AVISTA CORP. RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:WASHINGTONDATE PREPARED:CASE NO:UE-150204 & UG-150205WITNESS:REQUESTER:BenchRESPONDER:TYPE:Bench RequestDEPT:REQUEST NO.:Bench Request No. 4TELEPHONE:EMAIL:EMAIL:EMAIL:

10/07/2015 Elizabeth M Andrews Karen Schuh State & Federal Regulation (509) 495-2293 karen.schuh@avistacorp.com

REQUEST:

Bench Request No. 4: Please provide the estimated net plant balance of existing electric meters at February 2016.

RESPONSE:

The net plant value of the existing electric meters in Washington is expected to be approximately \$20.9 million as of February 2016, as shown in Attachment A.

Coincident with the signing of a new contract for electric AMI meters, the Company is proposing to transfer the net plant value of the existing meters from electric distribution plant, and record it as a regulatory asset.

Avista's rebuttal and Staff's proposed electric attrition studies continue to include approximately \$21 million in net plant, a return on this amount, and \$900,000 of depreciation expense within their proposed electric attrition revenue requirements for 2016. Therefore, Avista would continue to amortize the pro rata amount of this regulatory asset, equal to the existing depreciation level through 2016, reducing the regulatory asset to an approximate \$20.0 million balance at January 1, 2017. No carrying charge on the regulatory asset would accrue during 2016, since a carrying charge for 2016 is already reflected in the attrition studies of Avista and Commission Staff.

Beginning January 2017, after new retail rates are set in the next rate case, the approximate \$20.0 million regulatory asset would be amortized over a 10 year period at approximately \$2.0 million annually, with a rate of return on the unamortized balance.

Please see Attachment A, which shows the expected level of regulatory asset (\$20 million) to be recovered over the requested 10 year amortization period beginning January 1, 2017. The regulatory asset has been reduced for amortization expense during the remainder of 2016 at the current rate of depreciation, to reflect the net amount of the regulatory asset at January 1, 2017. Below is a table showing these components:

Avista Corp.	 	50	615	5
Net Plant Value of Existing Meters	S		001	- SS = z
Gross Meter Cost	\$ 27,247,217	A C	12	S E
Accumulated Depreciation	\$ (6,353,661)		330	NNA IVEL
Meter Net Plant Value 2/2016	\$ 20,893,556	A.	×.	G€ ∖
Additional 2016 Depreciation/Amortization Expense	\$ 846,707	ingen in her solari sugar in her signa	990	
Net Regulatory Asset January 1, 2017	\$ 20,046,849		9	

Dockets UE-150204 and I 50205 Avista's Response to Bench Request No. 04 Cross Exhibit No. 07

> 3.39% Depreciation rate

With Estimated Additions		Actuals				Estima	ted
	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
Gross Meter Cost	26,612,232.93	26,781,554.34	26,827,217.43	26,897,217.43	26,967,217.43	27,037,217.43	27,107,217.43
Accumulated Depreciation	(5,743,646.15)	(5,819,064.87)	(5,894,787.26)	(5,970,771.90)	(6,046,954.29)	(6,123,334.43)	(6,199,912.32)
Meter Net Plant Value	20,868,586.78	20,962,489.47	20,932,430.17	20,926,445.53	20,920,263.14	20,913,883.00	20,907,305.11

January 2016 February 2016 27,177,217.43 27,247,217.43 (6,276,687.96) (6,353,661.35) 20,900,529.47 20,893,556.08

January 2016

76,973

76,776

76,578

76,380

76,182

75,985

75,787

75,658

75,180

Depreciation Expense

Expected Depreciation/Amortization Expense February - December 2016

846,707

Page: 1 of 1