

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/20/2022
CASE NO:	220053-54-210854	WITNESS:	Elizabeth Andrews
REQUESTER:	Bench	RESPONDER:	Liz Andrews
TYPE:	Bench Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Bench Request No. 05	TELEPHONE:	(509) 495-8601
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REQUEST:

In footnote 12, on page 12 of 49 of the Settlement Stipulation, the Settling Parties refer to Table 4 found in Andrews, Exh. EMA-1T at 31:17-22. Footnote 12 states that “[f]or purposes of the Capital Projects Review and comparison of provisional capital additions in Rate Year 1 . . . and Rate Year 2 . . . , capital additions and overall Rate Base are as filed, excluding the Colstrip Dry Ash investment.” Table 4 in Andrews, Exh. EMA-1T provides that the electric net plant after Accumulated Depreciation of Federal Income Tax (ADFIT) for Rate Year 1 is \$1,987,156,000 and for Rate Year 2 is \$2,067,662,000, prior to the exclusion of the Colstrip Dry Ash investment.

As plant balances increase or decrease over time as plant is added or removed, it is unclear to the Commission how the exclusion of the Colstrip Dry Ash investment is accounted for by the Settlement Stipulation in the electric net plant after ADFIT in each of the rate years.

a. Please clarify how the Settling Parties exclude the Colstrip Dry Ash investment from net plant after ADFIT in each rate year. In addition to this explanation, the following subparts will add necessary clarity.

b. Please confirm that the Settling Parties intend an amount of \$3,100,000 for Colstrip Dry Ash investment should be removed from the electric net plant after ADFIT for Rate Year 1, resulting in a final amount of electric net plant after ADFIT of \$1,984,056,000.

c. Please confirm that the Settling Parties intend an amount of \$2,100,000 for Colstrip Dry Ash investment should be removed from the electric net plant after ADFIT for Rate Year 2, resulting in a final amount of electric net plant after ADFIT of \$2,065,562,000.

d. Please clarify and explain why the \$3,100,000 portion of Colstrip Dry Ash investment in Rate Year 1 appears to not also be removed, cumulatively, from Rate Year 2 in addition to the \$2,100,000 portion, resulting in a final amount of electric net plant after ADFIT of \$2,062,462,000.

e. Please provide any updates to tables or amounts provided in the Settlement Stipulation that will help clarify how the exclusion of the Colstrip Dry Ash investment is accounted for and its cumulative effects reflected in the final amount for Rate Year 2 net plant after ADFIT.

RESPONSE:

- a. Please see the table below reconciling the As-filed Washington electric net plant after ADFIT, excluding Dry Ash in Rate Year 1 (RY1) and Rate Year 2 (RY2):

Two Year Rate Plan					
Net plant After ADFIT Balances (000s)					
Service	Actual 09.2021 Test period	RY 1 Adjustments	Effective 12.2022 RY1 Balances	RY 2 Adjustments	Effective 12.2023 RY2 Balances
WA Electric (1)	\$ 1,797,278	\$ 189,878	\$ 1,987,156	\$ 80,506	\$ 2,067,662
Remove Dry Ash		\$ (3,123)	\$ (3,123)	\$ 1,011	\$ (2,112)
Adjusted WA Electric (2)			\$ 1,984,033		\$ 2,065,550

(1) WA Electric As-filed net plant after ADFIT. Per Exh. EMA-1T, Table 4, page 31.

(2) WA Electric Adjusted net plant after ADFIT agreed to by the Settling Parties, excludes Dry Ash.

See BR 05 – Attachment A.

- b. The Settlement used \$3.1 million as an approximate amount of Dry Ash removed in RY1. See the table above for the Dry Ash amount included in the Company’s direct-filed case, shown as removed, resulting in an adjusted Washington Electric Net Plant After ADFIT of \$1,984,033 for RY1.
- c. The Settlement used \$2.1 million as an approximate amount of Dry Ash removed in RY2. See the table above for the Dry Ash amount included in the Company’s direct-filed case in RY2 shown as removed, resulting in an adjusted Washington Electric Net Plant After ADFIT of \$2,065,550 for RY2.
- d. The amount of Dry Ash removed in RY1 versus RY2 is not cumulative. The Dry Ash amount removed in RY2 is lower than RY1 due to the impact of the change in Accumulated Depreciation (A/D) net of ADFIT. Please see BR 05 – Attachment A.
- e. Please see BR 05 – Attachment A.

During the review and completion of Bench Request 05 it has also come to the Company’s attention of an inadvertent misstatement by Ms. Andrews during the Hearing in this Docket (UE-220053, et. al.) regarding the net rate base balances in RY1 and RY2 as provided below:

TR at 136: 17 – 137: 11

COMMISSIONER DOUMIT: ... referring to joint testimony at page 28, line 16 through 22, and Andrews direct testimony, EMA-1T at page 31, lines 17 through 20. Specifically related to net plant after ADFIT, asking for confirmation that ending net balance is, for rate year one, is 1 billion 984 thousand -- excuse me, 1,984,056,000. And for rate year two, is 2,062,462,000

MS. ANDREWS: So I'm going to restate those, if you don't mind.

COMMISSIONER DOUMIT: Yes. No, I don't mind. Thank you.

MS. ANDREWS: Sounded different to me. So I am looking at the joint testimony JT-1T, page 28. And we point to the balances of 1,987,156,000, that excludes Dry Ash, for Washington Electric and for -- for rate year one. And for rate year two, that is 2,067,662,000, again, excludes any impact of Dry Ash.

The highlighted portion of the statement above is in error. In the above statement, the amounts referenced for RY1 and RY2 were amounts as filed, including Dry Ash. The Settlement language with regards to rate base and the removal of Dry Ash was as follows (see Exh. JT-2, pg 11, footnote 12):

For purposes of the Capital Projects Review and comparison of provisional capital additions in Rate Year 1 (2022 and 2023) and Rate Year 2 (2024), capital additions and overall Rate Base are as filed, excluding the Colstrip Dry Ash investment. Rate Year 1 overall rate base (net plant after ADFIT) balances reflect amounts as shown in Exh. EMA-1T, Table No. 4 of \$1,987,156,000 (less Dry Ash of approximately \$3.1 million) for Washington electric, and \$510,148,000 for Washington natural gas. Rate Year 2 overall rate base (net plant after ADFIT) balances reflect amounts as shown in Exh. EMA-1T, Table No. 4 of \$2,067,662,000 (less Dry Ash of approximately \$2.1 million) for Washington electric, and \$532,346,000 for Washington natural gas. (emphasis added)

The footnote as written was unclear as to the agreed-to balances after the removal of Dry Ash. The intent of this footnote was to reflect that the overall rate base (net plant after ADFIT) balances agreed to per the Settlement were to reflect the as-filed rate base per Ms. Andrews direct testimony (see Exh. EMA-1T, Table No. 4, pg 31), of \$1,987,156,000 and then remove the Dry Ash amount included as-filed of approximately \$3.1 million, or \$1,984.0 million in RY1. For RY2, the overall rate base balances agreed to per the Settlement were to reflect the as-filed rate base of \$2,067,662,000 and then remove the adjusted Dry Ash amounts included as-filed of approximately \$2.1 million (reflecting a change in A/D), or \$2,065.6 million in RY2. (Differences shown in part a. above are due only to rounding, see part a. above, and BR 05 – Attachment A.)