BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UITILITIES AND TRANSPORTATION COMMISSION Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES Respondent.	)	DOCKETS UE-240006 and UG-240007 *(Consolidated)* ALLIANCE OF WESTERN ENERGY CONSUMERS' LIMITED RESPONSE TO PUBLIC COUNSEL'S POST-HEARING BRIEF

1 Pursuant to the Alliance of Western Energy Consumers' ("AWEC") Motion to File a Limited Response to Public Counsel's Post-Hearing Brief ("Motion"), AWEC files this Limited Response to Public Counsel's Post-Hearing Brief. This Response addresses a factual inaccuracy in Paragraph 132 of Public Counsel's brief, which discusses the allocation of Colstrip costs between customer classes. AWEC's Response is intended to ensure a clear evidentiary record.

2 The second sentence of Paragraph 132 of Public Counsel's Post-Hearing Brief states that "the costs of Colstrip are allocated differently than the rest of rates, and are governed by a separate settlement." This statement is accurate – the costs of Colstrip are recovered under Schedule 99, which under the settlement in Avista's 2022 general rate case, is allocated to customer classes consistent with how the rate spread for the first year in the 2022 rate case was also allocated.[1]

3 The following sentences in Paragraph 132, however, are inaccurate. Public Counsel states that 4.2% of Colstrip costs are allocated to Schedule 25 and 2.2% are allocated to residential customers, which means that "[u]nder the current Colstrip tracker, residential

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1 Docket Nos. UE-220053/UG-220054, Order 10, Appendix A at 7 ¶ 14(c) (Dec. 12, 2022).

customers are receiving a good deal – proportionally less of the cost allocated to the residential class than Schedule 25. When Colstrip ends, residential customers will lose that beneficial allocation going forward." The 4.2% and 2.2% that Public Counsel refers to is the general allocation of steam production plant in Avista's cost of service study.[2] This is how the costs of Colstrip used to be allocated; however, because of the 2022 settlement, Colstrip is now allocated differently from all other steam production plant – it is allocated according to the Rate Year 1 rate spread from the 2022 Rate Case.

4 For this reason, Public Counsel's next statement in Paragraph 132 is also incorrect. Public Counsel stats that "removing Colstrip from rates hurts residential ratepayers with respect to other classes, particularly where Colstrip will be replaced with higher power costs which are allocated less beneficially." The Rate Year 1 rate spread from the 2022 rate case resulted in higher rates for residential customers than Schedule 25 customers, which also means that residential customers were allocated more of Colstrip Schedule 99 costs than Schedule 25 customers.[3] This then also means that removing Colstrip from rates *benefits* residential ratepayers with respect to other classes. This can be seen from Exhibit JDM-9 for Rate Year 2, in which the removal of Colstrip costs results in a $16.9 million rate reduction for residential customers ($0.00654/kWh) and only a $578,000 rate reduction for Schedule 25 customers ($0.00092/kWh). Meanwhile, because production expenses are more heavily borne by Schedule 25 customers than residential customers, the replacement of Colstrip with other generation or market purchases results in a higher cost impact for Schedule 25 than for residential customers. Thus, residential customers will see a larger cost reduction from the roll-off of Schedule 99 and a

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[2] Exh. MJG-2; Garbarino, Tr. at 176:9-177:24.

[3] Docket Nos. UE-220053/UG-220054, Order 10, Appendix A at 4-6 ¶ 12 (Dec. 12, 2022).

lower allocation of replacement power costs, while Schedule 25 will see a smaller cost reduction from the roll-off of Schedule 99 and a higher allocation of replacement power costs.

Dated this 12th day of November 2024.

Respectfully submitted,

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