

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/15/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Clint Kalich/Scott Kinney
REQUESTER:	UTC Staff	RESPONDER:	Clint Kalich
TYPE:	Data Request	DEPT:	Energy Supply
REQUEST NO.:	Staff – 230C	TELEPHONE:	(509) 495-4532
		EMAIL:	clint.kalich@avistacorp.com

SUBJECT: Net Power Expense

REQUEST:

Please provide a revised response to Staff DR-227, which provided a forecast of net power expenses for 2025. In the response, please provide updated copies of Confidential Attachment A - Exh. CGK 2-6 DR-227 and Attachment A - Comparison to Filed. The revised response should include the following two changes to the attachments provided in response to Staff DR-227.

- 1) The updated WEIM charge accounting provided in DR-227 Supplemental.
- 2) Use a forecast carbon allowance price of \$38.09 as an input to all unit dispatch and power purchase decisions, without distinguishing between retail load and wholesale load.

RESPONSE:

The attachment provided with Staff-DR-230C is **Confidential per the Protective Order in UTC Dockets UE-240006 and UG-240007**.

Please see Staff-DR-230C Confidential Attachment A - Exh. CGK 2-6.xlsx. Also, for a comparison of runs following the format of our response to DR-227 see Staff-DR-230 Attachment A - Comparison to Filed.xlsx.

RESPONSE

Please see Avista's **CONFIDENTIAL** response to data request Staff-DR-227C. Please note that Avista's response to Staff-DR-227C is **Confidential per WAC 480-07-160**.

While the Company does not support each requested item, the Company is providing the requested information where possible. Where the company supports a particular requested power supply change, it has so noted and will reflect within its proposed power supply adjustment on rebuttal. Generally, please refer to the file "DR-227 Comparison to Filed.xlsx" for comparisons of cost expressed in a format equivalent to CGK-3. For consistency, **all values expressed below are system** and not adjusted downward by the P/T ratio. The impact of the totality of these changes is an increase in power supply expense of \$9.1 million system, or \$5.8 million system with full adoption only of Mr. Mullins' EIM recommendations.

- a) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically line 62 of sheet 'CGK-3'.
- b) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically sheet 'CGK-2' where you can see the decreased dispatch of the thermal units in lines 31, 35, 36, 39, 40, 41 and 42 of sheet 'CGK-3'. The delta for the CCA dispatch adder is \$73.3 million system *increase in NPE*. This increase *does not include* any allowance costs, only the cost to customers from reduced dispatch at our plants due to the economic hurdle created by including CCA in dispatch decisions. Avista receives no-cost allowances from Ecology to cover actual emissions.
- c) Ecology says they will reduce allowances grants commensurate with emission reductions to reflect forecast operations. If Avista's forecast includes a credit for these allowances, Avista would get fewer allowances and thereby have no offsets to sell to credit customers.
- d) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically lines 47 of workbook 'DR-227 Comparison to Filed.xlsx'. The impact is \$215,000 system *increase in NPE*. The Company supports this change.
- e) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically line 37 of workbook "DR-227 Comparison to Filed.xlsx". When Avista responded to Staff DR No. 183 Supplemental, we were under a temporary settlement with GTN that had much higher rates. Since then, the parties to the case have agreed to a settlement in principle awaiting approval by FERC. The updated natural gas transportation rates reflect the settlement value and equals a \$935,000 system *increase in NPE*. The Company supports this change.
- f) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically lines 35-36, 39, 41-42 of workbook "DR-227 Comparison to Filed.xlsx." This value is embedded in the other changes made. However, its incremental value was provided in response to Staff DR-175: \$365,000 system *increase in NPE*. The Company supports this change.
- g) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227 specifically line 61 of sheet 'CGK-3' as well as lines rows 278-289 of sheet 'Conf Aurora Portfolio Output' contained in the file "Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227.xlsx." As shown, the total value of this contract is \$450,000 system *decrease in NPE*. The Company supports this change.
- h) Staff did not, until late in the day on 7/19/2024, follow up with further details on the analysis it wished to be performed. On the 19th Avista was instructed by Staff witness Wilson to review certain data and include the component costs the Company would agree are not reflected in Aurora modeling at present. Given the complexity of reviewing the cost code data, this analysis still is being performed. In the interim, please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically cell E91 of "DR-227 Comparison to Filed.xlsx". It is the adjustment requested by AWEC witness Mullins. The value is \$3.0 million system *decrease in NPE*. We did not model this impact explicitly, and so it is additive to the total in line 76.
- i) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically line 31 of sheet 'CGK-3' and sheet 'Conf Colstrip Fuel Model'. Unfortunately, including CCA allowance costs

in dispatch greatly overwhelms the impact of this scenario. To help illustrate the impact of this specific change, an earlier internal model run not retained by the Company showed the incremental value of this change alone to be an increase in system power supply expense of \$57,000. The Company supports this change.

- j) See i.
- k) The fired hour charge isn't applicable until a new contract starts in November 2026. Avista did not include this change, as it has no effect on the 2025 pro forma. This said, the fired hour charge under the new contract is \$0.84/MWh. Applied to the entire 2025 calendar year, this charge would *increase* power supply expense by \$1.2 million [REDACTED]. The cost would be a \$1.5 million *increase* system to our filed case [REDACTED], as generation in that filing didn't include reductions in thermal dispatch due to CCA allowance costs.
- l) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically line 56 of 'CGK-2' and line 14 of 'DR-227 Comparison to Filed.xlsx'. Power supply expense doesn't directly change in line 14, but is reflected in higher generation which impacts market purchases and sales. Because of other changes to modeling we do not have an estimate of the individual impact of this change. The Company supports this change.
- m) Please refer to Staff-DR-227C Confidential Attachment A - Exh. CGK 2-6 DR-227, specifically cell E92 of workbook 'DR-227 Comparison to Filed.xlsx'. The value is the same as filed by Mr. Mullins, at \$260,000 and is a system *decrease in NPE*. We did not model this impact explicitly, and so it is additive to the total in line 76.

Please note, the summary of items individually identified, quantifiable and supported by the Company as noted above (items: d., e., f., g. and i.), net \$1.1 million incremental increase in NPE system expense, or Washington share of \$723,000. The Washington portion of the net increases in expense will be included in the Company's overall power supply update provided within its proposed power supply adjustment on rebuttal by Mr. Kalich.