

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/21/2018
CASE NO.:	UE-170485 & UG-170486	WITNESS:	E. Andrews
REQUESTER:	UTC Staff	RESPONDER:	Liz Andrews
TYPE:	Bench Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Bench Request No. 11	TELEPHONE:	(509) 495-8601
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REQUEST:

- A. Please provide in an Excel workbook all actual transfers to plant by expenditure requests (ER) by month for the period August 1, 2016 through October 31, 2017, excluding the Company's AMI projects. Please provide a separate tab for electric and gas.
- B. Please provide a reconciliation in an Excel workbook between Adjustment 4.00 – *Pro Forma Power Supply & Transm Revs* in Ms. Andrews's revenue requirement exhibit (Revised Exh. EMA-11 WA Electric Model + TCJA submitted in response to Bench Request No. 9) and Mr. Kalich's *Table No. 1* in his supplemental testimony at page 5 of exhibit CGK-3T. Please identify how each value contained in Table No. 1 is transferred into the revenue requirement exhibit adjustment 4.00.
- C. Please provide the data that the 2018 non-executive labor contract was approved by the Company's Board of Directors.
- D. Please provide supporting workpapers showing 2017 and 2018 pro forma wage impacts for Adjustment 3.02 – *Pro Forma Labor Non-Exec* and Adjustment 3.03 – *Pro Forma Labor Exec* for both electric and gas (separately).

RESPONSE:

- A. See Bench Request 11 – Attachments A (2016) and B (2017) for all actual transfers to plant by expenditure requests (ER) by month for the period August 1, 2016 through December 31, 2016 and January 1, 2017 through October 31, 2017, respectively. These files exclude the Company's AMI projects and separately identify electric and natural gas information.

Bench Request 11 – Attachment B captures all project transfers to plant (in-service) for the period January 2017 through October 2017. As shown at page 4 of Bench Request 11 – Attachment B, the total electric transfers to plant as of October 31, 2017 are \$124,342,967. In comparison, this actual transfer to plant balance is \$45.3 million greater than the limited threshold projects included by Avista within its proposed rebuttal revenue requirement, which included \$79.076 million of transfers to plant (in-service) as of October 31, 2018 (see Exh. KKS-5, page 1, line 1).

For natural gas, as shown at page 5 of Bench Request 11 – Attachment B, the total natural gas transfers to plant as of October 31, 2017 are \$38,722,182. In comparison, this actual transfer to plant balance is \$17.8 million greater than the limited threshold projects included by Avista within its proposed rebuttal revenue requirement, which included \$20.967 million of transfers to plant (in-service) as of October 31, 2018 (see Exh. KKS-5, page 4, line 1).

B. See Bench Request 11 – Attachment C (folder - in electronic format only, includes multiple files), which includes a reconciliation between Adjustment 4.00 – *Pro Forma Power Supply & Transm Revs* (included in Ms. Andrews’s revenue requirement exhibit (Revised Exh. EMA-11 WA Electric Model + TCJA submitted in response to Bench Request No. 9) and Mr. Kalich’s *Table No. 1* in his supplemental testimony at page 5 of exhibit CGK-3T. Included as Bench Request 11 – Attachment D is a .pdf of the electronic files labeled to show how each value contained in Table No. 1 is transferred into the revenue requirement exhibit adjustment 4.00.

C. See Bench Request 11C – Confidential Attachment A for a copy of the Board of Director’s Meeting Minutes associated with their approval of the March 2018 non-executive (non-union) compensation, dated May 11, 2017.¹ This 3% overall increase went into effect on March 5, 2018.

See Bench Request 11C – Confidential Attachment B for the non-executive union contract increases, with contracted union labor increases approved for the period 2016-2018.

D. See Bench Request 11 – Attachment E for the reconciliation of 2017 and 2018 pro forma wage impacts included in Andrews Pro Forma Adjustment 3.02 – *Pro Forma Labor Non-Exec.* See Bench Request 11 – Attachment F for the reconciliation of 2017 and 2018 pro forma wage impacts Adjustment 3.03 – *Pro Forma Labor Exec.* Both attachments separately identify electric and natural gas information.

A recap of the 2017 and 2018 salary increases for executive and non-executive employees is as follows:

	2017 (1)	2018	Total
Non-Executive Employee			
Washington Electric	\$ 1,534,144	\$ 1,291,301	\$ 2,825,445
Washington Natural Gas	\$ 469,263	\$ 404,701	\$ 873,964
Executive Officer			
Washington Electric	\$ (33,335)	\$ -	\$ (33,335)
Washington Natural Gas	\$ (9,603)	\$ -	\$ (9,603)

(1) Non-Executive Employee – The pro forma labor amount (included above the 2016 test period) included in the 2017 column includes the 2017 labor increase, as well as the incremental amount (2 months) to annualize the 2016 labor increase (2016 labor increase was effective March 1, 2016).

Executive Officer – The pro forma exec labor amount was reduced from that included in the 2016 test year due to retirement of an executive officer in 2017 and changes in one-leave.

¹ As noted in Andrews’s rebuttal testimony EMA-10T, page 60, the Commission has previously stated “Staff and Public Counsel generally agree that known and measurable company obligations, such as union wage increases resulting from collective bargaining agreements or non-union wage increases approved by the board of directors, are proper adjustments,” (Order No. 10, Dockets UE-090134 and UG-090315 page 44, paragraph 105), and, with Board or contract approval, such adjustments have been deemed to meet the “known and measurable” standard.