

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-080416

SUPPLEMENTAL DIRECT TESTIMONY OF

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

1 **Q. Please state your name, business address and present position with Avista**
2 **Corporation?**

3 A. My name is Tara L. Knox and my business address is 1411 East Mission Avenue,
4 Spokane, Washington. I am employed as a Senior Rate Analyst in the State and Federal
5 Regulation Department.

6 **Q. Are you the same Tara L. Knox who provided prefiled direct testimony in**
7 **this Docket on behalf of Avista Corporation?**

8 A. Yes.

9 **Q. What is the scope of your updated testimony in this proceeding?**

10 A. My supplemental testimony describes the revision to the production property
11 adjustment and the impact of the updated filing on the proposed retail revenue credit rate.

12 **Q. Are you sponsoring any exhibits to be introduced in this proceeding?**

13 A. Yes. I am sponsoring Exhibit No. ____ (TLK-8) (Production Property Adjustment
14 / Retail Revenue Credit Rate).

15 **Q. How does the updated production property adjustment differ from the**
16 **originally filed exhibit?**

17 A. The production property adjustment is directly linked to all other adjustments that
18 affect production or transmission related revenues, expenses, or rate base. Therefore, the
19 updated values for the pro forma power supply, pro forma Colstrip mercury emissions, and the
20 pro forma 2009 Noxon upgrade adjustments all impact the production property adjustment
21 amount. The incremental change in the production property adjustment from these items was an
22 increase to NOI of \$108,000 and a decrease to rate base of \$191,000.

1 Additionally, the original production property adjustment contained an erroneous value
2 for the 2007 WA Normalized Retail Load on line 42 of Exhibit No.__(TLK-2). The original
3 figure incorrectly reflected 2006 Retail Load instead of the proper 2007 Load. This value has
4 been corrected in Exhibit No.__(TLK-8) to correspond with the annual pro forma kWhs in the
5 revenue normalization workpapers as intended. This correction impacts the production factor
6 which is applied to all costs to determine the adjustment. The incremental change in the
7 production property adjustment resulting from the correction of the error to the production factor
8 is a decrease to NOI of \$1,016,000 and an increase to rate base of \$4,714,000.

9 The revised production property adjustment increases net operating income \$2,868,000
10 and reduces rate base \$12,981,000.

11 **Q. How do these changes affect the retail revenue credit rate?**

12 A. The correction to the 2007 load value does not affect the proposed retail revenue
13 credit rate at all since there is no change to the 2009 proforma load. The revised costs raise the
14 proposed retail revenue credit rate to \$47.91 per MWh from the \$46.38 in the original filing.

15 **Q. Does that conclude your pre-filed supplemental direct testimony?**

16 A. Yes, it does.