

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	10/28/2015
CASE NO:	UE-150204 & UG-150205	WITNESS:	Elizabeth M. Andrews
REQUESTER:	Bench	RESPONDER:	Liz Andrews
TYPE:	Bench Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Bench Request No. 17	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

REQUEST:

Bench Request No. 17:

Provide the expense impact (NOI) to natural gas operations of using the escalation rate calculated in response to Bench Request No. 16 in place of the three percent escalation rate used by Staff and Avista to escalate natural gas O&M expense. Please provide supporting workpapers in electronic spreadsheet format with all formulas and links intact.

RESPONSE:

Please see Bench_DR_17-Attachment A for the Natural Gas Attrition Study results using the actual 2007-2014 growth escalation rate for O&M expenses of 3.5% annually shown in response to Bench Request No. 16.

Table 1 below summarizes the impact calculated using the 3.5% annual growth rate for O&M expenses.

Revenue Requirement				
Avista Rebuttal	Revised Per BR-17	Net Difference	Expense	NOI
\$ 10,009	\$ 10,878	\$ 869	\$ 839	\$ 545

See Bench_DR_17-Attachment B – for calculation of the Natural Gas Attrition Study results using the weighted growth rate of the actual 2007-2014 growth rate (3.5% annually) and the one-year change of 2013-2014 (1.34% annually) for O&M expenses, totaling 2.42% annually.

Staff & Avista Rebuttal-As Filed	Rate (1yr)	Rate (2 yr)
Rate (2013-2014)	1.34%	2.67%
Company Direct 3%	3.00%	6.00%
Average	2.17%	4.34%

REVISED Per BR 17-Att B	Rate (1yr)	Rate (2 yr)
Rate (2013-2014)	1.34%	2.67%
Rate (2007-2014)	3.50%	7.00%
Average	2.42%	4.84%

Table 2 below summarizes the impact calculated using the weighted average growth rate of 2.42% annually for O&M expenses.

Revenue Requirement				
Avista Rebuttal	Revised Per BR-17	Net Difference	Expense	NOI
\$ 10,009	\$ 10,171	\$ 162	\$ 157	\$ 102