

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	11/17/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Patrick Ehrbar
REQUESTER:	ICNU	RESPONDER:	Pat Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 135	TELEPHONE:	(509) 495-8620
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REQUEST:

Refer to Ehrbar, Exh. PDE-8T at 2:22-3:1, which states that “[t]he Settling Parties agree that it is *more appropriate* to address, in the ongoing generic collaboration ... cost of service methodologies to be used in future cases.” (Emphasis added):

- a. Please confirm that Avista filed Ehrbar, Exh. PDE-8T, on November 1, 2017;
- b. Please confirm that on October 27, 2017—i.e., three business days prior to the filing of Ehrbar, Exh. PDE-8T—Mr. Ehrbar responded to ICNU Data Request 25, in Docket U-170970 (the joint Avista/Hydro One merger proceeding), by stating that “the general rate case is the appropriate vehicle for cost of service/rate spread proposals”; and
- c. Please confirm that, during the first (and only, to date) February 8, 2017 meeting of the generic collaboration, that WUTC Staff explained that rate spread would not be within the scope of issues addressed in the generic collaboration.

RESPONSE:

- a. Confirmed
- b. The point that was being made in the referenced data request is that using the Company’s “proposed” rate spread from this general rate case (where the Company was proposing movement towards unity which would cause some schedules to receive an increase that is higher or lower than the overall increase) is not appropriate for the proposed Rate Credit in the Hydro One proceeding. General rate cases (or cost of service collaboratives stemming from general rate cases), in general, are a more appropriate venue to discuss cost of service and alternative rate spread proposals, not merger proceedings in the Company’s view. The full referenced data request stated:

Yes, the proposed Rate Credit rate spread is different than what was proposed in the Company’s general rate case. While Avista is proposing to spread the Rate Credit on a uniform percent of base revenue basis, Avista in its present rate case spread the increase on a uniform percent of base revenue basis to all schedules except Schedules 1/2 and 11/12 (whereby Schedules 1/2 would receive 106% of the overall percentage increase, and Schedules 11/12 would receive approximately 80% of the overall increase). For the general rate case, the Company believes that it is important that movement towards unity should be made over the three-year rate plan, based on cost of service (i.e., the general rate case is the appropriate vehicle for cost of service/rate spread proposals). Alternatively,

the Company and Hydro One do not believe that the Merger docket is the appropriate proceeding to propose a rate spread which will help to move schedules more towards cost of service by applying more of the Rate Credit to one schedule to the detriment of another.

- c. I do not recall that exact phraseology, but I do recall that rate design would not be included in the generic proceeding.