

**Exh. DCG-4
Dockets UE-200900, UG-200901,
UE-200894
Witness: David C. Gomez**

**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-200894 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

David C. Gomez

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Avista's Response to UTC Staff Data Request No. 107, Second Supplemental Response –
PF Adj. 3.19 Attachment B-Revised*

April 21, 2021

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	02/26/2021
CASE NO.:	UE-200900 & UG-20901	WITNESS:	E. Andrews / K. Schultz
REQUESTER:	UTC Staff - Higby	RESPONDER:	J. Pluth / K. Schultz /L. Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 107 Supplemental 2	TELEPHONE:	(509) 495-2204
		EMAIL:	jeanne.pluth@avistacorp.com Kaylene.schultz@avistacorp.com

REQUEST:

Re: Capital Additions – Pro Forma

Staff understands that Avista will be closing its books for 2020 on or before February 15, 2021.

- a. **By February 22, 2021**, please provide the actual transfers to plant as of December 31, 2020, for the Expenditure Requests listed in Avista’s Adjustments 3.11 through 3.19 for electric operations and Adjustments 3.11 through 3.18 for gas operations. Please clearly delineate between WA-electric and WA-gas amounts.
- b. Please provide updated workpapers for each pro forma plant adjustment.

RESPONSE:

The Company will provide this information in sub-parts related to each Pro Forma adjustments 3.11 – 3.19 as noted in the table below:

<u>DR 107 - Capital Additions Update</u>		Year Data	PF Adj &
Part	Capital Adj Name	Updated*	Attachment Label
a.)	3.11 Customer at the Center	2020	3.11
b.)	3.12 Large Distinct Projects	2020	3.12
c.)	3.13 Programs	2020	3.13
d.)	3.14 Mandatory and Compliance	2020	3.14
e.)	3.15 Short-Lived Assets	2020	3.15
f.)	3.16 Advanced Metering Infrastruct	2020-2021	3.16
g.)	3.17 Wildfire Resiliency Plan	2020-2021	3.17
h.)	3.18 Energy Imbalance Market	2020-2022	3.18
i.)	3.19 Colstrip Additions/Amortization	2020-2022	3.19

*All Capital additions included in Pro Forma Capital Adjustments (PF 3.11-3.19) are updated in this response to include actual transfers-to-plant from January 1, 2020 through December 2020. In addition, PF 3.16 - 3.19 include updated planned transfers-to-plant, where applicable, for additions included through 2021 (Wildfire and AMI) and through September 30, 2022 (EIM and Colstrip).

UPDATED 2/26/2021:

- a.) PF Adj. 3.11 Customer at the Center – updated information Supplemental 1 - provided 2/22/2021.
- b.) PF Adj. 3.12 Large Distinct Projects – updated information Supplemental 1 - provided 2/22/2021.
- c.) PF Adj. 3.13 Programs – updated information Supplemental 1 - provided 2/22/2021.
- d.) PF Adj. 3.14 Mandatory and Compliance – updated information Supplemental 1 - provided 2/22/2021.
- e.) PF Adj. 3.15 Short-Lived Assets – updated information Supplemental 1 - provided 2/22/2021.
- f.) PF Adj. 3.16 Advanced Metering Infrastructure (AMI) – updated information Supplemental 2 - provided 2/26/2021.
- g.) PF Adj. 3.17 Wildfire Resiliency Plan – updated information Supplemental 1 - provided 2/22/2021.
- h.) PF Adj. 3.18 Energy Imbalance Market (EIM) – updated information Supplemental 1 - provided 2/22/2021
- i.) PF Adj. 3.19 Colstrip Additions/Amortization – **Revised information Supplemental 2** – provided 2/26/21.

REVISED – part i.) previously provided was **REVISED 02/26/2021** and moved sequentially below.

[SUPPLEMENTAL 2 UPDATED 02/26/2021]

Summary Tables (~~provided 02-22-2021~~) [updated 02/26/2021]

Below is a summary of Pro Forma Adjustments 3.11 – 3.19: As-Filed versus Updated per Staff-DR-107 and Net Change, for Washington Electric and Washington Natural Gas including: **Net Rate Base, Net Operating Income (NOI) and Revenue Requirement impacts.**

Detail information for each Pro Forma Adjustment (3.11-3.19) follows the tables.

Washington Electric (000s)	As Filed			Updated - Staff DR 107			Net Change in Revenue Requirement
	Rate Base	NOI	Revenue Requirement	Rate Base	NOI	Revenue Requirement	
Pro Forma Adjustment Summary							
3.11 Customer at the Center	\$ 9,316	\$ (1,404)	\$ 2,775	\$ 10,279	\$ (1,559)	\$ 3,075	\$ 300
3.12 Large Distinct Projects	\$ 23,308	\$ (238)	\$ 2,608	\$ 18,005	\$ (95)	\$ 1,897	\$ (711)
3.13 Programs	\$ 51,538	\$ (749)	\$ 6,062	\$ 47,479	\$ (423)	\$ 5,231	\$ (831)
3.14 Mandatory and Compliance	\$ 35,584	\$ (375)	\$ 3,997	\$ 36,826	\$ (337)	\$ 4,069	\$ 72
3.15 Short-Lived Assets	\$ 10,886	\$ (1,496)	\$ 3,052	\$ 10,180	\$ (1,465)	\$ 2,941	\$ (110)
3.16 Advanced Metering Infrastructure	\$ 92,164	\$ (7,154)	\$ 18,538	\$ 87,584	\$ (7,150)	\$ 18,082	\$ (456)
3.17 Wildfire Resiliency Plan	\$ 13,126	\$ (3,359)	\$ 5,739	\$ 11,185	\$ (3,371)	\$ 5,563	\$ (174)
3.18 Energy Imbalance Market	\$ 9,358	\$ (2,160)	\$ 3,780	\$ 12,576	\$ (2,620)	\$ 4,706	\$ 926
3.19 Colstrip Additions/Reg. Amortization (1)	\$ (15,606)	\$ 105	\$ (1,674)	\$ (20,491)	\$ 374	\$ (2,511)	\$ (837)
Total Balances	\$ 229,674	\$ (16,830)	\$ 44,877	\$ 213,623	\$ (16,646)	\$ 43,054	\$ (1,823)

(1) See Staff-DR-107- 3.19 Attachment A-Revised.

Washington Natural Gas (000s)	As Filed			Updated - Staff DR 107			Net Change in Revenue Requirement
	Rate Base	NOI	Revenue Requirement	Rate Base	NOI	Revenue Requirement	
Pro Forma Adjustment							
3.11 Customer at the Center	\$ 2,923	\$ (441)	\$ 871	\$ 2,994	\$ (449)	\$ 889	\$ 18
3.12 Large Distinct Projects	\$ 7,191	\$ (110)	\$ 853	\$ 7,251	\$ (55)	\$ 786	\$ (66)
3.13 Programs	\$ 7,194	\$ (143)	\$ 897	\$ 6,629	\$ (79)	\$ 757	\$ (140)
3.14 Mandatory and Compliance	\$ 13,123	\$ (150)	\$ 1,489	\$ 10,469	\$ (104)	\$ 1,167	\$ (322)
3.15 Short-Lived Assets	\$ 3,408	\$ (489)	\$ 983	\$ 2,967	\$ (424)	\$ 854	\$ (129)
3.16 Advanced Metering Infrastructure	\$ 35,433	\$ (2,550)	\$ 6,861	\$ 33,084	\$ (2,513)	\$ 6,581	\$ (280)
Total Balances	\$ 69,272	\$ (3,883)	\$ 11,954	\$ 63,394	\$ (3,624)	\$ 11,033	\$ (919)

Detail information for each Pro Forma Adjustment (3.11-3.19):

The Company's Pro Forma Adjustments 3.11 – 3.19 have been updated below as follows (see detail workpapers included as attachments for changes in expense, net rate base, net income and revenue requirement from the Company's filed case):

- a.) **PF Adj. 3.11 Customer at the Center** – has been updated to reflect actual 2020 transfers to plant, including retirements. The net impact of these updates to the Customer at the Center adjustment are as follows:

Adjustment 3.11 - Customer at the Center						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.11	Filed	Revised	Revision to PF Adj. 3.11
Plant in Service	\$ 3,726	\$ 8,495	\$ 4,769	\$ 1,393	\$ 2,368	\$ 976
A/D	6,154	2,016	(4,138)	1,708	692	(1,016)
ADFIT	(564)	(232)	332	(177)	(66)	111
Rate Base	\$ 9,316	\$ 10,279	\$ 963	\$ 2,923	\$ 2,994	\$ 71
Depreciation Expense	\$ 1,838	\$ 2,042	\$ 204	\$ 577	\$ 588	\$ 11
Expense	\$ 1,838	\$ 2,042	\$ 204	\$ 577	\$ 588	\$ 11

The impact of updating the 2020 capital additions in PF Adj. 3.11 Customer at the Center increases the Company's requested electric revenue requirement by approximately \$300,000 and increases the Company's requested natural gas revenue requirement by approximately \$18,000.

Please see Staff-DR-107 Supplemental 1 - 3.11 Attachment A for the workpapers that have been provided as support for these updates.

- b.) **PF Adj. 3.12 Large Distinct Projects** – has been updated to reflect actual 2020 transfers to plant, including retirements. The net impact of these updates to the Large Distinct Projects adjustment are as follows:

Adjustment 3.12 - Large Distinct Projects						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.12	Filed	Revised	Revision to PF Adj. 3.12
Plant in Service	\$ 15,633	\$ 12,307	\$ (3,326)	\$ 6,317	\$ 5,695	\$ (622)
A/D	8,385	6,218	(2,166)	1,047	1,720	672
ADFIT	(710)	(520)	190	(174)	(164)	10
Rate Base	\$ 23,308	\$ 18,005	\$ (5,302)	\$ 7,191	\$ 7,251	\$ 61
Depreciation Expense	\$ 455	\$ 238	\$ (216)	\$ 186	\$ 118	\$ (69)
Expense	\$ 455	\$ 238	\$ (216)	\$ 186	\$ 118	\$ (69)

The impact of updating the 2020 capital additions in PF Adj. 3.12 Large Distinct Projects reduces the Company's requested electric revenue requirement by approximately \$711,000 and reduces the Company's requested natural gas revenue requirement by approximately \$66,000.

Please see Staff-DR-107 Supplemental 1 - 3.12 Attachment A for the workpapers that have been provided as support for these updates.

c.) **PF Adj. 3.13 Programs** – has been updated to reflect actual 2020 transfers to plant, including retirements and O&M offsets. The net impact of these updates to the Large Distinct Projects adjustment are as follows:

Adjustment 3.13 - Programs						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.13	Filed	Revised	Revision to PF Adj. 3.13
Plant in Service	\$ 43,319	\$ 32,036	\$ (11,283)	\$ 5,955	\$ 4,695	\$ (1,260)
A/D	10,338	17,392	7,055	1,457	2,127	670
ADFIT	(2,119)	(1,949)	170	(217)	(192)	25
Rate Base	\$ 51,538	\$ 47,479	\$ (4,059)	\$ 7,194	\$ 6,629	\$ (565)
Depreciation Expense	\$ 1,288	\$ 848	\$ (440)	\$ 229	\$ 144	\$ (84)
Expense	\$ 1,288	\$ 848	\$ (440)	\$ 229	\$ 144	\$ (84)

The impact of updating the 2020 capital additions in PF Adj. 3.13 Programs reduces the Company's requested electric revenue requirement by approximately \$831,000 and reduces the Company's requested natural gas revenue requirement by approximately \$140,000.

Please see Staff-DR-107 Supplemental 1 - 3.13 Attachment A for the workpapers that have been provided as support for these updates.

d.) **PF Adj. 3.14 Mandatory and Compliance** – has been updated to reflect actual 2020 transfers to plant, including retirements. The net impact of these updates to the Mandatory and Compliance adjustment are as follows:

Adjustment 3.14 - Mandatory and Compliance						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.14	Filed	Revised	Revision to PF Adj. 3.14
Plant in Service	\$ 33,737	\$ 31,433	\$ (2,303)	\$ 11,735	\$ 8,369	\$ (3,366)
A/D	2,905	6,580	3,675	1,743	2,384	641
ADFIT	(1,058)	(1,187)	(129)	(355)	(284)	71
Rate Base	\$ 35,584	\$ 36,826	\$ 1,242	\$ 13,123	\$ 10,469	\$ (2,654)
Depreciation Expense	\$ 710	\$ 669	\$ (41)	\$ 276	\$ 200	\$ (76)
Expense	\$ 710	\$ 669	\$ (41)	\$ 276	\$ 200	\$ (76)

The impact of updating the 2020 capital additions in PF Adj. 3.14 Mandatory and Compliance increases the Company's requested electric revenue requirement by approximately \$72,000 and reduces the Company's requested natural gas revenue requirement by approximately \$322,000.

Please see Staff-DR-107 Supplemental 1 - 3.14 Attachment A for the workpapers that have been provided as support for these updates.

e.) **PF Adj. 3.15 – Short-Lived Assets** – has been updated to reflect actual 2020 transfers to plant, including retirements. The net impact of these updates to the Short-Lived Assets adjustment are as follows:

Adjustment 3.15 - Short-Lived Assets						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.15	Filed	Revised	Revision to PF Adj. 3.15
Plant in Service	\$ 3,707	\$ 6,305	\$ 2,598	\$ 1,852	\$ 1,872	\$ 20
A/D	7,710	4,083	(3,627)	1,721	1,155	(566)
ADFIT	(531)	(208)	323	(166)	(60)	106
Rate Base	\$ 10,886	\$ 10,180	\$ (706)	\$ 3,408	\$ 2,967	\$ (440)
Depreciation Expense	\$ 1,966	\$ 1,922	\$ (44)	\$ 642	\$ 557	\$ (85)
Expense	\$ 1,966	\$ 1,922	\$ (44)	\$ 642	\$ 557	\$ (85)

The impact of updating the 2020 capital additions in PF Adj. 3.15 Short-Lived Assets reduces the Company's requested electric revenue requirement by approximately \$110,000 and reduces the Company's requested natural gas revenue requirement by approximately \$129,000.

Please see Staff-DR-107 Supplemental 1 - 3.15 Attachment A for the workpapers that have been provided as support for these updates.

See also Staff-DR-107 Supplemental Attachment B – 3.11-3.15 Summary.

f.) PF Adj. 3.16 AMI – has been updated to reflect actual 2020 transfers to plant. In addition, the pro formed capital for 2021 has been revised with updated information.

Adjustment 3.16 - Advanced Metering Infrastructure						
In 000's	WA - Electric			WA - Natural Gas		
	Filed	Revised	Revision to PF Adj. 3.18	Filed	Revised	Revision to PF Adj. 3.18
Plant in Service	\$ 81,198	\$ 76,578	\$ (4,620)	\$ 33,271	\$ 30,903	\$ (2,368)
A/D	(28,009)	(27,819)	190	(9,266)	(9,173)	93
ADFIT	(14,370)	(14,330)	40	(4,241)	(4,222)	19
AMI Regulatory Asset	53,345	53,155	(190)	15,668	15,576	(92)
Rate Base	\$ 92,164	\$ 87,584	\$ (4,580)	\$ 35,432	\$ 33,084	\$ (2,348)
Operating Expense/(Benefit)	\$ (2,986)	\$ (2,833)	\$ 153	\$ (995)	\$ (944)	\$ 51
Regulatory Amortization	\$ 10,133	\$ 10,134	\$ 1	\$ 3,491	\$ 3,491	\$ -
Depreciation Expense	2,515	2,326	(189)	965	851	(114)
Expense	\$ 9,662	\$ 9,627	\$ (35)	\$ 3,461	\$ 3,398	\$ (63)

The impact of updating the 2020 and 2021 capital additions in PF Adj. 3.16 AMI Assets reduces the Company’s requested electric revenue requirement by approximately \$456,000 and reduces the Company’s requested natural gas revenue requirement by approximately \$280,000.

Please see Staff-DR-107 Supplemental 2 - 3.16 Attachment A - C for the workpapers that have been provided as support for these updates.

g.) PF Adj. 3.17 Wildfire Resiliency Plan – has been updated to reflect actual 2020 transfers to plant. In addition, the pro formed capital for 2021 has been revised with most current information.

Adjustment 3.17 - Wildfire			
In 000's	WA - Electric		
	Filed	Revised	Revision to PF Adj. 3.17
Plant in Service	\$ 13,536	\$ 11,570	\$ (1,966)
A/D	(244)	(268)	(24)
ADFIT	(166)	(117)	48
Rate Base	\$ 13,126	\$ 11,185	\$ (1,942)
Operating Expense	\$ 4,025	\$ 4,025	\$ -
Depreciation Expense	313	316	3
Expense	\$ 4,338	\$ 4,341	\$ 3

The impact of updating the 2020 - 2021 capital additions in PF Adj. 3.17 Wildfire Resiliency Plan reduces the Company’s requested electric revenue requirement by approximately \$174,000.

Please see Staff-DR-107 Supplemental 1 - 3.17 Attachment A for the workpapers that have been provided as support for these updates.

h.) PF Adj. 3.18 Energy Imbalance Market (EIM) – has been updated to reflect actual 2020 transfers to plant. In addition, the pro formed capital for 2021 – 2022 has been revised with most current information.

Adjustment 3.18 - EIM			
In 000's	WA - Electric		Revision to PF Adj. 3.18
	Filed	Revised	
Plant in Service	\$ 10,775	\$ 13,908	\$ 3,132
A/D	(1,100)	(1,150)	(50)
ADFIT	(317)	(181)	136
Rate Base	\$ 9,358	\$ 12,576	\$ 3,219
Operating Expense	\$ 1,386	\$ 1,691	\$ 305
Depreciation Expense	1,409	1,709	300
Expense	\$ 2,796	\$ 3,400	\$ 604

The impact of updating the 2020 - 2022 capital additions in PF Adj. 3.18 EIM increases the Company's requested electric revenue requirement by approximately \$926,000.

Please see Staff-DR-107 Supplemental 1 - 3.18 Attachment A for the workpapers that have been provided as support for these updates.

i.) PF Adj. 3.19 Colstrip Additions/Amortization [REVISED 06/26/2021] - has been updated to reflect actual 2020 transfers to plant. In addition, the pro formed capital for 2021 has been revised to include only those projects that have been approved by the owners as of February 4, 2021. Also, the 2022 pro formed capital has been revised to include only one large project that Avista anticipates the owners will approve in 2021. The net impact of these updates to the Colstrip adjustment follows:

	Filed	Revised	Revision to Adjustment 3.19
Colstrip Plant in Service	\$ 12,360,698	\$ 6,463,557	\$ (5,897,141)
Colstrip A/D	(25,563,285)	(24,654,014)	909,271
Colstrip ADFIT	1,862,661	1,965,447	102,786
Colstrip Regulatory Asset	(4,266,113)	(4,266,113)	-
Rate Base	\$ (15,606,039)	\$ (20,491,123)	\$ (4,885,084)
Depreciation Expense	\$ 3,052,957	\$ 1,925,752	\$ (1,127,205)
Regulatory Amortization	(2,533,820)	(2,533,820)	-
Expense	\$ 519,137	\$ (608,068)	\$ (1,127,205)

The impact of updating the 2020 – 2022 capital additions in PF Adj. 3.19 Colstrip Addition/Amortization reduces the Company's requested electric revenue requirement by approximately \$837,000.

The workpapers that have been provided as support for these updates include the following:

DR Attachment No.	Workpaper
Staff-DR-107 Supplemental 1 - 3.19 Attachment A Revised	1)WA Colstrip Accounting – Revised 2.4.2021
Staff-DR-107 Supplemental 1 - 3.19 Attachment B Revised	2)Colstrip PF Capital 2020-2022-Revised 2.4.2021
Staff-DR-107 Supplemental 1 - 3.19 Attachment C Revised	Colstrip Plant Additions from Invoices (2018-2020)
Staff-DR-107 Supplemental 1 - 3.19 Attachment D Revised	210204 Approved Colstrip Capital Items-TTP

For a SUMMARY of the overall impact to electric and natural gas rate base, NOI and revenue requirement of all Pro Forma Adjustments 3.11 – 3.19, see the Summary Tables above.

65.64%

2020 Adds:	System	WA
202001	260,596	171,055
202002	165,691	108,759
202003	308,229	202,321
202004	253,315	166,276
202005	489,429	321,261
202006	271,035	177,908
202007	237,673	156,009
202008	269,731	177,051
202009	663,931	435,805
202010	900,885	591,341
202011	679,275	445,876
202012	676,603	444,122
	5,176,392	3,397,784

See Staff-DR-107 - 3.19 Attachment C

5,176,392
 Avista System 2020

65.64%

2021 Adds:	System	WA
202101	191,605.89	125,770
202102	121,825.96	79,967
202103	226,628.79	148,759
202104	186,252.90	122,256
202105	359,857.79	236,211
202106	199,281.78	130,809
202107	174,751.75	114,707
202108	198,322.37	130,179
202109	488,162.94	320,430
202110	662,385.47	434,790
202111	499,444.73	327,836
202112	497,479.61	326,546
	3,806,000	2,498,258

See Staff-DR-107 - 3.19 Attachment D

3,806,000
 Avista System 2021

65.64%

2022 Adds:	System	WA
202201		-
202202		-
202203		-
202204		-
202205		-
202206		-
202207	5,085,000	3,337,794
202208		-
202209		-
202210		-
202211		-
202212		-
	5,085,000	3,337,794

5,085,000
 Avista System 2022