

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, dba
AVISTA UTILITIES,

Respondent.

DOCKETS UE-150204 and
UG-150205 (*Consolidated*)

COMMISSION STAFF'S MOTION
TO REOPEN RECORD FOR THE
LIMITED PURPOSE OF RECEIVING
INTO EVIDENCE INSTRUCTION
ON USE AND APPLICATION OF
STAFF'S ATTRITION MODEL

I. MOTION

In accordance with WAC 480-07-375 and WAC 480-07-830, Commission Staff ("Staff") requests that the Washington Utilities and Transportation Commission ("Commission") exercise its discretion either on its own motion or on this motion to "reopen the record to allow receipt of evidence that is essential to a decision and that was unavailable and not reasonably discoverable with due diligence at the time of the hearing or for any other good and sufficient cause."¹ For good cause, Staff requests that the Commission waive the requirement that this motion be made prior to the final order in this case.² The Commission may modify the application of its procedural rules under WAC 480-07-110. It should do so here.

¹ Though, as always, Commission Staff stands ready to supplement the record in response to Commission bench requests.

² "[T]he provision in this rule stating that '[a]ny party may file a motion to reopen the record at any time after the close of the record and before entry of the final order' is not meant to be exclusive and does not imply that the record in a proceeding cannot be reopened after entry of a final order. Indeed, RCW 34.05.476(2)(i) provides that an order on reconsideration is part of the official agency record in a proceeding. It follows that every filing that might precede and lead to an order on reconsideration can be considered for inclusion in the record on a party's motion, or the Commission's own motion, to reopen the record after a final order. Reopening the record is an act of Commission discretion, as expressly provided in RCW 34.05.476." *In the Matter of the Petition of Puget Sound Energy, Inc., For Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs*, Docket UE-121373, Order 08, *Order Granting, In Part, And Denying, In Part, Puget Sound Energy, Inc.'s, Petition For Reconsideration And Granting Motion To Reopen Record*, pp. 23-24 at ¶ 40 (June 25, 2013).

II. ARGUMENT

Avista's revenue requirement for electric operations has been the subject of nothing short of two motions and two Order Conferences since the Commission issued its Order 05 on January 6, 2016: (1) Staff's Motion to Reconsider filed on January 19, 2016, and (2) ICNU and Public Counsel's Joint Motion for Clarification filed that same day. In each pleading, and in each Conference, the parties questioned the calculation of the Commission's revenue requirement for Avista's electric operations.

On January 6, 2016, the day the Commission issued its Order, the Commission convened an Order Conference to discuss the calculation of Avista's revenue requirement as reflected in the Commission's Order. In attendance were the Commission's Accounting Advisor, Administrative Law Judge, the Company, ICNU, Public Counsel, and Staff.

On February 3, 2016, the Commission convened a Second Order Conference to discuss its calculation of Avista's revenue requirement for electric operations and the method by which it determined that result. Prior to the Second Order Conference, the Commission issued Bench Requests 19 and 20, which among other things required Staff to provide updates to its attrition model (previously filed as Exh. No. CRM-2), and all work papers demonstrating the revised revenue requirement referenced in Staff's Motion to Reconsider. Staff responded to these Bench Requests on January 26, 2016, and provided printed copies of its response on January 28, 2016.

At the Second Order Conference, the Commission's Accounting Advisor described the Commission's reliance on Staff's attrition model (Exh. No. CRM-2) to determine Avista's revenue requirement. The Accounting Advisor identified perceived limitations on the Commission's ability to effectively use Staff's attrition model and input the results of Avista's

Power Cost Update filed October 29, 2015. In each instance, the Accounting Advisor discussed the limitations placed on the Commission by the record evidence in this case.

To facilitate the Commission's analysis, Staff seeks to reopen the record for the limited purpose of providing helpful information to the Commission on the application and use of its attrition model, including the impacts of Commission determinations in Order 05. Further, Staff seeks to supplement the record as necessary to fully incorporate all aspects of Avista's Power Cost Update and its elements, whether incorporated within or without the attrition model.

Taking direction from comments made by Commission representatives at the Second Order Conference, Staff has replicated and revised the Commission's adjustments in the attached attrition model (Attachment A, Proposed Exh. No. CRM-2.1, Attachment B, Tables Illustrating Recalculations, and Attachment C, Instructions for Use of Model). Like the Commission's analysis, Staff's analysis is founded on its attrition model, which has been updated to include additional instruction on the model's use and implementation. Staff's updated revenue requirement for Avista's electric operations is a *negative* \$19.6 million, a reduction of approximately \$11.5 million in the revenue requirement set forth in Order 05.

Staff's motion is necessary under the circumstances now confronting the Commission. The Second Order Conference highlighted the factors affecting the Commission's revenue requirement decision. By reopening the record, the Commission will be able to address its specific issues, and remove any limitations on its ability to calculate Avista's revenue requirement based on Staff's updated attrition model. Moreover, reopening the record would not prejudice any party. This is so even if the Commission's review results in a properly revised revenue requirement. No party can claim to be harmed by Commission action correcting a calculation.

III. CONCLUSION

It is imperative that the Commission reopen the record in this proceeding to establish the correct, valid revenue requirement for the Company. It is well settled that the formulation of a revenue requirement is directly impacted by changes in expenses, such as power costs. The fact that a model did not properly reflect the impact of a documented change in power costs does not change the fact that the impact has occurred. Knowledge of the Staff model's inability to properly account for power cost changes now requires that the record be reopened so that a revenue requirement can be determined that accounts for major changes in costs such that the resulting rates are indeed fair, just, reasonable and sufficient. Without question, the Commission has full authority to reopen the record to supplement the evidence affecting its revenue requirement decision, and to make changes to Order 05 consistent with the revised record. Staff strongly recommends that it do so.

DATED this 4th day of February 2016.

Respectfully submitted,

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