

Exh. KMH-14Tr
Dockets UE-240006/UG-240007
Witness: Kristen M. Hillstead

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

AVISTA CORPORATION,

Respondent

**DOCKETS UE-240006 & UG-240007
(Consolidated)**

CROSS-ANSWERING TESTIMONY OF

KRISTEN M. HILLSTEAD

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Updated Electric and Natural Revenue Requirements

August 16, 2024

Revised September 24, 2024

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LIST OF EXHIBITS

Exh. KMH-15(C)r - Staff's Confidential Electric Revenue Requirement Model

Exh. KMH-16C – Staff's Confidential Natural Gas Revenue Requirement Model

CROSS-ANSWERING TESTIMONY OF KRISTEN M. HILLSTEAD
DOCKETS UE-240006 & UG-240007 (Consolidated)
Revised September 24, 2024

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1 I. INTRODUCTION

2
3 Q. Are you the Same Kristen Hillstead who provided testimony in these dockets on
4 July 3, 2024?

5 A. Yes.

6
7 II. SCOPE AND SUMMARY OF TESTIMONY

8
9 Q. What is the purpose of your testimony?

10 A. The purpose of my testimony is to update Staff’s proposed electric and natural gas
11 revenue requirements.

12
13 Q. Please summarize your recommendations.

14 A. Staff updated its electric revenue requirement to incorporate the recommended
15 changes to power costs as proposed by Staff witness Wilson, Exh. JDW-24CT. It
16 updated both its electric and natural gas revenue requirements to reflect the
17 correction of an error identified by Avista witness Andrews in her rebuttal
18 testimony.¹ These updates result in an amended revenue increase of ~~\$52.8~~ \$59.2
19 million on electric operations and \$10.8 million— on natural gas operations for
20 the 2025 rate year. Staff’s original revenue requirement increase recommendations
21 were \$8.3 million for electric and \$11.3 million —for natural gas.

22

¹ EMA-6T at 41:3-16.

1 **Q. Have you prepared any exhibits in support of your testimony?**

2 A. Yes.

3 • Exh. KMH-15(C)r, Staff's revised confidential electric revenue requirement
4 model workbook.

5 • KMH-16(C), Staff's revised confidential natural gas revenue requirement
6 model workbook

7 **III. STAFF'S UPDATED REVENUE REQUIREMENT**

8

9 **Q. Would you please explain the process involved with Staff's update to Avista's**
10 **power costs?**

11 A. Staff witness Wilson provides the explanation for the update, as well as calculating
12 dollar amount involved with Staff's power cost update. I input the numbers arrived at
13 by Staff witness Wilson into Staff's revenue requirement model.

14

15 **Q. How did you input the power cost update amount in the revenue requirement**
16 **model?**

17 A. I entered inputs from Staff witness Wilson's workbook, Exh. JDW-28C, into Staff's
18 revenue requirement model. The power cost updates are contained in the Power Cost
19 Adjustment tab of Exhibit KMH-15C² (Staff's changes to inputs are shaded orange),
20 and they flow through to several other tabs within the model to produce Staff's
21 updated revenue requirement proposal. Specifically, Staff's new proposed revenue

² Staff provided its original revenue requirement model in response to BR No. 1 on July 23, 2024.

1 requirement is shown in column g, line 6 of the Proposed Rev Req and Exp tab; the
2 proposed revenue requirement is calculated on the Rev Req Calc tab (cell E29); the
3 related revenue expenses are calculated on the Conv Factor tab, which flow back to
4 the Proposed Rev Req and Exp tab.

5
6 **Q. Did you review Avista witness Andrews' testimony about Staff's electric and**
7 **natural gas O&M adjustments?**

8 **A. Yes.**

9
10 **Q. Is she correct in alleging an error?**

11 **A. Yes. Staff meant only to remove the portion of the adjustment derived using**
12 **escalated values, but actually removed the entire O&M adjustment. The revenue**
13 **requirement models submitted with this revised testimony correct that error.**

14
15 **Q. Does this conclude your testimony?**

16 **A. Yes.**