**Exhibit No. \_\_\_\_T (JH-1T)**

**Dockets UE-140188/UG-140189**

**Witness: Joanna Huang**

**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,**  **Complainant,** **v.****AVISTA CORPORATION,**  **Respondent.** | **DOCKETS UE-140188 and** **UG-140189****(*Consolidated*)**  |

**TESTIMONY OF**

**Joanna Huang**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

***Electric and Natural Gas Results of Operations***

***for the Commission Basis Report ending December 31, 2013***

**July 22, 2014**

**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Joanna Huang. My business address is Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504. My email address is jhuang@utc.wa.gov.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Regulatory Analyst.

**Q. How long have you been employed by the Commission?**

A. 15 years.

**Q Would you please state your educational and professional background?**

A. I received my B.B.A. degree majoring in Accounting from National Chung-Hsing University, Taiwan, in 1987 and a Master of Accounting degree from Washington State University in 1991. Prior to my employment at the Commission, I was employed by the Washington State Department of Revenue as an Excise Tax Examiner. I performed desk audits on Business & Occupation tax returns.

 I began my employment with the Commission in 1996. My work generally includes financial, accounting and other analyses for general rate case proceedings and other tariff filings by the electric and natural gas utilities regulated by the Commission. I attended the National Association of Regulated Utility Commissioners Annual Utility School in 1996 and 2001. In addition, I have attended numerous training seminars and conferences regarding utility regulations and operations.

**Q. Have you testified previously before the Commission?**

A. Yes. I testified in a Puget Sound Energy, Inc. (PSE) Docket UE-130617 (Power Cost Only Rate Case), PSE general rate case Dockets UE-090704 and UG-090705, UE-072300 and UG-072301, and UE-072300; PacifiCorp general rate case Dockets UE-130043 and UE-032065; Avista general rate case Dockets UE-120436 and UG-120437, UE-090134 and UG-090135, and UE-991606 and UG-991607; and a filing by Northwest Natural Gas Company (Northwest Natural) in Docket UG-111233.

 I have also participated in Staff investigations in the following general rate cases and other matters: Avista Dockets UE-011595, UE-050482 and UG-050483, UE-070804 and UG-070805, UE-100467and UG-100468, and UE-110876 and UG-110877; Docket UG-060256 (Cascade Natural Gas Co.); Northwest Natural Dockets UG-080546 and UG-031885; and PSE Dockets UE-070725 and UG-130137.

**II. SCOPE AND DISCUSSION**

**Q. What is the scope of your testimony?**

A. First, I discuss Staff’s decision to use Avista’s 12-month ending December 2013 Commission Basis Results of Operations (Commission Basis Report) as the test year for Staff’s attrition study. Second, I present Staff’s review of the Commission Basis Results of Operations ending December 31, 2013, for both electric and natural gas operations of Avista Utilities (Avista or Company).

**Q. Have you prepared any exhibits in support of your testimony?**

A. Yes. Exhibit No. \_\_\_ (JH-2) is Attachment C and F of Avista’s response to Staff Data Request 115. Attachment C and F shows the natural gas and electric results of operations for the 12-month ending December 2013 Commission Basis Report that Staff used in its attrition study.

**Q. What is the Commission Basis Report?**

A. Under Commission rules, WAC 480-90-257 and WAC 480-100-257, respectively, each regulated gas and electric company must file with the Commission a “Commission Basis Report.” The filing is due within four months of the end of the utility’s fiscal year. For Avista, the due date is May 1.

 In essence, the Commission Basis Report should be a fully restated results of operations, consistent with the utility’s most recent general rate case or applicable orders. The rules do not allow the utility to use annualizing adjustments or new theories or approaches that are not Commission-approved. Staff routinely audits these reports.

**Q. What test year did Avista use in its attrition study?**

A. Avista’s test year for its attrition study was the 12-month ending June 30, 2013.

**Q. Did Avista file a Commission Basis Report for that period?**

A. No. The Company used data from two Commission Basis Reports to develop figures for the test year ending June 30, 2013. Because that 12-month period ends in June, and Avista’s fiscal year is the calendar year, Avista used what is called a “split” test year.

**Q. Why did Staff choose the 12-month ending December 2013 Commission Basis Report rather than a split test year ending June 30, 2013?**

A. First, 12-months endingDecember 2013 is more current by six months compared to 12-months endingJune 2013. The 12-month ended calendar year also gives Staff’s Growth Trend analysis one more complete year of actual data, which provides more accurate and efficient information used in Staff’s attrition study.

Second, using the 12-month ending December 2013 Commission Basis Report improves and simplifies the attrition analysis. The basis for the historical trends in both the Company’s and Staff’s attrition analyses are Avista’s calendar-year Commission Basis Reports from previous years. Therefore, Staff’s decision to use the 12-month ending December 2013 report is consistent with other data points in the trend analysis.

 Third, because Avista’s fiscal year is a calendar year, any split test year, such as the 12**-**months ending June 30, 2013, which Avista used, typically contains some partial impact changes which are less likely to happen to the 12-month ended calendar year. For example, pursuant to Order 09 in Dockets UE-120436 and UG-120437, Avista’s current rates went into effect January 1, 2013. The 12-month ending December 2013 Commission Basis Report will contain complete 12-month weather-normalized revenue with current rates, while a split test year (12 month ending June 30, 2013) will reflect a half year of prior rates and a half year of current rates.

**Q. Did Staff use the 12-month ending December 2013 Commission Basis Report originally filed by Avista on March 31, 2013?**

A.No. According to Avista’s response to Staff Data Request 115, the report Avista filed on March 31, 2013, contained the incorrect Production/Transmission (P/T) ratio. Accordingly, Avista corrected the P/T ratio and on April 24, 2013, filed a revised report. This is the Commission Basis Report that Staff used in its attrition study.

**Q. Please explain Staff’s review of the 12-month period ending December 2013 Commission Basis Report.**

A. Staff reviewed each of the restating adjustments in the Company’s 12-month ending December 2013 Commission Basis Report, except power supply and working capital adjustments, to assure the Company’s presentation is consistent with applicable rules and orders.

 Though Avista restated and normalized power supply costs in that Report, both Staff and Company replaced those amounts with pro forma levels of power supply in their attrition studies. Similarly, both Staff’s and Company’s Working Capital adjustments are not based on the Commission Basis Report. Staff’s Working Capital adjustment is explained by Staff witness Betty Erdhal.

**Q. What is your conclusion regarding the Company’s 12- month ended December 2013 Commission Basis Report?**

A.Avista’s presentation on the 12-month ending December 2013 Commission Basis Report complies with the Commission’s rule. This report provides appropriate and consistent restated results of operations for use in this case.

**Q. Does this conclude your testimony?**

A. Yes.