



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • www.utc.wa.gov

February 5, 2015

NOTICE OF RECESSED OPEN MEETING
(To be held Thursday, April 16, 2015, at 1:00 p.m.)
and
NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By Friday, March 27, 2015)

RE: *Investigation of possible ratemaking mechanisms to address utility earnings attrition, Docket U-150040*

TO ALL INTERESTED PERSONS:

On November 25, 2014, the Washington Utilities and Transportation Commission (Commission) entered its Final Order in Avista Corporation's 2014 general rate proceeding.¹ In that order, the Commission directed Commission Staff to open an investigatory docket for the purpose of convening a forum to address attrition,² citing a clear consensus among the settling parties regarding the need for a formalized discussion of attrition along with other possible ratemaking mechanisms that may address the effects of attrition on earnings.³ The Commission further stated that it expects the forum to be inclusive, open to participation by not only the parties in the proceeding under Dockets UE-140188 and UG-140189, but also the broader community of Commission-regulated utility companies and interested consumer groups.⁴

¹ *Utilities & Transp. Comm'n v. Avista Corp.*, Dockets UE-140188 and UG-140189, Order 05 (November 25, 2014).

² *Id.*, at ¶ 51.

³ *Id.*, at ¶ 50.

⁴ *Id.*, at ¶ 51.

To understand better the causes of utility earnings attrition and possible ratemaking mechanisms to address them, the Commission has scheduled a workshop as a recessed open meeting on **Thursday, April 16, 2015**. The Commission requests that investor-owned electric and natural gas utilities in the state, and other interested persons, submit written comments to the Commission by **Friday, March 27, 2015**, on the following:

- 1) Your organization's perspective on the cause(s) of utility earnings attrition, e.g., high inflation, aggressive capital investment in infrastructure, low/no load growth.
- 2) Your organization's preferred ratemaking mechanism(s) for addressing each of the forms of earnings attrition identified in (1) above, e.g., an attrition allowance, pro forma plant in rate base, construction work in progress (CWIP) in rate base, or future test year. Please include a discussion of the benefits and shortcomings of your preferred mechanism and of alternative mechanisms. Also discuss whether the different causes of attrition require different ratemaking solutions, in your respective view.
- 3) If your organization prefers the Commission adhere to a historical test year ratemaking approach, please discuss why it would or not it would be appropriate to consider potential earnings attrition in that historical year context.
- 4) If your organization has a preferred mechanism(s), please discuss the requirements and parameters necessary for calculating the adjustment(s). Please include in your comments responses to the following questions:
 - a. Should an attrition analysis include historical data only?
 - b. Should rate-year capital budgets be considered?
 - c. Should there be a "bright-line" cutoff date for including pro forma plant in rate base?
 - d. What level of precision should be expected for projected capital budgets (budgeted to actual) for ratemaking?
- 5) Please provide any other information, discussion, analysis, or documentation you believe would help inform the Commission on this issue.

RECESSED OPEN MEETING

The Commission will discuss these issues, comments and data provided, and will allow time for interested persons and stakeholders to provide feedback on the issues and ideas listed above, at a recessed open meeting scheduled for **Thursday, April 16, 2015, beginning at 1:00 p.m.** at the Commission's headquarters, Room 206, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The Commission will issue an agenda for the meeting in the week prior to the workshop.

WRITTEN COMMENTS AND RESPONSES

The Commission requests written comments and information in response to this notice. Written comments must be filed with the Commission no later than **5:00 p.m., Friday, March 27, 2015**. The Commission requests that the responses be provided in electronic format to enhance public access, reduce the need for paper copies, and facilitate quotations from the submissions. You may submit comments via the Commission's Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. You must include:

- The docket number of this proceeding (U-150040).
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is by mailing or delivering an electronic copy to the Commission's Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 2010 or later, a flash drive, or CD. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at www.utc.wa.gov.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will accept a paper document. If you have questions regarding this Notice, you may contact Chris McGuire, by email at cmcguire@utc.wa.gov or by calling (360) 664-1310.

STEVEN V. KING

Executive Director and Secretary