

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, D/B/A
AVISTA UTILITIES,

Respondent.

DOCKETS UE-160228 and
UG-160229 (*Consolidated*)

MOTION OF AVISTA
CORPORATION TO
SUPPLEMENT THE RECORD TO
INCLUDE POWER SUPPLY
UPDATE

¹ COMES NOW, the undersigned, as attorney for the Avista Corporation (hereinafter “Company,” or “Avista”), and respectfully moves this Commission for permission to supplement the record to include updated power supply information, as appended hereto as Attachment 1.

² In its initial rate filing, on February 19, 2016, the Company proposed to update its power supply costs sixty (60) days prior to the new rates going into effect on or about January 1, 2017, as well as sixty (60) days prior to the second-step increase on January 1, 2018. As was done in prior rate cases, this update in power supply costs, occurring just before the new base retail rates go into effect, will serve to reflect the most current information then available for power supply costs.¹ This process of updating power supply costs prior to the effective date of a rate order in order to establish new base rates has often been employed in recent years.²

¹ (See Exh. No. SLM-1T, p.5:18-22; *Id.* at p.4:11-14)

² See e.g., *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dkt. UE-150204 and Dkt. UE-140188.

³ Consistent with the Company's general practice of updating its costs, either up or down, during the pendency of a rate case, Avista believes the record should contain the most recent information available, since the filing was made months ago in February of 2016. In this case, the updated information serves to actually reduce, by a small amount, the power supply expenses otherwise reflected by the Company in its analyses. The purpose of this power supply update, as in past proceedings, would be to: 1) update the three-month average of natural gas and electricity market prices; 2) include new short-term contracts for natural gas and electric; and 3) update or correct power and transmission service contracts for the 18-month rate period. In addition, in response to testimony by certain parties to this proceeding, on rebuttal Avista agreed to update certain power supply related expenses and transmission revenues within this power supply update.³

⁴ Attached is a copy of the filing Avista is making in this Docket as of the same date as this Motion (November 1, 2016), providing the updated power supply information referred to above. It reflects the most recent information available for the eighteen (18) month period (January of 2017 through June of 2018) concerning power supply costs; it also includes all necessary information and models to support this update. The updated power supply cost information would not only be reflected in the base rate adjustment, but would also reset the base for the ERM calculations for the future rate period.

⁵ This update shows a slight reduction of overall power supply costs of approximately \$591,000 (\$611,000 impact on revenue requirement) for 2017, as well as an incremental reduction of \$1.46 million (\$1.5 million impact on revenue requirement) for the first six (6) months of 2018. Accordingly, Avista's updated electric revenue requirement of \$40.1 million 2017 will be reduced

³ See Johnson, Exh. No. WGJ-6T, p.1:20-p.3:22; Kalich, Exh. No. CGK-37, p.6:20-p.7:3; Smith, Exh. No. JSS-4T, p.16:9-p.17:2.

to approximately \$39.5 million, which is still above Avista's filed-for electric revenue increase request of \$38.6 million in 2017. Accordingly, Avista is not proposing to change its original revenue increase request of \$38.6 million for 2017. Avista is, however, revising its filed-for electric revenue increase request of \$10.3 million for the first six months of 2018 downward to \$9.0 million (more precisely \$8,986,000) in order to reflect this updated information.⁴ Avista believes, therefore, that it is important to have this information in the record in this case, in the interest of having a complete and accurate record. Avista proposes that Attachment 1 be marked as Exhibit No. WGJ-8, for purposes of the record, and that it be so admitted.

6 WHEREFORE, for the foregoing reasons, Avista respectfully moves this Commission for an Order approving its request to supplement the record with the attached information.

7 RESPECTFULLY SUBMITTED this 1st day of November, 2016.

AVISTA CORPORATION



David J. Meyer, WSBA No. 8717
VP and Chief Counsel for Regulatory and
Governmental Affairs

⁴ Avista's previously updated revenue requirement need for the first six months of 2018 was \$10.5 million (see, Exh. No. EMA-9). Avista's requested revenue increase was \$10.3 million. Recognizing the reduction of \$1.5 million of revenue requirement as a result of the power supply update (\$10.5 million - \$1.5 million) produces a revised revenue requirement of approximately \$9.0 million.