

**Exh. BAE-6
Dockets UE-200900, UG-200901,
UE-200984
Witness: Betty Ann Erdahl**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-200900, UG-200901,
UE-200984 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Betty Ann Erdahl

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

***AFUDC Equity Portion Deferral Amounts Available for Refund – Avista Response to
AWEC Data Request No. 44***

April 21, 2021

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/22/2021
CASE NO:	UE-200900 & UG-200901	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Jeanne Pluth
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 044	TELEPHONE:	(509) 495-2204
		EMAIL:	jeanne.pluth@avistacorp.com

SUBJECT: Regulatory Assets/Liabilities

REQUEST:

Reference Avista's 2019 FERC Form 1, Page 123.3: Avista discusses a FERC audit of AFUDC. Please provide an explanation of the audit results and identify the amount of funds due to Washington ratepayers as a result of the FERC-required accounting changes.

RESPONSE:

There were two areas in the FERC audit that FERC indicated Avista needed to modify its accounting practices.

The first area was related the recording the AFUDC. Avista now records a portion of the AFUDC to a regulatory asset. The portion recorded to the regulatory asset is the differential between Avista's authorized AFUDC rate of its authorized ROR and the FERC AFUDC rate. There are no funds due to ratepayers due to this change.

The second area was related to Avista's method of deferring taxes on the AFUDC equity portion of AFUDC. Avista changed from using the normalization method to the flow-through method. This change decreased the amount of deferred tax expense that was being recorded. Because Avista had been collecting the deferred taxes on AFUDC equity when the accounting change was made, Avista deferred the amount that was being collected from customers until the new method of accounting was built into customers' rates, which was April 1, 2020. Avista has a liability of \$1,760,296 for WA electric customers and \$519,844 for WA natural gas customers. These are recorded in FERC Account No. 254319 – Regulatory Liability AFUDC Equity Tax Deferral.

Both of these issues were addressed in Docket Nos. UE-190074 and UG-190075.