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. 323 on Capital Additions

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 – 323	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

SUBJECT: RE: Capital additions.

REQUEST:
Refer to Rebuttal Testimony of Elizabeth M. Andrews, Exh. EMA-7T at 20:21–21:7.

Please:
a. Identify the individual amounts of capital additions that the Commission disallowed from the Company's proposed additions to rate base in the past five years. Provide the docket number, the number and date of the order, the page of the order, the amount of each disallowance, and the reason for the disallowance.
b. Identify each balancing account or similar mechanism that the Company proposed in the past five years where the Company expected the amount of forecasted expense would only decrease over the coming years and wanted to pass that future cost reduction to customers (other than legislated tax reductions). Explain the mechanism, how it worked, provide a copy of the filed testimony of the witness that proposed it with the docket number, and the resolution of that proposal as to whether it was accepted or rejected by the Commission.

RESPONSE:
a. In the past five years the Commission has disallowed the Company's Colstrip Unit 3 and 4 Smartburn investment of $2.9 million (Washington share), per Order 08-05 in Docket UE-200900, et.al. See Order 08/05, page 94 – 98 for Commission discussion and their decision to disallow Smartburn. In summary, at paragraph 274 the Commission stated: "After review of the entire record on this matter, we find that Avista failed to demonstrate that SmartBurn was necessary and failed to produce documentation sufficient to demonstrate that its costs were prudently incurred. Accordingly, we disallow recovery of SmartBurn capital in rates."

b. In the past five years the Company has only requested a balancing account related to its Wildfire Resiliency Plan (2020 GRC – UE-200900, et. al.) and Insurance Expense (2022 GRC UE-220053, et.al.), both of which are discussed and detailed in Andrews direct testimony Exh. EMA-1T.

With regards to the Company's initial filing in Docket UE-200900, et. al., as noted in Andrew's testimony at Exh. EMA-1T, pg. 87:18 – 88:20, the Company proposed the Wildfire Resiliency Balancing Account because its initial level of 10-year expense would result in a bell-shaped curve, with earlier years resulting in increases (first 3-4 years), while the later years over the 10-year plan would see a decline in expense.

Additional deferrals in the last five years requested by Avista (not balancing accounts), excluding the Company's proposed treatment of the 2017 Tax Reform and Jobs Act (TCJA), include deferrals such as:

Deferred Customer Tax Credits: As discussed in detail in Docket UE-200900, et.al., (and summarized in this Docket UE-220053, et. al.), the Company filed a Tax Accounting Petition, requesting authorization to change its accounting for federal income tax expense from a normalization method to a flow-through method for certain plant basis adjustments, approved by each jurisdiction (Washington, Idaho and Oregon, resulting in the Company deferring an accumulated deferred income tax (ADIT) benefit of approximately $150.5 million on a system basis through December 30, 2020. That equated to $58.1 million for Washington electric operations and $28.2 million for Washington natural gas operations. Additional deferrals beginning in 2021 result in on-going annual incremental deferred Washington ADIT benefits to be deferred and returned to customers annually.

Additional deferrals over the last five years mainly include deferrals associated with the Regulatory treatment of accelerating the depreciation and recovery of Colstrip Units 3 and 4 and deferral of the Colstrip Transition Trust Fund (customer portion) (UE-190334), deferrals associated with the Company's investment in AMI (UE-0170327/UG-170328), Deferral of Jan-Sept 2021 Wildfire expenses (UE-200900, et.al.).