

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION)	DOCKETS UE-150204 and UG-150205 (<i>Consolidated</i>)
)	
Complainant,)	
)	JOINT MOTION FOR
v.)	CLARIFICATION OF
)	THE INDUSTRIAL CUSTOMERS OF
AVISTA CORPORATION d/b/a AVISTA UTILITIES)	NORTHWEST UTILITIES AND
)	PUBLIC COUNSEL
)	
Respondent.)	

I. INTRODUCTION

1 Pursuant to WAC § 480-07-835, the Industrial Customers of Northwest Utilities (“ICNU”) and the Public Counsel Unit of the Attorney General’s Office (“Public Counsel”) (collectively, the “Joint Parties”) hereby move the Washington Utilities and Transportation Commission (“WUTC” or “Commission”) for clarification of Order 05, issued January 6, 2016, in these consolidated proceedings. As provided by Commission rule, the purpose of this Motion for Clarification (“Motion”) is “to suggest technical changes that may be required to correct the application of principle to data, or to correct patent error.”^{1/} Specifically, the Joint Parties suggest that Order 05 be clarified by correcting the electric attrition adjustment for Avista Utilities (“Avista”) in accordance with Attachment A to this Motion, which calculates a \$16.6 million attrition allowance adjustment. Additionally, the Joint Parties suggest that Order 05 be clarified to delete reference to Public Counsel in Footnote 72.

^{1/} WAC § 480-07-835(1).

II. DISCUSSION

A. Motion Scope and Precedent

2 Through this Motion, the Joint Parties do not seek to change the outcome of any
issues resolved in Order 05, or to challenge the factual findings or legal conclusions in support of
the Commission decision to approve an electric attrition adjustment for Avista, as a matter of
principle.^{2/} Rather, the Joint Parties simply ask for clarification of an attrition adjustment
calculation in Order 05, in conjunction with a suggestion that technical calculation changes may
be required to correctly apply an attrition principle to underlying attrition adjustment data.

3 The Commission has found a similar request to be properly within the scope of a
motion for clarification—as when the Commission granted a motion for clarification after
PacifiCorp identified a technical error within an order’s pro forma interest calculation.^{3/} Upon
consideration of the same rule section relied upon by this Motion, the Commission increased
PacifiCorp’s revenue requirement after holding: “Remedying the Order’s calculation of the
Proforma Interest Adjustment appears to fall within the scope of the rule.”^{4/}

4 More specifically, the Commission granted a request that “the Order be clarified
by correcting the calculation of the Proforma Interest Adjustment in accordance with
Attachment 1 to the Company’s Motion.”^{5/} Likewise, the Joint Parties request that the WUTC
clarify Order 05 in these proceedings by correcting the calculation of Avista’s electric attrition
adjustment, in accordance with Attachment A to this Motion. As the Commission also appended
PacifiCorp’s motion attachment and incorporated it into an order,^{6/} so too would it be appropriate

^{2/} See WAC § 480-07-835(2).

^{3/} WUTC v. PacifiCorp, Dockets UE-061546 and UE-060817, Order 10 at ¶¶ 7, 13 (July 5, 2007).

^{4/} Id. at ¶ 10.

^{5/} Id.

^{6/} Id.

for the Attachment A calculations to this Motion to be appended and incorporated into an order clarifying and correcting Order 05.

B. Clarification on Attrition Adjustment Calculations

5 Order 05 states that the Commission accepted Staff’s attrition revenue requirement model, subject to a few modifications, as the basis for developing its attrition adjustment.^{7/} Staff’s attrition revenue requirement supported an electric attrition revenue requirement reduction of \$6.5 million.

6 Based on the adjustments described in Order 05, however, the Joint Parties have calculated an attrition revenue requirement reduction of approximately \$19.8 million, which would result in an electric attrition adjustment of \$16.6 million. This is in contrast to the electric revenue requirement of \$8.1 million calculated in Order 05, including an attrition allowance of \$28.3 million.^{8/} The Joint Parties’ calculation of the attrition revenue requirement described in Order 05, including the “step-change” impact of each ordered adjustment, is summarized in Table 1 (on a Washington-allocated basis) and contained fully in Attachment A.

^{7/} Order 05 at ¶ 135 & n.201. Staff’s attrition revenue requirement was supplemented by Christopher McGuire at hearing and later provided as CRM-2 Revised, supporting an attrition revenue requirement reduction of \$6.5 million.

^{8/} Order 05 at ¶ 140.

Table 1
Electric Attrition Revenue Requirement Adjustments in Order 05

[1] CRM-2 REVISED		(6,462)
[2] Adjustments Described in Order:		
[3] Distribution Plant Escalation	Attach A	(4,670)
[4] O&M Escalation		2,168
[5] Project Compass		1,427
[6] Power Supply Update	\	(12,259)
[7] Total Ordered Adjustments	Σ [3]-[6]	(13,334)
[8] Attrition Rev. Req. Per Order	[1] + [7]	(19,796)
[9] Mod. Hist. Test Period Rev. Req.	Attach A	(36,442)
[10] Attrition Adjustment	[8] - [9]	16,646

- **Distribution Plant Escalation.** The first adjustment to Staff’s attrition model was to exclude any escalation of capital investments in distribution plant.^{9/} Removing the escalation factors applicable to distribution plant from Staff’s attrition model, as well as associated depreciation reserves, results in a \$4.7 million incremental reduction to attrition revenue requirement.
- **Operations & Maintenance Expense Escalation.** The second adjustment to Staff’s attrition model was to increase the per annum escalation factor applied for operations and maintenance (“O&M”) expenses from 2.42% to 3.21%.^{10/} Applying this updated factor to the Staff attrition model, which equates to 6.42% biennial escalation, produces an incremental increase to attrition revenue requirement of \$2.2 million.
- **Project Compass.** The third adjustment to Staff’s attrition model represents the Commission’s rejection of Staff’s prudence challenge on Project Compass.^{11/} Relying on the post-attrition adjustment used by the Company in its rebuttal filing, therefore, results in an increase to revenue requirement of approximately \$1.4 million.
- **Power Supply Update.** Pursuant to the terms of the approved multiparty settlement stipulation, the Company was to update its power supply two months prior to when new electric rates from this proceeding were to go into effect.^{12/} That update occurred on October 29, 2015, and resulted in an incremental \$12.3 million reduction to revenue

^{9/} Id. at ¶ 136.

^{10/} Id. at ¶¶ 137-140.

^{11/} Id. at ¶¶ 174, 299.

^{12/} Id. at App. C, ¶ 5.

requirement^{13/}—a reduction which was not reflected in the attrition models presented by Staff and the Company at the hearing. As discussed in Note 1 of Attachment A, it appears that the Company’s power supply update did not include the 2016 power supply cost data necessary to properly incorporate the update into Staff’s attrition model. Accordingly, the Joint Parties believe that the \$12.3 million reduction detailed in the Company’s update filing should have been applied as a discrete adjustment outside of the attrition model.

7 In sum, by using Staff’s attrition model, and then properly accounting for the four incremental adjustments detailed above and in Attachment A, the Joint Parties request clarification of Order 05 to properly reflect an electric revenue requirement reduction of approximately \$19.8 million, inclusive of an attrition adjustment of approximately \$16.6 million.

C. Correction of Footnote 72

8 Order 05 states in Footnote 72 that Public Counsel supported the settlement in Avista’s 2012 general rate case, Dockets UE-120436 and UG-120437. The reference to Public Counsel is in error as Public Counsel opposed the multiparty settlement filed in those dockets.^{14/} As a result, the reference to Public Counsel should be deleted from the footnote.

III. CONCLUSION

9 Through this Motion, the Joint Parties neither challenge nor endorse the Staff attrition methodology explicitly adopted by the Commission in Order 05. For the reasons contained in this Motion and in accordance with the calculations shown in Attachment A, the Joint Parties respectfully move the Commission for clarification of Order 05, including technical calculation changes necessary to correct the application of principle to data, or to correct patent calculation error in Avista’s electric attrition adjustment. Additionally, reference to Public Counsel should be deleted from Footnote 72 to correct a patent error.

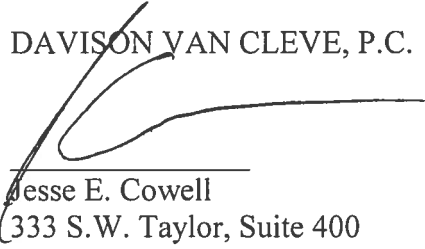
^{13/} See Docket UE-150204, Power Supply on behalf of Avista (Oct. 29, 2016).

^{14/} WUTC v. Avista Corp. d/b/a Avista Utilities, Dockets UE-120436 and UG-120437, Order 09 at ¶ 21 (Dec. 26, 2012).

Dated this 19th day of January, 2016.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.



Jesse E. Cowell
333 S.W. Taylor, Suite 400
Portland, Oregon 97204
(503) 241-7242 (telephone)
(503) 241-8160 (facsimile)
jec@dvclaw.com
Of Attorneys for the Industrial Customers
of Northwest Utilities

/s/ Lisa W. Gafken
Lisa W. Gafken
Attorney General of Washington
Public Counsel Unit
800 5th Ave., Suite 2000
Seattle, WA 98104-3188
(206) 464-6595 (telephone)
(206) 464-6451 (facsimile)
Lisaw4@atg.wa.gov