BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. KJS-9

KAYLENE J. SCHULTZ

REPRESENTING AVISTA CORPORATION

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/11/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	M. Kennedy/K. Schultz
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 005	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

SUBJECT: Taxes

REQUEST:
Reference Adjustment 1.01: Please provide ADFIT for both gas and electric services detailed by book tax difference item.

RESPONSE:
See AWEC-DR-005 Attachment A tab "Pivot Summary" for ADFIT by book tax difference item. Reference the following columns for the breakout between service and jurisdiction:

- Column B – Electric services
- Column E – Gas North services
- Column H – Gas Oregon services
- Column K – Common All services
- Column N – Total System

The information provided is estimated as of 12/31/2023. The Company's tax system does not provide for balances on a monthly or AMA basis.

Upon further review of Adjustment 1.01 – ADFIT, it was determined that the ADFIT-Plant – AFUDC Equity balance shown within the Adjustment 1.01 – ADFIT workpapers, previously provided to all parties, should be excluded for both Electric and Natural Gas. In 2018, the Company began using flow-through accounting for the AFUDC Equity deferred income tax impact. Please reference Dockets UE-190074 and UG-190075, Order 01 approving deferred accounting treatment on this change. ADFIT on AFUDC Equity should have remained in rate base until such time as the deferred funds were fully returned to customers, which occurred by October 2022 for both Electric and Natural Gas. After that time, under flow through accounting, ADFIT on AFUDC Equity should no longer be included in rate base. The effect of this correction results in a reduction to ADFIT with a corresponding increase to rate base of $2,493,076 for Washington Electric and $789,176 for Washington Natural Gas, increasing overall revenue requirement in this case for Washington Electric by approximately $234,000 and for Washington Natural Gas by approximately $74,000. See AWEC-DR-005 Attachment B for revised Adjustment 1.01 – ADFIT workpapers.

AWEC-DR-005 Attachment A was intentionally omitted as not being pertinent to the calculation of the Company's updated adjustment. Any pertinent information in Attachment B to the updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-1.01 DFIT" and "G-1.01 DFIT".

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/07/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Elizabeth Andrews/Joseph Miller
REQUESTER:	NWEC	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	NWEC – 005 Supplemental	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

SUBJECT: Colstrip

REQUEST:
Referring to Page 40 of KJS-1T, the Company states, "These costs are recovered from customers through separate Tariff Schedule 99 'Colstrip Tracker.'" Please provide all previous filings associated with Schedule 99. Please include all documentation and responses to information requests related to tariff fillings for Schedule 99.

SUPPLEMENTAL RESPONSE 05/07/2024

Recently, during the review of recent Colstrip related discovery requests, it came to Avista's attention, when removing Colstrip net plant balances from the Company's test period in this case (12ME June 30, 2023), through Restating Adjustment 1.04 Remove Colstrip, it had inadvertently removed the end-of-period (EOP) Accumulated Deferred Federal Income Tax (ADFIT) credit balance of $1.68 million, rather than the average-monthly-average (AMA) ADFIT credit balance of $3.07 million. This correction within the Company's case decreases ADFIT by $1.39 million, increasing rate base by $1.39 million and NOI by $7,000, resulting in an increase to electric revenue requirement in Rate Year 1 (2026) by $130,000. See "NWEC-DR-005 Supplemental – Attachment A" for the revised workpaper.

RESPONSE:

Tariff Schedule 99 "Colstrip Tracker" is the result of Avista Docket UE-220053, et.al., in which the Commission approved the Full Multiparty Settlement Stipulation (Settlement) of the Colstrip Tracker and Tariff Schedule 99, in which the Parties agreed as follows, per Settlement page 6 - 8, paragraph 14:

> 14. Colstrip – The Settling Parties agree to the terms set forth below:
> a) Colstrip Investments – Revenue requirement specifically excludes all costs related to Dry Ash Disposal System. This term is for settlement purposes only and does not bind parties to any position regarding investments at Colstrip in any other current or future case involving Avista or any other regulated electric utility.
>
> b) Colstrip Tracker and Tariff Schedule 99 - Avista agrees to develop a separate tracking mechanism and tariff ("Schedule 99, Colstrip Tracker") for all other Colstrip costs (exclusive of transmission investment and those costs included in the Energy Recovery Mechanism ("ERM")) including but not necessarily limited to O&M expense, depreciation expense, D&R costs, and return on rate base. The Settling Parties agree to work collaboratively with Avista in developing this mechanism, and filing details regarding said mechanism in Supplemental Joint Testimony, by July 31, 2022. All future Colstrip investments, including the pro forma Colstrip investments Avista included in this case, will be recovered separately through this separate

> <u>tracking mechanism, subject to review, including but not limited to an examination of prudence. The review of Colstrip investments proposed for inclusion in this mechanism will occur through the Company's annual tariff revision for the Colstrip tracker.</u> Further, the Settling Parties agree that the intention of the proposed Schedule 99 "Colstrip Tracker" is to remove Colstrip costs from base rates, for potential recovery through the separate Schedule. Colstrip costs, except for the costs related to Dry Ash Disposal System, will be included in Schedule 99, Colstrip Tracker for separate ratemaking treatment. <u>Inclusion of any incremental pro forma costs in the Tracker does not demonstrate their prudency and is subject to review through the annual true-up process.</u> The creation of this Tracker and removal of these costs from rate base does not have any impact on determining whether or not these costs are recoverable.
>
> c) Tariff Schedule 99 Rate Spread and Rate Design - The costs removed from base rates will be allocated to the rate schedules through separate Tariff Schedule 99 using a proportional allocation of the Rate Year 1 base revenue spread. For rate design, revenue would be recovered through the volumetric charges on a uniform cent per kWh basis. (footnotes omitted, emphasis added)

See NWEC-DR-005 Attachment A for the Supplemental Joint Supporting Testimony (UE-220053 Exh. JT-3T and Exh. JT-4) describing that agreed to per the Settlement (described above) and approved in Docket UE-220053, et. al., and NWEC-DR-005 Attachment B for the Docket UE-220053, et. el., 2022 GRC compliance filing, including the initial tariff Schedule 99.

See also NWEC-DR-005 Attachment C for the first annual 2024 Colstrip Tariff Schedule 99 filing, filed on October 30, 2023, effective January 1, 2024 – December 31, 2024. Workpapers supporting and accompanying the filing are provided as NWEC-DR-005 Attachment D (Colstrip AMA 2024 Rev Req WPs). There were no additional formal responses to information requests related to tariff fillings for Schedule 99.

As described in the Settlement and Supporting Joint Testimony included in Docket UE-220053, et. el., all future Colstrip investments, including the pro forma Colstrip investments included in Docket UE-220053, would be recovered separately through the Colstrip tracking mechanism and Tariff Schedule 99, subject to review through the annual true-up process, including but not limited to an examination of prudence.

NWEC-DR-005 Supplemental – Any pertinent information in NWEC-DR-005 Supplemental Attachment A to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 native Electric Revenue Requirement "long model," adjustment tab "E-1.04 Rmv Colstrip".

NWEC-DR-005 Attachments A-D were intentionally omitted as not being pertinent to the calculation of the Company's updated adjustment.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/26/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 040	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

SUBJECT: Misc. Revenue Requirement

REQUEST:

Reference Avista's response to AWEC Data Request 18, Confidential Attachment A: Please provide invoice copies for Invoice 11008439-CC, Description LESLIE KOEP-STEAM PLANT.

RESPONSE:

After further review of this invoice, this transaction should have been recorded as non-utility. The Company will remove this transaction in Miscellaneous Restating Adjustment 2.12. The impact of correcting this transaction reduces Washington expense (and revenue requirement) by $1,750.00 for electric and $554.00 for natural gas.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/28/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Kaylene Schultz
REQUESTER:	UTC Staff	RESPONDER:	Kaylene Schultz
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 117	TELEPHONE:	(509) 495-2482
		EMAIL:	kaylene.schultz@avistacorp.com

SUBJECT: Revenue Requirement Model

REQUEST:

On March 14, 2024, WA UTC Staff met with Avista Staff to discuss challenges encountered with Avista's Electric Revenue Requirement Model Long. Through this discussion, it was identified that the company on its "adjustment detail-input" tab cell AE17's calculation references a hardcoded number on the "E-2.19,3.00, P 5.00 P Auth & PF PS" tab. This hardcoded number is explained in footnote 37 on page 51of Kaylene Schultz testimony which reads "a correction to pro forma Adj. 3.00P was found after completion of the Company's revenue requirement and will be updated during the process of the case". It was also identified that the company's calculation for the revenue requirement improperly counts "transmission revenue" twice by including it in the 3.00P adjustment and 3.00T Adjustment.

Staff requests that Avista update its revenue requirement model to correct these errors.

RESPONSE:

Please see Staff-DR-117 Attachment A for updated Power Supply Adjustment workpapers reflecting the removal of transmission revenue that was inadvertently included in the Company's filed Adjustment 3.00P. Removing transmission revenue that was inadvertently included in Adjustment 3.00P decreases Washington electric revenues by approximately $3.245 million and increases revenue requirement by approximately $3.406 million.

The Power Supply Adjustment workpapers included with the Company's original filing already reflected the correction noted in Footnote 37 on page 51 of witness Ms. Schultz's direct testimony, Exh. KJS-1T. However, as described in the footnote, this correction was not reflected in the Company's filed revenue requirement, increasing Washington electric revenues by approximately $1.077 million and decreasing revenue requirement by approximately $1.131 million.

The overall <u>net</u> impact of these corrections decreases Washington electric revenues by approximately $2.167 million and increases revenue requirement by approximately $2.275 million.

In addition, see Staff-DR-117 Attachment B for an updated Electric Revenue Requirement Long Model, where tab "E-2.19,3.00P,5.00P Auth & PF PS" reflects the updates as shown in Staff-DR-117 Attachment A, tab "PF Power Supply Adjustment" and is linked to flow through the "ADJ DETAIL-INPUT" tab.

Staff-DR-117 Attachments A-B were intentionally omitted as not being pertinent to the calculation of the Company's updated adjustment.

See Company Witness Kalich Exh. CGK-10 – Exh. CGK-13 for the Company's Confidential Power Supply model results on rebuttal, and Schultz Exh. KJS-7, native Electric Revenue Requirement "long model," adjustment tab "E-2.19,3.00P,5.00P Auth & PF PS" for the Company's updated Pro Forma Power Supply Adjustments.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/05/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Kevin Christie/Kaylene Schultz
REQUESTER:	UTC Staff	RESPONDER:	Tia Benjamin / Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 044 Supplemental 3	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

SUBJECT: Pro Forma Labor Adjustment
REQUEST:
Please provide a copy of the union contracts approving the 2024, 2025 and 2026 union wage increases, respectively. Please provide only the pages related to approved union wage increases as well as the pages showing when and by whom the contracts were executed.

SUPPLEMENTAL RESPONSE 3 – 08.05.2024
The Company has reached agreement with the Local 77 Union on 2024 and 2025 merit increases and is attaching revised Non-Executive Labor Adjustments (PF 3.05 and PF 5.02) to reflect the approved labor increases of 5% for 2024, to be retroactively paid, effective March 2024 and 5% to be paid March of 2025. The Letter of Agreement signed between the Company and Local 77 is provided in Staff-DR-044 Supplemental 3 Attachment B to support the Company's adjustment. Given the ratified contract, merit increase related data request responses (union or non-union) no longer need to be marked confidential.

See Staff-DR-044 Supplemental 3 Attachment A for the Company's updated Washington electric and natural gas Non-Executive Labor Adjustments to reflect the approved union labor percentages. The table below summarizes the results of the non-union and union salary increases over the Two-Year Rate Plan vs as-filed. As shown, the union contract agreement, for RY1, results in an increase to expense from as-filed for Washington electric and natural gas of approximately $418,000 and $126,000, respectively, and for RY2, a reduction to expense from RY1 levels for Washington electric and natural gas of approximately $114,000 and $35,000, respectively.

Incremental Change in Expense From As-Filed to Rebuttal:				
	WA Electric		WA Natural Gas	
	2025 RY1	2026 RY2	2025 RY1	2026 RY2
Non-Union	$ (337,641)	$ (426,548)	$ (89,097)	$ (112,558)
Union	$ 417,515	$ (114,420)	$ 126,240	$ (34,596)
Total	**$ 79,874**	**$ (540,968)**	**$ 37,143**	**$ (147,154)**

The overall impact of both non-union (previously described in Supplemental Response 2 below) and union updates combined, for RY1, results in an increase to <u>expense</u> from <u>as-filed</u> of $80,000 for Washington electric and $37,000 for Washington natural gas, and for RY2, a reduction to <u>as-filed expense</u> from RY1 levels of $541,000 for Washington electric and $147,000 for Washington natural gas.

For revenue requirement, the overall impact of these updates in RY1 is an increase of $84,000 for Washington electric and $39,000 for Washington natural gas, and in RY2, results in a decrease of $568,000 for Washington electric and $154,000 for Washington natural gas.

<u>SUPPLEMENTAL RESPONSE 2 - 06.17.2024</u>

As of the date of this response, the Company continues to be in negotiations with its Union for a final contract. The Company will supplement the approved Union contract in this response (Staff-DR-044) as soon as it is available.

<u>SUPPLEMENTAL RESPONSE 05/24/2024:</u>

The attachments provided with Staff-DR-044C Supplemental is **Confidential per the Protective Order in UTC Dockets UE-240006 and UG-240007**.

At this time the Company does not have the signed Union contract as it is going through final approval. The Company will supplement the final Union contract in this response (Staff-DR-044) once available.

See Staff-DR-044C Supplemental Confidential Attachment A for the Company's updated electric and natural gas Non-Exec Labor Adjustments (PF 3.05 and PF 5.02) to reflect the approved <u>non-union</u> labor percentages as well as Union wages increases for 2024 – 2026. The table below summarizes the results of the non-union and Union salary increases over the Two-Year Rate Plan versus that as-filed:

Incremental Change (reduction) in Expense Non-Union 2025-2026 % / Union Contract Update:				
	WA Electric		WA Natural Gas	
	2025 RY1	2026 RY2	2025 RY1	2026 RY2
Non-Union	$ (337,641)	$ (426,548)	$ (89,097)	$ (112,558)
Union	$ 284,957	$ (235,610)	$ 86,160	$ (71,239)
Total	**$ (52,685)**	**$ (662,158)**	**$ (2,937)**	**$ (183,797)**

As shown in Staff-DR-044C Supplemental Confidential Attachment A (and the table above), for Washington electric, the overall impact (non-union and union) of this update results in a reduction to expense of approximately $53,000 in Rate Year 1, and an incremental reduction of approximately $662,000 in Rate Year 2 above Rate Year 1 levels. The overall impact of this update decreases the Company's proposed Washington electric revenue requirement by $55,000 in Rate Year 1 and $695,000 in Rate Year 2.

For Washington natural gas, the overall impact (non-union and union) of this update results in a reduction to expense of approximately $3,000 in Rate Year 1, and an incremental reduction of approximately $184,000 in Rate Year 2 above Rate Year 1 levels. The overall impact of this update decreases the Company's proposed Washington natural gas revenue requirement by $3,000 in Rate Year 1 and $193,000 in Rate Year 2.

RESPONSE:

The Union contract impacting the years requested is currently being negotiated and is not yet available. The Company will supplement this response as soon as available for distribution.

LETTER OF AGREEMENT (LOA)
Between
Avista and IBEW Local Union No. 77

"2024 Wage Opener and 2025 GWI Agreement"

August 1, 2024

The purpose of this letter is to memorialize an agreement between IBEW Local #77 (the "Union") and Avista Utilities (the "Company"), also known as the "parties", regarding the wage opener for the year of 2024 of the 2021-2025 Collective Bargaining Agreement (CBA).

Effective March 26, 2024, the parties have agreed to a General Wage Increase (GWI) for all classifications covered under the agreement in the amount of five percent (5%).

Additionally, the parties have also agreed to a GWI for 2025 for all classifications covered under the agreement. The GWI for the year of 2025 will be effective January 1, 2025, and will continue through March 25, 2026, in the amount of five percent (5%).

The 2021-2025 CBA expires March 25, 2025, and the preamble of the CBA outlines the process for either terminating or amending the contract, which shall continue to apply with the understanding that if the parties agree to enter negotiations for amending and/or extending the contract, the GWI for 2025 shall not be part of the negotiations. The negotiations shall include all other subjects of bargaining outside of the general wage increase for 2025.

This Letter of Agreement between the parties shall remain in full force and effect up to and including March 25, 2026. This letter may only be terminated once the 2025 GWI has been incorporated into a successor agreement or until the expiration date has been reached herein.

Date: 08-01-2024

Elizabeth Frederiksen

Elizabeth Frederiksen
~~Director~~ of Labor Relations
Avista

Date: 8/1/2024

Mike Brown
Assistant Business Manager
IBEW Local 77

Staff-DR-044 Supplemental 3 – Any pertinent information in Staff-DR-044 Supplemental 3 Attachment A to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-3.05,5.02 PF NE Labor" and "G-3.05,5.02 PF NE Labor".

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/26/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Kevin Christie/Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Kaylene Schultz
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 004 Supplemental	TELEPHONE:	(509) 495-2482
		EMAIL:	kaylene.schultz@avistacorp.com

SUBJECT: Benefits

REQUEST:
Reference Adjustment 3.07, workpaper "Benefit Adjustment (WA 2024)": Please provide the Willis Towers Watson 2023 Year-End Report. If the report is not yet available, please identify the date that it will become available and supplement this request when it becomes available.

RESPONSE:

Please see Avista's **CONFIDENTIAL** response to data request AWEC-DR-004C. Please note that Avista's response to AWEC-DR-004C is **Confidential per Protective Order in UTC Dockets UE-240006 and UG-240007**.

Please refer to AWEC-DR-004 Attachment A for the Willis Towers Watson Actuarial Valuation Disclosure for Fiscal Year Ending December 31, 2023 Report. See AWEC-DR-004C Confidential Attachment A for updated 5-year benefit cost projections for the Retirement Plan and Retiree Medical based on the year-end 2023 disclosure results (AWEC-DR-004 Attachment A) based on market conditions as of February 15, 2024.

The Company will update the pro forma benefit adjustments (Adjustments 3.07 and 5.03 for both Washington Electric and Washington Natural Gas) as soon as available.

SUPPLEMENTAL RESPONSE (3/26/2024):

Please see AWEC-DR-004 Supplemental Attachment A for updated Adjustment 3.07 & 5.03 – Pro Forma Employee Benefits workpapers, reflecting updated retirement plan (Pension FAS 87/Pension FAS 81 NS) expense and retiree medical (FAS 106/FAS 106 NS) expense per AWEC-DR-004C Confidential Attachment A, as well as Board approved pro forma labor increases as described in Staff-DR-046C.

These updates, for Rate Year 1 Pro Forma Adjustment 3.07, result in an increase to expense of approximately $167,000 for Washington electric and $53,000 for Washington natural gas, increasing revenue requirement by $175,000 for Washington electric and $56,000 for Washington natural gas. For Rate Year 2, Pro Forma Adjustment 5.03, these updates result in a reduction to expense of approximately $300,000 for Washington electric and $95,000 for Washington natural gas, decreasing revenue requirement by $315,000 for Washington electric and $100,000 for Washington natural gas.

AWEC-DR-004 Supplemental – Any pertinent information in AWEC-DR-004 Supplemental Attachment A to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-3.07,5.03 Benefits" and "G-3.07,5.03 Benefits".

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/24/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Kaylene Schultz
REQUESTER:	Public Counsel	RESPONDER:	Kaylene Schultz
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 295	TELEPHONE:	(509) 495-2482
		EMAIL:	kaylene.schultz@avistacorp.com

SUBJECT: Direct Testimony of Kaylene J. Schultz, Exh. KJS-1T at 70:6–8.

REQUEST:

Please explain when the Company expects the updated property tax information will be available and please provide the updated information and property tax calculations as soon as possible.

RESPONSE:

Please see PC-DR-295 Attachment A and PC-DR-295 Attachment B. PC-DR-295 Attachment A contains updated workpapers related to Pro Forma Property Tax Adjustments 3.11 and 5.04, reflecting updated property tax information as shown in PC-DR-295 Attachment B.

This update, for Rate Year 1 Pro Forma Adjustment 3.11, results in a decrease to expense of approximately $543,000 for Washington electric and $81,000 for Washington natural gas, decreasing revenue requirement by $569,000 for Washington electric and $85,000 for Washington natural gas. For Rate Year 2, Pro Forma Adjustment 5.04, this update results in a reduction to expense of approximately $40,000 for Washington electric and $600 for Washington natural gas, decreasing revenue requirement by $42,000 for Washington electric and $1,000 for Washington natural gas.

PC-DR-295 – Any pertinent information in PC-DR-295 Attachments A and B to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-2.02,3.11,5.04 Prop Tax" and "G-2.02,3.11,5.04 Prop Tax".

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/31/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Joshua DiLuciano/Tia Benjamin
REQUESTER:	UTC Staff	RESPONDER:	Tia Benjamin/Jeff Webb
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 098 Supplemental	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

SUBJECT: Capital Projects

REQUEST:

The testimony of witness DiLuciano states that work in Business Case/Project #34 (Gas Non-Revenue Program, ER 3005) is "mostly reactionary, unscheduled work and is therefore difficult to predict aside from using historical trends." DiLuciano, Exh. JDD-1T at 48:15-16. Projected total capital investments from 2023 to 2024 within this Business Case/Project show an expected year-over-year increase of over 30%. Additionally, on Page 397 of Exh. JDD-2 under table "General Information" yearly planned spend amounts and transfers to plant are displayed for this Business Case/Project for the five years 2024-2028. All are 30%+ higher than 2023. Why? Do historical trends from the five years preceding 2023 support the cost predictions for the forecasted five years? If yes, how?

SUPPLEMENTAL RESPONSE (05/31/2024):

Please see Staff-DR-098 Supplemental Attachment A for the updated capital additions model that includes actual transfers-to-plant through February 2024 and updated expected transfers-to-plant through December 2024.

Staff-DR-098 Supplemental Attachment A additionally indicates the effect of the update on adjustments 3.15-3.17, 4.01 and 5.07. For Washington Electric Rate Year 1, in total, depreciation expense increased $844,000 and rate base including ADFIT increased by $120,000, increasing the Company's overall revenue requirement in Rate Year 1 by $898,000. For Rate Year 2, depreciation expense increased $128,000 and rate base including ADFIT decreased $596,000 above Rate Year 1 levels, resulting in an overall incremental increase in revenue requirement of $78,000, related to these changes.

Washington Electric	Capital Additions Adjustments						
in '000s	**Adj. 2.15 06.30.2023**	**Adj. 3.15 2023 EOP**	**Adj. 3.16 Dep Study**	**Adj. 3.17 2024 EOP**	**Adj. 4.01 2025 AMA**	**Total Rate Year 1**	**Adj. 5.07 2026 AMA (Inc RY2)**
Net Rev. Req. Impact							
As-Filed	$ 5,067	$ 12,238	$ (788)	$ 11,477	$ 7,941	$ 35,936	$ 12,724
Per Staff-DR-098 Supplemental	$ 5,067	$ 9,990	$ (779)	$ 13,781	$ 8,775	$ 36,834	$ 12,802
Updated Rev. Req. Impact	**$ -**	**$ (2,249)**	**$ 9**	**$ 2,304**	**$ 834**	**$ 898**	**$ 78**
Impact on Net Rate Base							
As-Filed	$ 53,930	$ 83,421	$ -	$ 70,224	$ 25,761	$ 233,336	$ 93,236
Per Staff-DR-098 Supplemental	$ 53,930	$ 59,143	$ -	$ 94,853	$ 25,530	$ 233,456	$ 92,640
Updated Net Rate Base Impact	**$ -**	**$ (24,278)**	**$ -**	**$ 24,629**	**$ (231)**	**$ 120**	**$ (596)**
Impact In Expense							
As-Filed	$ -	$ 4,191	$ (750)	$ 4,647	$ 5,258	$ 13,346	$ 3,775
Per Staff-DR-098 Supplemental	$ -	$ 4,222	$ (742)	$ 4,637	$ 6,073	$ 14,190	$ 3,903
Updated Expense Impact	**$ -**	**$ 31**	**$ 8**	**$ (10)**	**$ 815**	**$ 844**	**$ 128**

For Washington natural gas Rate Year 1, in total, depreciation expense increased $404,000 and rate base including ADFIT increased by $4.135 million, increasing the Company's overall revenue requirement in Rate Year 1 by $813,000. For Rate Year 2, depreciation expense decreased $16,000 and rate base including ADFIT decreased $9,000 above Rate Year 1 levels, resulting in an overall incremental decrease in revenue requirement of $18,000, related to these changes.

Washington Natural Gas	Capital Additions Adjustments						
in '000s	**Adj. 2.15 06.30.2023**	**Adj. 3.15 2023 EOP**	**Adj. 3.16 Dep Study**	**Adj. 3.17 2024 EOP**	**Adj. 4.01 2025 AMA**	**Total Rate Year 1**	**Adj. 5.07 2026 AMA (Inc RY2)**
Net Rev. Req. Impact							
As-Filed	$ 1,166	$ 3,164	$ (949)	$ 3,987	$ 2,579	$ 9,947	$ 3,432
Per Staff-DR-098 Supplemental	$ 1,166	$ 3,150	$ (947)	$ 4,867	$ 2,523	$ 10,760	$ 3,415
Updated Rev. Req. Impact	**$ -**	**$ (14)**	**$ 2**	**$ 881**	**$ (56)**	**$ 813**	**$ (18)**
Impact on Net Rate Base							
As-Filed	$ 12,408	$ 19,488	$ -	$ 20,568	$ 3,204	$ 55,669	$ 17,089
Per Staff-DR-098 Supplemental	$ 12,408	$ 19,124	$ -	$ 25,392	$ 2,879	$ 59,804	$ 17,080
Updated Net Rate Base Impact	**$ -**	**$ (364)**	**$ -**	**$ 4,824**	**$ (325)**	**$ 4,135**	**$ (9)**
Impact In Expense							
As-Filed	$ -	$ 1,270	$ (904)	$ 1,957	$ 2,170	$ 4,493	$ 1,740
Per Staff-DR-098 Supplemental	$ -	$ 1,289	$ (902)	$ 2,364	$ 2,146	$ 4,897	$ 1,724
Updated Expense Impact	**$ -**	**$ 19**	**$ 2**	**$ 407**	**$ (24)**	**$ 404**	**$ (16)**

Please note, the changes (reductions in 2023) reflect, in part, reduced 2023 net plant additions which had planned to transfer-to-plant by December 2023, which were delayed to 2024.

ORIGINAL RESPONSE (03/12/2024):

The 2023 value of $3.685 million presented in Table 2 of Mr. DiLuciano's testimony, at page 12 line 15, represents a partial year of 2023, for July through December only (pro formed beyond the Company's 12-months-ended 06.30.2023 test period). The annual budgeted system total transfers to plant for the Gas Non-Revenue business case was $9.4 million. The planned increase in budgeted TTP year over year for 2023 through 2026 is a 3% increase. The actual transfers to plant for the year was approximately $10.8 million. The Company has provided as Staff-DR-098 Attachment A the actual transfers to plant data. Through the Company's Capital Planning Group (CPG), there is a process for requesting additional funding during the year when a project or program anticipates exceeding the budget and needs additional funding. Additionally, the Company will report on this variance in the 2023 Provisional Capital Review of UE-220053/UG-220054, which will be filed with the WUTC on or before March 31, 2024.

The Company will file updated capital adjustments, 3.15-3.17,4.01-5.07 PF & Provisional Capital Additions, with actual transfers to plant for the period July-December 2023 as soon as able, sometime around late April to early May.

Staff-DR-098 Supplemental – Any pertinent information in Staff-DR-098 Supplemental Attachment A to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-2.15,3.15-3.17,4.01,5.07 CAP" and "G-2.15,3.15-3.17,4.01,5.07 CAP".

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/03/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Joe Miller/E. Andrews
REQUESTER:	AWEC	RESPONDER:	Marcus Garbarino
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 046	TELEPHONE:	(509) 495-2567
		EMAIL:	marcus.garbarino@avistacorp.com

SUBJECT: Revenues

REQUEST:
Reference Adjustment 3.01 workpaper "WA Electric Revenue – PF," Worksheet "REVRUNS 12ME0623":

a. Please provide the actual billing determinants in a format similar to the referenced Worksheet over the period January 1, 2021 through March 31, 2024.
b. Please provide the workpapers used to forecast the normalized loads and billing determinants in the referenced workpaper.
c. Please provide Avista's most recent load forecast by rate schedule over the period April 1, 2024 through December 31, 2027.
d. Are the usage amounts beginning on row 59 based on billed usage or actual usage in the month?

RESPONSE:

a. Please see AWEC-DR-046 Attachment A for actual billing determinants for the period of January 1, 2021 through March 31, 2024. Note that these are actual billed amounts and not adjusted for weather or unbilled.
b. Please see Exh. MJG-3 for the workpapers supporting the normalized loads and billing determinants in the referenced workpaper.
c. Please see AWEC-DR-046 Attachment B for Avista's most recent load forecast prepared in March 2024 by rate schedule over the period April 1, 2024 through December 31, 2027.
d. The usage amounts in lines 59 through 344 are billed usage amounts. The usage in lines 354 through 406 are unbilled usage amounts.

   In addition, related to Washington electric and natural gas Pro Forma Adjustments 4.02 and 5.08, please see AWEC-DR-046 Attachment C for Revised Electric New Customer Revenue PF 2025-2026 workpapers and AWEC-DR-046 Attachment D for Revised Natural Gas New Customer Revenue PF 2025-2026 workpapers, reflecting Avista's most recent load forecast update completed in March 2024 as provided in AWEC-DR-046 Attachment B (part c above).

   For electric, the revised offsetting Washington electric revenue associated with the New Revenue – Growth Capital Business Case is $5,444,865 in RY1 and $8,846,266 (incremental $3,401,401) in RY2, resulting in a decrease in revenues for RY1 of $937,470 and an increase in revenues for RY2 of $387,647 from the as-filed Washington electric revenues. The impact this update has on Washington electric revenue requirement is an increase in RY1 of approximately $984,000 and a decrease in RY2 of approximately $406,000.

For natural gas, the revised offsetting Washington natural gas revenue associated with the New Revenue – Growth Capital Business Case is $259,357 in RY1 and $251,619 (reduction of $7,738 from RY1 level) in RY2, resulting in a decrease in revenues of $85,100 for RY1 and $46,466 for RY2 from the as-filed Washington natural gas revenues. This update increases Washington natural gas revenue requirement in RY1 by approximately $89,000 and in RY2 by approximately $49,000.

AWEC-DR-046 – Any pertinent information in AWEC-DR-046 Attachments C and D to the Company's updated adjustment has been excerpted and included in Schultz Exh. KJS-7 (electric) and Exh. KJS-8 (natural gas) native Electric and Natural Gas Revenue Requirement "long models," adjustment tabs "E-4.02,5.08 PV Offsets" and "G-4.02,5.08 PV Offsets".

AWEC-DR-046 Attachments A-B were intentionally omitted as not being pertinent to the calculation of the Company's updated adjustment.