

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION	)	
	)	
Complainant,	)	
	)	
v.	)	DOCKETS UE-170485 and
	)	UG-170486 ( <i>Consolidated</i> )
	)	
AVISTA CORPORATION d/b/a	)	
AVISTA UTILITIES	)	
	)	
Respondent.	)	
_____	)	

**EXHIBIT RRS-13  
RESPONSES TO ICNU DATA REQUESTS**

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/19/2017
CASE NO:	UE-170485 & UG-170486	WITNESS:	Tara Knox
REQUESTER:	ICNU	RESPONDER:	Tara Knox
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 101	TELEPHONE:	(509) 495-4325
		EMAIL:	tara.knox@avistacorp.com

**REQUEST:**

Please see Table 1, reproduced from the Cross-Answering testimony of Bob Stephens in the Company’s 2016 General Rate Case, UE-160228, Exh. RRS-12T. Does Avista agree with the Schedule 1 parity ratios represented by Mr. Stephens in Table 1? If no, please indicate what Avista understands to be the correct parity ratios in each of these rate case years.

<b>TABLE 1</b>	
<b>History of Schedule 1 Parity Ratios Under Avista Cost of Service Determinations</b>	
<b><u>Rate Case Year</u></b>	<b><u>Schedule 1 Parity Ratio</u></b>
2016	0.55
2015	0.58
2014	0.65
2012	0.58
2011	0.63
2010	0.55
2009	0.66

**RESPONSE:**

The table correctly contains the Schedule 1 return ratio from the Company’s base case electric cost of service studies as filed in each case. The following table adds the return ratio reflecting the approved rates in each case as well as the values as filed.

<b>Rate Case Year</b>	<b>As Filed Return Ratio</b>	<b>As Approved Return Ratio</b>
2016	0.55	N/A
2015	0.58	0.62
2014	0.65	0.67
2012	0.58	0.64
2011	0.63	0.65
2010	0.55	0.68
2009	0.66	0.74

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/18/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 105	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

In the 2016 Avista rate case, at Exh. No. PDE-8T at 9:15-23, Company witness Ehrbar stated that “no single costing methodology will be superior to any other, and the choice of methodology will depend on the unique circumstances of each utility.” Does Mr. Ehrbar continue to believe this? If not, please explain why not.

**RESPONSE:**

Yes, Mr. Ehrbar continues to believe this.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/18/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 106	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

In the 2016 Avista rate case, at Exh. No. PDE-8T at 9:12-14, Company witness Ehrbar stated that “Avista believes that it is appropriate for each utility to conduct its own cost of service study to incorporate the unique conditions of their service territories.” Does Mr. Ehrbar continue to believe this? If not, please explain why not.

**RESPONSE:**

Yes, Mr. Ehrbar continues to believe this.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/10/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 116	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 9:15-23, in the Company's 2016 GRC, Dockets UE- 160228 and UG-160229, where Mr. Ehrbar testified that a "one size fits all" approach to cost of service methodology may not be appropriate, and quoted *Electric Utility Cost Allocation Manual*, National Association of Regulatory Commissioners at 22 (January 1992), as holding: "no single costing methodology will be superior to any other, and the choice of methodology will depend on the *unique circumstances of each utility*." (Emphasis added). Is Mr. Ehrbar now of the opinion that a generic cost of service proceeding will be able to address "the unique circumstances of each utility," particularly Avista, in regard to cost of service methodology?

**RESPONSE:**

No, I do not now believe that the generic cost of service proceeding will be able to address "the unique circumstances of each utility." However, there are cost of service issues that are not unique, and therefore are better discussed in the generic proceeding.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/10/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 117	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 9:12-14, in the Company's 2016 GRC, Dockets UE- 160228 and UG-160229, where Mr. Ehrbar testified: "Avista believes that it is appropriate for each utility to conduct its own cost of service study to incorporate the unique conditions of their service territories." Does Mr. Ehrbar continue to hold to that statement? If no, please explain.

**RESPONSE:**

Yes, which is why Avista filed in its current general rate case electric and natural gas cost of service studies. In the end, however, given the cost of service generic proceeding, the Company believes that we should wait to see the results, if any, from that proceeding before any changes are made to the Company's current electric and natural gas cost of service study methodologies.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/13/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 119	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 2:22-3:1, which states that Avista, as one of the Settling Parties, finds "... that it is more appropriate to address, in the ongoing generic collaboration (arising out of Docket Nos. UE-160228/UG[-]160229), cost of service methodologies to be used in future cases." Please explain Avista's current position, given the following testimony found in Ehrbar, Exh. PDE-8T at 10:3-4, 15-16, in the referenced 2016 Avista GRC, where Mr. Ehrbar points out that "a collaborative on natural gas cost of service" by PSE resulted in "no clear agreements" by the Collaborative as to the specifics of the Company's cost of service study." (Emphasis added by Avista).

**RESPONSE:**

At the time I filed the referenced testimony in 2016, the Commission had not yet decided to hold the generic cost of service proceeding. Now that the proceeding is underway, I believe that cost of service issues, including those issues raised by Mr. Stephens on behalf of ICNU, would be better addressed in that generic proceeding.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/13/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 120	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 3:1-2, which states that “the Settling Parties do not agree on specific cost of service methodologies in this case,” alongside Ehrbar, PDE-8T at 2:22-3:1. If even the Settling Parties in this proceeding do not agree on a specific cost of service methodology appropriate for Avista in an Avista-specific case, why does the Company believe a specific cost of service methodology for “future cases” involving Avista is more appropriately determined through a “generic collaboration” involving several utilities?

**RESPONSE:**

See the Company’s response to ICNU\_DR\_116.



**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/13/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 121	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 2:22-3:1, and Ehrbar, Exh. PDE-8T at 3:12-16, which states that "... the Commission directed ... a collaborative effort ... to more clearly define the scope and expected outcomes of generic cost of service proceedings that will provide an opportunity to establish greater clarity and some degree of uniformity in cost of service studies going forward." Please explain why the Company finds it "more appropriate" to address cost of service methodologies to be used in future Avista cases through a "generic collaboration," instead of the current rate proceeding, given the Commission's expectation that a generic collaboration would do no more than:

- a. "... provide an opportunity to establish greater clarity ... in cost of service studies going forward"; and
- b. "... provide an opportunity to establish ... some degree of uniformity in cost of service studies going forward."

**RESPONSE:**

Please see the Company's response to ICNU\_DR\_117

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 123	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-8T at 4:4-13, which explains the provisions in the Settlement related to electric rate spread:

- a. Please confirm that the electric rate spread terms contained within the Settlement are the same as the electric rate spread proposed by Avista in Ehrbar, Exh. PDE- 1T;
- b. If Avista does not confirm in response to subpart (a), please explain the differences between the electric rate spread terms within the Settlement and the electric rate spread proposed by Avista;
- c. Please confirm that under the rate spread provisions of the Settlement, if the Company's proposed electric revenue increase is approved, the first-year base rate increase for Schedules 1/2 will be 13.3%;
- d. If Avista does not confirm in response to subpart (c), please explain what the first- year base rate increase for Schedules 1/2 would be under the rate spread provisions of the Settlement, if the Company's proposed electric revenue increase is approved;
- e. If Avista confirms in response to subpart (c), please confirm that Avista does not find that a 13.3% first year base rate increase for Schedules 1/2 would result in rate shock;
- f. If Avista does not confirm in response to subpart (c), please confirm that Avista does not find that the first-year base rate increase for Schedules 1/2, as identified by the Company in response to subpart (d), would result in rate shock; and
- g. If Avista does not confirm in response to either subpart (e) or (f), please explain.

**RESPONSE:**

- a. Confirmed
- b. N/A
- c. Confirmed
- d. N/A
- e. Confirmed
- f. N/A
- g. N/A

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 125	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to the Multiparty Partial Settlement Stipulation (“Settlement”) entered into by Avista, which was filed on November 1, 2017. Does the Company agree that the Settlement does not fit the description of a “Partial settlement” according to WAC 480- 07-730(2), which defines a “Partial settlement” as “[a]n agreement of *all* parties on some issues ...”? (Emphasis added). If Avista does not agree, please explain.

**RESPONSE:**

It is a “multiparty partial settlement” of issues in this case.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 127	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Avista's response to ICNU DR 105. Has the Company altered the position stated in that response, as a result of entering into the Settlement?

**RESPONSE:**

No.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 128	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Avista's response to ICNU DR 106. Has the Company altered the position stated in that response, as a result of entering into the Settlement?

**RESPONSE:**

No.

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 129	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to Ehrbar, Exh. PDE-1T at 6:16-19, which states that “Avista believes that the results from a variety of cost studies will continue to show that ... Schedules 1/2 ... are too far away from the overall rate of return (unity), and have been for some time.”:

- a. Please confirm that the phrase “for some time” dates at least to 2009;
- b. If Avista does not confirm in response to subpart (a), please explain—with specific reference to Avista’s response to ICNU DR 101, which affirms that “the Schedule 1 return ratio from the Company’s base case electric cost of service studies as filed,” since 2009, have always been below two-thirds of unity (i.e., 0.66 or less);
- c. Please confirm that “too far away from the overall rate of return (unity)” means, at the very least, below two-thirds of unity; and
- d. If Avista does not confirm in response to subpart (c), please explain what the phrase “too far away from the overall rate of return (unity)” means in terms of a specific return ratio threshold.

**RESPONSE:**

- a. Confirmed
- b. N/A
- c. Confirmed
- d. N/A

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 132	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

**REQUEST:**

Refer to the Joint Memorandum in Support of the Multiparty Partial Settlement (“Joint Memorandum”) at ¶¶ 20, 23, filed by Avista and other parties on November 1, 2017:

- a. Please confirm that Schedules 1/2 are presently being subsidized by other Avista rate classes;
- b. If Avista does not confirm in response to subpart (a), please explain what Avista, as one of the “Settling Parties” filing the Joint Memorandum, means by claiming that the Settlement is consistent with the Commission’s approval criteria by “... reducing cross-class subsidization among Avista’s customers”;
- c. If Avista confirms in response to subpart (a), please confirm that Schedules 1/2 have been subsidized by other Avista rate classes since at least 2009; and
- d. If Avista does not confirm in response to subpart (c), please explain in light of the Company’s response to ICNU DR 101, in which Avista affirms that the as filed return ration for Schedule 1 has consistently been within 0.55 to 0.66, since 2009.

**RESPONSE:**

- a. Confirmed
- b. n/a
- c. Confirmed
- d. n/a

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: November 14, 2017  
DOCKET: UE-170485/UG-170486  
REQUESTER: ICNU

WITNESS: Elizabeth O'Connell  
RESPONDER: Elizabeth O'Connell  
TELEPHONE: (360) 664-1306

**REQUEST NO. 1:**

Refer to O'Connell, Exh. ECO-1T at 5:11-12. Please provide:

- a. Any documents generally distributed by Staff, at or in advance of the generic cost of service proceeding kickoff meeting referenced;
- b. Any documents generally distributed by Staff, following the kickoff meeting, which summarized or referenced kickoff meeting discussion; and
- c. Any transcription or recording of the kickoff meeting.

**RESPONSE:**

- a. Please refer to Attachment A;
- b. Staff has no documents to provide; and
- c. There are none.



*Cost of Service Generic Proceeding*  
*Meeting Agenda*  
February 8, 2017

In Docket UE-160228, the Commission directed Staff to “initiate ... a collaborative effort with interested stakeholders ... to more clearly define the scope and expected outcomes of, as well as a reasonable procedural schedule for, generic cost of service proceedings that will provide an opportunity to establish greater clarity and some degree of uniformity in cost of service studies going forward.”

I. Introductions & Review of Purpose

Recently, it has become common practice to settle cost of service out of general rate cases. The continued settlement of cost of service has allowed us to defer serious deliberation and led to a policy vacuum regarding several key issues. Meanwhile, the widespread adoption and advancement of Distributed Energy Resources, Decoupling mechanisms, Demand Response programs, Advanced Metering Infrastructure, and Net Metering Programs (among other changes) have begun to change the cost landscape of the industry. Accordingly, perspectives on the appropriate allocation of class costs have also begun to evolve. A generic proceeding could help establish an updated framework for how we apply the principle of cost causation and how we determine how costs should be allocated. Through this proceeding, we can also begin to separate out the identification and assignment of costs from other policy objectives.

II. Identification of Scope

- 1) Limited to discussing the parameters of cost of service and not to address issues of rate design or rate spread.
- 2) Identify similarities and differences among IOU’s in Washington sufficient to produce:
  - a. An overall methodology for each service (electric and natural gas)
  - b. Principles regarding the use of different data points in cost of service
  - c. Parameters on delivery, energy, and customer related costs

- 3) Articulate uniform principles of cost of service
- 4) Other Ideas?

III. Discussion of Preferred Outcome or Goal

Several options exist including but not limited to an Order by the Commission, Policy Statement, Settlement Presentation, or a White Paper.

IV. Logistics and Procedural Detail

1) Collaboration and Formal Proceedings

A first step is to compile questions and issues that can be resolved by the Generic Proceeding. This list would become the focal point of the formal process, depending on the goal decided above.

2) Possible Timeline

April 2017 – December 2017	Collaborative Process
December 2017	Issues list published
May 2018	Stakeholder Initial Filing(s)
July 2018	Stakeholder Response (if needed)
September 1 – October 31, 2018	Hearings, Final, and Rebuttal Oral Briefings
December 31, 2018	Commission issues Final Order/Policy Statement

V. Future Meetings

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: 11-21-17  
DOCKET: UE-170485/UG-170486  
REQUESTER: ICNU

WITNESS: Elizabeth O'Connell  
RESPONDER: Elizabeth O'Connell  
TELEPHONE: 360-664-1306

**REQUEST NO. 10:**

Refer to O'Connell, Exh. ECO-1T at 8:1-3, which states that "Avista's COSSs show that it significantly ... under-recovers from some of its classes":

- a. Please confirm that the statement regarding significant under-recovery applies to Schedules 1/2;
- b. If Staff does not confirm in response to subpart (a), please identify which classes Staff is referring to, regarding significant under-recovery;
- c. If Staff confirms in response to subpart (a), please confirm that significant under-recovery for these classes has persisted over time; and
- d. If Staff does not confirm in response to subpart (c), please explain how Staff's position differs from that of the Commission and Company in Dockets UE 160228 and UG-160229, Ehrbar, TR. 289:24-290:12—e.g., Commissioner Rendahl asking "... why the residential parody [sic] ratio is so out of alignment," and that "[i]t appears this has been an ongoing issue"; Mr. Ehrbar testifying that "[w]hat we've had persist over time ... for Schedule 1 on the residential side ... is this persistent [] under- ... recovery of costs."

**RESPONSE:**

- a. Confirmed.
- b. See response to subpart a.
- c. Staff is unsure of the extent or the time horizon that this data request references. Staff notes that there was significant under-recovery in Schedules 1/2 in the cost of service results presented by Avista in the previous General Rate Case.
- d. See response to subpart c.