

Exh. EMA-7

WUTC DOCKET: UE-200900 UG-200901 UE-200894

EXHIBIT: EMA-7

ADMIT W/D REJECT

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200900

DOCKET NO. UG-200901

DOCKET NO. UG-200894

(Consolidated)

EXH. EMA-7

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

Electric and Natural Gas Uncontested Adjustments

| Adjustment Number Electric | Adjustment Number Natural Gas | Adjustment Name |
|-------------------------------------|-------------------------------------|--|
| <u>Restating Adjustments</u> | | |
| 1.00 | 1.00 | Per Results Report |
| 1.01 | 1.01 | Deferred FIT Rate Base |
| 1.02 | 1.02 | Deferred Debits & Credits |
| 1.03 | 1.03 | Working Capital |
| 1.04 | 1.04 | Remove AMI Rate Base |
| 2.01 | 2.01 | Eliminate B & O Taxes |
| 2.02 | 2.02 | Restate Property Tax |
| 2.03 | 2.03 | Uncolletable Expense |
| 2.04 | 2.04 | Regulatory Expense - Company revised correction |
| | 2.05 | Injuries and Damages |
| 2.06 | 2.06 | FIT/DFIT/ ITC Expense |
| 2.07 | 2.07 | Office Space Charges to Non-Utility |
| 2.08 | 2.08 | Restate Excise Taxes |
| 2.09 | 2.09 | Net Gains / Losses |
| 2.10 | 2.10 | Weather Normalization / Gas Cost Adjust |
| 2.11 | 2.11 | Eliminate Adder Schedules |
| 2.12 | 2.12 | Miscellaneous |
| 2.15 | | Eliminate WA Power Cost Defer |
| | 2.15 | Restate 2019 AMA Rate Base to EOP |
| 2.16 | | Nez Perce Settlement Adjustment |
| 2.17 | | Normalize CS2/Colstrip Major Maint |
| 2.18 | | Authorized Power Supply |
| <u>Pro Forma Adjustments</u> | | |
| | 3.01 | Pro Forma Revenue Normalization |
| 3.02 | 3.02 | Pro Forma Def. Debits, Credits & Regulatory Amorts |
| 3.10 | 3.10 | Pro Forma Fee Free Amortization |
| 3.21 | 3.18 | Restate 2019 ADFIT |

(sum 23 adjs.) (sum 22 adjs.)

Electric and Natural Gas Avista Updated and Contested Adjustments

| Electric and Natural Gas Updates By Avista on Rebuttal (Reflected only by Parties as noted). | | | | |
|---|-----------------------------|--|---|--|
| Adjustment # Electric | Adjustment # Natural Gas | Adjustment Name | Avista Update / Party Included | See Exh. EMA-10 & Exh. EMA-11 DR Update* |
| 2.04 | 2.04 | Regulatory Expense | Avista | Staff-059 Supplemental |
| 2.19 | | Restate 2019 AMA Rate Base to EOP | Avista / PC Accepted | Staff 039 |
| 3.00P (a) | | Pro Forma Power Supply - EIM Revenues | Avista | Proposed on Rebuttal |
| 3.00P (b) | | Pro Forma Power Supply - Expenses | Avista 3.00P & 3.01 (Staff combined with 3.01) | Staff-156 |
| 3.01 | | Pro Forma Revenue Normalization | | |
| 3.03 | 3.03 | Pro Forma ARAM DFIT | Avista / Accepted by Staff & PC | Staff-038 Supplemental |
| 3.06 | 3.06 | Pro Forma Employee Benefits | Avista / PC Supports | Staff-016 / PC-315 |
| 3.07 | 3.07 | Pro Forma Insurance Expense | Avista / Accepted by AWEC, PC | Staff-044 Supplemental |
| 3.09 | 3.09 | Pro Forma Property Tax | Avista / Accepted by Staff & PC | Staff-049 Supplemental 2 |
| 3.11-3.15 | 3.11-3.15 | Pro Forma 2020 Capital Additions | Avista / Accepted by PC | Staff-107 Supplemental 2 |
| 3.16 | 3.16 | Pro Forma AMI Capital | Avista / Accepted by Staff | Staff-107 Supplemental 2 |
| 3.17 | | Pro Forma WildFire Plan | Avista / Staff / PC | Staff-107 Supplemental 2 |
| 3.18 | | Pro Forma EIM Capital & Expenditures | Avista | Staff-107 Supplemental 2 |
| 3.19 | | Pro Forma Colstrip Cap & Amort | Staff / PC | Staff-107 Supplemental 2 |
| 3.20 | | Pro Forma Normalize CS2/Colstrip Major Maint | Avista | Staff-125 |

*Updated during process of case through discovery. See Exh. EMA-10 for copies of discovery response covers and certain detail data. See Exh. EMA-11 for e files provided.

| Electric and Natural Gas Contested Adjustments by Parties - Opposed By Avista | | | |
|--|-----------------------------|---------------------------------------|-------------------|
| Adjustment # Electric | Adjustment # Natural Gas | Adjustment Name | Party Contesting |
| Restating (Commission Basis) Adjustments | | | |
| COC | COC | Cost of Capital (Equity % and ROE) | Staff / PC / AWEC |
| 2.14 | 2.14 | Restate Debt Interest | Staff / PC / AWEC |
| 2.05 | | Injuries and Damages | PC |
| 2.13 | 2.13 | Restate Incentives | PC |
| Pro Forma Adjustments | | | |
| 3.00T | | Pro Forma Transmission | AWEC |
| 3.04 | 3.04 | Pro Forma Labor Non-Exec | Staff / PC / AWEC |
| 3.05 | 3.05 | Pro Forma Labor Exec | Staff |
| 3.06 | 3.06 | Pro Forma Employee Benefits | Staff |
| 3.07 | 3.07 | Pro Forma Insurance Expense | Staff / PC |
| 3.08 | 3.08 | Pro Forma IS/IT | Staff / PC / AWEC |
| 3.09 | 3.09 | Pro Forma Property Tax | Staff / PC |
| 3.11 | 3.11 | Pro Forma 2020 Customer At Center | Staff / AWEC |
| 3.12 | 3.12 | Pro Forma 2020 Large & Distinct | Staff / AWEC |
| 3.13 | 3.13 | Pro Forma 2020 Programmatic | Staff / AWEC |
| 3.14 | 3.14 | Pro Forma 2020 Mandatory & Compliance | Staff / AWEC |
| 3.15 | 3.15 | Pro Forma 2020 Short Lived | Staff / AWEC |
| AWEC7.01 | AWEC7.01 | 2020 AMA Capital | AWEC |
| 3.16 | 3.16 | Pro Forma AMI Capital | Staff / AWEC |
| 3.17 | | Pro Forma WildFire Plan Expenditures | Staff / PC / AWEC |
| 3.18 | | Pro Forma EIM Capital & Expenses | Staff / PC / AWEC |
| 3.19 | | Pro Forma Colstrip Cap & Amort | Staff / PC / AWEC |
| PC1 | | SmartBurn Removal | PC |
| PC2 | | Substation Rebuild | PC |
| PC3 | | Grid Modernization | PC |
| | 3.17 | Pro Forma LEAP Deferral Amortization | AWEC |
| AWEC7.02 | AWEC7.02 | O&M Expense | AWEC |
| AWEC7.03 | AWEC7.03 | Inter-Corporate Cost Allocation | AWEC |
| AWEC7.04 | AWEC7.04 | AFUDC Deferral | AWEC |
| 4.00T | 4.00T | Tax Accounting Change | AWEC |

| RECONCILIATION TABLE OF ADJUSTMENTS TO ELECTRIC REVENUE REQUIREMENT | | | | | | | | | |
|--|--|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|-----------------------------------|--------------|
| Adj. | ELECTRIC | Avista Rebuttal | | UTC Staff (1) | | Public Counsel (2) | | AWEC (3) | |
| | | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base |
| | | (50.0% CE / 9.9% ROE / 4.97% COD) | | (48.5% CE / 9.3% ROE / 4.97% COD) | | (48.5% CE / 9.0% ROE / 4.97% COD) | | (48.5% CE / 9.4% ROE / 4.75% COD) | |
| | Amount As Filed Per Company | \$ 44,183 | \$ 1,877,557 | \$ 44,183 | \$ 1,877,557 | \$ 44,183 | \$ 1,877,557 | \$ 44,183 | \$ 1,877,557 |
| 1 | Adjust Cost of Capital (4) | | | (8,442) | | (10,925) | | (10,441) | |
| 2 | 2.14 Restate Debt Interest | | | (382) | | (367) | | 157 | |
| 3 | 2.04 Regulatory Expense | 428 | | | | | | | |
| 4 | 2.05 Injuries & Damages Expense | | | | | (28) | | | |
| 5 | 2.13 Restate Incentives | | | | | (2,123) | | | |
| 6 | 2.19 Restate 2019 AMA Rate Base to EOP | 862 | (903) | | | 722 | (903) | | |
| 7 | 3.00T Pro Forma Transmission* | | | | | | | (557) | |
| 8 | 3.00P Pro Forma Power Supply - EIM Benefits (5) | (2,323) | | | | | | | |
| 9 | 3.00P Pro Forma Power Supply - Load Change (5) / (6) | (236) | | | | | | | |
| 10 | 3.01 PF Revenue Normalization (6) | 1,143 | | 907 | | | | | |
| 11 | 3.03 Pro Forma ARAM DFIT | 20 | | 20 | | 20 | | | |
| 12 | 3.04 Pro Forma Labor - Non-Exec | | | (636) | | (1,579) | | (3,417) | |
| 13 | 3.05 Pro Forma Labor - Exec | | | (154) | | | | | |
| 14 | 3.06 Pro Forma Benefits | 105 | | (1,171) | | 104 | | | |
| 15 | 3.07 Pro Forma Insurance | (1,133) | | (3,702) | | (1,822) | | (1,078) | |
| 16 | 3.08 Pro Forma IS/IT | | | (2,105) | | (1,000) | | (1,028) | |
| 17 | 3.09 Pro Forma Property Tax | (1,123) | | (745) | | (745) | | | |
| 18 | 3.11 Pro Forma 2020 Customer At Center | 301 | 963 | (412) | (1,334) | 230 | 963 | (2,724) | (9,316) |
| 19 | 3.12 Pro Forma 2020 Large & Distinct | (712) | (5,303) | (2,165) | (17,204) | (838) | (5,303) | (2,480) | (23,308) |
| 20 | 3.13 Pro Forma 2020 Programmatic | (831) | (4,059) | (4,911) | (35,427) | (1,161) | (4,059) | (5,779) | (51,538) |
| 21 | 3.14 Pro Forma 2020 Mandatory & Compliance | 71 | 1,242 | (1,464) | (11,960) | (184) | 1,242 | (3,802) | (35,584) |
| 22 | 3.15 Pro Forma 2020 Short Lived | (110) | (706) | (607) | (2,246) | (181) | (706) | (2,992) | (10,886) |
| 23 | 3.16 Pro Forma AMI Capital | (456) | (4,578) | (475) | (4,578) | (7,024) | (75,069) | (3,619) | (113,898) |
| 24 | 3.17 Pro Forma WildFire Plan | (174) | (1,941) | (3,998) | (11,634) | (1,304) | (11,485) | (3,784) | (13,126) |
| 25 | 3.18 Pro Forma EIM Capital & Expenditures | 926 | 3,219 | (3,781) | (9,358) | (3,781) | (9,358) | (3,729) | (9,358) |
| 26 | 3.19 Pro Forma Colstrip Cap & Amort | (837) | (4,886) | (2,730) | (9,593) | (803) | (5,581) | (1,420) | 11,340 |
| 27 | 3.20 Pro Forma Normalize CS2/Colstrip Major Maint | 51 | | | | | | | |
| 28 | PC1 SmartBurn | | | | | (329) | (2,377) | | |
| 29 | PC2 Substation Rebuild | | | | | (1,255) | (11,840) | | |
| 30 | PC3 Grid Modernization | | | | | (1,310) | (11,274) | | |
| 31 | AWEC 7.01 2020 AMA Capital | | | | | | | 9,220 | 12,732 |
| 32 | AWEC 7.02 O&M Expense | | | | | | | (10,828) | |
| 33 | AWEC 7.03 Inter-Corporate Cost Allocation | | | | | | | (56) | |
| 34 | AWEC 7.04 AFUDC Deferral (1) | | | | | | | (1,841) | |
| 35 | 4.00T Tax Accounting Change (1) | | | | | | | (12,162) | |
| 36 | Total Adjustments | \$ (4,028) | \$ (16,951) | \$ (36,953) | \$ (103,334) | \$ (35,683) | \$ (135,750) | \$ (62,360) | \$ (242,942) |
| 37 | | | | | | | | | |
| 38 | Adjusted Amounts | \$ 40,155 | \$ 1,860,606 | \$ 7,230 | \$ 1,774,223 | \$ 8,500 | \$ 1,741,807 | \$ (18,177) | \$ 1,634,615 |
| NOTES TO TABLE * AWEC revenue requirement if exclude AFUDC Deferral and Tax Accounting Change as separate Tariff adjustments. Company has deferred balances to return to customers, therefore these two balances have no impact on net income or rate of returns. Impacts cash flow only. This amount is used for AWEC's proposed revenue increase in determination of the impact on Avista's return on equity (ROE) if the Commission were to approve party revenue levels. | | | | | | | | \$ (4,174) | * |

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| (1) Per J. Huang Exh. JH-2, page 1. |
| (2) Per A. Crane, Exh. ACC-5r and ACC-8r |
| (3) Per B. Mullins, Exh. BGM-3, pages 1-2. |
| (4) Differences based solely on cost of capital proposed by the party is consolidated with line 1, excluding debt interest shown on line 2. |
| (5) Avista will include these power supply changes (EIM benefit and actual load change impact on expense) within the 60-day update. Additional known contract changes, updates to gas prices, etc., will also be included as agreed to by the parties to the Power Supply Workshops. The incremental net changes will impact the overall revenue requirement, up or down, and will be filed with the Commission, including a new electric revenue requirement model, power supply baseline and power supply model workpapers on or before August 1, 2021. |
| Other parties to the proceeding, The Energy Project and Sierra Club, did not provide revenue requirement adjustments. |

| RECONCILIATION TABLE OF ADJUSTMENTS TO NATURAL GAS REVENUE REQUIREMENT | | | | | | | | | |
|--|--|-----------------------------------|------------|-----------------------------------|-------------|-----------------------------------|-------------|-----------------------------------|-------------|
| Adj. | ELECTRIC | Avista Rebuttal | | UTC Staff (1) | | Public Counsel (2) | | AWEC (3) | |
| | | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base | Revenue Requirement | Rate Base |
| | | (50.0% CE / 9.9% ROE / 4.97% COD) | | (48.5% CE / 9.3% ROE / 4.97% COD) | | (48.5% CE / 9.0% ROE / 4.97% COD) | | (48.5% CE / 9.4% ROE / 4.75% COD) | |
| | Amount As Filed Per Company | \$ 12,790 | \$ 448,206 | \$ 12,790 | \$ 448,206 | \$ 12,790 | \$ 448,206 | \$ 12,790 | \$ 448,206 |
| 1 | Adjust Cost of Capital * | | | (2,055) | | (2,542) | | (2,418) | |
| 2 | 2.14 Restate Debt Interest | | | (90) | | (88) | | (37) | |
| | 2.04 Regulatory Expense | 65 | | | | | | | |
| 3 | 2.13 Restate Incentives | | | | | (617) | | | |
| 4 | 3.03 Pro Forma ARAM DFIT | (61) | | (61) | | (61) | | | |
| 5 | 3.04 Pro Forma Labor - Non-Exec | | | (194) | | (472) | | (1,022) | |
| 6 | 3.05 Pro Forma Labor - Exec | | | (47) | | | | | |
| 7 | 3.06 Pro Forma Benefits | 32 | | (357) | | 32 | | | |
| 8 | 3.07 Pro Forma Insurance | (837) | | (1,128) | | (555) | | (821) | |
| 9 | 3.08 Pro Forma IS/IT | | | (653) | | (305) | | (356) | |
| 10 | 3.09 Pro Forma Property Tax | (353) | | (215) | | (216) | | | |
| 11 | 3.11 Pro Forma 2020 Customer At Center | 18 | 71 | (206) | (650) | (3) | 71 | (855) | (2,923) |
| 12 | 3.12 Pro Forma 2020 Large & Distinct | (66) | 60 | (212) | (992) | (117) | 60 | (813) | (7,191) |
| 13 | 3.13 Pro Forma 2020 Programmatic | (140) | (564) | (876) | (6,274) | (186) | (564) | (858) | (7,194) |
| 14 | 3.14 Pro Forma 2020 Mandatory & Compliance | (322) | (2,654) | (503) | (4,147) | (395) | (2,654) | (1,417) | (13,123) |
| 15 | 3.15 Pro Forma 2020 Short Lived | (129) | (442) | (285) | (925) | (150) | (442) | (964) | (3,408) |
| 16 | 3.16 Pro Forma AMI Capital | (282) | (2,348) | (289) | (2,348) | (2,720) | (28,479) | (1,263) | (39,833) |
| 17 | 3.17 Pro Forma LEAP Deferral Amortization | | | | | | | (874) | 341 |
| 18 | AWEC 7.01 2020 AMA Capital | | | | | | | 2,104 | 5,713 |
| 19 | AWEC 7.02 O&M Expense | | | | | | | (3,444) | |
| 20 | AWEC 7.03 Inter-Corporate Cost Allocation | | | | | | | (16) | |
| 21 | AWEC 7.04 AFUDC Deferral | | | | | | | (544) | |
| 22 | 4.00T Tax Accounting Change | | | | | | | (5,898) | |
| 23 | | | | | | | | | |
| 24 | Total Adjustments | \$ (2,076) | \$ (5,877) | \$ (7,171) | \$ (15,336) | \$ (8,395) | \$ (32,008) | \$ (19,496) | \$ (67,618) |
| 25 | | | | | | | | | |
| 26 | Adjusted Amounts | \$ 10,714 | \$ 442,329 | \$ 5,619 | \$ 432,870 | \$ 4,395 | \$ 416,198 | \$ (6,706) | \$ 380,588 |

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|--|--------------------------|--|
| <p>NOTES TO TABLE *AWEC revenue requirement if exclude AFUDC Deferral and Tax Accounting Change as separate Tariff adjustments. The Company has deferred balances to return to customers, therefore these two balances have no impact on net income or rate of returns. Impacts cash flow only. This amount is used for AWEC's proposed revenue increase in determination of the impact on Avista's return on equity (ROE) if the Commission were to approve party revenue levels.</p> | <p>\$ <u>(264)</u> *</p> | |
| <p>(1) Per J. Huang Exh. JH-3, page 1.</p> | | |
| <p>(2) Per A. Crane, Exh. ACC-5r and ACC-8r</p> | | |
| <p>(3) Per B. Mullins, Exh. BGM-4, pages 1-2.</p> | | |
| <p>(4) Differences based solely on cost of capital proposed by the party is consolidated with line 1, excluding debt interest shown on line 2.</p> | | |
| <p>Other parties to the proceeding, The Energy Project and Sierra Club, did not provide revenue requirement adjustments.</p> | | |