

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: October 20, 2015
DOCKET: UE-150204/UG-150205
REQUESTER: Bench

WITNESS: Christopher Hancock
RESPONDER: Christopher Hancock
TELEPHONE: (360) 664-1312

Bench Request No. 8: Staff: With regard to Christopher H. Hancock's exhibits, CSH-2 at page 10, column 4.01 and CSH-3 at page 9, column 4.01:

1. Please provide a breakdown of the referenced adjustments to show in individual columns the net operating income, rate base, and revenue requirement impacts of each planned capital project recommended by Staff. Please provide the responses based on end-of-period (EOP) and average-of-monthly averages (AMA) balances.
2. Please provide the comparable unadjusted values of the planned capital projects as proposed by the Company.

Please provide the responses in printed and electronic spreadsheet format with all formulas and links intact.

Response:

1. AMA and EOP are two methodologies for determining the rate base balance during the test year; as these are out-of-period additions to rate base, AMA and EOP methodologies are not applicable. However, the net operating income, rate base, and revenue requirement impacts of the 14 major projects Staff included into rate base during calendar year 2015 are displayed below, for electric (CSH-2) and natural gas (CSH-3) service, respectively. Additionally, electronic copies are provided:

Marginal impacts of 14 pro forma capital projects, as recommended by Staff (Electric)					
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact
2060	Wood Pole Mgmt	-37	3648	303	488
2470	Dist Grid Modernization	-16	1566	130	210
3005	Gas Distribution Non-Revenue Blanket	0	0	0	0
3007	Isolated Steel Replacement	0	0	0	0
3008	Aldyl -A Pipe Replacement	0	0	0	0
3306	Goldendale HP	0	0	0	0
7101	COF HVAC Improvmt	0	1	0	0
4140	Nine Mile Redevelopment	-9	3029	230	371
4152	Little Falls Powerhouse Redevelopment	-7	2300	175	282
4161	CGHED U#1 Refurbishment	0	0	0	0
4162	PFS Channel Gate Replacement	0	0	0	0
6103	Clark Fork Implement PME Agreement	-19	6306	479	772
5005	Information Technology Refresh Program	-363	2140	519	838
5138	Customer Information System (CIS) Replacement	-2200	39843	5105	8234
		\$ (2,651,344)	\$ 58,833,286	\$ 6,940,290	\$ 11,194,017

These figures in thousands of dollars

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Marginal impacts of 14 pro forma capital projects, as recommended by Staff (Natural Gas)					
ER	Project name	Rev - Exp	Rate base Impact	NOI impact	Revenue requirement Impact
2060	Wood Pole Mgmt	0	0	0	0
2470	Dist Grid Modernization	0	0	0	0
3005	Gas Distribution Non-Revenue Blanket	-12	1607	-129	209
3007	Isolated Steel Replacement	-4	452	37	59
3008	Aldyl -A Pipe Replacement	-17	2329	187	302
3306	Goldendale HP	0	0	0	0
7101	COF HVAC Improvmt	0	0	0	0
4140	Nine Mile Redevelopment	0	0	0	0
4152	Uttle Falls Powerhouse Redevelopment	0	0	0	0
4161	CG HED U#1 Refurbishment	0	0	0	0
4162	PF S Channel Gate Replacement	0	0	0	0
6103	Clark Fork Implement PME Agreement	0	0	0	0
5005	Information Technology Refresh Program	-102	595	145	234
5138	Customer Information System (CIS) Replacement	-612	11079	1419	2289
		\$ (746,322)	\$ 16,063,738	\$ 1,917,369	\$ 3,092,530

These figures in thousands of dollars

2. The same 14 projects are listed below, using the 2015 planned capital addition figures the Company provided in its initial filing. Additionally for each capital project, the difference between the revenue requirement impacts (in thousands of dollars) in Staff's case and in the Company's case is reflected in the rightmost column:

Marginal impacts of 14 pro forma capital projects, as proposed by Avista (Electric)						Difference
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	
2060	Wood Pole Mgmt	-71	7054	585	944	456
2470	Dist Grid Modernization	-69	6963	577	930	721
3005	Gas Distribution Non-Revenue Blanket	0	0	0	0	0
3007	Isolated Steel Replacement	0	0	0	0	0
3008	Aldyl -A Pipe Replacement	0	0	0	0	0
3306	Goldendale HP	0	0	0	0	0
7101	COF HVAC Improvmt	-71	4236	380	612	612
4140	Nine Mile Redevelopment	-97	32990	2502	4036	3,665
4152	Little Falls Powerhouse Redevelopment	-28	9112	692	1116	834
4161	CG HED U#1 Refurbishment	-22	7278	553	891	891
4162	PF S Channel Gate Replacement	-21	7027	533	860	860
6103	Clark Fork Implement PME Agreement	-26	8890	675	1088	316
5005	Information Technology Refresh Program	-1226	7639	1783	2876	2,038
5138	Customer Information System (CIS) Replacement	-2132	38616	4948	7980	(254)
		\$ (3,693,688)	\$ 122,751,848	\$ 13,227,505	\$ 21,334,685	\$ 10,140,668

These figures in thousands of dollars

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Marginal impacts of 14 pro forma capital projects, as proposed by Avista (Natural Gas)						
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	Difference
2060	Wood Pole Mgmt	0	0	0	0	0
2470	Dist Grid Modernization	0	0	0	0	0
3005	Gas Distribution Non-Revenue Blanket	-16	2129	171	276	67
3007	Isolated Steel Replacement	-19	2571	206	333	274
3008	Aldyl -A Pipe Replacement	-58	7907	634	1023	721
3306	Goldendale HP	-25	3468	278	448	448
7101	COF HVAC Improvmt	-19	1257	111	179	179
4140	Nine Mile Redevelopment	0	0	0	0	0
4152	Little Falls Powerhouse Redevelopment	0	0	0	0	0
4161	CG HED U#1 Refurbishment	0	0	0	0	0
4162	PF S Channel Gate Replacement	0	0	0	0	0
6103	Clark Fork Implement PME Agreement	0	0	0	0	0
5005	Information Technology Refresh Program	-364	2265	529	854	620
5138	Customer Information System (CIS) Replacement	-633	11452	1468	2367	78
		\$ (1,133,564)	\$ 31,048,638	\$ 3,397,009	\$ 5,479,048	\$ 2,386,517

These figures in thousands of dollars

Marginal impacts of 14 pro forma capital projects, as recommended by Staff (Electric)						
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	
2060	Wood Pole Mgmt	-36,632,789.51	3647,890,244	302,563,988.3	488,006,432.7	
2470	Dist Grid Modernization	-15,863,591.92	1,565,715,147	130,004,226.1	209,684,235.7	
3005	Gas Distribution Non-Revenue Blanket	0	0	0	0	
3007	Isolated Steel Replacement	0	0	0	0	
3008	Aldyl-A Pipe Replacement	0	0	0	0	
3306	Goldendale HP	0	0	0	0	
7101	COF HVAC Improvmt	0.013195128	1,406,730,031	0.089355492	0.144121761	
4140	Nine Mile Redevelopment	-9,286,815,791	3029,124,116	230,109,639	371,145,103	
4152	Little Falls Powerhouse Redevelopment	-7,027,403,268	2,299,850,398	174,686,497.3	281,752,415	
4161	CG HED U#1 Refurbishment	0	0	0	0	
4162	PF S Channel Gate Replacement	0	0	0	0	
6103	Clark Fork Implement PME Agreement	-18,852,775.15	6,305,674,291	478,536,431	771,832,953.2	
5005	Information Technology Refresh Program	-363,423,147.3	2,140,389,941	519,457,535.3	837,834,734.4	
5138	Customer Information System (CIS) Replacement	-2,200,270,449	3,984,323,574	510,484,233.4	823,361,666.8	
		\$ (2,651,343,78)	\$ 58,833,286.07	\$ 6,940,290.33	\$ 11,194,016.66	

These figures in thousands of dollars

Marginal impacts of 14 pro forma capital projects, as recommended by Staff (Electric)							
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	Difference	
2060	Wood Pole Mgmt	-70.98535167	7053.800462	585.2074053	943.8829118	\$	455.88
2470	Dist Grid Modernization	-69.23487009	6963.233466	576.8545898	930.4106287	\$	720.73
3005	Gas Distribution Non-Revenue Blanket	0	0	0	0	\$	-
3007	Isolated Steel Replacement	0	0	0	0	\$	-
3008	Aldyl -A Pipe Replacement	0	0	0	0	\$	-
3306	Goldendale HP	0	0	0	0	\$	-
7101	COF HVAC Improvmt	-70.76860338	4235.75657	379.5552573	612.1858989	\$	612.04
4140	Nine Mile Redevelopment	-97.45262898	32990.12484	2502.43273	4036.181823	\$	3,665.04
4152	Little Falls Powerhouse Redevelopment	-27.62841677	9112.109086	691.9011692	1115.969628	\$	834.22
4161	CG HED U#1 Refurbishment	-22.0842128	7277.802474	552.6360131	891.3484083	\$	891.35
4162	PF S Channel Gate Replacement	-21.18444796	7027.244354	533.4705613	860.4363893	\$	860.44
6103	Clark Fork Implement PME Agreement	-26.45925474	8890.27135	674.5600362	1088.000058	\$	316.17
5005	Information Technology Refresh Program	-1226.391965	7639.449379	1783.307825	2876.302943	\$	2,038.47
5138	Customer Information System (CIS) Replacement	-2132.483266	38615.85646	4947.579203	7979.966456	\$	(253.65)
		\$ (3,693,687.67)	\$ 122,751,847.98	\$ 13,227,504.79	\$ 21,334,685.14	\$	\$ 10,140,668.48

These figures in thousands of dollars

Marginal impacts of 14 pro forma capital projects, as recommended by Staff (Natural Gas)						
ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	
2060	Wood Pole Mgmt	0	0	0	0	0
2470	Dist Grid Modernization	0	0	0	0	0
3005	Gas Distribution Non-Revenue Blanket	-12.22411575	1607.237127	129.3917023	208.6962941	
3007	Isolated Steel Replacement	-3.55637072	452.4125033	36.53724221	58.93103582	
3008	Aldyl -A Pipe Replacement	-17.14965886	2329.460676	186.9673421	301.5602293	
3306	Goidendale HP	0	0	0	0	0
7101	COF HVAC Improvmt	0	0	0	0	0
4140	Nine Mile Redevelopment	0	0	0	0	0
4152	Little Falls Powerhouse Redevelopment	0	0	0	0	0
4161	CG HED U#1 Refurbishment	0	0	0	0	0
4162	PF S Channel Gate Replacement	0	0	0	0	0
6103	Clark Fork Implement PME Agreement	0	0	0	0	0
5005	Information Technology Refresh Program	-101.664344	595.4857188	145.0752529	233.9923433	
5138	Customer Information System (CIS) Replacement	-611.7276484	11079.14197	1419.397098	2289.350158	
		-5746,322.14	\$16,063,737.99	\$1,917,368.64	\$3,092,530.06	

These figures in thousands of dollars

Marginal impacts of 14 pro forma capital projects, as proposed by Avista (Natural Gas)

ER	Project name	Rev - Exp	Rate base impact	NOI impact	Revenue requirement impact	Difference
2060	Wood Pole Mgmt	0	0	0	0	\$ -
2470	Dist Grid Modernization	0	0	0	0	\$ -
3005	Gas Distribution Non-Revenue Blanket	-15,780,539.95	2128.940304	170,980,288.1	275,774,658.2	\$ 67.08
3007	Isolated Steel Replacement	-18,784,968.51	2570.898879	206,203,496.8	332,586,285.2	\$ 273.66
3008	Aldyl -A Pipe Replacement	-57,779,804.1	7907.270351	634,219,812.7	1,022,935,182	\$ 721.37
3306	Goldendale HP	-24,667,889.77	3468.242028	277,502,733.6	447,585,054.3	\$ 447.59
7101	COF HVAC Improvmt	-19,413,646.32	1256.540904	111,015,478.2	179,057,223	\$ 179.06
4140	Nine Mile Redevelopment	0	0	0	0	\$ -
4152	Little Falls Powerhouse Redevelopment	0	0	0	0	\$ -
4161	CG HED U#1 Refurbishment	0	0	0	0	\$ -
4162	PF S Channel Gate Replacement	0	0	0	0	\$ -
6103	Clark Fork Implement PMIE Agreement	0	0	0	0	\$ -
5005	Information Technology Refresh Program	-364,205,213.5	2264.902617	529,316,614.2	853,736,474.5	\$ 619.74
5138	Customer Information System (CIS) Replacement	-632,931,715.2	11451.84273	1,467,771,105	2,367,372,662	\$ 78.02
		-\$1,133,563.78	\$31,048,637.82	\$3,397,009.47	\$5,479,047.54	\$2,386,517.48

These figures in thousands of dollars