

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-190334 and UG-190335, UE-190222 (*Consolidated*)

ANDREA C. CRANE

ON BEHALF OF PUBLIC COUNSEL

EXHIBIT ACC-13

Avista Response to Public Counsel Data Request No. 104 with Attachments A and C

(Earnings Test and 3% Test worksheets)

October 3, 2019

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/15/2019
CASE NO:	UE-190334 & UG-190335	WITNESS:	Patrick Ehrbar
REQUESTER:	Public Counsel	RESPONDER:	Patrick Ehrbar
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC-104	TELEPHONE:	(509)495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

REQUEST:

Please provide the underlying assumptions, workpapers and calculations used to develop each entry in Table No. 7 of Mr. Ehrbar's testimony, Exhibit PDE-1T at 16.

RESPONSE:

Please note that the values for Table No. 7 come were pulled from Exh. PDE-2, p. 2-3 ("Avista Decoupling Evaluation" performed by H. Gil Peach and Associates.

- For Electric Calendar Year 2015 (filed in August 2016) – See PC-DR-104 Attachment A, Tab "Earnings Test and 3% Test" – Docket No. UE-161096
- For Electric Calendar Year 2016 (filed in August 2017) – See PC-DR-104 Attachment C, Tab "Earnings Test and 3% Test" – Docket No. UE-170939
- For Electric Calendar Year 2017 (filed in August 2018) – See PC-DR-104 Attachment E, Tab "Earnings Test and 3% Test" – Docket No. UE-180702
- For Natural Gas Calendar Year 2015 (filed in August 2016) – See PC-DR-104 Attachment B, Tab "Earnings Test and 3% Test" – Docket No. UG-161094
- For Natural Gas Calendar Year 2016 (filed in August 2017) – See PC-DR-104 Attachment D, Tab "Earnings Test and 3% Test" – Docket No. UG-170942
- For Natural Gas Calendar Year 2017 (filed in August 2018) – See PC-DR-104 Attachment F, Tab "Earnings Test and 3% Test" – Docket No. UG-180701

Avista Utilities
 Decoupling Mechanism Earnings Test and 3% Test
 2015 Deferrals

2015 Commission Basis Earnings Test for Decoupling

Line No.		Electric
1	Rate Base	\$ 1,338,806,000
2	Net Income	\$ 99,114,000
3	Calculated ROR	7.40%
4	Base ROR	7.32%
5	Excess ROR	0.08%
6	Excess Earnings	\$ 1,113,401
7	Conversion Factor	0.619312
8	Excess Revenue (Excess Earnings/CF)	\$ 1,797,803
9	Sharing %	50%
10	2015 Total Earnings Test Sharing	\$ 898,901

Revenue From 2015 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 216,224,542	49.58%
12	Non-Residential Revenue	\$ 219,883,826	50.42%
13	Total Normalized Revenue	\$ 436,108,368	100.00%

Earnings Test Sharing Adjustment

14	Residential	\$ 445,679
15	Non-Residential	\$ 453,222
16	Total	<u>\$ 898,901</u>

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2015 Deferrals

3% Incremental Surcharge Test

Line No.		Electric
	November 2016 - October 2017 Usage	
1	Residential	2,465,787,464
2	Non-Residential	2,154,719,740
	Proposed Decoupling Recovery Rates	
3	Residential	\$0.00298
4	Non-Residential	-\$0.00144
	Present Decoupling Recovery Rates	
5	Residential	\$0.00000
6	Non-Residential	\$0.00000
	Incremental Decoupling Recovery Rates	
7	Residential	\$0.00298
8	Non-Residential	-\$0.00144
9	Incremental Decoupling Recovery	\$ 4,245,250
10	Residential	\$ 7,348,047
11	Non-Residential	\$ (3,102,796)
	Incremental Surcharge %	
12	Residential	3.40%
13	Non-Residential	-1.41%
	3% Test Adjustment (1)	
14	Residential	\$ (861,310)
15	Non-Residential	\$ -
	3% Test Rate Adjustment	
16	Residential	-\$0.00035
17	Non-Residential	\$0.00000
	Adjusted Proposed Decoupling Recovery Rates	
18	Residential	\$0.00263
19	Non-Residential	-\$0.00144
20	Adjusted Incremental Decoupling Recovery	3,382,225
21	Residential	6,485,021
22	Non-Residential	(3,102,796)
	Adjusted Incremental Surcharge %	
23	Residential	3.00%
24	Non-Residential	-1.41%

Notes

(1) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

Avista Utilities
 Decoupling Mechanism Earnings Test and 3% Test
 2016 Deferrals

2016 Commission Basis Earnings Test for Decoupling

Line No.		Electric
1	Rate Base	\$ 1,442,726,000
2	Net Income	\$ 108,405,000
3	Calculated ROR	7.51%
4	Base ROR	7.29%
5	Excess ROR	0.22%
6	Excess Earnings	\$ 3,218,417
7	Conversion Factor	0.619660
8	Excess Revenue (Excess Earnings/CF)	\$ 5,193,843
9	Sharing %	50%
10	2016 Total Earnings Test Sharing	\$ 2,596,921

Revenue From 2016 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 223,399,000	50.62%
12	Non-Residential Revenue	\$ 217,949,000	49.38%
13	Total Normalized Revenue	\$ 441,348,000	100.00%

		Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Earnings Test Sharing Adjustment Residential	\$ 1,314,495	\$ 1,253,138
15	Non-Residential	\$ 1,282,427	\$ 1,222,566
16	Total	\$ 2,596,921	\$ 2,475,704

Avista Utilities
 Decoupling Mechanism Earnings Test and 3% Test
 2016 Deferrals

3% Incremental Surcharge Test

Line No.		Residential	Non-Residential
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 223,399,000	\$ 217,949,000
2	November 2017 - October 2018 Usage (kWhs)	2,452,572,967	2,160,028,828
3	Proposed Decoupling Recovery Rates	\$0.00445	\$0.00040
4	Present Decoupling Surcharge Recovery Rates	\$0.00263	\$0.00000
5	Incremental Decoupling Recovery Rates	\$0.00182	\$0.00040
6	Incremental Decoupling Recovery	\$ 4,463,683	\$ 864,012
7	Incremental Surcharge %	2.00%	0.40%
8	3% Test Adjustment (Note 2)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	\$0.00445	\$0.00040
11	Adjusted Incremental Decoupling Recovery	\$ 4,463,683	\$ 864,012
12	Adjusted Incremental Surcharge %	2.00%	0.40%

Notes

(1) 2016 Normalized Revenue derived from UE-170485 Revenue Model with billed rates adjusted to reflect August 1, 2017 present rates.

(2) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.