

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	06/14/2021
CASE NO:	200900-901-894	WITNESS:	Elizabeth Andrews
REQUESTER:	Bench	RESPONDER:	Liz Andrews
TYPE:	Bench Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Bench Request No. 1	TELEPHONE:	(509) 495-8601
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**REQUEST:**

Related to revenue requirement and the Excel versions of Exh. EMA-8 (electric) and Exh. EMA-9 (natural gas) submitted on rebuttal, please submit new Excel versions of Exh. EMA-8 and Exh. EMA-9 according to the instructions in parts (a)-(c), below. Your response to this bench request must only include two Excel workbooks (one for Exh. EMA-8 and one for Exh. EMA-9) and may include a narrative detailing all necessary modifications made to the exhibits in order to respond to this bench request. Any reference to workpapers or material not contained in testimony or exhibits is inappropriate. The Commission does not consider workpapers when evaluating exhibits proposed as evidence by the parties.

- a. The models must be fully functional and comply with WAC 480-07-140(6)(a)(ii): all hardcoded numbers located in spreadsheet “ADJ DETAIL-INPUT”, range F14:BD79 (electric) and range F14:AV78 (natural gas), must be linked to the underlining calculations and must include all underlining calculations as separate spreadsheets within the appropriate workbook (Exh. EMA-8 (electric) or Exh. EMA-9 (natural gas)). For all hardcoded numbers in the underlining calculations, you must only provide citations to another exhibit, or otherwise provide where the number came from (*i.e.* pulled from the Company’s accounting system on a specified date).
- b. In addition to the requirements above in part (a), the spreadsheet “PROPOSED RATES” in each submitted workbook (one for Exh. EMA-8 and one for Exh. EMA-9) must separately state in separate columns (1) the restated results of operations and (2) the pro forma results of operations.
- c. In addition to the requirements in parts (a) and (b), and in compliance with the Commission’s Used and Useful Policy Statement (paragraph 34), instead of the two adjustments proposed by Avista, create four separate adjustments related to adjustments 3.18 (EIM) and 3.19 (Colstrip 3 and 4): one for each of the traditional portions of adjustments 3.18 (EIM) and 3.19 (Colstrip 3 and 4) and an additional one each for the provisional portions of the adjustments.

**RESPONSE:**

- a. See attached files “Bench Request 1 - Attachment A Exh. EMA-8 Rebuttal-Case 2019 WA Electric RR Model AMA 10.2021” and “Bench Request 1 - Attachment B Exh. EMA-9 Rebuttal-Case 2019 WA Natural Gas RR Model AMA 10.2021”, for revised models responsive to this Bench Request No. 1. Both models have been revised to include a separate tab labeled “Adj Cites to Exh EMA-5 & EMA-11” which references the individual files filed in the Company’s direct filing (Exh. EMA-5) and on Rebuttal (Exh. EMA-11), providing electronic supporting documents that support each individual restating and pro forma adjustment on direct, or as updated on rebuttal. Where adjustments have changed

based on Bench Request 1 part c., a reference to files included as a part of this bench request (part c only) is also cited.

Please note, in the Company's direct filed case, the Company had filed Exh. EMA-5 which included supporting native files for each restating and pro forma adjustment. The files for each adjustment were separately included in individual "folders" by adjustment label (1.00 – 1.04, 2.01-2.19, and 3.00P– 3.21 for electric, and 1.00-1.04, 2.01-2.15, and 3.01-3.18 for natural gas). To upload to the WUTC website, the Records Center removed the individual files from the labeled folders, added the prefix "**200900-200901-Andrews**" (Exh-EMA-5 was not included in the new label) then posted to the WUTC cite, losing the folder references. On Rebuttal, the Company modified the labeling of rebuttal files supporting each adjustment which had been revised on rebuttal, and provided these as individual files with the following "prefix" "200900-901-AVA-Exh-EMA-11," providing these files as Exh. EMA-11. Due to the volume of adjustments (and files) and the possible issues between linking, these files are not linked to Avista's revenue requirement models, or included as individual tabs within the models, to do so would make these models unweilding to use and support.

- b. See attached files Bench Request 1 - Attachment A Exh. EMA-8 Rebuttal-Case 2019 WA Electric RR Model AMA 10.2021 and Bench Request 1 - Attachment B Exh. EMA-9 Rebuttal-Case 2019 WA Natural Gas RR Model AMA 10.2021, for a revised tab in each labeled "PROPOSED RATES-Revised BR-1b".
- c. See attached files Bench Request 1 - Attachment A Exh. EMA-8 Rebuttal-Case 2019 WA Electric RR Model AMA 10.2021, in tab "ADJ DETAIL-INPUT", the previous adjustments 3.18 "Pro Forma EIM Expenditures" and 3.19 "Pro Forma Colstrip Cap & Amortization", have been split into two separate adjustments each as follows:
  - 3.18PF "Pro Forma EIM Expenditures" – which includes "pro forma" expenses and capital additions from January 2020 through September 30, 2021. See file attached: "Bench Request 1 - Attachment C - 3.18 PF 2020 Capital EIM Staff-DR-107 Supplemental 1 - Attachment A-PF ADJ". The EIM Pro Forma adjustment has been revised to include net rate base additions of \$8.7 million, a reduction to net operating income (NOI) of \$2.0 million, and a resulting revenue requirement increase of \$3.5 million.
  - 3.18PV "Provisional EIM Expenditures" – which includes "provisional" capital additions and depreciation expense for the one project moving into service March 2022.<sup>1</sup> See file attached: "Bench Request 1 - Attachment D - 3.18 PV 2020 Capital EIM Staff-DR-107 Supplemental 1 - Attachment A-Provisional ADJ". The EIM Provisional adjustment includes net rate base additions of \$3.9 million, a reduction to NOI of \$0.6 million, and a resulting revenue requirement increase of \$1.2 million.

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<sup>1</sup> As discussed by Mr. Kinney at Exh. SJK-13T, Avista needs to complete all its EIM equipment upgrades / replacements and integrate all new software by July 1, 2021 per the CAISO implementation schedule. However, although the equipment-related projects will be complete by July 1, 2021, the software applications (while complete) will not officially transfer-to-plant until all testing is complete and the Company officially joins the EIM in March 2022.

- 3.19PF “Pro Forma Colstrip Cap & Amortization” - which includes “pro forma” expenses, Colstrip regulatory amortization and capital additions from January 2020 through September 30, 2021. See files attached:  
 “Bench Request 1 - Attachment E - 3.19 a) PF 2020 Capital Colstrip - Staff-DR-107 Supplemental 2 -Attachment A-Revised” - contains the ARO and regulatory amortization portions of the 3.18PF Pro Forma Colstrip adjustment.

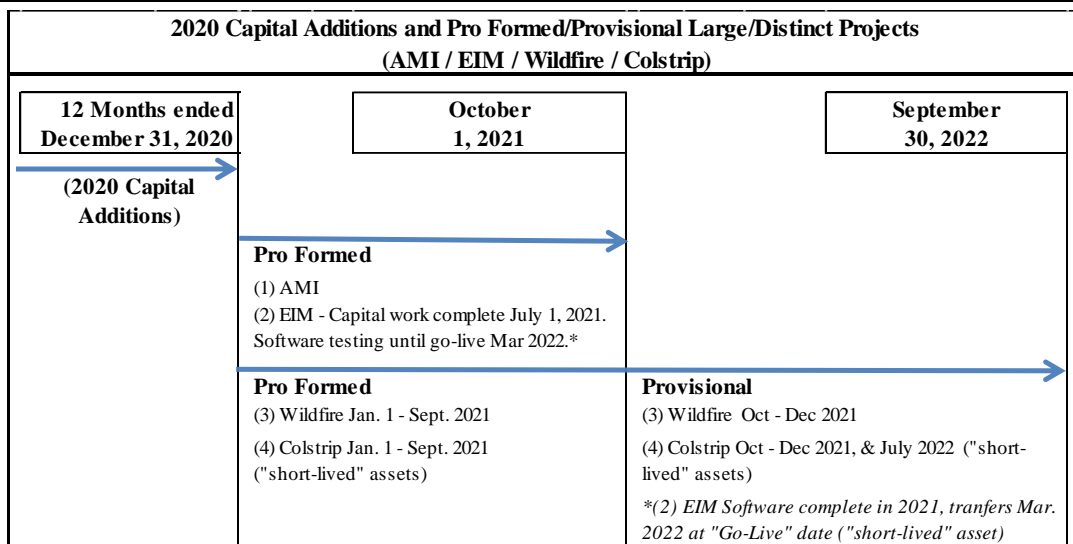
“Bench Request 1 - Attachment F - 3.19 b) PF 2020 Colstrip Capital Staff-DR-107 Supplemental 2 - Attachment B-Revised-PF ADJ” – contains the Pro Forma capital portion of the adjustment.

The Colstrip Pro Forma adjustment includes an overall reduction to net rate base of \$21.5 million associated with a reduction in net plant after ADFIT of \$17.2 million and a reduction to regulatory deferred debits/credits of \$4.3 million. NOI increased \$1.1 million and the resulting revenue requirement is a decrease of \$3.5 million.

- 3.19PV “Provisional Colstrip Cap & Amortization” - which includes “provisional” depreciation expense and capital additions from October 1, 2021 through December 31, 2021 and one project planned for in-service July 2022. See file attached:  
 “Bench Request 1 - Attachment G - 3.19 b) PV 2020 Colstrip Capital Staff-DR-107 Supplemental 2 - Attachment B-Revised-Provisional ADJ.” The Colstrip Provisional adjustment includes net rate base additions of \$1.0 million, a reduction to NOI of \$0.7 million, and a resulting revenue requirement increase of \$1.0 million.

Please note, while this requests specifically asks for provisional portions of adjustments for EIM and Colstrip, the Company had discussed provisional capital additions for Wildfire as well. On rebuttal, at page 15 the Company outlined in the following illustration the pro forma and provisional capital additions.

**Illustration No. 1 - 2020 Capital Additions and Pro Formed/Provisional Large/Distinct Projects<sup>2</sup>**



[Illustration No. 1 per Andrews Exh. EMA-6T, page 15.]

<sup>2</sup> Avista noted in its direct case starting at page 29 of Exh. EMA-1T, since provisional capital adjustments going into service during the rate year are limited, an actual prudency determination on such plant, can either occur immediately after the projects are complete, or can wait until the next general rate case.

Also noted at EMA-6T, page 13, lines 8-14 “...included are specific “provisional” large and distinct capital projects planned for completion during the rate effective period, specifically, three months of Wildfire capital additions October 1, 2021 through December 31, 2021<sup>3</sup>, as well as Colstrip Units 3 and 4 investment additions from October 1, 2021 to December 31, 2021, and one project to be complete as of July 2022. The Colstrip investments were included through the rate effective period to reflect short or accelerated depreciable lives.”

EIM had not been listed as “provisional” as the EIM software project would be complete by July 2021, however, this project would not transfer to plant-in-service until March 2022 at “go-live” of EIM and after testing had occurred [see footnote 1 above]. So while this asset would not move into service, review (audit) of this project could be completed in 2021.

For Wildfire, the previous adjustment 3.17 “Pro Forma Wildfire Plan” has been split into two separate adjustments. See attached files Bench Request 1 - Attachment A Exh. EMA-8 Rebuttal-Case 2019 WA Electric RR Model AMA 10.2021, in tab “ADJ DETAIL-INPUT”, as follows:

- 3.17PF “Pro Forma Wildfire Plan” – which includes “pro forma” expenses and capital additions from January 2020 through September 30, 2021. See file attached: “Bench Request 1 - Attachment H 3.17 PF 2020 Capital Wildfire - Staff-DR-107 Supplemental 1 - Attachment A-PF ADJ”. The Wildfire Plan Pro Forma adjustment includes net rate base additions of \$9.4 million, a reduction to NOI of \$3.3 million, and a resulting revenue requirement increase of \$5.4 million.
- 3.17PV “Provisional Wildfire Plan” – which includes “provisional” capital additions and depreciation expense for the capital additions October 1, 2021 through December 2021. See file attached: “Bench Request 1 - Attachment I 3.17 PV 2020 Capital Wildfire - Staff-DR-107 Supplemental 1 - Attachment A-Provisional ADJ”. The Wildfire Plan Provisional adjustment includes net rate base additions of \$1.8 million, a reduction to NOI of \$25,000, and a resulting revenue requirement increase of \$209,000.

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<sup>3</sup> The wildfire capital additions in 2021 include additions through December 2021, -i.e., just three months of capital expenditures into the beginning of the rate effective period. This portion represent a minimal amount of revenue requirement after considering the impact of AD and ADFIT included by a djusting the total balance to an AMA basis for the rate effective period.