

Exh. BAE-4
Dockets UE-200900, UG-200901,
UE-200984
Witness: Betty Ann Erdahl

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

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

Respondent.

**DOCKETS UE-200900, UG-200901,
UE-200984 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Betty Ann Erdahl

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

***Updated Pro Forma ARAM Adjustments to Reflect Approved Accounting Petition – Avista
Supplemental Response to UTC Staff Data Request No. 38***

April 21, 2021

**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	SOURCE: Report 260		(11,302,120)	(11,489,108)		(620,098)	(623,215)		(10,682,022)	(10,865,893)
35			0	-		0	0		0	(0)
36										
37	Allocation		2021	2022		2021	2022		2021	2022
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)