

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

**CROSS EXAMINATION EXHIBIT OF ELIZABETH M. ANDREWS
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT EMA-__X

Avista's Response to Public Counsel's Data Request No. 333 on Miscellaneous Expense

September 14, 2022

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/07/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Elizabeth Andrews
REQUESTER:	Public Counsel	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 333	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

SUBJECT: RE: Miscellaneous expense**REQUEST:**

Refer to Rebuttal Testimony of Elizabeth M. Andrews, Exh. EMA-7T at 38:4–15.

Please confirm that the Company did not provide pro-forma expenses for 2018 and 2019 reflecting the January 2020 change in employee benefits allocation in order to allow a true comparison of changes in expense amounts by FERC account from 2018 to 2020. If you are not confirming, please provide a reference where that information was provided.

RESPONSE:

A pro forma expense adjustment for 2018 and 2019 was unnecessary to reflect the January 2020 change in employee benefits allocation in order to allow a true comparison of changes in expense amounts by FERC account from 2018 to 2020. As noted at Exh. EMA-7T, page 38, lines 12-15: "...since the balances utilized by Avista between 2018 and 2020 reflect all A&G and O&M expenses (which include 920 and 926 referring back to the example above), this accounting change noted by Witness Coppola is irrelevant to the changes in expense over time, or the resulting escalation rate used by the Company."

Said another way, the 2018 to 2020 normalized balances (as shown in Exh. GDF-2) reflect total adjusted O&M and A&G Expense consistently – which includes employee labor, pension and medical – in total for O&M and A&G, so this move between O&M and A&G is irrelevant to the overall percentage change used. For ease, the table below excerpted from Exh. GDF-2 for Washington electric normalized Commission Basis adjusted operating expenses for the period 2018-2020 only, is as follows:

ELECTRIC COST AND REVENUE TREND CALCULATIONS 2014-2020				
Commission Basis Results of Operations				
AVISTA UTILITIES				
WASHINGTON ELECTRIC RESULTS				
Electric Data for Escalators				
		2018	2019	2020
Line No.				
	Exclude Power Supply and Adder Schedule Expenses (DSM Tariff Rider and Residential Exchange Credit) from O&M			
1	Production/Transmission	CBR Ln 7 132,992	134,241	125,455
2	Purchased Power	CBR Ln 8 73,968	74,282	74,245
3	Distribution	CBR Ln 13 23,753	26,747	22,661
4	Customer Accounting	CBR Ln 17 11,983	11,167	11,290
5	Customer Service and Information	CBR Ln 18 1,551	1,590	1,314
6	Sales	CBR Ln 19 59	0	0
7	Administrative and General	CBR Ln 20 51,109	54,986	72,503
8	Total Operating & Maintenance Expenses	295,415	303,013	307,468
9	Deduct Power Supply Expenses	(148,567)	(147,256)	(144,594)
10	Deduct DSM Tariff Rider Expenses	0	0	0
11	Deduct Res X Credit Expenses	0	0	0
12	CS2/Colstrip 2012 Deferral/Amort	0	0	0
13	Remove Wind Storm	0	0	0
14	Reclass A&G Payroll Taxes (2020 FERC Change) [Removes]			4,687
15	Adjusted Operating Expenses	146,848	155,757	167,561
				7.58%

As can be seen in the table the highlighted balances (highlighted in the original Exh. GDF-2 and noted in the native excel notes), Production/Transmission, Distribution, Customer Accounting, and Customer Service and Information expenses in total show a significant drop in 2020, while Administrative and General expense show a significant increase in 2020, due in part to the change in FERC accounting required effective 1/1/2020. The overall effect however, since these balances are netted together, result in no impact related specifically to the 2020 FERC accounting change.