

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

|               |                       |                |                             |
|---------------|-----------------------|----------------|-----------------------------|
| JURISDICTION: | WASHINGTON            | DATE PREPARED: | 1/18/2018                   |
| CASE NO.:     | UE-170485 & UG-170486 | WITNESS:       | Scott Kinney                |
| REQUESTER:    | UTC Staff             | RESPONDER:     | Scott Kinney                |
| TYPE:         | Bench Request         | DEPT:          | Power Supply                |
| REQUEST NO.:  | Bench Request No. 6   | TELEPHONE:     | (509) 495-4494              |
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**REQUEST:**

Regarding Colstrip Thermal capital projects, please provide a description of the categories used to identify projects that are completed or planned for completion to Units 3 and 4 in which Avista is 15% owner.

**RESPONSE:**

As explained in Company witness Mr. Kinney's direct testimony Exh. SJK-1T, page 25, and Colstrip 3 & 4 capital project business case at Exh. SJK-4, page 100, the category description and categorization of projects completed at Colstrip Unit 3 and 4 are provided by Talen as Colstrip Operator. In recent years, Talen characterized the capital projects using the following categories:

- Regulatory – projects that are generally required due to regulatory or legal obligations. For example, projects related to meeting WECC or NERC CIP infrastructure Compliance, such as a security card reader installation project to meet NERC CIP compliance.
- Environmental– projects that are related to environmental controls and measures. For example, Talen classified the SmartBurn investment as Environmental because it reduced NOx emissions in support of the Regional Haze Rule.
- Reliability Must Do – projects that generally are required to keep the project operating. Without investments in this category, the project may not be able to generate power in the near term. An example of a project in this category would be a replacement of a transformer that has sustained damage and has a high risk of failure in the near future.
- Sustainance – projects that are intended to ensure ongoing safe and reliable operation. If investments in this category are not made, there will not necessarily be an immediate outage, but the safe and reliable operation may be at risk over time if these investments are not made. A non-generation example could be changing the tires on a car. The new tires don't extend the life of the car, and you can still drive the car with bald tires, but changing the tires ensures the car will continue to operate in a safe and reliable manner. Sustainance projects also include routine activities such as HVAC system replacement, battery bank replacement, and replacement of sub-systems that have a different life than the plant as a whole.

None of the categories described above anticipate investments that extend the life of the project. Rather, they are being made to either: 1) comply with current laws, rules, and regulations, 2) ensure ongoing compliance with environmental goals, or 3) ensure the safe and reliable operation of the project, both immediately and for the foreseeable future.

Please see Staff witness Scanlan Exh. KBS-11C which includes a listing of Colstrip Thermal capital projects from 2017 through 2021. Each project included in the listing have been identified as REG (Regulatory), ENV (Environmental Must Do) or SUS (Sustainance, including safety and reliability must do). The majority of projects as identified fall within the category SUS.