
PROTECTIVE CTL & RELAY PNLS	1,712,743	1,712,743	746,566	966,176
ROADS	200,000	200,000	87,178	112,822
SWITCHGEAR	1,016,157	1,016,157	442,932	573,225
TAILRACE CHANNEL	700,000	700,000	305,123	394,877
TRANSFORMERS - POLE TYPE-75KVA	53,231	53,231	23,203	30,028
TRANSFORMERS - UNIT SERVICE	185,971	185,971	81,063	104,908
TURBINES	175,394	175,394	76,452	98,941
WATER REGULATING STRUCTURES	1,545,575	1,545,575	673,700	871,875
REMOTE MONITORING SYSTEM - GRANITE CANAL	25,900	25,900	11,290	14,610
REMOTE OPERATION OF GRANITE BY-PASS FISHERIES VALVE	106,500	106,500	46,422	60,078
<b>2007 Test Year</b>	<b><u>111,506,861</u></b>	<b><u>111,506,861</u></b>	<b><u>48,604,654</u></b>	<b><u>62,902,207</u></b>