

Exh. JH-9
Dockets UE-190334, UG-190335,
and UE-190222
Witness: Joanna Huang

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-190334, UG-190335,
and UE-190222 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Joanna Huang

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Pro Forma Property Tax, Adjustment 3.08

October 3, 2019

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Property Tax
	Adjustment Number	3.08
	Workpaper Reference	E-PPT
REVENUES		
1	Total General Business	\$0
2	Interdepartmental Sales	-
3	Sales for Resale	-
4	Total Sales of Electricity	-
5	Other Revenue	-
6	Total Electric Revenue	-
EXPENSES		
Production and Transmission		
7	Operating Expenses	-
8	Purchased Power	-
9	Depreciation/Amortization	-
10	Regulatory Amortization	-
11	Taxes	1,064
12	Total Production & Transmission	1,064
Distribution		
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	(11)
16	Total Distribution	(11)
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
Administrative & General		
20	Operating Expenses	-
21	Depreciation/Amortization	-
22	Regulatory Deferrals/Amortization	-
23	Taxes	-
24	Total Admin. & General	-
25	Total Electric Expenses	1,053
26	OPERATING INCOME BEFORE FIT	(1,053)
FEDERAL INCOME TAX		
27	Current Accrual	(221)
28	Debt Interest	-
29	Deferred Income Taxes	-
30	Amortized ITC - Noxon	-
31	NET OPERATING INCOME	(832)
RATE BASE		
PLANT IN SERVICE		
32	Intangible	\$0
33	Production	-
34	Transmission	-
35	Distribution	-
36	General	-
37	Total Plant in Service	-
ACCUMULATED DEPRECIATION/AMORT		
38	Intangible	-
39	Production	-
40	Transmission	-
41	Distribution	-
42	General	-
43	Total Accumulated Depreciation	-
44	NET PLANT	-
45	DEFERRED TAXES	-
46	Net Plant After DFIT	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-
48	WORKING CAPITAL	-
49	TOTAL RATE BASE	\$0

AVISTA UTILITIES
WASHINGTON NATURAL GAS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Property Tax
	Adjstment Number	3.08
	Workpaper Reference	G-PPT
	REVENUES	
1	Total General Business	\$ -
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	-
	EXPENSES	
	Production Expenses	
5	City Gate Purchases	-
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	-
	Underground Storage	
9	Operating Expenses	-
10	Depreciation/Amortization	-
11	Taxes	6
12	Total Underground Storage	6
	Distribution	
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	97
16	Total Distribution	97
17	Customer Accounting	
18	Customer Service & Information	-
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	-
21	Depreciation/Amortization	-
22	Regulatory Amortizations	
23	Taxes	-
24	Total Admin. & General	-
25	Total Gas Expense	103
26	OPERATING INCOME BEFORE FIT	(103)
	FEDERAL INCOME TAX	
27	Current Accrual	(22)
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ (81)
	RATE BASE	
	PLANT IN SERVICE	
32	Underground Storage	\$ -
33	Distribution Plant	-
34	General Plant	-
35	Total Plant in Service	-
	ACCUMULATED DEPRECIATION/AMORT	
36	Underground Storage	-
37	Distribution Plant	-
38	General Plant	-
39	Total Accumulated Depreciation/Amortization	-
40	NET PLANT	-
41	DEFERRED TAXES	-
42	Net Plant After DFIT	-
43	GAS INVENTORY	-
44	GAIN ON SALE OF BUILDING	-
45	OTHER	
46	WORKING CAPITAL	-
47	TOTAL RATE BASE	\$ -

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/19/2019
CASE NO.:	UE-190334 & UG-190335	WITNESS:	Liz Andrews
REQUESTER:	UTC Staff-Steward	RESPONDER:	Jeanne Pluth/Megan Kennedy
TYPE:	Data Request	DEPT:	Regulatory Affairs/Tax
REQUEST NO.:	Staff - 088	TELEPHONE:	(509) 495-2204/8144
		EMAIL:	jeanne.pluth@avistacorp.com

REQUEST:

Regarding Ms. Andrews' property tax workpaper titled 2019-01-10 - FINAL 2018-REVISED 2019 values-rollfrwr-2023frst, please provide support, including documentation, for the increased rates in property tax projected for forward looking years.

RESPONSE:

The values in columns Z, AA, and AB for 2021, 2022 and 2023 are from the Company's five year forecast of property tax expense. The values in columns T, V, and X for 2018, 2019 and 2020 are from an adjusted version of the Company's five year forecast of property tax expense where the tax rate for each state has been maintained at the 2018 estimated rate throughout the 2020 forecast period (no 2% escalation in the tax rates).

The Pro Forma property tax expense presented in Ms. Andrews' studies include the estimates for 2020 only. For 2021 and beyond, which were escalated by 2% rate increase, the estimates were not included in this general rate case.

Since filing the case, the Company has finalized its 2018 Washington state property taxes. In addition, The Company has received its assessed values for 2019. The Company updated its property tax forecast, which is the same spreadsheet referred to in this data request, and has provided it as Staff-DR-088 Attachment B. The Company has removed the escalation of the tax rate. Using the data in this spreadsheet, the Company's PF Adjustment 3.08 has been updated and has been provided as Staff-DR-088 Attachment A. Pro forma property taxes for 2020 has decreased from the amount originally filed, as follows:

	WA Electric	WA Gas
Adjustment, as filed	\$ 3,558,274	\$ 475,894
Adjustment, as updated	1,052,718	103,435
Reduction to Property Tax Expense in GRC	\$(2,505,556)	\$(372,459)

	PAYMENTS MADE TO JURISDICTIONS FOR ELECTRIC						ALLOCATION		
	Washington	Idaho	Montana	Oregon	Colstrip	Total	65.39% Washington	34.61% Idaho	Total
Actual Per Results									
P/T:									
408150	3,474,760	1,314,514	9,625,605	3,217,717	3,294	17,635,890	11,532,109	6,103,782	17,635,891
408180	3,321,009	1,630,742	1,512,721	12,214	-	6,476,686	4,235,105	2,241,581	6,476,686
P/T Total	6,795,769	2,945,256	11,138,325	3,229,931	3,294	24,112,576	15,767,214	8,345,363	24,112,577
Dist:									
408170	8,579,274	3,255,283	-	-	-	11,834,557	8,579,274	3,255,283	11,834,557
Actual Per Results	15,375,043	6,200,540	11,138,325	3,229,931	3,294	35,947,134	24,346,488	11,600,646	35,947,134

Current Period									
Expense	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
P/T:									
408150	3,328,275	1,314,694	9,637,579	3,217,717	3,294	17,501,559	11,444,269	6,057,290	17,501,559
408180	3,181,006	1,630,964	1,514,622	12,214	-	6,338,806	4,144,945	2,193,861	6,338,806
P/T	6,509,281	2,945,658	11,152,200	3,229,931	3,294	23,840,365	15,589,214	8,251,151	23,840,365
Dist:									
408170	8,217,600	3,255,727	-	-	-	11,473,327	8,217,600	3,255,727	11,473,327
	14,726,881	6,201,385	11,152,200	3,229,931	3,294	35,313,692	23,806,814	11,506,878	35,313,692

Restating Adjustment									
P/T:	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
408150	(146,485)	179	11,974	-	-	(134,331)	(87,840)	(46,492)	(134,332)
408180	(140,003)	222	1,901	-	-	(137,880)	(90,160)	(47,720)	(137,880)
P/T	(286,488)	402	13,875	-	-	(272,211)	(178,000)	(94,212)	(272,212)
Dist:									
408170	(361,674)	444	-	-	-	(361,230)	(361,674)	444	(361,230)
	(648,162)	846	13,875	-	-	(633,441)	(539,674)	(93,768)	(633,442)

Pro Forma Period									
Expense	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
P/T:									
408150	3,323,782	1,464,920	10,626,917	3,371,402	3,294	18,790,316	12,286,987	6,503,328	18,790,315
408180	3,176,712	1,817,330	1,670,083	12,798	-	6,676,922	4,366,040	2,310,883	6,676,923
P/T	6,500,494	3,282,250	12,297,000	3,384,200	3,294	25,467,238	16,653,027	8,814,211	25,467,238
Dist:									
408170	8,206,506	3,627,750	-	-	-	11,834,256	8,206,506	3,627,750	11,834,256
	14,707,000	6,910,000	12,297,000	3,384,200	3,294	37,301,494	24,859,533	12,441,961	37,301,494

PF Adjustment									
P/T:	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Total
408150	(4,493)	150,226	989,338	153,685	(0)	1,288,756	842,718	446,039	1,288,756
408180	(4,294)	186,366	155,461	583	-	338,116	221,094	117,022	338,116
P/T	(8,787)	336,592	1,144,800	154,269	(0)	1,626,872	1,063,812	563,061	1,626,872
Dist:									
408170	(11,094)	372,023	-	-	-	360,929	(11,094)	372,023	360,929
	(19,881)	708,615	1,144,800	154,269	(0)	1,987,802	1,052,718	935,083	1,987,802
Originally Filed Adjustment							3,558,274	1,696,528	5,254,802
GRC Restatement Adjustment							(2,505,556)	(761,445)	(3,267,000)

	PAYMENTS MADE TO JURISDICTIONS FOR NATURAL GAS						ALLOCATION			
	Washington	Idaho	Montana	Oregon	Colstrip	Total	Washington	Idaho	Oregon	Total
Actual Per Results										
U/G Storage (1):										
408190	483,395					483,395	301,792	134,955	46,648	483,395
Dist:										
408170	3,398,449	1,765,710		4,045,342		9,209,500	3,398,449	1,765,710	4,045,342	9,209,500
Actual Per Results	3,881,843	1,765,710	-	4,045,342	-	9,692,895	3,700,241	1,900,665	4,091,990	9,692,895
							U/G Storage Allocation			
							<u>Washington</u>	<u>Idaho</u>	<u>Oregon</u>	
							62.43%	27.92%	9.65%	
Current Period										
Expense	3,836,805	1,765,710	-	4,045,342	-	9,647,857				
U/G Storage:										
408190	358,270					358,270	223,675	100,022	34,573	358,270
Dist:										
408170	3,478,535	1,765,710		4,045,342		9,289,587	3,478,535	1,765,710	4,045,342	9,289,587
	3,836,805	1,765,710	-	4,045,342	-	9,647,857	3,702,210	1,865,732	4,079,915	9,647,857
Restating Adjustment										
U/G Storage:										
408190	(125,125)	-	-	-	-	(125,125)	(78,117)	(34,933)	(12,075)	(125,125)
Dist:										
408170	80,087	-	-	-	-	80,087	80,087	-	-	80,087
	(45,038)	-	-	-	-	(45,038)	1,970	(34,933)	(12,075)	(45,038)
Pro Forma Period										
Expense	3,944,000	1,982,000	-	4,339,000	-	10,265,000				
U/G Storage:										
408190	368,280					368,280	229,924	102,817	35,539	368,280
Dist:										
408170	3,575,720	1,982,000	-	4,339,000		9,896,720	3,575,720	1,982,000	4,339,000	9,896,720
	3,944,000	1,982,000	-	4,339,000	-	10,265,000	3,805,644	2,084,817	4,374,539	10,265,000
PF Adjustment										
U/G Storage:										
408190	10,010	-	-	-	-	10,010	6,249	2,794	966	10,010
Dist:										
408170	97,185	216,290	-	293,658	-	607,134	97,185	216,290	293,658	607,134
	107,195	216,290	-	293,658	-	617,143	103,435	219,085	294,624	617,143
Originally Filed Adjustment							475,894	224,148	798,602	1,498,644
GRC Restatement Adjustment							(372,459)	(5,063)	(503,978)	(881,501)

		Service	Jurisdiction							
Sum of Transaction Amount - 2018 Actual		ED					GD			Grand Total
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	ID	OR	WA	
408150	TAXES OTHER THAN INC-PROD PROP	3,294	1,314,514	9,625,605	3,217,717	3,474,760				17,635,890
408170	TAXES OTHER THAN INC-DIST PROP		3,255,283			8,579,274	1,765,710	4,045,342	3,398,449	21,044,058
408180	TAXES OTHER THAN INC-TRANS PRO		1,630,742	1,512,721	12,214	3,321,009				6,476,686
408190	TAXES OTHER THAN INC - STORAGE								483,395	483,395
Grand Total		3,294	6,200,540	11,138,325	3,229,931	15,375,043	1,765,710	4,045,342	3,881,843	45,640,029
Sum of Transaction Amount - 2018 Less 2017 True-Up Costs		ED					GD			Grand Total
FERC Account	FERC Account Description	AN	ID	MT	OR	WA	ID	OR	WA	
408150	TAXES OTHER THAN INC-PROD PROP	3,294	1,314,694	9,637,579	3,217,717	3,328,275				17,501,559
408170	TAXES OTHER THAN INC-DIST PROP		3,255,727			8,217,600	1,765,710	4,045,342	3,478,535	20,762,914
408180	TAXES OTHER THAN INC-TRANS PRO		1,630,964	1,514,622	12,214	3,181,006				6,338,806
408190	TAXES OTHER THAN INC - STORAGE								358,270	358,270
Grand Total		3,294	6,201,385	11,152,200	3,229,931	14,726,881	1,765,710	4,045,342	3,836,805	44,961,549

Year	Accting Period	FERC Acct	Journal Name	Ser	Jur	Transaction Description	Transaction Amoun	Description	Date
2018	201809	408170	500-TAX OTHER THAN INC 201809 DJ USD	ED	ID	ID ED 2017 Distribution Property Tax	(444)		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	ID	ID ED 2017 Other Property Tax	(52)		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	ID	ID ED 2017 Hydro Property Tax	(127)		2017
2018	201809	408180	500-TAX OTHER THAN INC 201809 DJ USD	ED	ID	ID ED 2017 Transmission Property Tax	(222)		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	MT	MT ED 2017 Thermal Property Tax	(7,049)		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	MT	MT ED 2017 Hydro Property Tax	(4,926)		2017
2018	201809	408180	500-TAX OTHER THAN INC 201809 DJ USD	ED	MT	MT ED 2017 Transmission Property Tax	(1,901)		2017
2018	201805	408170	500-TAX OTHER THAN INC 201805 DJ USD	ED	WA	Wa Electric 2017 Distribution Property Tax	361,235		2017
2018	201809	408170	500-TAX OTHER THAN INC 201809 DJ USD	ED	WA	Wa ED 2017 Distribution Property Tax	439		2017
2018	201805	408150	500-TAX OTHER THAN INC 201805 DJ USD	ED	WA	WA Electric 2017 Thermal Property Tax	36,900		2017
2018	201805	408150	500-TAX OTHER THAN INC 201805 DJ USD	ED	WA	WA Electric 2017 Other Property Tax	19,421		2017
2018	201805	408150	500-TAX OTHER THAN INC 201805 DJ USD	ED	WA	WA Electric 2017 Hydro Property Tax	89,985		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	WA	WA ED 2017 Thermal Property Tax	45		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	WA	WA ED 2017 Other Property Tax	24		2017
2018	201809	408150	500-TAX OTHER THAN INC 201809 DJ USD	ED	WA	WA ED 2017 Hydro Property Tax	109		2017
2018	201805	408180	500-TAX OTHER THAN INC 201805 DJ USD	ED	WA	WA Electric 2017 Transmission Property Tax	139,833		2017
2018	201809	408180	500-TAX OTHER THAN INC 201809 DJ USD	ED	WA	WA ED 2017 Transmission Property Tax	170		2017
							<u>633,441</u>		
2018	201805	408190	500-TAX OTHER THAN INC 201805 DJ USD	GD	WA	WA Gas 2017 Property Tax - Storage	125,125		2017
2018	201805	408170	500-TAX OTHER THAN INC 201805 DJ USD	GD	WA	WA Gas 2017 Property Tax	(80,087)		2017
							<u>45,038</u>		

These costs were expensed in 2018 but were for 2017.