

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-22_____

DIRECT TESTIMONY OF

JEFF A. SCHLECT

REPRESENTING AVISTA CORPORATION

1 **I. INTRODUCTION**

2 **Q. Please state your name, employer and business address.**

3 A. My name is Jeff A. Schlect. I am employed by Avista Corporation as Senior
4 Manager, FERC Policy and Transmission Services. My business address is 1411 East
5 Mission, Spokane, Washington.

6 **Q. Please briefly describe your educational background and professional
7 experience.**

8 A. I am a 1988 graduate of Washington State University with a degree in
9 Electrical Engineering. I spent five years with Puget Sound Energy in distribution engineering
10 and operations positions prior to joining the Company in 1993 as a Transmission Planning
11 Engineer. Over the past 28 years, in addition to stints in Customer Service and Power Supply
12 I have worked primarily in the Transmission Operations area with responsibilities covering
13 Federal Energy Regulatory Commission (FERC) transmission policy and compliance with
14 open access transmission regulations, transmission contracts, transmission and generation
15 interconnection processes, and regional transmission policy coordination. I have authored
16 testimony in Bonneville Power Administration (BPA) power and transmission rate
17 proceedings, testimony in general rate cases in Washington and Idaho, and provided comment
18 before the U.S. Senate Subcommittee on Water and Power. In my current role I have
19 responsibility for all transmission revenue and expenses and provide support to the
20 Company's transmission capital planning process.

21 **Q. What is the scope of your testimony?**

22 A. My testimony presents Avista's transmission revenues and expenses included
23 in the Company's request for rate relief effective in December 2022. A table of contents for
24 my testimony is as follows:

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1 effective in December 2022. As outlined in Exh. JAS-2, I have provided certain major
2 transmission expenses from the 2020-2021 test period totaling approximately \$1.074 million
3 (system). These expenses are expected to effectively remain the same.

4 5 **III. TRANSMISSION REVENUES**

6 **Q. Please summarize the adjustments to 2020-2021 test year transmission**
7 **revenues to arrive at transmission revenues included in this case.**

8 A. Adjustments have been made in this filing to incorporate updated information
9 for transmission revenue from the 2020-2021 test year to that used in this case. These
10 adjustments include: (i) the application of increased transmission rates that apply to long-term
11 transmission service agreements under the Company's Open Access Transmission Tariff and
12 (ii) additional long-term firm transmission service agreements recently entered into by the
13 Company.

14 As outlined in Exh. JAS-2, I have provided the expected changes in transmission
15 revenues from the 2020-2021 test year.¹ Company witness Ms. Andrews has pro formed the
16 transmission revenues within the revenue requirement in this case, increasing transmission
17 revenues by a net \$10,245,000 (system), or Washington share of approximately \$6.8 million,

¹ Transmission Revenues (FERC Account 456 other Electric Revenue) are included and tracked as a part of the Company's Energy Recovery Mechanism (ERM). The total transmission revenue shown in Exh. JAS-2 of \$31.205 million is therefore included in Company witness Mr. Kalich Exh. CGK-6 reflecting the proposed ERM net base power supply expense, offset by transmission revenues, representing the proposed "Total Authorized Expense" on a system (Washington and Idaho) basis. Washington's share of the net power supply revenues and expenses is equal to approximately 65.54% of the system total, based on the Production /Transmission (P/T) ratio updated annually in December, excluding certain direct assigned revenues.

1 effective in December 2022.²

2 **Q. Are you proposing any adjustments to transmission revenues effective in**
3 **Rate Year 2?**

4 A. No, the Company is not. As described by Mr. Kalich, the Company will
5 incorporate any adjustments to transmission revenues in its evaluation of expected 2024 net
6 power supply costs during 2023 and, if filed by the Company, will include these in a 60-day
7 update to be effective in Rate Year 2.

8 **Q. Would you please describe the adjustments to 2020-2021 test year**
9 **transmission revenues to arrive at transmission revenues included in this case effective**
10 **in Rate Year 1?**

11 A. Yes. Each revenue item described below is at a system level and is included in
12 Exh. JAS-2. Table No. 1 provides a detailed summary of the changes in transmission
13 revenues, as well as a listing of transmission revenues not changing at this time. An
14 explanation of each follows the table.

² As discussed by Ms. Andrews, transmission revenues are adjusted from the 2020-2021 historical test period level of \$20.960 million to the pro forma level of \$31.205 million in two adjustments – an overall increase of \$10.245 million on a system basis, or \$6.8 million Washington share. First, actual transmission revenues are restated downward from \$20.960 million to the current authorized transmission revenue of \$15.149 million in restating Adjustment 2.18 (Authorized Power Supply). Second, in Pro Forma adjustment 3.00T (Pro Forma Transmission Revenues/Expenses), transmission revenues are adjusted upward from current authorized \$15.149 million to the proposed authorized level of \$31.205 million. The net impact of both adjustments total a net increase of \$10.245 million (\$6.793 million Washington share).

Table No. 1: Transmission Revenue Adjustment

Transmission Revenue Adjustment - 2023 Rate Period			
			System⁽¹⁾
OASIS (Non-Firm and ST Firm)			\$ (1,562)
Bonneville Power Administration			\$ 2,232
Consolidated Irrigation District			\$ 1
East Greenacres Irrigation District			\$ 4
Grant County PUD No. 2			\$ (1)
Spokane Tribe of Indians			\$ 7
Seattle City Light/Tacoma Power (Main Canal)			\$ 134
Seattle City Light/Tacoma Power (Summer Falls)			\$ -
PacifiCorp (Dry Gulch)			\$ 41
City of Spokane Waste to Energy			\$ -
Stimson Lumber Company			\$ -
Hydro Technology Systems			\$ -
Deep Creek Energy LLC			\$ -
Kootenai Electric Cooperative			\$ 27
Idaho Power 1 (100MW)			\$ 2,298
Idaho Power 2 (100MW)			\$ 3,298
Powerex (137MW)			\$ 4,518
Columbia Basin Hydropower			\$ -
Palouse Wind O&M			\$ -
Adams Neilson Solar O&M			\$ -
Rattlesnake Flat O&M			\$ 49
Bonneville Power Administration			\$ -
Bonneville Power Administration			\$ (817)
Consolidated Irrigation District			\$ -
East Greenacres Irrigation District			\$ -
Spokane Tribe of Indians			\$ -
Kootenai Electric Cooperative			\$ 4
Consolidated Irrigation District			\$ -
East Greenacres Irrigation District			\$ -
Spokane Tribe of Indians			\$ -
Bonneville Power Administration			\$ 12
Total Transmission Revenue Adjustment			\$ 10,245
(1) Represents the change in revenue above or below the 2020-2021 historical test year level.			

1 The Company provides transmission service to wholesale customers under the
2 jurisdiction of the FERC. The components of what has traditionally been known as
3 “wheeling” service include: (i) transmission service over the Company’s transmission
4 facilities that are operated at or above 115kV, (ii) operations and maintenance (O&M) charges
5 associated with Company transmission assets for which an interconnection customer provided
6 contributions in aid to construction, (iii) ancillary services (generation-related services that
7 are required to be offered in conjunction with transmission service), and (iv) low-voltage
8 wheeling services over substation and distribution facilities that are operated below 115kV.

9 OASIS Non-Firm and Short-Term Firm Transmission Service (-\$1,562,000) – OASIS
10 is an acronym for Open Access Same-time Information System. This is the system used by
11 electric transmission providers for selling available transmission capacity to eligible
12 customers. The terms and conditions under which the Company sells its transmission capacity
13 via its OASIS are pursuant to FERC regulations and Avista’s Open Access Transmission
14 Tariff. Consistent with prior Avista general rate cases, the Company calculates its rate year
15 adjustments using a three-year average of actual OASIS Non-Firm and Short-Term Firm
16 revenue. OASIS transmission revenue may vary significantly depending upon a number of
17 factors, including current wholesale power market conditions, forced or planned generation
18 resource outage situations in the region, the current load-resource balance status of regional
19 load-serving entities, and the availability of parallel transmission paths for prospective
20 transmission customers.

21 The use of a three-year average is intended to strike a balance in mitigating both long-
22 term and short-term impacts to OASIS revenue. A three-year period is intended to be long
23 enough to mitigate the impacts of non-substantial temporary operational conditions (for
24 generation and transmission) that may occur during a given year, and short-enough so as to

1 not dilute the impacts of long-term transmission and generation topography changes (e.g.,
2 major transmission projects which may impact the availability of the Company's transmission
3 capacity or competing transmission paths, and major generation projects which may impact
4 the load-resource balance needs of prospective transmission customers). While volatility in
5 OASIS revenue from year-to-year can be expected, if there are known events or factors that
6 occurred during the period that would cause the average to not be representative of future
7 expectations, then adjustments may be made to the three-year average methodology. For
8 example, the Company experienced several months of higher-than-normal OASIS revenues
9 between November 2018 and March 2019 and from November 2019 through December 2019
10 due to the loss of a major natural gas transportation pipeline in western British Columbia. It
11 is apparent that the impact of this event upon the dispatch of generation resources in the region
12 facilitated increased short-term use of the Company's transmission system.

13 In this filing, the Company is using a three-year average for the time period of October
14 2018 through September 2021. To mitigate the anomalous impacts of the gas pipeline outage,
15 in calculating its three-year average the Company has adjusted the revenue in each of the
16 impacted months by using the *maximum* revenue in each such month during the three-years
17 prior to the gas pipeline outage. While the use of a maximum revenue amount from the prior
18 three-year period may overstate the monthly revenue that would likely have occurred absent
19 the gas pipeline restriction, in the context of calculating a three-year average this is expected
20 to yield a reasonable result. Accordingly, the OASIS revenue for the 2020-2021 test year was
21 \$6.654 million and the adjusted three-year average calculated for the 2023-2024 rate period
22 is \$5.092 million, or a reduction of \$1,562,000.

23 Bonneville Power Administration – Transmission (+\$2,232,000) – The Company
24 provides Network Integration Transmission Service to the Bonneville Power Administration

1 (BPA) under a series of thirteen agreements serving BPA's utility customers connected to the
2 Company's transmission system. Network Service revenue is based upon a rolling 12-month
3 average of BPA's loads. Also impacting Network Service revenue is the applicability of any
4 long-term firm point-to-point transmission service, for which the Company has entered into
5 three new agreements that will apply during the rate period. BPA Network Service revenue
6 was \$6.381 million for the 2020-2021 test year. Based upon a three-year average from
7 October 2018 through September 2021 and adjusted to reflect the Company's updated
8 transmission rates and new long-term firm transmission service agreements, the Company
9 expects BPA Network Service revenue to be \$8.613 million during the 2023-2024 rate period.

10 Consolidated Irrigation District – Transmission (+\$1,000) – The Company provides
11 Long-Term Firm Point-to-Point Transmission Service to the Consolidated Irrigation District
12 under a new agreement effective October 1, 2021 through September 30, 2026. Consolidated
13 Irrigation transmission revenue was \$32,000 for the 2020-2021 test year and, reflecting both
14 the new agreement and the Company's updated transmission rates, the Company expects this
15 revenue to be \$33,000 per year during the 2023-2024 rate period, or an increase of \$1,000.

16 East Greenacres Irrigation District – Transmission (+\$4,000) – The Company provides
17 Long-Term Firm Point-to-Point Transmission Service to East Greenacres Irrigation District
18 under an agreement effective through September 30, 2024. The Company expects a follow-
19 on agreement to be executed with comparable terms. East Greenacres transmission revenue
20 was \$11,000 for the 2020-2021 test year and, reflecting the Company's updated transmission
21 rates, the Company expects this revenue to be \$15,000 per year during the 2023-2024 rate
22 period, or an increase of \$4,000.

23 Grant County PUD – Transmission (-\$1,000) – The Company provides long-term
24 transmission service to Grant County PUD for service to its Coulee City and Wilson Creek

1 loads connected to the Company's transmission system. Revenue under the Power Transfer
2 Agreement varies according to Grant PUD's actual loads and was \$29,000 for the 2020-2021
3 test year. Based upon a three-year average from October 2018 through September 2021, the
4 Company expects this revenue to be \$28,000 per year during the 2023-2024 rate period, or a
5 decrease of \$1,000.

6 Spokane Tribe of Indians – Transmission (+\$7,000) – The Company provides Long-
7 Term Firm Point-to-Point Transmission Service to the Spokane Tribe of Indians under an
8 agreement that became effective January 1, 2020 and will be effective through December 31,
9 2024. The Company expects a follow-on agreement to be executed with comparable terms.
10 Spokane Tribe transmission revenue was \$18,000 for the 2020-2021 test year and, reflecting
11 the Company's updated transmission rates, the Company expects this revenue to be \$25,000
12 per year during the 2023-2024 rate period, or an increase of \$7,000.

13 Seattle and Tacoma – Main Canal Transmission (+\$134,000) – The Company provides
14 Long-Term Firm Point-to-Point Transmission Service to the City of Seattle and Tacoma
15 Power, under agreements effective through October 31, 2026, to transfer output from the Main
16 Canal hydroelectric project, net of local Grant County PUD load service, to the Company's
17 transmission interconnections with Grant County PUD. Service is provided during the eight
18 months of the year (March through October) in which the Main Canal project operates, and
19 the agreements include a three-year ratchet demand provision. Revenues under these
20 agreements totaled \$370,000 during the 2020-2021 test year and, reflecting the Company's
21 updated transmission rates, the Company expects this revenue to be \$504,000 per year during
22 the 2023-2024 rate period, or an increase of \$134,000.

23 Seattle and Tacoma – Summer Falls Transmission (\$0) – The Company provides long-
24 term use-of-facilities transmission service to the City of Seattle and Tacoma Power, under

1 agreements effective through October 31, 2024, to transfer output from the Summer Falls
2 hydroelectric project across the Company's Stratford Switching Station facilities to the
3 Company's Stratford interconnection with Grant County PUD. The Company expects follow-
4 on agreements to be executed with comparable terms. Charges under these use-of-facilities
5 arrangements are based upon the Company's investment in its Stratford Switching Station and
6 are not impacted by the Company's transmission service rates under its Open Access
7 Transmission Tariff. Revenues under these two agreements totaled \$180,000 in the 2020-
8 2021 test year and the Company expects there will be no change during the 2023-2024 rate
9 period.

10 PacifiCorp – Dry Gulch Transmission (+\$41,000) – The Company provides long-term
11 transmission service under a use-of-facilities agreement with PacifiCorp for use of the
12 Company's Dry Gulch Substation. The agreement includes a twelve-month rolling ratchet
13 provision and revenue is based upon actual PacifiCorp use. Revenue under the Dry Gulch
14 agreement was \$229,000 during the 2020-2021 test year. Based upon a three-year average
15 from October 2018 through September 2021, the Company expects this revenue to be
16 \$270,000 per year during the 2023-2024 rate period, or an increase of \$41,000.

17 City of Spokane – Waste to Energy Transmission (\$0) – The City of Spokane pays a
18 use-of-facilities charge for the ongoing use of its interconnection to the Company's
19 transmission system. Use-of-facilities charges were \$28,000 for the 2020-2021 test year and
20 the Company expects there to be no change during the 2023-2024 rate period.

21 Stimson Lumber PURPA (\$0) – Low-voltage facilities associated with the Company's
22 Plummer Substation are dedicated for use by Stimson Lumber under a PURPA arrangement.
23 Low-voltage use-of-facilities revenue was \$8,000 for the 2020-2021 test year and the
24 Company expects there to be no change during the 2023-2024 rate period.

1 Hydro Tech Systems PURPA (\$0) – Low-voltage facilities in the Company’s
2 Greenwood Substation are dedicated for use by the Meyers Falls generation project under a
3 PURPA arrangement. Low-voltage use-of-facilities revenue was \$6,000 during the 2020-
4 2021 test year and the Company expects there to be no change during the 2023-2024 rate
5 period.

6 Deep Creek PURPA (\$0) – The Company owns and operates low voltage facilities
7 that are dedicated for use by the Deep Creek generation project under a PURPA arrangement.
8 Low-voltage use-of-facilities revenue was less than \$1,000 during the 2020-2021 test year and
9 the Company expects there to be no change during the 2023-2024 rate period.

10 Kootenai Electric Cooperative – Transmission (+\$27,000) – The Company provides
11 Long-Term Firm Point-to-Point Transmission Service to Kootenai Electric Cooperative under
12 an agreement effective through March 31, 2024, to transfer the output of the Fighting Creek
13 generation project. The Company expects this agreement to be assigned to another entity
14 purchasing the Fighting Creek project. Transmission revenue was \$72,000 for the 2020-2021
15 test year and, reflecting the Company’s updated transmission rates, the Company expects this
16 revenue to be \$99,000 per year during the 2023-2024 rate period, or an increase of \$27,000.

17 Idaho Power 1 – Transmission (+\$2,298,000) – The Company provides Long-Term
18 Firm Point-to-Point Transmission Service to Idaho Power under a new agreement effective
19 May 1, 2021 through April 30, 2026. Transmission revenue was \$1.0 million for the 2020-
20 2021 test year and, reflecting the Company’s updated transmission rates, the Company expects
21 this revenue to be \$3.298 million per year during the 2023-2024 rate period, or an increase of
22 \$2.298 million.

23 Idaho Power 2 – Transmission (+\$3,298,000) – The Company will provide Long-Term
24 Firm Point-to-Point Transmission Service to Idaho Power under a second new agreement

1 effective May 1, 2022 through April 30, 2027. There was no transmission revenue under this
2 agreement during the 2020-2021 test year and, reflecting the Company's updated transmission
3 rates, the Company expects this revenue to be \$3.298 million per year during the 2023-2024
4 rate period.

5 Powerex – Transmission (+\$4,518,000) – The Company will provide Long-Term Firm
6 Point-to-Point Transmission Service to Powerex under a new agreement effective May 1,
7 2022 through April 30, 2024. There was no transmission revenue under this agreement during
8 the 2020-2021 test year and, reflecting the Company's updated transmission rates, the
9 Company expects this revenue to be \$4.518 million during the 2023 rate year and \$1.506
10 million during the 2024 rate year.³

11 Columbia Basin Hydropower (\$0) – The Company provides operations and
12 maintenance services on the Stratford-Summer Falls 115kV Transmission Line to Columbia
13 Basin Hydropower under a contract signed in March 2006. These services are provided for a
14 fixed annual fee. Annual charges under this contract were \$8,000 in the 2020-2021 test year
15 and there will be no change during the 2023-2024 rate period.

16 Palouse Wind O&M (\$0) – Per the Company's interconnection agreement with the
17 Palouse Wind project, the interconnection customer pays O&M fees associated with directly-
18 assigned interconnection facilities owned and operated by the Company. O&M revenue for
19 the 2020-2021 test year was \$52,000 and the Company expects there will be no change during
20 the 2023-2024 rate period.

21 Adams Neilson Solar O&M (\$0) – Per the Company's interconnection agreement with
22 the Adams Neilson Solar project, the interconnection customer pays O&M fees associated

³ The 2024 decrease in revenue would be reflected in net power supply costs if the Company were to do a 60-day update in the fourth quarter of 2023, for Rate Year 2 effective in December 2023, as discussed by Mr. Kalich.

1 with directly-assigned interconnection facilities owned and operated by the Company. O&M
2 revenue for the 2020-2021 test year was \$9,000 and the Company expects there will be no
3 change during the 2023-2024 rate period.

4 Rattlesnake Flat O&M (\$49,000) – Per the Company’s interconnection agreement
5 with the Rattlesnake Flat Wind project, the interconnection customer began paying O&M fees
6 associated with directly-assigned interconnection facilities owned and operated by the
7 Company in July 2021. O&M revenue for the 2020-2021 test year was \$14,000 and the
8 Company expects this revenue to be \$63,000 per year during the 2023-2024 rate period, or an
9 increase of \$49,000.

10 Bonneville Power Administration – Parallel Capacity Support (\$0) – The Company
11 and BPA executed a Parallel Capacity Support Agreement effective February 1, 2017, with a
12 minimum term to December 31, 2026, in which the Company provides BPA with parallel
13 transmission capacity in support of BPA’s integration of several wind resource projects.
14 Revenue was \$924,000 during the 2020-2021 test year and there will be no change during the
15 2023-2024 rate period.

16 Bonneville Power Administration – Ancillary Services (-\$817,000) – The Company
17 provides Ancillary Services to BPA under its Network Integration Transmission Service
18 agreements. Subject to a FERC order in Docket No. EL20-36-000, BPA began self-supply of
19 operating reserves under the agreements in April 2021. BPA Ancillary Services revenue was
20 \$1,845,000 during the 2020-2021 test year. Based on a three-year average of actual BPA
21 loads and reflecting BPA’s reduced use of Ancillary Services due to self-supply of operating
22 reserves, the Company expects this revenue to be approximately \$1,028,000 per year during
23 the 2023-2024 rate period, a reduction of \$817,000.

1 Consolidated Irrigation District – Ancillary Services (\$0) – The Company provides
2 Ancillary Services to Consolidated Irrigation District under its Long-Term Firm Point-to-
3 Point Transmission Service agreement. Ancillary Service revenue was \$11,000 for the 2020-
4 2021 test year and the Company expects there will be no change during the 2023-2024 rate
5 period.

6 East Greenacres Irrigation District – Ancillary Services (\$0) – The Company provides
7 Ancillary Services to East Greenacres Irrigation District under its Long-Term Firm Point-to-
8 Point Transmission Service agreement. Ancillary Service revenue was \$7,000 for the 2020-
9 2021 test year and the Company expects there will be no change during the 2023-2024 rate
10 period.

11 Spokane Tribe of Indians – Ancillary Services (\$0) – The Company provides Ancillary
12 Services to the Spokane Tribe of Indians under its Long-Term Firm Point-to-Point
13 Transmission Service agreement. Ancillary Service revenue was \$8,000 for the 2020-2021
14 test year and the Company expects there will be no change during the 2023-2024 rate period.

15 Kootenai Electric Cooperative – Ancillary Services (+\$4,000) – The Company
16 provides Ancillary Services to Kootenai Electric Cooperative (KEC) under its Long-Term
17 Firm Point-to-Point Transmission Service agreement. In the event KEC curtails its Fighting
18 Creek generation project for the entirety of a month, Ancillary Service charges do not apply.
19 KEC curtailed its generation for a period of time during the 2020-2021 test year due to
20 extended construction on the Company's transmission system. No such construction is
21 anticipated during the 2023-2024 rate period. Ancillary Service revenue was \$19,000 for the
22 2020-2021 test year and the Company expects this revenue to be \$23,000 per year during the
23 2023-2024 rate period, or an increase of \$4,000.

1 Consolidated Irrigation District – Low-Voltage (\$0) – The Company provides transfer
2 service over low voltage facilities to Consolidated Irrigation District (Consolidated) under the
3 Electric Distribution Services Agreement. A follow-on agreement is being developed with
4 Consolidated but final charges have not yet been determined. Low-voltage charges were
5 \$89,000 during the 2020-2021 test year and the Company expects these charges to not change
6 substantially during the 2023-2024 rate period.

7 East Greenacres Irrigation District – Low-Voltage (\$0) – The Company provides
8 transfer service over low voltage facilities to East Greenacres Irrigation District under the
9 Electric Distribution Services Agreement, which became effective January 1, 2020, and will
10 be effective through September 30, 2024. Low-voltage charges were \$63,000 during the
11 2020-2021 test year and the Company expects charges to remain substantially the same during
12 the 2023-2024 rate period.

13 Spokane Tribe of Indians – Low-Voltage (\$0) – The Company provides transfer
14 service over low voltage facilities to the Spokane Tribe of Indians under the Electric
15 Distribution Services Agreement, which became effective January 1, 2020 and will be
16 effective through December 31, 2024. Low-voltage charges were \$25,000 during the 2020-
17 2021 test year and the Company expects charges to remain substantially the same during the
18 2023-2024 rate period.

19 Bonneville Power Administration – Low-Voltage (+\$12,000) – The Company
20 provides transfer service over low-voltage facilities to BPA under its Network Integration
21 Transmission Service agreements. The Company increased the low-voltage charges
22 associated with BPA’s Hallett & White point of delivery effective June 2021. BPA low-
23 voltage revenue was \$1,768,000 during the 2020-2021 test year and the Company expects
24 charges to be \$1,780,000 per year during the 2023-2024 rate period, or an increase of \$12,000.

1 Clearwater Paper Transmission (\$0) – As part of the Company’s agreement with
2 Clearwater Paper, the Company allocates a portion of its revenue to transmission service.
3 Transmission revenue was \$1.098 million for the 2020-2021 test year and the Company
4 expects this revenue to be \$1.485 million per year during the 2023 rate year, or an increase of
5 \$0.387 million. The agreement terminates December 31, 2023, so the Company expects no
6 such revenue (\$0) for the 2024 rate year.⁴ As discussed by Ms. Andrews, this increase in
7 revenue was determined after completion of the Company’s revenue requirement, excluded
8 from the Pro Forma Transmission 3.00T adjustment in error, and therefore was excluded from
9 Table No. 1 above. A correction for this incremental revenue will be reflected by Ms.
10 Andrews during the process of the case.⁵

11 **Q. Does this complete your pre-filed direct testimony?**

12 A. Yes, it does.

⁴ The 2024 decrease in revenue would be reflected in net power supply costs if the Company were to do a 60-day update in the fourth quarter of 2023, for Rate Year 2 effective in December 2023, as discussed by Mr. Kalich.

⁵ The net impact of the increase in Clearwater Paper Transmission revenues of \$387,000 (system), or Washington share of approximately \$254,000, would reduce the Company’s overall Rate Year 1 revenue requirement by approximately \$265,000. Ms. Andrews will reflect this correction, as well as all other necessary updates, up or down, during the process of the case.