

**Exh. JH-9**  
**Dockets UE-200900, UG-200901,**  
**UE-200894**  
**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-200900, UG-200901,  
UE-200894 (*Consolidated*)**

**EXHIBIT TO  
TESTIMONY OF**

**Joanna Huang**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Pro Forma Property Tax, Adjustment 3.09*

**April 21, 2021**

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
(000'S OF DOLLARS)

| Line No.                       | DESCRIPTION                         | Avista                 |                        |
|--------------------------------|-------------------------------------|------------------------|------------------------|
|                                |                                     | As-Filed               | Staff                  |
|                                |                                     | Pro Forma Property Tax | Pro Forma Property Tax |
|                                | Adjustment Number                   | 3.09                   | 3.09                   |
|                                | Workpaper Reference                 | E-PPT                  | E-PPT                  |
| REVENUES                       |                                     |                        |                        |
| 1                              | Total General Business              | \$0                    | \$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                               | 1,156                  | 562                    |
| 12                             | Total Production & Transmission     | 1,156                  | 562                    |
| Distribution                   |                                     |                        |                        |
| 13                             | Operating Expenses                  | -                      | -                      |
| 14                             | Depreciation/Amortization           | -                      | -                      |
|                                | Regulatory Amortization             | -                      | -                      |
| 15                             | Taxes                               | 552                    | 433                    |
| 16                             | Total Distribution                  | 552                    | 433                    |
| 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             | 1,708                  | 995                    |
| 26                             | OPERATING INCOME BEFORE FIT         | (1,708)                | (995)                  |
| FEDERAL INCOME TAX             |                                     |                        |                        |
| 27                             | Current Accrual                     | (359)                  | (209)                  |
| 28                             | Debt Interest                       | -                      | -                      |
| 29                             | Deferred Income Taxes               | -                      | -                      |
| 30                             | Amortized ITC - Noxon               | -                      | -                      |
| 31                             | NET OPERATING INCOME                | (\$1,349)              | (\$786)                |
| RATE BASE                      |                                     |                        |                        |
| PLANT IN SERVICE               |                                     |                        |                        |
| 32                             | Intangible                          | \$0                    | \$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                    | \$0                    |

AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED DECEMBER 31, 2019  
(000'S OF DOLLARS)

| Line No.                       | DESCRIPTION                                 | Avista As-Filed        |                        | Staff                  |                        |
|--------------------------------|---|------------------------|------------------------|------------------------|------------------------|
|                                |   | Pro Forma Property Tax | Pro Forma Property Tax | Pro Forma Property Tax | Pro Forma Property Tax |
|                                | Adjustment Number                           | 3.09                   |                        | 3.09                   |                        |
|                                | Workpaper Reference                         | G-PPT                  |                        | 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                                       | 35                     | 20                     |                        |                        |
| 12                             | Total Underground Storage                   | 35                     | 20                     |                        |                        |
| Distribution                   |   |                        |                        |                        |                        |
| 13                             | Operating Expenses                          | -                      | -                      |                        |                        |
| 14                             | Depreciation/Amortization                   | -                      | -                      |                        |                        |
| 15                             | Taxes                                       | 428                    | 237                    |                        |                        |
| 16                             | Total Distribution                          | 428                    | 237                    |                        |                        |
| 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                           | 463                    | 257                    |                        |                        |
| 26                             | OPERATING INCOME BEFORE FIT                 | (463)                  | (257)                  |                        |                        |
| FEDERAL INCOME TAX             |   |                        |                        |                        |                        |
| 27                             | Current Accrual                             | (97)                   | (54)                   |                        |                        |
| 28                             | Debt Interest                               | -                      | -                      |                        |                        |
| 29                             | Deferred FIT                                | -                      | -                      |                        |                        |
| 30                             | Amort ITC                                   | -                      | -                      |                        |                        |
| 31                             | NET OPERATING INCOME                        | \$ (366)               | \$ (203)               |                        |                        |
| 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: 01/08/2021          |
| CASE NO.: UE-200900 & UG-20901 | WITNESS: Liz Andrews               |
| REQUESTER: UTC Staff - Huang   | RESPONDER: Jeanne Pluth            |
| TYPE: Data Request             | DEPT: Regulatory Affairs           |
| REQUEST NO.: Staff - 049       | TELEPHONE: (509) 495-2204          |
|                                | EMAIL: jeanne.pluth@avistacorp.com |

**REQUEST:**

**Re: Property Tax**

Regarding Ms. Andrews’ property tax workpaper titled “2020.08.20 - Property Tax Forecast - updated WA”, in the Excel tab/worksheet labeled “Revision 08.20.2020 minus %”, please provide support, including documentation, for the estimated increased amounts in property tax (column Z) for 2021.

**RESPONSE:**

The Company received final property tax assessments in December 2020, after the general rate case was filed. Using the assessments, an updated forecast of property taxes for 2021 was prepared and has been provided in Staff-DR-049-Attachment B. Ms. Andrews’ Adjustment 3.09 was updated using the revised forecast, and has been provided in Staff-DR-049-Attachment A. A summary of the change to the adjustment from the filed case follows:

| Electric ADJ 3.09       |                  |                |                        |
|-------------------------|------------------|----------------|------------------------|
|                         | Original ADJ     | Revised ADJ    | Change to<br>Filed ADJ |
| Production/Transmission | 1,155,667        | 561,879        | (593,788)              |
| Distribution            | 552,452          | 433,334        | (119,118)              |
| <b>Total</b>            | <b>1,708,119</b> | <b>995,213</b> | <b>(712,906)</b>       |
|                         |                  |                |                        |
| Natural Gas ADJ 3.09    |                  |                |                        |
|                         | Original ADJ     | Revised ADJ    | Change to<br>Filed ADJ |
| Underground Storage     | 34,896           | 19,345         | (15,551)               |
| Distribution            | 428,128          | 237,344        | (190,784)              |
| <b>Total</b>            | <b>463,024</b>   | <b>256,689</b> | <b>(206,335)</b>       |

The increase in property taxes in 2021 over the 2020 actual expense level is due to property additions. These additions were provided in Staff-DR-041. The impact of updating electric Adjustment 3.09 decreases pro forma electric expense approximately \$713,000 and decreases the Company’s requested revenue requirement \$746,000. The impact of updating natural gas Adjustment 3.09 decreases pro forma natural gas expense approximately \$206,000 and decreases the Company’s requested revenue requirement \$215,000.

**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:

|  | <b>WA Electric</b> | <b>WA Gas</b> |
|--|--------------------|---------------|
| 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)   |