

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/19/2015
CASE NO:	UE-150204 & UG-150205	WITNESS:	K. Schuh / E. Andrews
REQUESTER:	Bench	RESPONDER:	Karen Schuh
TYPE:	Bench Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Bench Request No. 11	TELEPHONE:	(509) 495-2293
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REQUEST:

Bench Request No. 11: Avista: With regard to Karen K. Schuh's rebuttal testimony exhibit, Exh. No. KKS-6T at page 17:

1. Beginning on line 4, page 17 of the referenced rebuttal testimony, Ms. Schuh addressed changes or updates to numbers that she states are not accurately reflected in Staff and intervenor testimony. Please explain the specific inaccuracy that is referred to with a citation to or description of the associated testimony and/or exhibits.
2. Referring to Table 1 shown on page 17 of Ms. Schuh's rebuttal testimony, please explain how the updates (both electric and gas operations) are reflected in Tables 9-12 in Ms. Schuh's direct testimony, Exh. No. KKS-1T at pages 22-25, as updated and/or corrected.

RESPONSE:

1. The changes or updates to numbers were not accurately reflected in Staff witness Mr. Gomez's testimony at Exhibit No.__(DCG-1TC), page 8, lines 12-17 where he states the following:

“One of the mistakes in Avista's as-filed case resulted in a \$50 million (system) reduction to rate base to reflect a "Repairs Allowance" allowed for tax purposes that the Company had inadvertently omitted in its original filing along with other Deferred Federal Income Tax (DFIT) true-up adjustments. This error alone resulted in a \$4.6 million reduction in the Company's overall revenue requirement for Washington in this case.”

The above statements are inaccurate. As explained in my rebuttal testimony, the Company had recorded a \$50 million (system) reduction to the rate base to reflect the “Repairs Allowance” in September 2014, which was included in the Company's original filing. The workpaper from the Company's original filing is included as Attachment A to this response. Attachment A represents an excerpt from Company witness Smith Electronic Workpapers located at: 1)ADFIT-Sept 2014 AMA.xls, tab GLSept14. There were changes to the ADFIT balances after the Company filed its case, and these were reflected and provided to the parties in response to Staff_DR_131, on May 14, 2015, as requested by Staff, as well as in my rebuttal testimony.

Intervenors, Mr. Mullins at Exhibit No.__(BGM-1CT) page 19, lines 15-16, also inaccurately reflected the situation with Avista's Accumulated Deferred Federal Income Taxes ("ADFIT") by stating the following:

"This reduction appears to be partially due to an error in the Company's calculation of Accumulated Deferred Income Taxes ("ADIT")"

Mr. Mullins also inaccurately describes the reduction of rate base as an error in the Company's calculation of ADFIT. This reduction was not an error on the Company's part, the Company appropriately included the known estimates at the time of filing and updated the balances throughout the case.

2. Table 1 on page 17, of my rebuttal testimony reflects an ADFIT reconciliation from the time of filing through rebuttal. The beginning ADFIT balance was reflected in tables 9 and 10, of Exh. No. KKS-1T, as a component of the total ADFIT balance; this is described in the footnote to the tables. The changes to these balances, since the time of the original filing, could not have been reflected in my direct testimony at Tables 9-12, however, my direct testimony tables have been updated in the Company's response to Bench Request No. 10. The company has included all ADFIT changes known to date in Bench Request No. 10, including the most recent ADFIT true up completed on October 9th, incorporating the repairs study, bonus depreciation and other true-up amounts reflected in the 2014 Federal tax return filed on September 15, 2015.