AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	2/27/2020
CASE NO:	UE-190334, UG-190335 & UE-190222	WITNESS:	Patrick Ehrbar
		RESPONDER:	Joe Miller
REQUESTER:	Bench	DEPT:	Regulatory Affairs
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REQUEST:

Please provide updated version of Attachment A to Bench Request No. 1 based on each of the following possible results (a) – (e) from a Commission decision in Docket UE-190882:

(a) $0.00 (already provided as Attachment A to Bench Request No. 1)
(b) ($209,000)
(c) ($2.4 million)
(d) ($3.3 million)
(e) ($3.5 million)

Please refer to testimony offered in Docket UE-190882 for explanation of each of the above possible results of decision.

The Commission prefers receiving an agreed response from the parties to each of the above. If an agreed response is not possible, the parties should provide separate answers with explanation of the differences between the answers.

RESPONSE:

<u>Rationale for Each Identified Scenario (a) – (e)</u>

The following provides the source and explanation for each of the scenarios identified in the Bench Request, along with information on the requested impact on the two-year amortization of ERM balances beginning on April 1, 2020.

(a) ($0.00): <u>Source</u> and <u>Explanation</u>

This was already provided as Attachment A to Bench Request No. 1. This assumes no finding of imprudence on the part of either the Owners or Operator. That attachment shows a total two-year amortization of $39,240,083; with $19,576,206 in year one and $19,663,877 in year two.

(b) ($209,000): Source and Explanation

The figure of $209K was based on the difference between the authorized ERM base and the actual Colstrip expenses for the entire year of 2018, taking into consideration all elements for Colstrip, some of which offset the cost of the replacement power and its actual impact on the ERM (e.g., overall availability (82%) and other efficiencies). (See, e.g., Exhibit WGJ-1T at 11:22 – 12:11). The actual calculation of this number ($209K) is not in dispute.

Attachments A & B show the two-year amortization of the ERM balances under this scenario, as of April 1, 2020, both before (Attachment A) and after (Attachment B) the application of the 90% customer, 10% Company ERM sharing band, respectively. Attachment B shows a two-year amortization under this scenario of $39,443,759; with $19,677,816 in year one and $19,765,943 in year two.

(c) ($2.4 Million): Source and Explanation

Exhibit WGJ-2T at 3:1-23

The figure of $2.4 M is the result of comparing the $3.3M cost of the "Summer De-Rate" (Avista's WA share) with the $536K hypothetical cost of a "Spring De-Rate," and factoring in the sharing that has already occurred in the ERM ($327,000), resulting in the calculation of $2.4M. This is shown in Table No. 2 of Mr. Johnson's rebuttal testimony at Exhibit WGJ-2T at 3:16-20. For its part, Avista disputes the use of this hypothetical calculation, in favor of scenario (a) or (b).

Table No. 2	System	Washington-Share	Customer 90% ERM Deferral	Company 10% Absorbed
Summer De-Rate	$ 4,981,351	$ 3,274,242	$ 2,946,818	$ (327,424)
Spring De-Rate	$ 828,998	$ 536,445		
Cost of Summer vs. Spring Outage	$ 4,152,353	$ 2,737,798		
Less Cost Absorbed		$ (327,424)		
Maximum Disallowance IF Ordered		$ 2,410,373		

Attachment C reflects the two-year amortization of ERM balances as of April 1, 2020 under this scenario, reflecting the ERM sharing band. Attachment C shows a two-year amortization of $41,855,141; with $20,880,814 in year one and $20,974,328 in year two.

(d) ($3.3 Million): Source and Explanation

This figure of $3.3M reflects Avista's WA share of the cost of the "Summer De-Rate" shown in Table 2 of Exhibit WGJ-2T [see response to subpart (c) above] See PC Exhibit AA-1T at 5:3-7 and Exhibit AA-3, p.2 showing system power replacement costs of $4.98M for Avista during the "Summer De-Rate" period; the WA share would be approximately $3.3M.

Attachments D & E reflect the two-year amortization of the ERM balances as of April 1, 2020, both before (Attachment D) and after (Attachment E) the application of the ERM sharing band, respectively. Attachment E shows a two-year amortization under this scenario of $42,437,140; with $21,171,163 in year one and $21,265,977 in year two. Public Counsel supports the use of this calculation. For its part, Avista disputes the use of this calculation, in favor of either scenario (a) or (b).

(e) ($3.5 Million): Source and Explanation

This number originated in Mr. Johnson's Direct Testimony at Exhibit WGJ-1T at 12:5-6 and also appears at Mr. Gomez's Exhibit DCG-1 CCT, at 8 (fn. 26). This early estimate was in error and was corrected later in the proceeding in Public Counsel's appendix to Exhibit AA-3, p.2 [supra], to a figure of $3.3 million, as shown under scenario (d) above.

Attachments F & G reflect the two-year amortization of the ERM balances as of April 1, 2020, both before (Attachment F) and after (Attachment G) the application of the ERM sharing band, respectively. Attachment G shows a two-year amortization under this scenario (albeit using an incorrect number of $3.5M instead of $3.3M) of $42,697,258; with $21,300,931 in year one and $21,396,327 in year two. For its part, Avista disputes the use of this calculation, in favor of either scenario (a) or (b).

Avista has shared a draft of this Bench Request response with Staff and Public Counsel. Staff presents a separate response that agrees with the presentations found in Attachments B, C, E, and G. Public Counsel also agrees with the calculations contained in Attachments B, C, E, and G and acknowledges that Avista has provided two calculation methodologies. Public Counsel has reviewed and provided input to the narrative above.