

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKETS UE-200900 and UG-200901
	)	(Consolidated)
Complainant,	)	
v.	)	
	)	
AVISTA CORPORATION, d/b/a AVISTA	)	
UTILITIES,	)	
	)	
Respondent.	)	
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In the Matter of the Petition of	)	DOCKET UE-200894
	)	
AVISTA CORPORATION, d/b/a AVISTA	)	AVISTA’S ANSWER TO STAFF’S
UTILITIES,	)	MOTION TO STRIKE
	)	
For an Accounting Order Authorizing	)	
Accounting and Ratemaking Treatment of Costs)	)	
Associated With the Company’s Wildfire	)	
Resiliency Plan	)	

1 Avista Corporation (hereinafter “Avista”) hereby answers Staff’s Motion to Strike.

**I. INTRODUCTION**

2 Avista is largely indifferent as to whether the contested language in its Response to Bench  
Request No. 11 appears here or in its Post-Hearing Brief -- just so long as what it proposes is  
entertained by the Commission.

3 Avista chose this opportunity to propose what should be fairly understood as a revised  
position in the context of Bench Request No. 11, for two simple reasons: (1) it is a natural extension  
of what it otherwise proposed for “provisional” adjustments, by way of an after-the-fact review in  
its next GRC, along with refund protection for customers; and (2) by raising it now, it provides an  
opportunity for other parties to weigh in, perhaps even supporting Avista’s revised position

because it answers their expressed concerns over the time and ability to audit certain select adjustments. For that reason, Avista distributed its Response to all parties last week, and filed its final version two (2) days in advance of the deadline. It wanted to provide “fair notice” to other parties -- something that would not be possible if it first raised this modified position in its Post-Hearing Brief.

4 Avista, however, wants to be perfectly clear what this is not about: It is not “new testimony or evidence” as suggested by Staff. Instead, it is a modification of Avista’s existing position, that “relaxes” its initial request for a final prudence determination now of capital spent between April 21, 2021 (date of Responsive Testimony) and October 1, 2021 (when new rates become effective), in favor of a later determination of prudence in its next GRC, coupled with ongoing reporting and the possibility of a refund for any imprudent expenditures. As such it is a “concession” or “compromise.” Essentially, it answers all of Staff’s concerns over their ability to audit certain select adjustments.

## **II. AVISTA’S RESPONSE PROVIDED FAIR NOTICE AND AN OPPORTUNITY TO RESPOND**

5 At the outset, the Company could have elected to advise the Commission and the Parties in its Post-Hearing Brief that it was taking what is, in fact, a “less favorable position” (to it) than what it had advocated -- namely, agreeing to make any proforma adjustments after the filing of Response Testimony subject to later review and possible refund (instead of requesting -- as it did -- that the final determination of prudence occur at this time). One would have supposed that this proposal would have been greeted with some enthusiasm by Staff, because it provides the opportunity for an after-the-fact review, with more than sufficient time to audit a very limited number of issues.

6 The Company chose to raise what amounts to a “compromise” on its part in the context of this Bench Request, instead of waiting to do so, as is clearly its prerogative, in its Post-Hearing Brief, in order to hopefully elicit support from the Parties. Had it wanted to raise this in the Post-Hearing Brief, there would not have been an opportunity for other parties to respond, and that would not be fair. Avista welcomes any response to what is a well-intended proposal.

7 So Avista chose to circulate a draft of this Response (identical to what was filed) last Thursday, July 22, 2021, to all parties, so they would have a fair opportunity to provide their comments nearly a week later (Wednesday, July 28, 2021).

**III. AVISTA’S MODIFIED POSITION DOES NOT DEPEND ON  
NEW EVIDENCE OR TESTIMONY**

8 Staff seeks to depict this as an attempt to “introduce new testimony and advocacy into the record in the guise of a bench request response.” (Staff Motion at ¶ 11). This is not new testimony, or even “testimony” per se; rather it is a simple statement of position and advocacy based on the existing record. Any party is free to revise their positions, even as late as the Post-Hearing Brief, and they frequently do -- for example, any party may, on brief, decide to abandon or modify a position that it had taken during the hearing. If anything, this provides further clarity for the Commission. In this case, Avista is actually taking a “less favorable” position on an issue than it had previously taken, by suggesting an “after the fact” review with refund protections, instead of a final determination now.

9 This Bench Request provided a sensible opportunity to offer up this compromise because it is a mere logical extension of the protections of the Policy Statement on used and useful property to a select few adjustments after the April 21 filing of Response Testimony. Please remember that subpart (b)(ii) of the Bench Request asks whether the suggested review process would extend to

other “provisional” adjustments (such as AMI, Colstrip, Wildfire, in addition to EIM). And Avista’s answer was that it would. Each of those “provisional” adjustments also have a component that reflects expenditures from April 21, 2021 to October 1, 2021, and it is only reasonable to suggest that expenditures in these four distinct “provisional” areas also be captured by the same proposal (i.e., put them into effect subject to later review and refund). That is not much of a stretch at all. Avista’s Response merely proposed that as a compromise, hoping to elicit support.

**IV. AVISTA’S MODIFIED POSITION WILL PROVIDE AT LEAST  
AN OPPORTUNITY FOR LATER COST RECOVERY**

10 Paradoxically, in its actual Response to Bench Request No. 11, Staff asserted that, “Staff takes no position on the EIM review process nor on the review process for any provisional adjustment.” (See Staff Response to Subpart (b)(ii) of Bench Request No. 11). And yet it argues that those same review processes for these same “provisional” adjustments should not also apply to the limited period of April 21, 2021 to October 1, 2021. Expenditures during this five-month interval, if not addressed by the Commission, may fall through the cracks in terms of cost recovery, if the Commission were to decide, as it did with Cascade Natural Gas, to cut off any further proforma capital adjustments as of the date of the filing of Response Testimony by the parties. And this would be for no good reason, when we have a “mechanism” that could easily be extended to this five-month period as well.

11 It is true that the proposal to include the union wage adjustment, expected to be approved in November of this year (barely into the start of the Rate Year), deals not with capital, but with an item of expense. But because it was a matter that attracted attention at time of hearing, with questions from Commissioner Balasbas, it made sense to broach this at the time of Avista’s Bench Request Response, to suggest that there was one other area (union wages) that would also be a

good candidate for what was otherwise being proposed for “provisional” capital adjustments. In short, it seemed a sensible suggestion.

12 At the end of the day, the principles and remedies set forth in the Commission’s Policy Statement on used and useful plant can be meaningfully applied in other contexts as well, in this case with respect to union wages. The provisions for “after the fact review,” providing reporting, and refund protections would directly address what appeared to be the audit concerns of Staff and whether these wage adjustments are known and measurable.

## V. CONCLUSION

13 In closing, Avista is happy to wait until its Post-Hearing Brief to offer its “compromise” position on extending “refund” protections to that portion of “provisional adjustments” for which investment is made prior to the rate effective date of October 1, 2021 (from April 21, 2021 to October 1, 2021), as well as for the one limited expense item of union wages. But if Avista would be foreclosed from later modifying its position both here and in Post-Hearing Brief, that would create new precedent and present much larger issues. Finally, Avista does not object to all parties, including Avista, from being allowed an extra two pages of the Post-Hearing Brief to address Avista’s revised proposals.

RESPECTFULLY SUBMITTED this \_\_\_ day of July, 2021.

AVISTA CORPORATION

By: \_\_\_\_\_  
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