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. 326 on Vegetation Management

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

SUBJECT: RE: Vegetation Management

REQUEST:
Refer to Rebuttal Testimony of Elizabeth M. Andrews, Exh. EMA-7T at 30:5–11.
Please:
a. Explain what you mean by "the Company separately tracks these two necessary programs and will take both programs into consideration prior to deferring any wildfire-related expenses, up or down, from the wildfire baseline agreed to within the Settlement of $5.1 million (and the routine actual test period expense of $5.6 million)."
b. Does the statement quoted in subpart (a) mean that total vegetation management costs for both the routine program and the Wildfire Plan must exceed $10.7 million ($5.1 million for the Wildfire Plan plus $5.6 million for routine vegetation management) before any amounts are deferred into the Wildfire Plan Balancing account? If yes, provide a reference where this treatment was explained in the Company's filed direct case or in responses to data requests, and provide also an example how it would work for RY1 and RY2.

RESPONSE:
a. As noted in direct testimony at Exh. EMA-1T, at 60:11-18:

> In 2020 this existing program [the routine vegetation management maintenance] was separated into two programs based on the new Wildfire Resiliency Plan: 1) Routine Maintenance and 2) Risk-Tree Identification and Mitigation ("Risk-Tree").[43] (Footnote 43: Routine distribution and transmission maintenance is budgeted annually at approximately $8.9 million. <u>This routine expense is separately tracked and accounted for</u> from all Wildfire-related expenses. <u>Any deferral of wildfire expense is tracked incrementally to the Wildfire Expense Balancing Account baseline, and will also ensure it is incremental to the routine maintenance expense included in base rates</u>. Each of these programs have different scopes and budgets in order to continue our routine cycle trimming and to give additional focus to "risk-trees" under the Wildfire Resiliency Plan.(Emphasis added.)

This means the Company separately tracks its Routine Maintenance ($8.9 million system) from its Risk Tree (Wildfire Mitigation) work and will take into consideration the routine maintenance level included in base rates (Washington's share), as well as the Washington wildfire expense baseline, on an annual basis, when deferring incremental expenses. The Company separately identified the annual Washington levels of these balances $5.1 million Risk Tree and $5.6 million for routine actual test period expense within its direct testimony.

Further, the Company noted within its direct filed case at Exh. EMA-1T pg. 61:9-12 that: "The Wildfire Balancing Account, of course, provides the added protection that allows the Company to defer any balances above or below the established baseline (including any off-setting direct O&M savings that may occur).[41]" (Footnote 41: Although the Company is unaware of direct O&M savings at this time, through the operation of the balancing account, O&M costs will be tracked net of cost savings, thereby effectively capturing over time any embedded cost savings.)

b. Yes, on an annual basis. See a. The Company records its wildfire deferral on a monthly basis, as required by GAAP. As described in PC-DR-101, Wildfire expenses are recorded monthly to O&M transmission and distribution expense accounts and coded with a MAC 207 code to track them separately.[1] Provided with PC-DR-101 Attachment A, and described in PC-DR-101, the Company estimated a shaping of those expenses normalized over the 12-months in calendar 2022. The Company also shaped the baseline of the expenses approved by the Commission in UE-200900 of $3.065 million to reflect an annual amount. As actuals expenses occur and tracked in MAC 207, the monthly actuals will be compared to the monthly shaped baseline of $3.065 million (annual amount) to record a deferral monthly. This shaping will ensure a full $3.065 million is considered over any 12-month period. Any amounts on a monthly (and ultimately annual amount) above the baseline would be deferred.

However, to consider the impact of the routine vegetation management expense, the Company does not take the monthly routine vegetation management expense into consideration. Routine vegetation management expense will be considered on a calendar basis to ensure a matching of costs (both routine and risk tree) and the wildfire baseline. This will ensure the Company can evaluate annual total Wildfire expense, routine management expense, and any net savings.

[1] Vegetation routine maintenance is tracked through MAC code 206.