Q.Please state your name and business address for the record.

A.My name is Madonna Faunce.  My business address is 472 West Washington Street, Boise, Idaho.

Q.By whom are you employed and in what capacity?

A.I have been employed by the Idaho Public Utilities Commission as an auditor since 1989.  I am licensed as a Certified Public Accountant in the State of Idaho.

Q.Please give us a brief description of your educational and professional background.

A.I received a B.A. degree in Accounting from Boise State University in 1975 and an M.B.A. from Boise State University in 1977.  I have attended several seminars since graduation in accounting, tax, law, personnel, management and negotiation.  I have also attended a Training for Utility Management Analysts seminar sponsored by NARUC in September of 1989.

Prior to working for the Idaho Public Utilities Commission, I was employed by Grays Harbor College as Assistant Dean for Administration.  I was in charge of all accounting, payroll, capital projects, contracts, personnel and affirmative action.  While at the College, I also taught accounting and management.  Before working for the College, I was Chief Operational Officer, Treasurer and Controller in private industry.

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

A.The purpose of my testimony is to present the findings of Staff’s audit of the 1996 financial data of The Washington Water Power Company (WWP, Company).

Q.What were the objectives of the audit?

A.The audit was conducted with the following objectives:

1. Determine the 1996 revenues, expenses and rate base.

2. Verify that expenses and rate base are in the proper accounts.

3. Examine the effect of the cost allocation system to determine if is being applied properly and is producing the proper allocation of financial data to Idaho.

4. Determine that expenses and rate base used for the unbundling report agree with Staff’s audit.

5. Determine if Idaho expenses and rate base are properly identified for allocation in the unbundling report.

Q.What are your conclusions as a result of the audit?

A.The costs used by Washington Water Power as inputs to its unbundling study are overstated by approximately 4%. Staff found the books and records of WWP for 1996 and the revenue, expense and rate base amounts reported for 1996 to be accurate and in the proper accounts.  Staff examined the cost allocation system.  The cost allocation system is being applied properly and produces the proper allocation of financial data.  Rate base is properly allocated between jurisdictions.  The Idaho jurisdictional expenses and rate base are properly identified for allocation in the unbundling report.

Although Staff adjustments assumed in the audit would slightly reduce the Company’s revenue requirement, for purposes of this case the costs used in the unbundling study by WWP are reasonable.

For additional and more detail on the audit report I have attached the Audit Report as Exhibit No. 101.

Q.Does this conclude your testimony?

A.Yes.