

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200900

DOCKET NO. UG-200901

DOCKET NO. UG-200894

*(Consolidated)*

EXH. EMA-10

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION



such costs as labor and benefits. It should have only included the regulatory fees that were recorded in FERC Account no. 928. The corrected adjustment in Attachment B includes the correct data.

**Avista Utilities**  
**Calculation of Regulatory Expense Adjustment - Electric**  
**Twelve Months Ended December 31, 2019**

	<u>System</u>	<u>Washington</u>	<u>Idaho</u>
Calculated Expense:			
WUTC (1)	1,099,441	1,099,441	
IPUC (1)	684,076		684,076
FERC (2) (3)	2,595,061	1,703,398	891,663
Total Calculated Expense	<u>4,378,578</u>	<u>2,802,839</u>	<u>1,575,739</u>
Allocation basis #1 (3)	100.000%	65.640%	34.360%
Less Expense in Results of Operations: (4)			
WUTC	1,087,170	1,087,170	
IPUC	663,458		663,458
FERC (3)	2,556,842	1,678,311	878,531
Total Expense in ROO	<u>4,307,469</u>	<u>2,765,481</u>	<u>1,541,988</u>
Adjustment	<u>71,109</u>	<u>37,358</u>	<u>33,750</u>

NOTES:

- (1) Source of calculated fees (using revenues and assessment rates) are shown on workpaper reference page E-RE-2
- (2) Actual FERC payments are shown on workpaper reference page Liability in this workbook.
- (3) FERC fees are apportioned to jurisdictions using the P/T allocation factor shown on Supplemental Operating Report, E-ALL-12A
- (4) Regulatory Fee Expense are shown on workpaper reference page Reg Fees in this workbook.

**Avista Utilities**  
**Calculation of Regulatory Expense Adjustment - Gas**  
**Twelve Months Ended December 31, 2019**

	<u>System</u>	<u>Washington</u>	<u>Idaho</u>
Calculated Expense: (1)			
WUTC	295,440	295,440	
IPUC	163,671		163,671
TOTAL CALCULATED EXP	<u>459,111</u>	<u>295,440</u>	<u>163,671</u>
Less Expense in Results of Operations: (2)			
WUTC	291,397	291,397	
IPUC	154,795		154,795
TOTAL EXPENSE IN ROO	<u>446,192</u>	<u>291,397</u>	<u>154,795</u>
Adjustment	<u>12,919</u>	<u>4,043</u>	<u>8,876</u>

NOTES:

- (1) Source of calculated fees (using revenues and assessment rates) are shown on workpaper reference page G-RE-2
- (2) Regulatory Fee Expense are shown on workpaper reference page Reg Fees in this workbook.

**Avista Utilities**  
**WUTC Filing Fees Adjustment**  
**Twelve Months Ended December 31, 2019**

	<b>Total</b>	<b>WUTC FEES Washington</b>	<b>IPUC FEES Idaho</b>
<b>Electric Revenues: (1)</b>			
Sales to Ultimate Consumers:			
(440) Residential	369,615,290	250,057,929	119,557,362
(442) Commercial / Industrial	431,188,914	291,849,553	139,339,361
(444) Public Street & Highway	7,447,635	4,777,963	2,669,672
(448) Interdepartmental Revenues	1,461,848	1,227,642	234,206
(499) Unbilled	363,995	-136,201	500,196
<b>Total Sales to Ultimate Consumers</b>	<b>810,077,682</b>	<b>547,776,885</b>	<b>262,300,797</b>
Other Operating Revenues:			
(451) Misc Service Revenues	342,546	214,204	128,342
(453) Sales of Water/Water Power - AN	344,332	226,020	118,312
(454) Rent from Electric Property - AN	123,216	80,879	42,337
(454) Rent from Electric Property - Direct	2,673,991	1,447,512	1,226,478
<b>Total Other Operating Revenues</b>	<b>3,484,085</b>	<b>1,968,615</b>	<b>1,515,470</b>
<b>Total Electric Subject to Fees</b>	<b>813,561,767</b>	<b>549,745,500</b>	<b>263,816,267</b>
<b>Fee Calculation</b>			
First \$50,000 @ .001 (Washington)		0.001000	
Fee Rate (2)		0.002000	0.002593
<b>REGULATORY FEES</b>	<b>1,783,517</b>	<b>1,099,441</b>	<b>684,076</b>
P/T Ratio		65.64%	34.36%

- Electric excludes: Acct 456 , Other Elec Revenues and Acct 447, Sales for Resale on the basis that those services are resold and taxed at the retail level.

- Electric includes: Acct 448, Interdepartmental Revenues, since Avista is end user.

## Notes:

(1) Revenues are detailed in worlpaper Revenue-E in this workbook.

**Avista Utilities**  
**WUTC Filing Fees Adjustment**  
**Twelve Months Ended December 31, 2019**

	Total	WUTC FEES Washington	IPUC FEES Idaho
<b>Gas Revenues: (1)</b>			
Sales to Ultimate Consumers:			
(480) Residential	141,223,576	97,151,452	44,072,123
(481) Commercial / Industrial	67,329,877	47,979,148	19,350,728
(484) Interdepartmental	238,489	209,620	28,869
(499) Unbilled	(3,714,764)	(2,788,442)	(926,322)
Total Sales to Ultimate Consumers	205,077,177	142,551,778	62,525,399
Other Operating Revenues:			
(488) Misc Service Revenues	14,773	7,083	7,690
(489) Revenue From Gas Transport	5,770,419	5,183,204	587,215
(493) Rent From Gas Property	2,751	2,751	0
Total Other Operating Revenues	5,787,943	5,193,038	594,905
<b>Total Gas Subject to Fees</b>	210,865,120	147,744,816	63,120,304
<b>Fee Calculation</b>			
First \$50,000 @ .001 (Washington)		0.001000	0.000000
Fee Rate (2)		0.002000	0.002593
<b>REGULATORY FEES</b>	<b>459,111</b>	<b>295,440</b>	<b>163,671</b>

- Gas excludes: Acct 495 , Other Gas Revenues and Acct 483, Sales for Resale on the basis that those services are resold and taxed at the retail level.

- Gas includes: Acct 489, Gas Transportation and Acct 484, Interdepartmental Revenues.

Notes:

(1) Revenues are detailed in worlpaper Revenue-G in this workbook.

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	02/02/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Kaylene Schultz
REQUESTER:	UTC Staff	RESPONDER:	Kaylene Schultz
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 039 Supplemental	TELEPHONE:	(509) 495-2482
		EMAIL:	kaylene.schultz@avistacorp.com

**REQUEST:  
RE: AMA to EOP**

Please refer to the direct testimony of Elizabeth M. Andrews, page 50, footnote 37:

After completion of the Company’s revenue requirement, it was discovered that the transfer-to-plant balance included in the 2019 historical test period for the Cabinet Gorge Gantry Crane Replacement project completed in 2019, was overstated by approximately \$1.4 million (system) in costs that should have been recorded to expense. This error was corrected in 2020 . . . [T]he Company will update restating adjustment “Restate 2019 AMA Rate Base to EOP (2.19)” to correct for this error.

Please provide the revised restating adjustment for “Restate 2019 AMA Rate Base to EOP (2.19)” to correct for this error.

**RESPONSE:**

Please see Staff-DR-039-Attachment A for the revised restating adjustment for “Restate 2019 AMA Rate Base to EOP (2.19)”, including the workpaper, “Staff-DR-039”, showing the calculation for correcting the overstated transfer-to-plant balance included in the 2019 historical test period for the Cabinet Gorge Gantry Crane Replacement project.

As noted in direct testimony of Ms. Andrews, page 50, footnote 37, this correction was discovered after the completion of the Company’s revenue requirement and the impact of this correction is expected to be “reducing rate base by approximately \$904,000, depreciation expense by \$10,000, and increasing 2019 restating operating expense by approximately \$0.9 million (\$1.4 million system).” Upon further review, there was an inadvertent error in the calculation of the overall revenue requirement impact that was described in Ms. Andrews’ testimony. The overall net impact of this correction increases the Company’s proposed revenue requirement by approximately \$862,000. Please see the workpaper “Staff-DR-039” contained in Staff-DR-039-Attachment A for calculations of this new revenue requirement impact.

**Supplemental 02.02.2021**

Based on discussions with Commission Staff, please see PC-DR-039 Supplemental Attachment B for further clarification on the calculation and revenue requirement described above.

(Attachment B reflects: 1) an increase in operating expense of \$913,306; 2) decrease in Depreciation of \$9,721; 3) decrease in net rate base of \$903,585; and 4) increase in overall revenue requirement of \$862,425. These balances match attachment A noted above which were described in approximate values.)



**Avista Utilities  
Capital Investment - Gantry Crane Project  
Revenue Requirement Deferral**

**WA's Share  
PT Ratio 65.64%**

Line No.	<u>Correction to Adj.</u>	SYSTEM Revenue Requirement	WASHINGTON Revenue Requirement	
1	Generation Operating Expense	\$ 1,391,386	\$ 913,306	Generation Operating Expense Increase
2	Depreciation Expense	\$ (14,810)	\$ (9,721)	Depreciation Expense Reduction
3	Total Expenses	<u>1,376,576</u>	<u>903,585</u>	
4	Net Operating Income Before FIT	(1,376,576)	(903,585)	
5	FIT Benefit of Depreciation	289,081	189,753	
6	FIT Benefit of Interest Expense	(7,178)	(4,712)	
7	Net Operating Income Requirement	<u>\$ (1,094,673)</u>	<u>\$ (718,544)</u>	
8	Net Plant	\$ (1,007,513)	\$ (661,332)	
9	Accumulated Depreciation	14,810	9,721	
10	Accumulated Depreciation (cost of removal)	<u>(383,873)</u>	<u>(251,974)</u>	
11	Net Rate Base	(1,376,576)	(903,585)	Net Rate Base Reduction
12	Settlement Rate of Return	7.433%	7.433%	
13	Return on Rate Base	<u>\$ (102,321)</u>	<u>\$ (67,163)</u>	
14	Net Operating Income Requirement including Return	\$ 992,352	\$ 651,381	
15	Net-to-Gross Factor (conversion factor)	0.75529	0.75529	
16	Revenue Requirement	<u>\$ 1,313,869</u>	<u>\$ 862,425</u>	Overall Revenue Requirement Increase
17	<b>Rate of Return</b>			
18	Debt %	50%		
19	Debt Cost	4.965%		
20	Equity %	50%		
21	Equity Cost	9.90%		
22	ROR	<u>7.433%</u>		
23	Weighted Average Cost of Debt	2.483%		

**This Correction is added to the filed 2019 EOP Adjustment 2.19. Please note, PC-DR-Attachment A reflects (in tab "E-CAP-Summary") the change to rate base and depreciation only. It does not show the increase in operating expense noted above. This calculation is shown in tab "Staff-DR-039" of Attachment A. This Supplemental Attachment B is meant to show the pieces of operating and depreciation expense, as well as rate base more clearly.**

**O&M Expense Calculation**

24	Cost (Per Cognos FA_TTP - includes overheads)	\$ 1,007,513
25	Cost of Removal (Per Plant Accounting)	383,873
26	Total Project Removed (System)	<u>\$ 1,391,386</u>

Depreciation Rate - FERC CG 331000	1.47%
Depreciation Expense (Related to ER_4178 Gantry Crane)	<u>\$ 14,810</u>

**WA Share Operating Expense**

27	<b>WA Share of Total Project Removed</b>	<u>\$ 913,305.77</u>
28	FIT @ 21%	<u>\$ (191,794.21)</u>
29	Net Operating Income Requirement	<u>\$ 721,512</u>

**WA Share Depreciation Expense**

	<u>\$ 9,721</u>
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AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS - ADJUST NET PLANT AMA TO EOP  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
(000'S OF DOLLARS)

DESCRIPTION	AMA	EOP	AMA to EOP	AMA to EOP	C.G. Gantry Crane Rehabilitation	Adjustment 2.19	RECONCILIATION
	12.31.2019 Actual Results	12.31.2019 Actual Results	New Revenue Incremental Difference	AMI Incremental Difference		Restate AMA to EOP Rate Base	12.31.2019 EOP Balance Restated
<b>EXPENSES</b>	<b>ROO</b>	<b>2) Adj. Dep Exp</b>		<b>2) Adj. Dep Exp</b>	<b>Staff-DR-039</b>		
Intangible	20,791	21,711		(72)		848	21,639
Production	21,925	24,687			(10)	2,752	24,677
Transmission	9,925	10,730		-		805	10,730
Distribution	31,102	31,255	(346)	(1,170)		(1,363)	29,739
General	15,583	14,581		(194)		(1,196)	14,387
<b>Total Electric Expenses</b>	<b>99,326</b>	<b>102,964</b>	<b>(346)</b>	<b>(1,437)</b>	<b>(10)</b>	<b>1,846</b>	<b>101,172</b>
<b>RATE BASE</b>							
<b>PLANT IN SERVICE</b>	<b>ROO</b>	<b>ROO</b>	<b>NR.IE-New Rev</b>	<b>AMI - Electric</b>	<b>Staff-DR-039</b>		
Intangible	211,035	213,102		12		2,079	213,114
Production	930,160	934,139			(661)	3,318	933,478
Transmission	509,897	527,864				17,967	527,864
Distribution	1,194,476	1,233,690	(14,111)	(17,592)		7,510	1,201,986
General	279,556	286,687		(1,518)		5,613	285,169
<b>Total Plant in Service</b>	<b>3,125,125</b>	<b>3,195,482</b>	<b>(14,111)</b>	<b>(19,098)</b>	<b>(661)</b>	<b>36,487</b>	<b>3,161,612</b>
<b>ACCUMULATED DEPRECIATION/AMORT</b>	<b>ROO</b>	<b>ROO</b>	<b>NR.IE-New Rev</b>	<b>AMI - Electric</b>	<b>Staff-DR-039</b>		
Intangible	(57,195)	(64,519)		2,010		(5,314)	(62,509)
Production	(382,437)	(390,611)			(242)	(8,416)	(390,853)
Transmission	(147,016)	(150,787)				(3,771)	(150,787)
Distribution	(358,989)	(359,566)	346	790		558	(358,431)
General	(92,748)	(92,213)		583		1,118	(91,630)
<b>Total Accumulated Depreciation</b>	<b>(1,038,385)</b>	<b>(1,057,696)</b>	<b>346</b>	<b>3,383</b>	<b>(242)</b>	<b>(15,825)</b>	<b>(1,054,210)</b>
<b>NET PLANT</b>	<b>2,086,740</b>	<b>2,137,786</b>	<b>(13,766)</b>	<b>(15,715)</b>	<b>(904)</b>	<b>20,662</b>	<b>2,107,402</b>
<b>DEFERRED TAXES</b>	<b>ADFIT AMA</b>	<b>ADFIT EOP</b>	<b>NR.IE-New Rev</b>				
Net Plant After DFIT	(418,923)	(420,133)	693			(517)	(419,440)
	1,667,817	1,717,653	(13,073)	(15,715)	(904)	20,145	1,687,962
<b>Additional Detail for Cost of Service</b>							
<b>Depreciation Expense</b>	<b>ROO</b>	<b>2) Adj. Dep Exp</b>			<b>Staff-DR-039</b>		
Steam	6,040	13,116				7,076	13,116
Hydro	8,916	4,969			(10)	(3,957)	4,959
Other	6,969	6,602				(367)	6,602
<b>Total Production Depreciation Expense</b>	<b>21,925</b>	<b>24,687</b>			<b>(10)</b>	<b>2,752</b>	<b>24,677</b>
<b>Plant in Service</b>	<b>ROO</b>	<b>ROO</b>			<b>Staff-DR-039</b>		
Steam	286,545	287,448				903	287,448
Hydro	442,056	444,091			(661)	1,374	443,430
Other	201,559	202,599				1,040	202,599
<b>Total Production Plant in Service</b>	<b>930,160</b>	<b>934,139</b>			<b>(661)</b>	<b>3,318</b>	<b>933,478</b>
<b>Accumulated Depreciation</b>	<b>ROO</b>	<b>ROO</b>			<b>Staff-DR-039</b>		
Steam	(202,373)	(204,605)				(2,232)	(204,605)
Hydro	(92,485)	(94,993)			(242)	(2,751)	(95,236)
Other	(87,579)	(91,013)				(3,434)	(91,013)
<b>Total Production Accumulated Depreciation</b>	<b>(382,437)</b>	<b>(390,611)</b>			<b>(242)</b>	<b>(8,416)</b>	<b>(390,853)</b>

	Electric Depreciation Exp Adjustment to Plant	Electric Depreciation Exp Adjustment to Plant - AMI
Intangible Plant	920,468	72,288
Steam Production Plant	7,076,198	-
Hydraulic Production Plant	(3,946,952)	-
Other Production Plant	(367,198)	-
Transmission Plant	804,754	-
Distribution Plant	153,138	1,170,473
General Plant	(438,847)	193,845
Transportation	(563,460)	-
	3,638,100	1,436,606

**Avista Utilities**  
**Capital Investment - Cabinet Gorge Gantry Crane Rehabilitation Project**  
**Revenue Requirement Deferral**

PT Ratio

WA's Share  
 65.64%

Line No.		SYSTEM Revenue Requirement	WASHINGTON Revenue Requirement
1	Depreciation Expense	\$ (14,810)	\$ (9,722)
2	Total Expenses	(14,810)	(9,722)
3	Net Operating Income Before FIT	14,810	9,722
4	FIT Benefit of Depreciation	(3,110)	(2,042)
5	FIT Benefit of Interest Expense	(7,176)	(4,711)
6	Net Operating Income Requirement	\$ 4,524	\$ 2,969
7	Net Plant	\$ (1,007,513)	\$ (661,332)
8	Accumulated Depreciation	14,810	9,722
9	Accumulated Depreciation (cost of removal)	(383,873)	(251,974)
10	Net Rate Base	(1,376,576)	(903,584)
11	Settlement Rate of Return	7.433%	7.433%
12	Return on Rate Base	\$ (102,314)	\$ (67,159)
13	Net Operating Income Requirement including Return	\$ (106,838)	\$ (70,128)
14	Net-to-Gross Factor (conversion factor)	0.75529	0.75529
15	Revenue Requirement	\$ (141,453)	\$ (92,850)

**16 Rate of Return**

17	Debt %	50%
18	Debt Cost	4.965%
19	Equity %	50%
20	Equity Cost	9.90%
21	ROR	<u>7.433%</u>

22 Weighted Average Cost of Debt 2.483%

Depreciation Rate - FERC CG 331000	1.47%	Depreciation Expense (Related to ER_4178 Gantry Crane)	\$ 14,810
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O&M Expense Calculation

23	Cost (Per Cognos FA_TTP - includes overheads)	\$ 1,007,513
24	Cost of Removal (Per Plant Accounting)	383,873
25	Total Project Removed (System)	\$ 1,391,386
26	WA Share of Total Project Removed	\$ 913,305.77
27	FIT @ 21%	\$ (191,794.21)
28	Net Operating Income Requirement	\$ 721,512

29	Net-to-Gross Factor (conversion factor)	0.75529
30	Revenue Requirement	\$ 955,278

31 Overall Impact \$ 862,428

AVISTA UTILITIES  
WASHINGTON NATURAL GAS RESULTS - ADJUST NET PLANT AMA TO EOP  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
(000'S OF DOLLARS)

DESCRIPTION	AMA	EOP	AMA to EOP	AMA to EOP	Adjustment 2.19	RECONCILIATION
	12.31.2019 Actual Results	12.31.2019 Actual Results	New Revenue Incremental Difference	AMI Incremental Difference	Restate AMA to EOP Rate Base	12.31.2019 EOP Balance Restated
<b>EXPENSES</b>	<b>ROO</b>	<b>2) Adj. Dep Exp</b>		<b>2) Adj. Dep Exp</b>		
Intangible	5,477	5,753		22	299	5,776
Underground Storage	494	330		0	(164)	330
Distribution	12,468	13,089	(238)	(495)	(112)	12,356
General	5,201	4,972		(57)	(285)	4,916
<b>Total Natural Gas Expenses</b>	<b>23,641</b>	<b>24,145</b>	<b>(238)</b>	<b>(529)</b>	<b>(262)</b>	<b>23,378</b>
<b>RATE BASE</b>						
<b>PLANT IN SERVICE</b>	<b>ROO</b>	<b>ROO</b>	<b>NR.IG-New Rev</b>	<b>AMI - Natural Gas</b>		
Intangible	42,432	43,483		226	1,277	43,709
Underground Storage	29,714	30,414			700	30,414
Distribution	505,864	527,450	(9,733)	(7,444)	4,409	510,273
General	99,229	106,857		(413)	7,215	106,444
<b>Total Plant in Service</b>	<b>677,239</b>	<b>708,205</b>	<b>(9,733)</b>	<b>(7,631)</b>	<b>13,601</b>	<b>690,840</b>
<b>ACCUMULATED DEPRECIATION/AMORT</b>	<b>ROO</b>	<b>ROO</b>	<b>NR.IG-New Rev</b>	<b>AMI - Natural Gas</b>		
Intangible	(13,395)	(15,758)		579	(1,784)	(15,179)
Underground Storage	(11,565)	(11,789)			(223)	(11,789)
Distribution	(151,240)	(149,849)	238	399	2,029	(149,211)
General	(25,355)	(26,537)		167	(1,015)	(26,370)
<b>Total Accumulated Depreciation</b>	<b>(201,556)</b>	<b>(203,933)</b>	<b>238</b>	<b>1,146</b>	<b>(994)</b>	<b>(202,549)</b>
<b>NET PLANT</b>	<b>475,683</b>	<b>504,272</b>	<b>(9,495)</b>	<b>(6,486)</b>	<b>12,608</b>	<b>488,291</b>
<b>DEFERRED TAXES</b>	<b>ADFIT AMA</b>	<b>ADFIT EOP</b>	<b>NR.IG-New Rev</b>			
Net Plant After DFIT	(92,008)	(92,332)	447		123	(91,885)
	383,675	411,940	(9,048)	(6,486)	12,731	396,406

	<b>2) Adj. Dep Exp</b>	<b>Natural Gas Depreciation Exp Adjustment to Plant</b>	<b>Natural Gas Depreciation Exp Adjustment to Plant - AMI</b>
Intangible Plant		276,334	(22,487)
Underground Storage Plant		(164,007)	-
Distribution Plant		620,799	494,868
General Plant		91,267	56,640
Transportation		(319,627)	-
		504,766	529,022

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/19/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Tara Knox
REQUESTER:	UTC Staff	RESPONDER:	Marcus Garbarino
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 156	TELEPHONE:	(509) 495-2567
		EMAIL:	marcus.garbarino@avistacorp.com

**SUBJECT: Revenue – Normalization, Operating**

**REQUEST:**

In January 2021, The Spokesman-Review reported that Triumph Composite Systems will close its airplane parts factory in 2022. See <https://www.spokesman.com/stories/2021/jan/27/triumph-composite-systems-closing-airway-heights-f/>. Please explain whether and how this may affect Avista and update the electric Pro Forma Revenue Normalization adjustment (3.01 E-PREV) as needed to reflect any known changes that will occur in the rate effective year. Please provide updated workpapers and the updated electric revenue requirement lead sheet.

**RESPONSE:**

The closure of Triumph Composite Systems in 2022, a large non-decoupled customer, will result in permanent lost margin to Avista. Please see attachments labeled “Staff-DR-156-Attachment A” for the updated electric revenue requirement lead sheet, “Staff-DR-156-Attachment B” for the updated Pro Forma Revenue Normalization adjustment (3.01 E-PREV) workbook, and “Staff-DR-156-Attachment C”<sup>1</sup> for the “Miller Electric Workpapers”, tab “Pres & Prop Rev”, updated to remove this customer and their actual load from the period of January 1, 2019 through December 31, 2019. As noted in our response to AWEC Data Request 010, removing this customer and their actual load from the period of January 1, 2019 through December 31, 2019 results in a decrease to present revenue of \$1,143,142. The customer’s actual load for the period was 14,684,447-kilowatt hours. Normally this reduction in load would go through the pro-forma power supply adjustment, however, for this analysis we decreased production and transmission expenses in the pro-forma revenue normalization adjustment by \$225,700 which is the reduction in load (14,684,447-kilowatt hours) multiplied by the proposed Retail Revenue Adjustment rate for the ERM of \$15.37/MWh in Exh. CGK-6. The net impact of these two items to the pro-forma revenue normalization adjustment net operating income is a decrease to \$11,055,000 from \$11,740,000. The net change in revenue requirement due to the closure of this major customer is an increase of \$907,000 above the Company’s filed case.

<sup>1</sup> “Staff-DR-156-Attachment C” is the same file provided in response to AWEC DR 010 as “AWEC-DR-010-Attachment B”

**WA Electric Revenue Normalization Adjustment--12-mo ended December 31, 2019**

		\$000's						
		Rates Effective April 1st, 2020						
	<u>Revenue</u>	<u>WP Source</u>	<u>CB Restated</u>	<u>WP Source</u>	<u>PF</u>	<u>Total Adjust</u>	<u>Pro Forma Revenue Adj</u>	
1	Base Rate Revenue	E-PREV-2	508,246	E-PREV-5	535,452	27,206	27,206	Pro Forma includes Sch 25 unbilled in this total
2	Weather Normalization	E-PREV-2	-3,836	E-PREV-5	-4,058	-222	-222	
3	Unbilled Revenue	E-PREV-2	673	E-PREV-5	-815	-1,488	-1,488	Schedule 25 Unbilled per books was -\$42
4	Sales to Ultimate Consumers		505,083		530,579	25,496	25,496	
	Other Revenue							
5	Decoupled Deferred Revenue		10,789		0	-10,789	-10,789	Elim 2019 Decoupling deferrals - GRC resets Base
6	Provision For Rate Refund - Decoupling		0		0	0	0	Elim Decoupling Earnings Sharing in Test Period
7	Provision For Rate Refund - Tax Reform		-181		0	181	181	Elim Tax Reform Deferral true-up entry
8	Total Rev.		515,691		530,579	14,888	14,888	
	<u>Expense</u>							
9	State Excise Tax	CF					984	3.8605% Effective Rate
10	Uncollectibles	CF					85	0.3326% Effective Rate
11	Commission Fees	CF					51	0.2000% Nominal Rate
							1,120	4.3931% Conver. Factor b4 FIT
12	<b>Operating Income before FIT</b>						13,768	
13	FIT Expense						2,891	21% Diff
14	<b>Net Operating Income</b>						10,877	
15	* zero in Pro-forma revenues						25,496	Revenue
16							4.3931%	Conver. Factor b4 FIT
17							1,120	Rev related exp.
18							1,120	check
19							0	

WA Electric Normalized Revenue --12-months ended December 31, 2019  
\$000's

Line	WP Source	Actuals 1.00	Eliminate B&O Taxes 2.01	Weather Normalization 2.10	Eliminate Adder Sched 2.11	Misc Restating 2.12	Eliminate WA Power Cost Def 2.13	Commission Basis Power Supply Adj 2.18	Total Adjust	Normalized Restated Base Revenue	
1	Billed Base Rate Revenue	508,246							0	508,246	
2	Weather Normalization			-3,836					-3,836	-3,836	Weather adj excludes weather related
3	B&O Tax - Sch 58	18,871	-18,871						-18,871	0	revenue captured in decoupling
4	BPA Residential Exchange Credit - Sch 59	-3,245			3,245				3,245	0	mechanism (began January 2015)
5	Tax Reform Refund - Sch 74	-4,094			4,094				4,094	0	
6	Decoupling Amort - Sch 75	1,239			-1,239				-1,239	0	
7	Public Purpose Rider - Sch 89/91/92	28,473			-28,473				-28,473	0	
8	Power Cost Surcharge - ERM Sch 93	0					0	0	0	0	
9	BPA Capacity Support Rebate - Sch 94	0			0				0	0	
10	Optional Renewable Power - Sch 95	163			-163				-163	0	
11	REC Revenue Rebate - Sch 98	-1,740			0		1,740		1,740	0	
12	Unbilled Revenue	-136			809				809	673	
13	Sales to Ultimate Consumers	547,777	-18,871	-3,836	-21,727	0	1,740	0	-42,694	505,083	Rounding matches column 1.00 results
14	Sales for Resale Revenue - ERM Related	52,658						-17,144	-17,144	35,514	
15	Sales for Resale Revenue - Other	772							0	772	
16	Total Sales for Resale Revenue	53,430	0	0	0	0	0	-17,144	-17,144	36,286	
17	Other Revenue - Misc	1,631							0	1,631	
18	Other Revenue - ERM Related	49,153						-39,208	-39,208	9,945	
19	Other Revenue - From Electric Property	1,528	-14						-14	1,514	
20	Other Revenue - Decoupling Amortization	-1,184			1,184				1,184	0	Decoupling deferred revenue is net of
21	Other Revenue - Decoupling Deferred Revenue	7,906		2,883					2,883	10,789	revenue related expenses to be paid with
22	Other Revenue - Contra Decoupling Deferral	1,397			-1,397				-1,397	0	recovery through surcharge or rebate in a
23	Provision For Rate Refund - Decoupling	0				0			0	0	later period.
24	Provision For Rate Refund - Tax Reform	-181							0	-181	
25	Total Other Revenue	60,250	-14	2,883	-213	0	0	-39,208	-36,552	23,698	
26	Total Revenue	661,457	-18,885	-953	-21,940	0	1,740	-56,352	-96,390	565,067	
<b>Expense</b>											
27	B&O Tax	-18,805	18,805						18,805	0	
28	Power Cost Surcharge Amort. - ERM	0					0		0	0	amort only; excluding deferrals
29	Power Cost Surcharge Amort. - ERM Unbilled	0			0				0	0	
30	REC Rev Rebate Amort.	-1,659					1,659		1,659	0	amort only; excluding deferrals
31	REC Rev Rebate Unbilled Amort	34			-34				-34	0	
32	BPA Residential Exchange	-3,102			3,102				3,102	0	
33	BPA Residential Exchange Unbilled	-420			420				420	0	
34	BPA Capacity Support Amort	0			0				0	0	amort only; excluding deferrals
35	BPA Capacity Support Unbilled	0			0				0	0	
36	Optional Renewable Power - Revenue Offset	156			-156				-156	0	
37	Public Purpose Rider	27,222			-27,222				-27,222	0	
38	Public Purpose Rider Unbilled	-387			387				387	0	
39	Tax Reform Amortization	-3,914			3,914				3,914	0	
40	State Excise Tax	21,147		-148	-839	0	67	0	-920	20,227	3.8605% Effective Rate
41	Uncollectibles	1,822		-13	-72	0	11	0	-74	1,748	0.3326% Effective Rate
42	Commission Fees	1,096		-8	-43	0	3	0	-48	1,048	0.2000% Nominal Rate
43		23,190	18,805	-169	-20,543	0	1,740	0	-167	23,023	4.3931% Conver. Factor b4 FIT 104.5950% Expense Gross Up Factor
44	Net Revenue	638,267	-37,690	-784	-1,397	0	0	-56,352	-96,223	542,044	

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	01/20/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	Tara Knox
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 038 Supplemental	TELEPHONE:	(509) 495-4325
		EMAIL:	tara.knox@avistacorp.com

**REQUEST:****RE: Income Tax (FIT/ADFIT) - Pro Forma ARAM Adjustment (3.03)**

Please refer to the direct testimony of Elizabeth M. Andrews, page 54, footnote 41:

If the Commission approves the Company's Tax Accounting Petition filed concurrent with this general rate case requesting authorization to change its accounting for federal income tax expense from a normalization method to a flow-through method for certain plant basis adjustments, certain excess DFIT tax balances will be reclassified as non-protected and removed from the ARAM calculation. These removed balances would be available to be returned to customers over a shorter period as discussed in the Tax Accounting Petition. The Pro Forma ARAM Adjustment (3.03) would therefore need to be revised during the pendency of the general rate case to reflect those changes, lowering the annual ARAM tax amortization benefit.

Please provide the revised pro forma ARAM Adjustment (3.03) assuming that the Commission approves the Company's Tax Accounting Petition filed concurrent with this general rate case requesting authorization to change its accounting for federal income tax expense.

**RESPONSE:**

At this time forecasted excess deferred taxes are in the process of being updated for December 31, 2020 information. The Company will supplement this response with updated pro forma values on or before January 21, 2021.

**Supplemental: January 21, 2021**

Please see Staff-DR-038-Supplemental-Attachment-A showing the revised pro forma ARAM adjustment 3.03 both updated with the most recent forecasted information and exclusive of amounts associated with the proposed change in accounting. The attachment also shows the incremental change from the Company's as filed adjustment. The effect of this adjustment to net operating income is a reduction of \$15,000 for electric, and an increase of \$46,000 for natural gas. The effect on the proposed revenue requirement is an increase of \$20,000 for electric, and reduction of \$61,000 for natural gas.



**ARAM Amortization in Historical Test Year**

Source: FIT\_DFIT Expense Adjustment 2.06 3) Reconcile 2019 SCH Ms to DFIT Expense

2019	Total FT	Other FT	ARAM FT	FAS 106 FT	Total FT	E	GN	GS	WA E	ID E	WA G	ID G	OR G	WA E	ID E	WA G	ID G	OR G
1 Electric	(3,599,988)	346,174	(3,946,162)	226,731	(3,373,257)	100.000%			67.337%	32.663%				(2,271,450)	(1,101,807)			
2 GAS	(426,269)	223,063	(649,332)	71,167	(355,102)		100.000%				70.165%	29.835%		-	-	(249,158)	(105,945)	
3 GAS-Oregon	(276,803)	(7,891)	(268,912)	34,301	(242,502)			100.000%					100.000%	-	-	-	-	(242,502)
4 Utility - CD AA	(5,144,648)	(310,168)	(4,834,480)		(5,144,648)	70.578%	20.513%	8.909%	67.337%	32.663%	70.165%	29.835%	100.000%	(2,444,999)	(1,185,990)	(740,466)	(314,855)	(458,337)
5 Utility - CD AN	(443)	-	(443)		(443)	77.874%	22.126%	0.000%	67.337%	32.663%	70.165%	29.835%	100.000%	(232)	(113)	(69)	(29)	-
6 Rathdrum Turbine	(347,100)	8	(347,108)		(347,100)	100.000%			67.337%	32.663%				(233,726)	(113,373)	-	-	
7	(9,795,251)	251,186	(10,046,437)	332,199	(9,463,052)									(4,950,408)	(2,401,283)	(989,693)	(420,829)	(700,839)

**Pro Forma ARAM Amortization in Rate Year**

Flowthrough With 12ME 09.30.2022 ARAM Estimated Assignment Excluding ARAM on Meters and IDD#5

	Total FT	Other FT	ARAM FT	FAS 106 FT	Total FT	E	GN	GS	WA E	ID E	WA G	ID G	OR G	WA E	ID E	WA G	ID G	OR G
8 Electric	(3,637,112)	346,174	(3,983,286)	226,731	(3,410,381)	100.000%			67.337%	32.663%				(2,296,448)	(1,113,933)			
8.1 Colstrip - ID Electric	(522,212)		(522,212)		(522,212)	100.000%				100.000%				-	(522,212)			
8.2 Colstrip - WA Electric	(993,745)		(993,745)		(993,745)	100.000%			100.000%					(993,745)	-			
9 GAS	(649,337)	223,063	(872,400)	71,167	(578,170)		100.000%				70.165%	29.835%		-	-	(405,673)	(172,497)	
10 GAS-Oregon	(367,603)	(7,891)	(359,712)	34,301	(333,302)			100.000%					100.000%	-	-	-	-	(333,302)
11 Utility - CD AA	(4,021,212)	(310,168)	(3,711,044)	-	(4,021,212)	69.822%	20.882%	9.296%	67.337%	32.663%	70.165%	29.835%	100.000%	(1,890,615)	(917,076)	(589,182)	(250,527)	(373,812)
12 Utility - CD AN	(443)	-	(443)	-	(443)	77.318%	22.682%	0.000%	67.337%	32.663%	70.165%	29.835%	100.000%	(231)	(112)	(71)	(30)	-
13 Rathdrum Turbine	(377,076)	8	(377,084)	-	(377,076)	100.000%			67.337%	32.663%				(253,911)	(123,164)	-	-	
14	(10,568,739)	251,186	(10,819,926)	332,199	(10,236,540)									(5,434,950)	(2,676,497)	(994,926)	(423,054)	(707,114)
15 Revised PF ARAM DFIT Adj	(773,488)	-	(773,489)	-	(773,488)									(484,542)	(275,214)	(5,233)	(2,225)	(6,274)
15.1 As Filed PF ARAM DFIT Adj	(654,491)	-	(654,491)	-	(654,491)									(500,182)	(242,622)	41,022	17,443	29,848
16 Incremental Change over As Filed Adjustment 3.03			(118,997)											15,641		(46,255)		

	A	B	C	D	E	F	G	H	I	J
5			2021	2022		2021	2022		2021	2022
6	AMR-Elec	E	(9,973)	(9,972)					(9,973)	(9,972)
7	AMR-Gas	GN	(4,325)	(4,324)					(4,325)	(4,324)
8	AMR-Util 9	AN	(443)	(443)					(443)	(443)
9	Boulder Park	E	(108,432)	(115,737)					(108,432)	(115,737)
10	Buildings	AA	(1,796)	(13,897)					(1,796)	(13,897)
11	Colstrip 3 - ID	CI	(213,538)	(231,798)					(213,538)	(231,798)
12	Colstrip 3 - WA	CW	(509,932)	(490,655)					(509,932)	(490,655)
13	Colstrip 4 - ID	CI	(197,982)	(226,331)					(197,982)	(226,331)
14	Colstrip 4 - WA	CW	(359,445)	(443,023)					(359,445)	(443,023)
15	Colstrip Transmission - ID	CI	(76,866)	(75,358)					(76,866)	(75,358)
16	Colstrip Transmission - WA	CW	(73,176)	(77,131)					(73,176)	(77,131)
17	Computer Equipment	AA	(307,155)	(2,953)					(307,155)	(2,953)
18	Coyote Springs 2	E	(76,629)	(93,463)					(76,629)	(93,463)
19	Electric Distribution	E	(2,410,371)	(2,609,346)		(273,312)	(274,480)		(2,137,059)	(2,334,866)
20	Gas Distribution	GN	(944,893)	(1,051,521)		(154,141)	(157,671)		(790,752)	(893,850)
21	General Transportation	AA	(464,608)	(507,533)					(464,608)	(507,533)
22	General Other	AA	(628,421)	(679,581)					(628,421)	(679,581)
23	Hydro Production	E	(545,218)	(570,649)					(545,218)	(570,649)
24	Intangible Plant	AA	(2,497,877)	(2,443,149)					(2,497,877)	(2,443,149)
25	Kettle Falls	E	(416,982)	(274,784)					(416,982)	(274,784)
26	Kettle Falls CT	E	(1,692)	(8,222)					(1,692)	(8,222)
27	Land	AA	(2,248)	(245)					(2,248)	(245)
28	OR Distribution	GS	(407,495)	(464,666)		(89,588)	(91,019)		(317,906)	(373,647)
29	Other Production	E	(1,187)	(2,061)					(1,187)	(2,061)
30	Rathdrum Turbine	E	(358,877)	(383,153)					(358,877)	(383,153)
31	Solar Production	E	(5,850)	(3,623)					(5,850)	(3,623)
32	Transmission	E	(676,712)	(705,492)		(103,057)	(100,045)		(573,655)	(605,447)
33	Total		(11,302,120)	(11,489,108)		(620,098)	(623,215)		(10,682,022)	(10,865,893)
34	<b>SOURCE: Report 260</b>		(11,302,120)	(11,489,108)		(620,098)	(623,215)		(10,682,022)	(10,865,893)
35			0	-		0	0		0	(0)
36										
37	<b>Allocation</b>		<b>2021</b>	<b>2022</b>		<b>2021</b>	<b>2022</b>		<b>2021</b>	<b>2022</b>
38										
39	Colstrip - ID	CI	(488,387)	(533,487)		-	-		(488,387)	(533,487)
40	Colstrip - WA	CW	(942,552)	(1,010,809)		-	-		(942,552)	(1,010,809)
41	Electric	E	(4,611,922)	(4,776,501)		(376,369)	(374,525)		(4,235,553)	(4,401,976)
42	Gas North	GN	(949,217)	(1,055,845)		(154,141)	(157,671)		(795,077)	(898,174)
43	Gas Oregon	GS	(407,495)	(464,666)		(89,588)	(91,019)		(317,906)	(373,647)
44	Common All	AA	(3,902,105)	(3,647,357)		-	-		(3,902,105)	(3,647,357)
45	Common North	AN	(443)	(443)		-	-		(443)	(443)
46										
47	Total		(11,302,120)	(11,489,108)		(620,098)	(623,215)		(10,682,022)	(10,865,893)
48			-	-		-	-		-	-
49							12 ME 09.30.2022		3/12	9/12
50							(10,819,925)		(2,670,506)	(8,149,420)

Avista

4b) Staff-DR-038-Supplemental-Attachment-A

ARAM Allocation

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/15/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Elizabeth Andrews
REQUESTER:	Public Counsel	RESPONDER:	Tia Benjamin
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC - 315	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

**SUBJECT:** Labor and Benefits Expense

**REQUEST:**

For each benefit category included in Adjustment 3.06, please provide the actual benefit expense for the period ending December 31, 2020. Please provide this information separately for Washington Electric and Washington Gas.

**RESPONSE:**

Please see PC-DR-315 Attachment A for updated benefit expense actuals for yearend 12.31.2020. Updating Pro Forma Adjustment 3.06 Employee Benefits using actual 2020 expenses result in an increase in employee benefit expense of \$100,000 for Washington electric and \$30,000 for Washington natural gas, from that included in the Company's direct filed case.

**Avista Utilities  
State of Washington  
Benefits Adjustment**

**Assumptions/Purpose of Adjustment:** The purpose of this adjustment is to pro-form Company Medical and Retirement expenses from the base year 12-months-ending 12.31.2019 to that expected during the Rate Period 10/1/2021 - 9/30/2022. (Cost level information based on third party information as noted below, available May/[June] 2021. Updated information will be used once available late 2020).

The basis for the Medical portion of the adjustment is third-party Consultants (Meridian Partners for Health Insurance and Willis Towers Watson for Post-Retirement Medical, as well as actual plan utilization. Cost levels for actual 2020 are used for the rate period expense, as this is the most current information available.)

The Retirement portion of the adjustment is based on information provided by third-party Consultants (Willis Towers Watson401(K)). Cost levels for actual 2020 are used, as this is the most current information available.

Task Name	Source:	Task Number	Year End	Actual	Adjustment		
			YE 12.31.2019	YE 12.31.2020			
Health Insurance (Premera and Group Health)	BEN-02	926220	21,829,251	24,949,745	3,120,494		
Health Insurance (High Deductible Plan)	BEN-02	926221	1,624,667	2,082,317	457,650		
FAS 106/FAS 106 NS (Post-Retirement Medical)	BEN-02	926240	8,745,377	10,656,169	1,910,792		
<b>Total Medical</b>			<b>32,199,295</b>	<b>37,688,231</b>	<b>5,488,936</b>	\$	-
401 (k)	BEN-02	926225	9,270,825	10,436,799	1,165,974		
401(K) Non-Elect Con	BEN-02	926226	1,090,687	1,305,517	214,830	\$	-
Pension FAS 87/Pension FAS 81 NS	BEN-02	926230	24,817,445	19,951,527	-4,865,918	\$	-
<b>Total Retirement</b>			<b>35,178,957</b>	<b>31,693,843</b>	<b>-3,485,114</b>		
	<b>BEN-03</b>	<b>Total</b>	<b>67,378,252</b>	<b>69,382,074</b>			
		O & M Percent	57.13%	59.08%			
		Total O&M	\$ 38,493,195	\$ 40,990,929	\$ 2,497,734		
						By Function	Electric
						Transmission & Production	35% \$ 426,839
						Distribution	22% \$ 268,299
						Customer Accounts	10% \$ 121,954
						Customer Service	1% \$ 12,195
						Admin and General	32% \$ 390,253
							\$ 1,219,540
Allocation							
<u>Allocated to Washington Electric</u>							
		0.70578 Note 7					
		0.69180 Note 4			\$ 1,219,540	LMA	
<u>Allocated to Washington Gas</u>							
		0.20513 Note 7					
		0.72593 Note 4			\$ 371,938	LMA	
			<b>As filed</b>	<b>2020</b>	<b>Increase in Expense</b>		
			<b>Pro Forma</b>	<b>Actual</b>			
		WA Eletric	\$ 1,119,939	\$ 1,219,540	\$ 99,601		
		WA Nat Gas	\$ 341,561	\$ 371,938	\$ 30,377		
						By Function	Natural Gas
						Production	3% \$ 11,158
						Underground Storage	0% \$ -
						Distribution	45% \$ 167,372
						Customer Accounts	21% \$ 78,107
						Customer Service	2% \$ 7,439
						Admin and General	29% \$ 107,862
							\$ 371,938

Task Name	Source:	Task Number	Actual YE 12.31.2020
Health Insurance (Premera and Group Health)	BEN-02	926220	24,949,745
Health Insurance (High Deductible Plan)	BEN-02	926221	2,082,317
FAS 106/FAS 106 NS (Post-Retirement Medical)	BEN-02	926240	10,656,169
<b>Total Medical</b>			<b>37,688,231</b>
401 (k)	BEN-02	926225	10,436,799
401(K) Non-Elect Con	BEN-02	926226	1,305,517
Pension FAS 87/Pension FAS 81 NS	BEN-02	926230	19,951,527
<b>Total Retirement</b>			<b>31,693,843</b>
		<b>Total</b>	<b>69,382,074</b>
	BEN-03	O & M Percent	59.08%
		Total O&M	\$ 40,990,929
Allocation			
<u>Allocated to Washington Electric</u>			
		0.70578 Note 7	
		0.69180 Note 4	20,014,174
<u>Allocated to Washington Gas</u>			
		0.20513 Note 7	
		0.72593 Note 4	6,103,960

Accounting Period BETWEEN '202001' AND '202012', , Expenditure Type Parameter 1 : '510 Payroll Benefits loading'

Accounting Period:<All>

		Transaction Amount				
Expenditure Type	Desc	CAP	NONOP	OPER	OTHER	Total
510 Payroll Benefits loading	Projects	19,496,535	512,211	38,554,481	6,698,387	65,261,614
Total		19,496,535	512,211	38,554,481	6,698,387	65,261,614
	Percent	29.87%	0.78%	59.08%	10.26%	100.00%

BEN-01

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	4/15/2021
CASE NO.:	UE-200900 & UG-20901	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	Tia Benjamin/Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 016 Supplemental	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

**Re: Pro Forma Employee Benefits; Retirement Portion**

**REQUEST:**

Referring to the Direct Testimony of Elizabeth Andrews, page 58, lines 16 to 18, please provide all estimates for pension plan expense as determined annually by Willis Towers Watson based on the expected return on assets, discount rates and asset value for the calculation adjustments to the 401(k) and pension plan expense.

**RESPONSE:**

Data from Willis Towers Watson is available on Staff-DR-008C Confidential Attachment C. As noted in Andrew's testimony, updated estimates will be available Q1 2021. The company will supplement this data response at that time.

**SUPPLEMENTAL 04/15/2021**

See Avista's response to PC-DR-315 Attachment A which provides actual pension and medical costs as of 12.31.2020. Updating Pro Forma Adjustment 3.06 Employee Benefits using actual 2020 expenses result in an increase in employee benefit expense of \$100,000 for Washington electric and \$30,000 for Washington natural gas, from that included in the Company's direct filed case.

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/26/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	B. Brandkamp/ L. Andrews
TYPE:	Data Request	DEPT:	Risk Management
REQUEST NO.:	Staff – 044 Supplemental	TELEPHONE:	(509) 495-4924
		EMAIL:	bob.brandkamp@avistacorp.com

**SUBJECT: Insurance Expense**

**REQUEST:**

Referring to the workpaper of Elizabeth M. Andrews for insurance adjustment, please explain why the *estimated* insurance expense for 2021 (\$11,874,745) is more than double the 2019 level (\$4,590,939) and provide support for the estimated 2021 level.

TOTAL COSTS									
Line of Insurance	as of 12/31/2019			12/31/20 - Projected			12/31/21 - Projected		
	premium with cc (1)	premium without cc	basis	premium with cc	premium without cc	basis	premium with cc	premium without cc	basis
	General Liability	\$2,259,774	\$2,704,244	actual	\$2,612,998	\$2,981,117	estimated	\$8,642,424	\$9,046,649
Directors & Officers Liability	\$850,468	\$1,221,598	actual	\$856,617	\$1,279,676	estimated	\$946,671	\$1,401,670	estimated
Property	\$1,480,696	\$1,503,777	actual	\$1,747,311	\$1,796,768	estimated	\$2,285,651	\$2,335,799	estimated
<b>TOTAL INSURANCE COSTS</b>	<b>4,590,939</b>	<b>5,429,619</b>		<b>5,216,926</b>	<b>6,057,562</b>		<b>11,874,745</b>	<b>12,784,119</b>	

**RESPONSE:**

Please see Avista’s **CONFIDENTIAL** response to data request Staff-DR-044C. Please note that Avista’s response to Staff-DR-044C is **Confidential per Protective Order in UTC Dockets UE-200900 and UG-200901**.

**SUPPLEMENTAL 04.26.2021**

(Update includes actual for D&O available 04.2021, previous 01.13.2021 response included actual GL & Property insurance available as of 12.2020.) The table below is non-confidential, see Staff-DR-044 Supplemental – Redacted Attachment A.

TOTAL COSTS										
Line of Insurance	12/31/2019			12/31/20 - Actual			12/31/21 - Based on ACTUAL Invoices			
	premium with cc (1)	premium without cc	basis	premium with cc	premium without cc	basis	premium with cc	premium without cc	basis	
General Liability	\$2,259,774	\$2,704,244	actual	\$2,749,608	\$2,981,117	Actual	\$5,529,138	\$5,788,307	Actual (a)	FERC 925
Directors & Officers Liability	\$850,468	\$1,221,598	actual	\$894,646	\$1,279,676	Actual	\$1,029,578	\$1,391,964	Actual (b)	FERC 925
Property	\$1,480,696	\$1,503,777	actual	\$1,765,375	\$1,792,539	Actual	\$2,235,720	\$2,283,779	Actual (a)	FERC 924
<b>TOTAL INSURANCE COSTS</b>	<b>4,590,939</b>	<b>5,429,619</b>		<b>5,409,629</b>	<b>6,053,333</b>		<b>8,794,436</b>	<b>9,464,051</b>		
	IA -1			IA -1			IA -1			
Less 10% D&O	-			89,465			102,958			
<b>Adjusted for 10% D &amp; O Removal</b>	<b>4,590,939</b>			<b>5,320,164</b>			<b>8,691,478</b>			
Notes:							(a) Actual premium / credits			
							(b) actual, rec'd in April 2021			

In the Company’s original response to Staff-DR-044 the Company provided an update for changes in insurance amounts due to actual invoices received as of December 2020 related to 2021 General Liability and Property insurance, reducing the Company’s Washington electric and natural gas insurance expense



from that as filed by \$1,031,000 and \$785,000. With this Staff-DR-044 Supplemental update, the Company is lowering insurance expense an incremental \$52,000 electric and \$16,000 natural gas, reflecting final invoicing for D&O Insurance received in April 2021. The overall impact on the Company's proposed revenue requirement of both updates, from that as filed, is a reduction of approximately \$1,133,000 and \$837,000, **reflecting actual pre-paid insurance expense for the 2021 period of \$2,456,000 for Washington electric and \$1,079,000 for Washington Natural Gas.**

### **ORIGINAL RESPONSE 01.13.2021**

Revised Insurance expenses at 01.13.2021:

TOTAL COSTS										
Line of Insurance	as of 12/31/2019			as of 12/31/20 - Actual			as of 12/31/21 - Projected			
	premium with cc (1)	premium without cc	basis	premium with cc	premium without cc	basis	premium with cc	premium without cc	basis	
	General Liability	\$2,259,774	\$2,704,244	actual	\$2,749,608	\$2,981,117	Actual	\$5,529,138	\$5,788,307	
Directors & Officers Liability	\$850,468	\$1,221,598	actual	\$894,646	\$1,279,676	Actual	\$1,148,276	\$1,504,665	estimated (b)	FERC 925
Property	\$1,480,696	\$1,503,777	actual	\$1,765,375	\$1,792,539	Actual	\$2,235,720	\$2,283,779	Actual (a)	FERC 924
<b>TOTAL INSURANCE COSTS</b>	4,590,939	5,429,619		5,409,629	6,053,333		8,913,134	9,576,751		
	IA-1			IA-1			IA-1			
Less 10% D&O	-			89,465			114,828			
<b>Adjusted for 10% D &amp; O Removal</b>	<b>4,590,939</b>			5,320,164			<b>8,798,306</b>			
							(a) Actual premium, estimated credits			
							(b) estimated, will be available 4/1/2021			

As previously provided in Company witness Ms. Andrews' testimony, initial 2021 estimates as of 9/14/20 were subject to extreme variability over time given the significant rate increases across most lines of insurance in 2020 combined with the fact that we were several months away from some policy renewals. Ms. Andrews noted the Company would provide updated information when available in Q'1 of 2021. As our policies began to renew for the 2021 period, our insurance costs for each line were able to be more accurately assessed. This is reflected in the updated chart above which reflects substantially lower overall insurance costs than originally projected in September of 2020 (see Staff-DR-044C Confidential Attachment A). The revised estimate of 2021 costs are 94% above those in 2019. Explanations for the increases by line of insurance follow below.

Insurance companies began raising premiums, some significantly, beginning in late 2019 after a multi-year period in which their premiums were held flat or actually decreased, while claim frequency and severity continued to increase. Avista experienced extraordinary increases in 2021 Liability insurance premiums above and beyond industry wide increases based on recent wildfire activity in Oregon and Washington combined with insurers' continuing wildfire losses and perceived increase of wildfire risk throughout the western United States. Avista also incurred significant increases in its 2021 Property premiums and expects significant increases in D & O insurance premiums at the 3/31/21 renewal as insurers look to bring collected premiums in line with increases in losses across these programs industry wide. Avista will supplement this response at a later time after the final D&O insurance premium invoices are received.

### **Excess General Liability**

The excess liability insurance market place started to see significant premium increases in 2019 due to an increase in loss costs for the industry primarily attributable to the frequency of large jury settlements. Avista experienced a 21.6% increase in excess general liability costs in 2020 due to a combination of rate increases

related to increased industry loss costs combined with the loss of an \$115,000 credit typically received from one of our insurance companies.

Costs in 2021 built significantly off of the 2020 cost increases due to an increase in wildfire exposure in Avista's service territory. Prior to the September 7, 2020 wildfire event across the Pacific Northwest, Avista had anticipated a premium increase of approximately 15% at the 12/31/2020 renewal due to ongoing increase in loss costs in the industry. However, given the occurrence of the September 7, 2020 wildfire event coupled with the occurrence of two prior fires in Avista service territory, our insurance companies applied significant premium increases related to wildfire exposure. The increase directly attributable to wildfire exposure constitutes \$2.5 million of the \$2.8 million (89%) increase in excess general liability costs in 2021. Unlike issues such as increased loss costs which tend to be cyclical in nature, and abate after two or three years, the issue of wildfire exposure is one which will only get worse with time. This will result in expected significant insurance expenses into the future as all utilities in the Pacific Northwest will struggle with obtaining affordable wildfire coverage in the future. With the exception of credit offsets (estimated and included) expected to be received during 2021, excess general liability premium costs are known and measurable at this point in time. See Staff-DR-044C Confidential Attachment B - Liability Invoices for a record of premiums paid.

### **Property Insurance**

The property insurance market in the latter half of 2018 began a pivot away from several years of declining rates (2013-2017) to one where premium increases will be the new norm through at least 2022. While premiums continued to decrease over this period, claim activity did not decrease, resulting in ever decreasing profitability for insurance companies. This problem became compounded when the industry experienced two of the biggest catastrophic loss years in the history of the industry in 2017 and 2018. This triggered an industry wide move for insurers to start to seek property insurance premium increases in order to return this line of business to profitability.

Avista had a 18.5% increase in property insurance premiums at its 12/1/19 renewal due to the market minimum increases in addition to additional premium increases related to a 2017 property loss at our Cabinet Gorge hydro generation plant and an expected insurance loss resulting from a 2018 transformer failure at our Coyote Springs CT generation facility. Industry wide, premiums have continued to increase, often at a monthly rate, since that time.

Avista is projected to experience an additional 27% increase in property insurance expense in 2021 as the property market continues to work to return their property lines of business to profitability. Some insurance companies have restricted the amount of capacity they will write due to profitability issues, thus decreasing supply and causing a corresponding increase in premiums. These increases may be even higher for property programs insured in part through Lloyds of London, due to losses in Lloyd's syndicates' property books in 2017 and 2018. Industry forecasts are for similar increases in 2022 as well. With the exception of credit offsets (estimated and included) expected to be received during 2021, and premium change beginning with the 12/21 renewal, property premium costs are known and measurable at this point in time. See Staff-DR-044C Confidential Attachment C for a record of Property Invoices premiums paid.

### **Directors and Officers Insurance**

Directors and Officers (D & O) insurance shares the same history of declining premiums during a period of increasing loss activity. Increased losses were driven by specific large loss events, merger objection lawsuits, an increase in securities class-action suits, general increases in claims frequency and higher defense costs. Going forward, insurers see additional risk in that additional claims may be brought under

the False Claims Act (FCA) or other regulatory venues, as the government audits and investigates the borrowers within the programs established by the Coronavirus Aid, Relief, Economic and Security Act (CARES). Other risks that are driving increases in premiums include publicly traded companies may be subject to disclosure suits if their company performance doesn't match with how they indicated they would respond in disclosures or that there will be an increase in D & O claims related to the increased number of business failures as a result of the COVID pandemic.

Although premiums increased from 2019 through 2020, net premium remained relatively flat due to an increase in credits applied to D & O premiums and the mitigation of our mutual insurers who typically hold rate increases to less than that of the commercial insurers. However, based on the conditions noted above, we expect the 2021 premium increase magnitude to outpace credit receipts in 2021. At this time, Avista expects a blended gross premium rate increase of 21% at the 3/31/21 based on broker estimates (see the est tab in Staff-DR-044C Confidential Attachment A). We will amend our projected 2021 D & O expense in April after we've received the invoice for the 3/31/21 renewal.

Updating for changes in amounts due to actual invoices received at this time, reduces the Company's Washington electric and natural gas insurance expense from that as filed by \$1,031,000 and \$785,000. The impact on the Company's proposed revenue requirement is a reduction of approximately \$1,024,000 and \$821,000. The Company will supplement this response with actual amounts for the estimated "credits" and D&O insurance premiums once received.

Avista Utilities  
Washington Jurisdiction  
Proforma Insurance Adjustment

Summary information non-confidential

	12 ME 12.31.2019		Wildfire premium	REVISED Total Adjustment - Actual	As Filed - Estimated	Change from As Filed	Wildfire Premium Breakouts	
<i>Adjusted Test period Expense 12 ME 12.31.2019</i>	\$ 4,590,939							
<i>2021 Projected Insurance Expense (@ 90% D &amp; O)</i>	\$ 8,691,478							
<i>Adjustment - System</i>	\$ 4,100,540							
		Adjust Insurance to 2021 Pro Forma						
Total Adjustment	\$ 1,871,594		\$ 2,228,945	\$ 4,100,540			Original Staff- DR 044 Update	Incremental Staff DR 044 Update
<u>Allocated to Washington Electric</u>								
0.70578 Note 7								
0.69189 Note 4	\$ 913,941		\$1,542,184.80	\$ 2,456,126	\$3,539,104	\$ (1,082,979)	\$ (1,030,812)	\$ (52,166)
<u>Allocated to Washington Gas</u>								
0.20513 Note 7								
0.72593 Note 4	\$ 278,699			\$ 278,699	\$1,079,222	\$ (800,523)	\$ (784,615)	\$ (15,908)
							(Update ACTUAL General Liability & Property - Dec 2020)	(update ACTUAL D&O Liability - April 2020)
<u>Allocated to Idaho Electric</u>								
0.70578 Note 7								
0.30811 Note 4	\$ 406,993		\$686,760.27	\$ 1,093,753				
<u>Allocated to Idaho Gas</u>								
0.20513 Note 7								
0.27407 Note 4	\$ 105,221			\$ 105,221				
<u>Allocated to Oregon</u>								
0.08909 Note 7	\$ 166,740			\$ 166,740				
		Electric						
70% FERC 925	\$ 639,758.70							
30% FERC 924	\$ 274,182.30							
	\$ 913,941							
		Gas						
70% FERC 925	\$ 195,089.42							
30% FERC 924	\$ 83,609.75							
	\$ 278,699							

Summary information non-confidential

**Avista Utilities**  
**Washington Jurisdiction**  
**Estimated Insurance Costs for GL, D&O, and Property Lines 2020-21**  
**For the Twelve Months ended December 31, 2021**

TOTAL COSTS										
Line of Insurance	12/31/2019			12/31/20 - Actual			12/31/21 - Based on ACTUAL Invoices			
	premium with cc (1)	premium without cc	basis	premium with cc	premium without cc	basis	premium with cc	premium without cc	basis	
<b>General Liability</b>	<b>\$2,259,774</b>	\$2,704,244	actual	\$2,749,608	\$2,981,117	Actual	<b>\$5,529,138</b>	\$5,788,307	<b>Actual (a)</b>	FERC 925
<b>Directors &amp; Officers Liability</b>	<b>\$850,468</b>	\$1,221,598	actual	\$894,646	\$1,279,676	Actual	<b>\$1,029,578</b>	\$1,391,964	<b>Actual (b)</b>	FERC 925
<b>Property</b>	<b>\$1,480,696</b>	\$1,503,777	actual	\$1,765,375	\$1,792,539	Actual	<b>\$2,235,720</b>	\$2,283,779	<b>Actual (a)</b>	FERC 924
<b>TOTAL INSURANCE COSTS</b>	4,590,939	5,429,619		5,409,629	6,053,333		8,794,436	9,464,051		
	IA-1			IA-1			IA-1			
Less 10% D&O	-			89,465			102,958			
<b>Adjusted for 10% D &amp; O Removal</b>	<b>4,590,939</b>			5,320,164			<b>8,691,478</b>			
<b>Notes:</b>							(a) Actual, received in Dec. 2020 (b) Actual, received in April 2021			

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/10/2021
CASE NO.:	UE-200900 & UG-20901	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff - Huang	RESPONDER:	Jeanne Pluth
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 049-Supplemental	TELEPHONE:	(509) 495-2204
		EMAIL:	jeanne.pluth@avistacorp.com

**REQUEST:****Re: Property Tax**

Regarding Ms. Andrews' property tax workpaper titled "2020.08.20 - Property Tax Forecast - updated WA", in the Excel tab/worksheet labeled "Revision 08.20.2020 minus %", please provide support, including documentation, for the estimated increased amounts in property tax (column Z) for 2021.

**RESPONSE:**

The Company received final property tax assessments in December 2020, after the general rate case was filed. Using the assessments, an updated forecast of property taxes for 2021 was prepared and has been provided in Staff-DR-049-Attachment B. Ms. Andrews' Adjustment 3.09 was updated using the revised forecast, and has been provided in Staff-DR-049-Attachment A. A summary of the change to the adjustment from the filed case follows:

Electric ADJ 3.09			
	Original ADJ	Revised ADJ	Change to Filed ADJ
Production/Transmission	1,155,667	561,879	(593,788)
Distribution	552,452	433,334	(119,118)
<b>Total</b>	<b>1,708,119</b>	<b>995,213</b>	<b>(712,906)</b>
Natural Gas ADJ 3.09			
	Original ADJ	Revised ADJ	Change to Filed ADJ
Underground Storage	34,896	19,345	(15,551)
Distribution	428,128	237,344	(190,784)
<b>Total</b>	<b>463,024</b>	<b>256,689</b>	<b>(206,335)</b>

The increase in property taxes in 2021 over the 2020 actual expense level is due to property additions. These additions were provided in Staff-DR-041. The impact of updating electric Adjustment 3.09 decreases pro forma electric expense approximately \$713,000 and decreases the Company's requested revenue requirement \$746,000. The impact of updating natural gas Adjustment 3.09 decreases pro forma natural gas expense approximately \$206,000 and decreases the Company's requested revenue requirement \$215,000.

**Supplemental Response (May 10, 2021)**

The Company received the final assessment for Washington State in April 2021, which revised the Company's estimate of forecasted property taxes. Staff-DR-049-Supplemental-Attachment A provides the revised adjustment. Staff-DR-049-Supplemental-Attachment B provides the backup. A summary of the impact follows:

	<b>WA Electric</b>	<b>WA Natural Gas</b>
Filed Property Tax Adjustment	\$1,708,119	\$463,024
Revised Property Tax Adjustment	634,640	126,051
<b>Impact to Expense – Avista's Rebuttal ADJ</b>	<b>(1,073,479)</b>	<b>(336,973)</b>
Adjustment from Original Staff-DR-049	(712,906)	(206,335)
Additional Reduction to Property Taxes	(\$360,573)	(\$130,639)

The original response had indicated the final assessments had been received in early December in error, as the Company had received only the Idaho assessment at that point.

The overall impact of the change in the Company's Property Tax Adjustment 3.09 as noted in the table above, reduces property tax expense from that filed, by \$1.073 million electric and \$337,000 for natural gas, or a reduction to revenue requirement of \$1,123,000 electric and \$353,000 natural gas.

	PAYMENTS MADE TO JURISDICTIONS FOR ELECTRIC						ALLOCATION		
	Washington	Idaho	Montana	Oregon	Colstrip	Total	65.64% Washington	34.36% Idaho	Total
<b>Actual Per Results</b>									
P/T:									
408150	3,171,431	1,307,486	9,749,570	3,380,090	2,863	17,611,440	11,560,149	6,051,291	17,611,440
408180	2,692,481	1,566,547	1,776,805	12,906	-	6,048,739	3,970,392	2,078,347	6,048,739
P/T Total	5,863,912	2,874,033	11,526,375	3,392,995	2,863	23,660,179	15,530,541	8,129,638	23,660,179
<b>Dist:</b>									
408170	7,080,705	3,115,158	11,534	-	-	10,207,398	7,080,705	3,115,158	10,195,864
<b>Actual Per Results</b>	12,944,617	5,989,192	11,537,909	3,392,995	2,863	33,867,577	22,611,246	11,244,796	33,856,043

<b>Current Period</b>									
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
<b>Expense</b>	14,134,431	5,983,772	11,537,909	3,392,995	2,863	35,051,971			
P/T:									
408150	3,462,775	1,302,066	9,749,570	3,380,090	2,863	17,897,364	11,747,830	6,149,534	17,897,364
408180	2,940,481	1,566,547	1,776,805	12,906	-	6,296,739	4,133,180	2,163,560	6,296,740
P/T	6,403,256	2,868,613	11,526,375	3,392,995	2,863	24,194,104	15,881,010	8,313,094	24,194,104
<b>Dist:</b>									
408170	7,731,175	3,115,158	11,534	-	-	10,857,868	7,731,175	3,126,692	10,857,868
	14,134,431	5,983,772	11,537,909	3,392,995	2,863	35,051,971	23,612,185	11,439,786	35,051,972

<b>Restating Adjustment</b>									
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
P/T:									
408150	291,344	(5,420)	-	-	-	285,924	187,681	98,243	285,924
408180	248,000	-	-	-	-	248,000	162,788	85,213	248,001
P/T	539,344	(5,420)	-	-	-	533,924	350,469	183,456	533,925
<b>Dist:</b>									
408170	650,470	-	-	-	-	650,470	650,470	-	650,470
	1,189,814	(5,420)	-	-	-	1,184,394	1,000,939	183,456	1,184,395

<b>Pro Forma Period</b>									
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
<b>Expense - 2021</b>	14,498,934	6,581,348	11,605,029	3,533,724	3,294	36,222,329			
P/T:									
408150	3,552,239	1,436,758	9,806,287	3,520,283	3,294	18,318,860	12,024,500	6,294,360	18,318,860
408180	3,015,779	1,721,433	1,787,141	13,441	-	6,537,794	4,291,408	2,246,386	6,537,794
P/T	6,568,017	3,158,191	11,593,428	3,533,724	3,294	24,856,655	16,315,908	8,540,746	24,856,654
<b>Dist:</b>									
408170	7,930,917	3,423,157	11,601	-	-	11,365,674	7,930,917	3,434,758	11,365,674
	14,498,934	6,581,348	11,605,029	3,533,724	3,294	36,222,329	24,246,825	11,975,504	36,222,328

<b>PF Adjustment</b>									
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
P/T:									
408150	89,464	134,692	56,716	140,193	431	421,496	276,670	144,826	421,496
408180	75,298	154,886	10,336	535	-	241,055	158,229	82,827	241,055
P/T	164,761	289,578	67,053	140,729	431	662,551	434,899	227,653	662,551
<b>Dist:</b>									
408170	199,741	307,998	67	-	-	507,807	199,741	308,065	507,807
	364,503	597,576	67,120	140,729	431	1,170,358	634,640	535,718	1,170,358



	PAYMENTS MADE TO JURISDICTIONS FOR NATURAL GAS						ALLOCATION			
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
<b>Actual Per Results</b>										
U/G Storage (1):										
408190	520,576					520,576	323,030	147,311	50,236	520,577
Dist:										
408170	2,844,901	1,655,639		4,318,910		8,819,449	2,844,901	1,655,639	4,318,910	8,819,449
<b>Actual Per Results</b>	<b>3,365,477</b>	<b>1,655,639</b>	<b>-</b>	<b>4,318,910</b>	<b>-</b>	<b>9,340,026</b>	<b>3,167,931</b>	<b>1,802,950</b>	<b>4,369,146</b>	<b>9,340,026</b>

U/G Storage Allocation  
**Washington** 62.05%  
**Idaho** 28.30%  
**Oregon** 9.65%

<b>Current Period</b>										
Expense	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
U/G Storage:										
408190	413,783					413,783	256,762	117,091	39,930	413,783
Dist:										
408170	3,150,177	1,655,639		4,318,910		9,124,726	3,150,177	1,655,639	4,318,910	9,124,726
	<b>3,563,960</b>	<b>1,655,639</b>	<b>-</b>	<b>4,318,910</b>	<b>-</b>	<b>9,538,509</b>	<b>3,406,939</b>	<b>1,772,730</b>	<b>4,358,840</b>	<b>9,538,509</b>

<b>Restating Adjustment</b>										
U/G Storage:	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
408190	(106,793)	-	-	-	-	(106,793)	(66,268)	(30,220)	(10,306)	(106,794)
Dist:										
408170	305,276	-	-	-	-	305,276	305,276	-	-	305,276
	<b>198,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,483</b>	<b>239,008</b>	<b>(30,220)</b>	<b>(10,306)</b>	<b>198,482</b>

<b>Pro Forma Period</b>										
Expense - 2021	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
U/G Storage:										
408190	429,092					429,092	266,262	121,423	41,407	429,092
Dist:							#VALUE!			
408170	3,266,728	1,781,878	-	4,634,353		9,682,958	3,266,728	1,781,878	4,634,353	9,682,958
	<b>3,695,820</b>	<b>1,781,878</b>	<b>-</b>	<b>4,634,353</b>	<b>-</b>	<b>10,112,051</b>	<b>#VALUE!</b>	<b>1,903,301</b>	<b>4,675,760</b>	<b>10,112,050</b>

<b>PF Adjustment</b>										
U/G Storage:	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
408190	15,309	-	-	-	-	15,309	9,500	4,332	1,477	15,309
Dist:										
408170	116,551	126,239	-	315,443	-	558,233	116,551	126,239	315,443	558,233
	<b>131,860</b>	<b>126,239</b>	<b>-</b>	<b>315,443</b>	<b>-</b>	<b>573,542</b>	<b>126,051</b>	<b>130,571</b>	<b>316,920</b>	<b>573,542</b>

Sum of Transaction Amount - 2019 Actual in GL													
		ED						GD				Grand Total	
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	Total	ID	OR	WA	Total		
408150	TAXES OTHER THAN INC-PROD PROP	2,863	1,307,486	9,749,570	3,380,090	3,171,431	17,611,440				0	17,611,440	
408170	TAXES OTHER THAN INC-DIST PROP		3,115,158	11,534		7,080,705	10,207,398	1,655,639	4,318,910	2,844,901	8,819,449	19,026,847	
408180	TAXES OTHER THAN INC-TRANS PRO		1,566,547	1,776,805	12,906	2,692,481	6,048,739				0	6,048,739	
408190	TAXES OTHER THAN INC - STORAGE						0			520,576	520,576	520,576	
Grand Total		2,863	5,989,192	11,537,909	3,392,995	12,944,617	33,867,577	1,655,639	4,318,910	3,365,477	9,340,026	43,207,603	
<b>Costs for prior-period recorded in 2019-need to remove</b>													
		ED						GD				Grand Total	
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	Total	ID	OR	WA	Total		
408150	TAXES OTHER THAN INC-PROD PROP	-	5,420	-	-	(456,642)	(451,222)	-	-	-	-	(451,222)	
408170	TAXES OTHER THAN INC-DIST PROP	-	-	-	-	(1,019,523)	(1,019,523)	-	-	(517,210)	(517,210)	(1,536,734)	
408180	TAXES OTHER THAN INC-TRANS PRO	-	-	-	-	(387,680)	(387,680)	-	-	-	-	(387,680)	
408190	TAXES OTHER THAN INC - STORAGE	-	-	-	-	-	-	-	-	38,691	38,691	38,691	
Grand Total		-	5,420	-	-	(1,863,845)	(1,858,425)	-	-	(478,519)	(478,519)	(2,336,944)	
<b>Costs for 2019 recorded in 2020-need to add</b>													
		ED						GD				Grand Total	
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	Total	ID	OR	WA	Total		
408150	TAXES OTHER THAN INC-PROD PROP	-	-	-	-	(165,298)	(165,298)	-	-	-	-	(165,298)	
408170	TAXES OTHER THAN INC-DIST PROP	-	-	-	-	(369,053)	(369,053)	-	-	(211,934)	(211,934)	(580,987)	
408180	TAXES OTHER THAN INC-TRANS PRO	-	-	-	-	(139,679)	(139,679)	-	-	-	-	(139,679)	
408190	TAXES OTHER THAN INC - STORAGE	-	-	-	-	-	-	-	-	(68,102)	(68,102)	(68,102)	
Grand Total		-	-	-	-	(674,031)	(674,031)	-	-	(280,036)	(280,036)	(954,067)	
<b>Revised 2019 Costs</b>													
		ED						GD				Grand Total	
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	Total	ID	OR	WA	Total		
408150	TAXES OTHER THAN INC-PROD PROP	2,863	1,302,066	9,749,570	3,380,090	3,462,775	17,897,364	0	0	0	0	17,897,364	
408170	TAXES OTHER THAN INC-DIST PROP	0	3,115,158	11,534	0	7,731,175	10,857,868	1,655,639	4,318,910	3,150,177	9,124,726	19,982,593	
408180	TAXES OTHER THAN INC-TRANS PRO	0	1,566,547	1,776,805	12,906	2,940,481	6,296,739	0	0	0	0	6,296,739	
408190	TAXES OTHER THAN INC - STORAGE	0	0	0	0	0	0	0	0	413,783	413,783	413,783	
Grand Total		2,863	5,983,772	11,537,909	3,392,995	14,134,431	35,051,971	1,655,639	4,318,910	3,563,960	9,538,509	44,590,480	
This is a summary. See file with detail from GL and pivot table.													

PROPERTY TAX ESTIMATES

	FINAL		
	in thousands		
BOOK VALUE @ DEC YEAR ASSESSED YEAR TAX ACCRUED YEAR TAX PAYABLE	2019 2020 2020		2020 2021 2021 2021-2022
	2020-2021		2021-2022
	<b>2020 Final</b>		<b>2021 Estimate</b>
<b>WASHINGTON - ELECTRIC</b>			
HIST COST INDICATOR-State Assessment	2,400,000		2,500,000
ESTIMATED SYSTEM VALUE			
ADD : NET ADDITIONS TO PLANT			
LESS: Intangibles Other			
ADD : Smart Grid CIAC			
LESS : Vehicles			
LESS : DEPR EST (see Form 1 page 115 rounded)			
TAXABLE PERCENTAGE - Total Plant net of Exemptions- page 3 of WA Appraisal	95.8838%		96.1161%
STATE ALLOCATION % - 3 Factor calculation - page 9 of WA Appraisal	56.9823%		56.6322%
ALLOCATED VALUE	1,311,283		1,360,816
add:adjustments	345		345
GROSS ASSESSED VALUE	1,311,628		1,361,161
**EQUALIZED VALUE per state Certification Report	1,249,030		
equalization factor (state adj to reflect annual assessment impacts)	95.227%		95.227%
ASSESSED VALUE - (for county taxation)	1,249,030		1,296,199
OTHER	0		0
	1,249,030		1,296,199
TAX RATE (actuals from WA payment summary sheet - wgtd rate)	-2.6%	0.01119	0.0%
			0.01119
TAX	13,971		14,498.934

	2020 Final		2021 Estimate
<b>IDAHO - ELECTRIC</b>			
HIST COST INDICATOR	2,699,998		2,828,849
ESTIMATED SYSTEM VALUE			
ADD : NET ADDITIONS TO PLANT	-34,687		
LESS: Intangibles Other			
LESS : Vehicles			
LESS : DEPR EST (see Form 1 page 115 rounded)			
LESS : OTHER			-34,283
TAXABLE PERCENTAGE	100.0000%		100.0000%
STATE ALLOCATION %	25.2900%		25.7119%
ALLOCATED VALUE	674,056		718,535
add:adjustments	-14,039		-13,031
GROSS ASSESSED VALUE	660,017		705,505
RATIO	1.00		1.00
ASSESSED VALUE	660,017		705,505
TAX RATE	-8.0%	0.00933	0.0%
			0.00933
TAX	6,157.018		6,581.348

	2020 Final		2021 Estimate
<b>MONTANA - ELECTRIC</b>			
	(combine E & G)		(combine E & G)
ASSESSED VALUE - before Intangible adj	4,711,000		4,738,000
ASSESSED VALUE - after Intangible adj	4,240,000		4,265,000
ADD : NET ADDITIONS TO PLANT - E & G			
LESS : DEPR EST			
LESS : INTANGIBLE EST			
	4,240,000		4,265,000
TAXABLE PERCENTAGE	100.0000%		100.0000%
STATE ALLOCATION %	11.5321%		11.2594%
ALLOCATED VALUE	488,962		480,213
add: adjustments	-411		-411
EQUALIZATION FACTOR	1.00		1.00
GROSS MARKET VALUE	488,551		479,802
RATIO (see County allocation report)	0.0655		0.0655
taxable VALUE	31,992		31,419
adjustments	0		0
taxable value	31,992		31,419
TAX RATE	2.8%	0.36936	0.0%
			0.36936
TAX	11,816.639		11,605.029

<u>OREGON - ELECTRIC</u>		20/21 Final		21/22 Estimate
HIST COST INDICATOR		(Imnaha transmission line)		(Imnaha transmission line)
ESTIMATED SYSTEM VALUE		1,450		1,450
ADD : LOLO-OXBOW TRANSMISSION LINE - LOCATION 640 (ptn in ID, ptn in OR)		0		0
LESS : DEPR EST		0		0
TAXABLE PERCENTAGE		100.0000%		100.0000%
STATE ALLOCATION %		100.0000%		100.0000%
ALLOCATED VALUE		1,450		1,450
add: adjustments				
EQUALIZATION FACTOR		1.00		1.00
GROSS MARKET VALUE		1,450		1,450
RATIO		1.0000		1.0000
taxable VALUE		1,450		1,450
ADD: POLL CONTROL EQUIP		0		0
taxable value		1,450		1,450
TAX RATE	-0.2%	0.00916	0.0%	0.00916
TAX		13.276		13.276

<u>OREGON - ELECTRIC</u>		20/21 Final		21/22 Estimate
		Coyote Springs II & misc		Coyote Springs II & misc
ASSESSED VALUE		208,550		208,750
ADD : NET ADDITIONS TO PLANT		0		0
LESS : DEPR		0		0
ADD : 100% CS II GENERATING PLANT March 1, 2003 ?		0		0
STATE ALLOCATION %		na		na
Other Misc property taxes		0		0
In Lieu of Ad Valorem Taxes for 5 year staring in 2003 - Flat Rate				
Estimated levy rate	0.9%	0.01686	0.0%	0.01686
% ownership of plant		100%		100%
Tax due from Avista Corp				
		3,517.075		3,520.448

<u>WASHINGTON - GAS</u>		2020 Final		2021 Estimate
HIST COST INDICATOR				
ESTIMATED SYSTEM VALUE		730,000		740,000
ADD : NET ADDITIONS TO PLANT				
LESS : DEPR EST(see Form 1 pg 115 - Rounded)				
TAXABLE PERCENTAGE - Total Plant net of Exemptions- page 3 of WA Appraisal		90.5057%		91.4977%
STATE ALLOCATION % - 3 Factor calculation - page 9 of WA Appraisal		48.7783%		50.3985%
ALLOCATED VALUE		322,274		341,240
add: adjustments				
GROSS ASSESSED VALUE		322,274		341,240
**EQUALIZED VALUE per state Certification Report		308,555		
equalization factor (state adj to reflect annual assessment impacts)		95.743%		95.7429%
ASSESSED VALUE - (for county taxation)		308,555		326,713
TAX RATE (actuals from WA payment summary sheet - wgtd rate)	-2.8%	0.01131	0.0%	0.01131
		3,490		3,695.819
<u>IDAHO - GAS</u>		2020 Final		2021 Estimate
HIST COST INDICATOR				
ESTIMATED SYSTEM VALUE		866,107		905,176
ADD : NET ADDITIONS TO PLANT				
LESS : DEPR EST				
TAXABLE PERCENTAGE		100.0000%		100.0000%
STATE ALLOCATION %		18.3161%		18.2930%
ALLOCATED VALUE		158,637		165,584
add: adjustments		-100		-100
GROSS ASSESSED VALUE		158,536		165,484
RATIO		1.00		1.00
ASSESSED VALUE		158,536		165,484
TAX RATE	-11.7%	0.01077	0.0%	0.01077
TAX		1,707.061		1,781.878

<u>OREGON - GAS</u>	20/21 Final	21/22 Estimate
ASSESSED VALUE OREGON		
ESTIMATED STATE VALUE	358,400	369,400
ADD : NET ADDs TO PLANT (OREGON ONLY)	0	0
LESS : DEPR EST	0	0
TAXABLE PERCENTAGE	100.0000%	100.0000%
STATE ALLOCATION %	100.0000%	100.0000%
STATE VALUE	358,400	369,400
Adjustments:		
	100.00%	100.00%
GROSS ASSESSED VALUE	358,400	369,400
RATIO	1.000	1.000
ASSESSED VALUE	358,400	369,400
TAX RATE	-2.1% 0.01274	0.0% 0.01274
TAX	4,564.307	4,704.395

SUMMARY:	Final 2020	Estimate 2021
<b>ELECTRIC:</b>		
WASHINGTON	13,971.313	14,498.934
EST ADJ TO WASH		
IDAHO	6,157.02	6,581.35
MONTANA	11,816.64	11,605.03
OREGON - Transm line only	13.28	13.28
OREGON - Coyote Springs II	3,517.07	3,520.45
<b>SUBTOTAL</b>	<b>35,475.32</b>	<b>36,219.03</b>
<b>GAS:</b>		
WASHINGTON	3,490.416	3,695.82
IDAHO	1,707.06	1,781.88
OREGON	4,564.31	4,704.39
OTHER	0.00	0.00
<b>SUBTOTAL</b>	<b>9,761.78</b>	<b>10,182.09</b>
<b>TOTAL EST TAX</b>	<b>45,237.10</b>	<b>46,401.13</b>
	<b>848</b>	<b>1,164</b>

1.91%

2.57%

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/09/2021
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 3	TELEPHONE:	(509) 495-2204
		EMAIL:	<a href="mailto:jeanne.pluth@avistacorp.com">jeanne.pluth@avistacorp.com</a> <a href="mailto:Kaylene.schultz@avistacorp.com">Kaylene.schultz@avistacorp.com</a>

**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 Infrastructure	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	
<b>Pro Forma Adjustment Summary</b>							
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)
<b>Total Balances</b>	<b>\$ 229,674</b>	<b>\$ (16,830)</b>	<b>\$ 44,877</b>	<b>\$ 213,623</b>	<b>\$ (16,646)</b>	<b>\$ 43,054</b>	<b>\$ (1,823)</b>

(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	
<b>Pro Forma Adjustment</b>							
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)
<b>Total Balances</b>	<b>\$ 69,272</b>	<b>\$ (3,883)</b>	<b>\$ 11,954</b>	<b>\$ 63,394</b>	<b>\$ (3,624)</b>	<b>\$ 11,033</b>	<b>\$ (919)</b>

**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:

<b>Adjustment 3.11 - Customer at the Center</b>						
<b>In 000's</b>	<b>WA - Electric</b>			<b>WA - Natural Gas</b>		
	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.11</b>	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.11</b>
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
<b>Rate Base</b>	<b>\$ 9,316</b>	<b>\$ 10,279</b>	<b>\$ 963</b>	<b>\$ 2,923</b>	<b>\$ 2,994</b>	<b>\$ 71</b>
Depreciation Expense	\$ 1,838	\$ 2,042	\$ 204	\$ 577	\$ 588	\$ 11
<b>Expense</b>	<b>\$ 1,838</b>	<b>\$ 2,042</b>	<b>\$ 204</b>	<b>\$ 577</b>	<b>\$ 588</b>	<b>\$ 11</b>

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:

<b>Adjustment 3.12 - Large Distinct Projects</b>						
<b>In 000's</b>	<b>WA - Electric</b>			<b>WA - Natural Gas</b>		
	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.12</b>	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.12</b>
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
<b>Rate Base</b>	<b>\$ 23,308</b>	<b>\$ 18,005</b>	<b>\$ (5,302)</b>	<b>\$ 7,191</b>	<b>\$ 7,251</b>	<b>\$ 61</b>
Depreciation Expense	\$ 455	\$ 238	\$ (216)	\$ 186	\$ 118	\$ (69)
<b>Expense</b>	<b>\$ 455</b>	<b>\$ 238</b>	<b>\$ (216)</b>	<b>\$ 186</b>	<b>\$ 118</b>	<b>\$ (69)</b>

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
<b>Rate Base</b>	<b>\$ 51,538</b>	<b>\$ 47,479</b>	<b>\$ (4,059)</b>	<b>\$ 7,194</b>	<b>\$ 6,629</b>	<b>\$ (565)</b>
Depreciation Expense	\$ 1,288	\$ 848	\$ (440)	\$ 229	\$ 144	\$ (84)
<b>Expense</b>	<b>\$ 1,288</b>	<b>\$ 848</b>	<b>\$ (440)</b>	<b>\$ 229</b>	<b>\$ 144</b>	<b>\$ (84)</b>

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
<b>Rate Base</b>	<b>\$ 35,584</b>	<b>\$ 36,826</b>	<b>\$ 1,242</b>	<b>\$ 13,123</b>	<b>\$ 10,469</b>	<b>\$ (2,654)</b>
Depreciation Expense	\$ 710	\$ 669	\$ (41)	\$ 276	\$ 200	\$ (76)
<b>Expense</b>	<b>\$ 710</b>	<b>\$ 669</b>	<b>\$ (41)</b>	<b>\$ 276</b>	<b>\$ 200</b>	<b>\$ (76)</b>

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:

<b>Adjustment 3.15 - Short-Lived Assets</b>						
<b>In 000's</b>	<b>WA - Electric</b>			<b>WA - Natural Gas</b>		
	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.15</b>	<b>Filed</b>	<b>Revised</b>	<b>Revision to PF Adj. 3.15</b>
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
<b>Rate Base</b>	<b>\$ 10,886</b>	<b>\$ 10,180</b>	<b>\$ (706)</b>	<b>\$ 3,408</b>	<b>\$ 2,967</b>	<b>\$ (440)</b>
Depreciation Expense	\$ 1,966	\$ 1,922	\$ (44)	\$ 642	\$ 557	\$ (85)
<b>Expense</b>	<b>\$ 1,966</b>	<b>\$ 1,922</b>	<b>\$ (44)</b>	<b>\$ 642</b>	<b>\$ 557</b>	<b>\$ (85)</b>

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)
<b>Rate Base</b>	<b>\$ 92,164</b>	<b>\$ 87,584</b>	<b>\$ (4,580)</b>	<b>\$ 35,432</b>	<b>\$ 33,084</b>	<b>\$ (2,348)</b>
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)
<b>Expense</b>	<b>\$ 9,662</b>	<b>\$ 9,627</b>	<b>\$ (35)</b>	<b>\$ 3,461</b>	<b>\$ 3,398</b>	<b>\$ (63)</b>

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
<b>Rate Base</b>	<b>\$ 13,126</b>	<b>\$ 11,185</b>	<b>\$ (1,942)</b>
Operating Expense	\$ 4,025	\$ 4,025	\$ -
Depreciation Expense	313	316	3
<b>Expense</b>	<b>\$ 4,338</b>	<b>\$ 4,341</b>	<b>\$ 3</b>

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.

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

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:

	<b>Filed</b>	<b>Revised</b>	<b>Revision to Adjustment 3.19</b>
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)	-
<b>Rate Base</b>	<b>\$ (15,606,039)</b>	<b>\$ (20,491,123)</b>	<b>\$ (4,885,084)</b>
Depreciation Expense	\$ 3,052,957	\$ 1,925,752	\$ (1,127,205)
Regulatory Amortization	(2,533,820)	(2,533,820)	-
<b>Expense</b>	<b>\$ 519,137</b>	<b>\$ (608,068)</b>	<b>\$ (1,127,205)</b>

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:

<b>DR Attachment No.</b>	<b>Workpaper</b>
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.

**SUPPLEMENTAL 3 UPDATED 03/09/2021**

Please see Staff-DR-107 Supplemental 3 - 3.16 Attachment A for the workpapers that have been updated as support for the PF Adj. 3.16 AMI. This latest revision has no impact to the overall amounts included in part f.) above, only provide additional clarification at tab “Deprec Ex ADJ by Func”.

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	02/17/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Jason Thackston
REQUESTER:	UTC Staff	RESPONDER:	Krista Johnson
TYPE:	Data Request	DEPT:	Resource Accounting
REQUEST NO.:	Staff – 125	TELEPHONE:	(509) 495-8020
		EMAIL:	krista.johnson@avistacorp.com

**SUBJECT: Colstrip****REQUEST:**

According to the Company, the amount of Colstrip Unit 3 and 4's O&M (non-overhaul) expense for the rate year is set based on test-year levels. Please provide:

- a. The rate year monthly and total amount of Colstrip Unit 3 and 4 O&M (non-overhaul) expense, which Avista proposes to include in rates;
- b. The actual annual amount of Colstrip Unit 3 and 4 O&M (non-overhaul) costs for the years 2013 to 2020; and
- c. The actual annual amount of Colstrip Unit 3 and 4 O&M (non-overhaul) costs for the years 2013 to 2020 (in B above) categorized under the Colstrip Steam Electric Station Operating Budget's Business Plan as "O&M Costs Base" and "O&M Special Maintenance."

Please explain the difference between O&M Costs Base and O&M Special maintenance as defined by the Colstrip ownership consortium. Additionally, explain the differences between the amount totals in a and b above.

**RESPONSE:**

Please see Staff-DR-125 Attachment A.

- a. Avista did not pro form a change to the Colstrip non-overhaul expense to the rate period (October 1, 2021 - September 30, 2022) in its filing. Avista has included the annual 2019 historical level of approximately \$11,992,000 (System) in its filing, Washington's share of approximately \$7,872,000. See Staff-DR-125 Attachment A, tab "a) 2019 Monthly" for the monthly non-overhaul Colstrip O&M expenses by month for 2019.
- b. See Staff-DR-125 Attachment A, tab "b) 2013-2020" for O&M expenses for the period 2013-2020. Please note the 2013 "overhaul" versus "non-overhaul" O&M amounts are unknown – only the total O&M is available. The Company began separately tracking these costs (overhaul versus non-overhaul O&M) starting in 2014 in order to normalize Colstrip overhaul O&M for regulatory purposes per Order 05, Docket No. UE-150204.<sup>1</sup>

<sup>1</sup> In Order 05, page 56, paragraph 153 of Docket No. UE-150204, the Commission ordered the Company, for regulatory purposes, to normalize and recover its major maintenance expense associated with Avista's Colstrip and Coyote Springs 2 plants over a period to match the major maintenance cycles for each plant.



- c. Avista does not recognize costs broken out to the same detailed level that is shown on the Colstrip Steam Electric Station Operating Budget's Business Plan. The terms O&M Costs Base and O&M Special Maintenance are not terms defined by the ownership consortium. These are terms utilized by Talen to assist in the organization of their budget. In general, O&M Costs Base items are those costs needed to operate the plant, and expenses that perform regular, ongoing plant maintenance needed to keep the plant operational and performing at expected levels. OH Maintenance are those expense items that are done as part of the planned overhaul projects. The characterization of Special Maintenance is those projects that are not characterized as O&M Costs Base or OH Maintenance. These breakouts help the plant plan and manage their work, but are not separated out on the face of the monthly invoice or accompanying detail provided to Avista.

Please also see Staff-DR-125 Attachment B. In the Company's direct filed case it had provided Pro forma Adjustment 3.20 (CS2-Colstrip Major Maintenance) which normalized the Colstrip and Coyote Springs II major (overhaul) O&M expense based on the period 2018-2020. This update captures actual 2020 Colstrip major (overhaul) O&M expense, increasing the normalized (2018-2020) adjusted O&M for Colstrip/CS2 proposed for the rate period of \$1.8 million system, or \$1.2 million Washington share. (CS2 did not have overhaul expense in 2020.) As shown on Staff-DR-125 Attachment B, the impact of this update for 2020 actual expense, increases the Company's major O&M expense by approximately \$49,000, and revenue requirement \$51,000, from our direct filed case.<sup>2</sup>

<sup>2</sup> Pro Forma Adjustment 3.20 adjusts transmission expense from the as-filed reduction of \$16,000 to an increase of \$33,000, a net change (increase in expense) of \$49,000 from the Company's filed case. See Staff-DR-125 Attachment B.



**Colstrip O&M Overhaul 2020**

<b>Month</b>	<b>Total O&amp;M Related Overhaul</b>
January	-
February	30,730.72
March	-
April	281,375.73
May	71,701.17
June	267,235.69
July	47,015.71
August	98,083.95
September	404,124.88
October	633,225.55
November	748,975.34
December	469,258.38
<b>TOTAL</b>	<b>3,051,727.11</b>