



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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(360) 664-1160 • www.utc.wa.gov

February 2, 2018

NOTICE OF BENCH REQUEST
(Due by Wednesday, February 28, 2018, at 3 p.m.)

and

NOTICE OF OPPORTUNITY TO RESPOND
(Due by Wednesday, March 21, 2018, at 3 p.m.)

RE: *Washington Utilities and Transportation Commission v. Avista Corporation d/b/a Avista Utilities*, Dockets UE-170485 and UG-170486 (consolidated)

TO ALL PARTIES:

On January 2, 2018, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Bench Request and Notice of Opportunity to Respond (Notice). The Notice addressed the enactment of the Tax Cuts and Jobs Act (TCJA) which, in relevant part, reduces the federal corporate tax rate from 35 percent to 21 percent for regulated utilities, including Avista Corporation d/b/a Avista Utilities (Avista or the Company).

On January 12, 2018, Avista filed its response to the notice, stating that the Company intends to return the entirety of the excess deferred federal income taxes to ratepayers.¹ Avista asserts that its “evaluation [of the impacts of the TCJA] is an extensive task,”² and it is not possible to provide the Commission with the information requested in the Notice at this time.³ The Company instead offered to provide the information requested in the Notice by March 30, 2018, which is also the date Avista is required to file similar information with the Idaho Public Utilities Commission.⁴ Avista suggested that this will provide “the Commission and interested parties

¹ Avista’s Response at 1. (“Nevertheless, all of the benefits associated with the costs paid by customers related to the TCJA will be returned to customers as discussed in this response.”)

² *Id.* at 3.

³ *Id.* at 1.

⁴ *Id.*, n. 2.

[time] to audit this information” and would allow for any benefits flowing from the TCJA to customers to be synchronized with any rate adjustments resulting from the instant proceeding.⁵

On January 26, 2018, the Commission’s regulatory staff (Staff), the Public Counsel Unit of the Washington Attorney General’s Office, The Energy Project, and the Northwest Industrial Gas Users/the Industrial Customers of Northwest Utilities filed replies to Avista’s Response. Each of these parties raised concern that the March 30, 2018, date the Company proposed for providing the information requested by the Commission in the Notice, combined with the April 26, 2018, suspension date, would not allow parties an adequate time to review and respond fully to Avista’s excess deferred federal income tax information.

During the evidentiary hearing, the Company indicated it will have data on the implications of the TCJA for 2017 and going forward into 2018 to coincide with its earnings call to shareholders on February 21, 2018.⁶ Further, such information will no longer be confidential at that time.⁷

BENCH REQUEST NO. 9:

Avista is directed to provide the following information to the Commission by February 28, 2018:

- A. Accumulated Deferred Federal Income Tax (ADFIT) balance as of December 31, 2017.
- B. The amount of excess deferred income tax reserve as described in Internal Revenue Code Sec 168(i)(9)(A)(ii) as of December 31, 2017, to comply with the TCJA. Separately identify the amounts classified as protected and unprotected.
- C. The amount of excess deferred income tax expense Avista is currently collecting as of January 1 2018, until the anticipated effective date of this general rate case. Separately identify the amounts classified as protected and unprotected.
- D. A proposed amortization schedule for parts B and C of this bench request along with a supporting rationale for each schedule. Please identify and describe the amortization assumption, e.g., composite, average rate, or other alternative method.
- E. For the current proceeding, provide an updated revenue requirement based on the Company’s rebuttal position that accounts for the change in corporate tax rate for the “going forward” tax rates (e.g., conversion factor and GRC adjustments that are a function of the new tax rate).
- F. Supporting workpapers in electronic format with all formulas and links intact. See WAC 480-07-510(3)(e).

⁵ *Id.* at 4.

⁶ Thies, TR 355:6-12.

⁷ Meyer, TR 453:23-454:3.

THE COMMISSION GIVES NOTICE That Avista must respond to this Bench Request no later than 3 p.m. on Wednesday, February 28, 2018, by electronic filing with the Commission's Records Center. Please provide courtesy copies by email to all parties of record and Administrative Law Judges Marguerite Friedlander, at marguerite.friedlander@utc.wa.gov and Rayne Pearson, at rayne.pearson@utc.wa.gov.

THE COMMISSION GIVES FURTHER NOTICE That parties may file comments related to Avista's response to this Bench Request no later than 3 p.m. on Wednesday, March 21, 2018, by electronic filing with the Commission's Records Center. Please provide courtesy copies by email to all parties of record and Administrative Law Judges Marguerite Friedlander, at marguerite.friedlander@utc.wa.gov and Rayne Pearson, at rayne.pearson@utc.wa.gov.

MARGUERITE E. FRIEDLANDER
Administrative Law Judge