

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKETS UE-190334, UG-190335, and UE-190222 ( <i>Consolidated</i> )
	)	
Complainant,	)	
	)	
v.	)	
	)	
	)	
AVISTA CORPORATION d/b/a/ AVISTA UTILITIES,	)	ANSWER OF AVISTA CORPORATION TO STAFF’S MOTION TO SEVER AND CONSOLIDATE
	)	
Respondent.	)	
	)	
	)	
	)	
	)	
	)	

1 COMES NOW, Avista Corporation (hereinafter “Avista” or “Company”), and respectfully answers the Motion filed by Staff on Thursday, September 26, 2019, to sever this docket and consolidate it with the power cost adjustment filings made by Puget Sound Energy (Docket No. UE-190324) and Pacific Power and Light Company (Docket No. UE-190458).

2 Avista and the Commission have already been down this path once before, early on in this docket, when the Commission ruled in Order 03, on May 30, 2019, to consolidate the ERM docket with Avista’s general rate case. In his Prehearing Conference Order 03, Judge O’Connell, granted Avista’s Motion to Consolidate the ERM and GRC dockets (over Staff’s objections), stating at ¶6:

CONSOLIDATION. Pursuant to WAC 480-07-320, the Commission determines that the facts and principles of law in Dockets UE-190334, UG-190335, and UE-190222 are related. The Commission, therefore, grants Avista’s Motion to consolidate Docket UE-190222 with Dockets UE-190334 and UG-190335. The Commission is also persuaded that consolidation of these dockets is appropriate because it will allow the Commission, as well as the parties, to more efficiently direct their resources. Additionally, consolidation will create greater rate stability for customers because the rate impact, if any, of Avista’s general rate case will align with the commencement of the return of the ERM balance, thereby avoiding additional and frequent rate fluctuations. (Emphasis added)

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The findings of Judge O’Connell remain equally true today: (1) the facts and principles of law in the ERM and GRC are related; (2) consolidation will allow the Commission and all parties “to more efficiently direct their resources;” and (3) consolidation of the ERM with the general rate case “will align with the commencement of the return of the ERM balances, thereby avoiding additional frequent rate fluctuations.” (Ibid.) If consolidation of the ERM with the power cost cases of PSE and Pacific Power is ordered, none of the above objectives will be accomplished.

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Secondly, it is important to resolve Avista’s ERM in conjunction with its pending rate case, as observed in Order 03 above. Under Avista’s ERM mechanism, if the amount to be refunded in the ERM “bucket” exceeds \$30 million, the entire bucket is to be emptied and the balances returned to ratepayers. At present, the existing ERM deferral balance stands at approximately \$25 million, based on the completion of the 2017 ERM review. It is reasonable to suppose that the 2018 ERM deferral balance will exceed \$30 million, even after allowing for any disputed issues. Accordingly, ERM funds may, in full, be available to be used to offset the impact of any rate relief awarded in the current Avista general rate case.

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Staff asserts, without support, that this timing will not be disturbed, even if the ERM is consolidated with the PSE and Pacific Power cases, stating, “Staff does not anticipate that the consolidated adjudication would extend past April 1, 2020.” Motion at ¶32. Avista believes that this is highly unlikely, given the fact that the PSE and Pacific Power dockets have yet to even establish a procedural schedule, much less allowing time for filing of testimony, hearings, and briefing. Avista does not want to wait on these other proceedings, if consolidated, before it can refund to customers their money being held in the ERM deferral account. In short, the undisputed ERM adjustments in this Docket are more than enough to cause the \$30 million bucket to empty and we should get on with the task of doing so.

Based on Staff witness Gomez’s pre-filed testimony (Exh DCG-1T, p. 34), Staff is arguing that the “entire Docket UE-190222 should be severed from the general rate case and consolidated with the other Power Cost Filings to enable the Commission to make a decision that addresses the entirety of each filing.” (emphasis added) On behalf of Staff, he stated his belief that “it does not make sense to try and sever individual issues and consolidate some of them in a new docket while leaving others in the general rate case.” (Ibid.)

6           What follows is a general matrix of issues that have been identified by the parties in their October 3<sup>rd</sup> issue lists.<sup>1</sup> It represents Avista’s best efforts at sorting out (with “√” marks) what would ordinarily be considered GRC and ERM issues, but for Staff’s Motion to Sever and Consolidate. Under Staff’s position, all of what would ordinarily be considered ERM issues, should be consolidated with the PSE and Pacific’s power supply adjustment dockets (see “dashed” lines pointing to consolidation), even though they many have no real nexus with those dockets. While it is unclear at this point whether Public Counsel and AWEC would also support moving all ERM issues into a consolidated case with the other companies, the following matrix shows the number of issues that would be “carried over” into a consolidated proceeding, under Staff’s proposal.

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<sup>1</sup> Staff did not file a separate issues list on October 3, 2019, so Avista was left to parse the testimony of Mr. Gomez to define what issues were raised (see Exh DCG-1T) and in which docket they were to be addressed.

	<u>Rate Case Issues</u>	<u>ERM Issues</u>	<u>Remand Issue</u>	<u>Argues For Consolidation</u>
<b><u>Public Counsel</u></b>				
Prudence of Incremental Power Cost regarding Colstrip Outage		√	----->	?
Argues that Power Cost Calculations are Biased	√		----->	?
<b><u>AWEC</u></b>				
October 29, 2015 update to baseline of power supply costs was set too high			√ ----->	?
Interest on deferral balances owing to customers should be calculated at Avista's pre-tax cost of debt	√		----->	?
Amortize full amount of ERM Balance, plus interest, over a two-year period beginning April 1, 2020		√	----->	?
<b><u>Staff</u></b>				
Disallow Colstrip Replacement Power (\$3.5 million)		√		√
Return of Total Deferral Amounts		√	----->	√

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What is clear from this is that virtually all of what would be ERM issues unique to Avista would be consolidated (and this doesn't begin to identify issues that are unique to each of PSE and Pacific Power in their power cost adjustment filings). This will become a procedural quagmire as

the Commission seeks to juggle all of the issues, most of which will be unique to each company and many of which may involve the need to protect confidential information (e.g. on power cost replacement strategies) from the public and PSE and Pacific Power and vice versa.

8           Finally, consolidation of the ERM with the other adjustment proceedings will not lead to economy or efficiency – in fact, quite the opposite is true, because there is really only one issue that conceivably could be in common – i.e., causes for the Colstrip outage. But the consequences of that for each company are unique. (Even each company’s approach to procuring replacement power will be unique to it, with no necessarily common attributes). To compound matters, attempting to preserve “confidentiality” of Company – specific information on power cost elements, planning, and procurement, will be difficult in the extreme and will disrupt the orderly process. Avista does not wish to share its proprietary information with PSE and Pacific Power, and we are sure they feel likewise.

9           To be clear, Avista does object to any consolidation of ERM-related issues with the PSE and Pacific Power cases, whether related to Colstrip or not. The very reason cited by Judge O’Connell in his Prehearing Order 03 remain true today (supra), and the effect of Staff’s Motion is to nullify the effects of the Judge’s prior Order.

Respectfully submitted this 7<sup>th</sup> day of October, 2019

By:   
David J. Meyer  
Vice President and Chief Counsel, Avista Corp.