

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

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

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

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**EXHIBIT EMA-\_\_CX**

Avista's Confidential Response to Public Counsel No. 334C on Miscellaneous Expense

September 14, 2022

**Shaded Information is Designated as Confidential Per Protective Order  
In Dockets UE-220053, UG-220054, and UE-210854 (*Consolidated*)**

REDACTED VERSION

**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:	Patrick Ehrbar
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 334C Confidential	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com


**SUBJECT: Miscellaneous Expense**

**REQUEST: Re: Miscellaneous expense. Refer to Rebuttal Testimony of Elizabeth M. Andrews, Exh. EMA-7T at 39:12–40:4.** Please:

- a. Provide a reference to prior rate cases with docket number, order date, and page identification where the Commission has accepted the use of the PPI inflation rate or other inflation input rate in adjusting O&M expenses or other costs in rate case decisions in the past ten years.
- b. Explain what you mean by “current regulatory model” at 39:12 in Exhibit EMA-7T.
- c. Provide the increase in billed contractor construction costs experienced by the Company in 2021 and 2022, and forecasted for 2023 and 2024
- d. Provide the rate of increase in employee wages and contractor wages incurred in 2021 and 2022, and forecasted for 2023 and 2024.
- e. Provide the actual increase in material costs incurred by the Company in 2021 and 2022, and forecasted for 2023 and 2024.

**RESPONSE:**

Avista’s **CONFIDENTIAL** response to data request PC-DR-334C is **Confidential per Protective Order in UTC Dockets UE-220053 and UG-220054**.

- a. The Company has not conducted such an analysis. Please also see the Company’s response to PC-335 and PC-121.
- b. That phrase was pulled from Exh. GDF-3T, Dr. Forsyth’s testimony. In the context of his testimony, that phrase appears to be inadvertent, and should have been “in the current economic environment”. Irrespective of the phraseology, the context still holds, that “it is input inflation (i.e., price changes of inputs purchased by the Company), and not consumer inflation, that will affect the Company’s costs and ultimately flow into general rate requests.”<sup>1</sup>
- c. The Company has not conducted such an analysis given both the sheer number of contractors Avista works with to provide service to our customers, and due to a lack of specificity of what the “increase” might be related to – prices, scope of work, etc.
- d. The Company outlined the wage increases for employees in 2021-2024 in Company witness Ms. Andrews workpapers 3.07, 5.02 Non-Executive Labor Adjustment on the Pro-Forma Increases tab. The Company provided the Board approved wage increases for Non-Executive, Non-Union employees for 2021 in Staff-DR-033C and for 2022 in Staff-DR-034C. 

<sup>1</sup> Exh. GDF-3T, p. 4, ll. 6-8 and Exh. EMA-7T, p. 39, ll. 12-14.

[REDACTED] For Union wages, in addition to the summary provided in Ms. Andrews workpapers referenced above, the Company provided the approved Union contract with 2021-2023 ratified wage increases in Staff-DR-032. For both Union and Non-Union, the 2024 wage increase was estimated at the same level as 2023. Given the two-year rate plan requirement per SB 5295 it is appropriate for the Company to include, and the Commission to approve a reasonable level of labor expense during the Rate Year 1 (2023) and Rate Year 2 (2024) effective periods. Regarding contract labor, the Company has not conducted such an analysis. Contractor wages are paid through an invoicing process which may include additional costs, please see the below example.

- e. The Company has not conducted such an analysis, nor is such an analysis possible. Just one example might be a general contract to perform work that is set at a fixed amount, but which does not break apart what portions of the contract are related to the vendors labor, and that related to materials.

REDACTED VERSION

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