AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	06/05/2015
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Karen Schuh
REQUESTER:	Public Counsel	RESPONDER:	Dave Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC – 032	TELEPHONE:	(509) 495-4554
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REQUEST:

RE: Exhibit No. KKS-1T, Table Nos. 2, 3, 4, 5, 7, and 8.

For each of the individual capital projects (incorporated in the projects listed on these six tables) that have been completed and placed into service as of the present date with a total amount placed into service of $2 million or greater, please provide the following information. :

a. Actual In-service date;
b. Total project cost placed into plant in service – if total in-service cost differs from amount presented on the referenced tables by more than 5%, please explain, in detail, what factors caused the variance;
c. Any remaining costs on the project to be placed into service not included in the amounts identified in (b), above, and explain why the costs are not yet included in the balances being provided in response to (b).
d. Total ADIT associated with the project based on the actual project costs.
e. Annualized depreciation expense associated with the project based on current depreciation rates and the actual costs placed into service.

For each of the amounts requested, please provide on a total Company basis, a Washington electric jurisdictional basis and a Washington gas jurisdictional basis

RESPONSE:

We have included the information requested in items a, b, d, and e, above, in PC_DR_32 Attachment A. Regarding item c, above, please see our response to Staff_DR_143, where we provide updates to forecast transfers to plant for 2015. Forecast transfers to plant for 2016, as filed, continue to represent our forecast transfers to plant for 2016.

ER	ER Title	Budget/ Actual	System	Washington Electric	Washington Gas	Actual In-service Date(s)	Variance Explanation: System	Variance Explanation: Washington Electric	Variance Explanation: Washington Gas	Total ADFIT Associated with Project, Based on Actual Costs to Date [1]: System	Total ADFIT Associated with Project, Based on Actual Costs to Date [1]: Washington Electric	Total ADFIT Associated with Project, Based on Actual Costs to Date [1]: Washington Gas	Annualized Depreciation Expense Associated with Project, Based on Actual Costs to Date [2]: System	Annualized Depreciation Expense Associated with Project, Based on Actual Costs to Date [2]: Washington Electric	Annualized Depreciation Expense Associated with Project, Based on Actual Costs to Date [2]: Washington Gas
1003	Distribution Line Transformers	Budget	2,194,644	1,427,111	-	Transformers are capitalized on purchase, and therefore are considered 'used and useful' on purchase. Plant assets were placed in service in December, January, February, March, and April under this ER.	Purchases were made earlier in 2015 to gear up for Construction season. Budgeted amounts were spread fairly evenly through the year, not knowing in advance exactly when purchases were to occur.	Purchases were made earlier in 2015 to gear up for Construction season. Budgeted amounts were spread fairly evenly through the year, not knowing in advance exactly when purchases were to occur.	N/A - Electric plant						
1003	Distribution Line Transformers	Actual	3,188,594	2,598,582	-					(9,265.77)	(7,519.83)	-	93,136	75,587	-
			994,950	1,161,470	-										
			45%	81%											
2055	Electric Distribution Minor Blanket	Budget	3,472,839	2,214,282	-	This ER falls under a long-term program and transfers to plant occur monthly, as expenditures occur. Plant assets were placed in service in December, January, February, March, and April under this ER.	Consists of many short term non-programmatic projects as needs arise throughout the year. Although budgeted evenly across the year, timing of work varies. Feb 2015 actuals included about 800k for union retro back pay, primarily representing 2014 back pay.	Consists of many short term non-programmatic projects as needs arise throughout the year. Although budgeted evenly across the year, timing of work varies. Feb 2015 actuals included about 515k for union retro back pay, primarily representing 2014 back pay.	N/A - Electric plant						
2055	Electric Distribution Minor Blanket	Actual	5,188,800	3,091,808	-					(15,073)	(8,982)	-	151,813	90,281	-
			1,715,961	877,526	-										
			49%	40%											
2057	Transmission Minor Rebuild	Budget	1,409,154	916,331	-	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	Because certain parts of our system can only accommodate a certain number of concurrent outages and there are certain times of the year where no outages can be accomodated on the system, where possible, work under this ER is completed in conjunction with work under other ERs. The cause of this variance is the increased spending associated with pulling forward Transmission Minor Rebuild work that could be combined with work being completed under the Line Ratings Mitigation Project (ER 2560).	Transmission capital assets are allocated between WA and ID using allocation factors, please see System variance explanation.	N/A - Electric plant						
2057	Transmission Minor Rebuild	Actual	3,220,124	2,093,950	-					(21,752)	(14,145)	-	58,606	38,110	-
			1,810,970	1,177,619	-										
			129%	129%											
2060	Wood Pole Mgmt	Budget	4,546,116	2,983,617	-	This ER falls under a long-term program and transfers to plant occur monthly, as expenditures occur. Plant assets were placed in service in December, January, February, March, and April under this ER.	Generally, more work occurs in the summer months than the winter months, under this ER. Additionally, when the forecast transfers to plant were input into the budget system, they were input at levels that more closely approximated reliable work throughout the year. Therefore, actual work completed to date lags the originally forecast balances.	See system variance explanation	N/A - Electric plant						
2060	Wood Pole Mgmt	Actual	3,553,944	2,582,586	-					(10,324)	(7,502)	-	103,775	75,411	-
			(992,174)	(401,052)	-										
			-22%	-13%											
2457	Benton-Othello 115 Recond	Budget	2,500,000	1,629,750	-	December 2014	The favorable variance was driven by design and construction efficiencies, which allowed us to complete the project under budget.	Transmission capital assets are allocated between WA and ID using allocation factors, please see System variance explanation.	N/A - Electric plant						
2457	Benton-Othello 115 Recond	Actual	2,285,570	1,489,963	-					(15,439)	(10,065)	-	41,597	27,117	-
			(214,430)	(139,787)	-										
			-9%	-9%											
2560	Line Ratings Mitigation Project	Budget	1,900,000	1,238,610	-	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December and January under this ER.	The variance is due to the complexity of the construction work related to the Coeur d'Alene lake crossing and the need for additional concrete during construction for the high priority LIDAR line ratings mitigation project work on the Benewah-Shawnee 230kV transmission line.	Transmission capital assets are allocated between WA and ID using allocation factors, please see System variance explanation.	N/A - Electric plant						
2560	Line Ratings Mitigation Project	Actual	2,225,183	1,450,597	-					(15,031)	(9,799)	-	40,498	26,401	-
			325,183	211,987	-										
			17%	17%											
2589	Mobile Substation - Purchase New Mobile Subs	Budget	1,990,787	1,294,549	-	Unit was received and available for deployment in December 2014.	The variance is primarily related to two factors: (1) Avista requested incremental improvements for the cable trailer associated with this project, which were not reflected in the initial forecast; and (2) this mobile substation was the first mobile substation that we have specified in over 35 years, therefore our design time and working with the manufacturer took longer than expected when initially forecast.	The asset transferred under this ER is assigned to the "Allocate North" jurisdiction, and, therefore, is allocated between Washington and Idaho. Therefore, the System variance explanation addresses the Washington Electric variance as well.	N/A - Electric plant						
2589	Mobile Substation - Purchase New Mobile Subs	Actual	2,810,533	1,697,552	-					(7,584)	(4,931)	-	76,228	49,569	-
			819,746	403,003	-										
			31%	31%											
3005	Gas Distribution Non-Revenue Blanket	Budget	2,202,198	-	798,077	Projects under this ER are generally low-dollar-value in nature and projects transfer to plant and are used and useful in the month the expenditures occur. Plant assets were placed in service in December, January, February, March, and April under this ER.	The variance is primarily related to one large franchise required project in Colville, WA; large Non-Revenue projects in Medford OR, which were over budget by $148k; and incremental expense of $134k related to union retro pay, which had not been included in the budget. Additionally, from an overall perspective, warm, dry weather has allowed crews to start projects earlier than average.	N/A - Gas Plant	The variance is primarily related to one large franchise required project in Colville, WA, and incremental expense of $106k related to union retro pay, which had not been included in the budget. Additionally, from an overall perspective, warm, dry weather has allowed crews to start projects earlier than average.						
3005	Gas Distribution Non-Revenue Blanket	Actual	2,758,032	-	1,008,698					(11,873)	-	(4,342)	89,502	-	25,419
			555,834	-	210,621										
			25%		26%										
3008	Aldyl -A Pipe Replacement	Budget	6,286,327	-	3,007,837	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	Work schedules for Aldyl-A replacement generally are planned for all 12 months in Oregon, with relatively less work occuring in January and December. For Washington and Idaho, Aldyl-A work is generally planned to Occur from May through October, with minimal costs occuring in the remaining months. When the total budget for Aldyl-A work was input in the budget system (which occurs at the ER level), the forecast transfers did not fully reflect these work schedules. Therefore, more transfers were scheduled for January-April and November-December, and fewer transfers were scheduled for May-October than should have been. Based upon project level budgets, the to-date (December 2014-April 2015) budgeted transfers to plant were approximately $3.7 million on a System basis. Warmer weather in all of our jurisdictions has allowed more work to be completed earlier in the year, resulting in the overall variance.	N/A - Gas Plant	Work schedules for Aldyl-A replacement generally are planned for all 12 months in Oregon, with relatively less work occuring in January and December. For Washington and Idaho, Aldyl-A work is generally planned to Occur from May through October, with minimal costs occuring in the remaining months. When the total budget for Aldyl-A work was input in the budget system (which occurs at the ER level), the forecast transfers did not fully reflect these work schedules. Therefore, more transfers were scheduled for January-April and November-December, and fewer transfers were scheduled for May-October than should have been. Based upon project level budgets, the to-date (December 2014-April 2015) budgeted transfers to plant were approximately $0.9 million on a Washington Gas basis. Warmer weather in Washington has allowed more work to be completed earlier in the year, resulting in the overall variance.						
3008	Aldyl -A Pipe Replacement	Actual	5,048,098	-	1,049,009					(21,723)	-	(4,518)	127,162	-	26,435
			(1,220,229)	-	(1,958,828)										
			-19%		-65%										

ER	ER Title	Budget/ Actual	System	Washington Electric	Washington Gas	Actual In-service Date(s)	System	Washington Electric	Washington Gas	System	Washington Electric	Washington Gas	System	Washington Electric	Washington Gas
4148	Regulating Hydro	Budget	2,600,000	1,629,750	-	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.									
4148	Regulating Hydro	Actual	2,370,793	1,545,520	-		N/A - variance is not greater than 5%	N/A - variance is not greater than 5%	N/A - Electric plant	(15,600)	(10,170)	-	44,334	28,901	-
			(129,207)	(84,230)	-										
			-5%	-5%											
4152	Little Falls Powerhouse Redevelopment	Budget	14,300,000	9,322,170	-	$3.6M in service 3/10/15 & $12M in service 8/20/2015 (est)	The variance was the result of unit 3 work ($10.7M) being delayed 4 months due to vendor equipment delays. Due to project delays and the unexpected poor condition of the turbine generator, the expected cost of unit 3 has risen to $12M. Unit 3 was expected to be placed in service in March, but is now expected to be placed in service in August.	Production capital assets are allocated between WA and ID using allocation factors, please see System variance explanation.	N/A - Electric plant	(23,874)	(15,433)	-	67,280	43,660	-
4152	Little Falls Powerhouse Redevelopment	Actual	3,597,661	2,345,446	-										
			(10,702,139)	(6,976,724)	-										
			-75%	-75%											
5005	Information Technology Refresh Program	Budget	8,389,271	4,037,917	1,197,518	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	TTP actuals to forecast underperformed largely due to the nature of the 5005 Technology Refresh Program Business Case. It is comprised of over 60 discrete projects, and TTP estimates are entered into the budgeting system based on various assumptions around the schedule performance of each project. Consequently, any project constraints and/or schedule changes often cause scheduled TTP to occur out of alignment with what is represented in the budget system.	See system variance explanation	See system variance explanation	(190,880)	(93,576)	(25,783)	1,096,094	537,398	148,071
5005	Information Technology Refresh Program	Actual	4,924,716	2,414,511	665,279										
			(3,444,555)	(1,623,406)	(532,239)										
			-41%	-40%	-44%										
5006	Information Technology Expansion Program	Budget	2,733,588	1,318,931	391,136	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	TTP actuals to forecast underperformed largely due to the nature of the 5006 Technology Expansion Program Business Case. It is comprised of over 50 discrete projects, and TTP estimates are entered into the budgeting system based on various assumptions around the schedule performance of each project. Consequently, any project constraints and/or schedule changes often cause scheduled TTP to occur out of alignment with what is represented in the budget system.	See system variance explanation	See system variance explanation	(92,633)	(44,617)	(12,269)	531,985	257,382	70,462
5006	Information Technology Expansion Program	Actual	2,390,194	1,156,410	316,583										
			(343,394)	(162,521)	(74,552)										
			-13%	-12%	-19%										
5138	Customer Information System (CIS) Replacement	Budget	90,419,844	43,626,736	12,937,733	2/11/2015	N/A - variance is not greater than 5%	N/A - variance is not greater than 5%	N/A - variance is not greater than 5%	(8,018,409)	(3,883,588)	(1,151,904)	7,675,121	3,698,178	1,102,588
5138	Customer Information System (CIS) Replacement	Actual	91,763,763	44,215,399	13,182,547										
			1,343,919	588,664	244,813										
			1%	1%	2%										
6103	Clark Fork Implement PME Agreement	Budget	11,491,514	7,491,318	-	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	The cost estimates and scheduling forecasts are the result of a rigorous development and approval process. Through a process of technical review, recommendations are presented to the Management Committee each year for decision-making. Budgeting and forecasting for Avista is required in November prior to the forecasted year, which is in advance of the activity approval process. As a result, funding is reconciled after the March Management Committee meeting. Capital funds that have been previously budgeted for Clark Fork Compliance measures that will not be required in a particular year are released to the Capital Planning Group (CPG) and may be reallocated by the CPG for other capital construction.	Both forecast and actual balances for WA Electric are the result of calculations based on a percentage of the system total, see System variance explanation.	N/A - Electric plant	(55,410)	(36,122)	-	157,471	102,655	-
6103	Clark Fork Implement PME Agreement	Actual	8,420,918	5,489,596	-										
			(3,070,596)	(2,001,722)	-										
			-27%	-27%											
7000	Transportation Equip	Budget	3,032,325	1,483,069	433,881	Each individual unit purchased under this ER is placed in service when received. Plant assets were placed in service in December, January, February, March, April.	We work with our vendors to ensure delivery timely delivery, however due to the build process and supply chain constraints we are faced with growing lead times for almost all of our equipment. Therefore, our actual transfers to date have lagged forecast transfers to date.	We work with our vendors to ensure delivery timely delivery, however due to the build process and supply chain constraints we are faced with growing lead times for almost all of our equipment. Therefore, our actual transfers to date have lagged forecast transfers to date.	N/A - variance is less than 5%	(109,311)	(39,423)	(16,950)	244,532	90,660	38,989
7000	Transportation Equip	Actual	2,741,393	1,015,587	437,093										
			(290,932)	(446,482)	3,213										
			-10%	-31%	1%										
7001	Structures & Improv	Budget	1,307,177	630,701	187,038	This ER falls under a long-term program and transfers to plant occur programatically over time. Plant assets were placed in service in December, January, February, March, and April under this ER.	As this ER covers a number of various projects within the ER, transfers to plant are generally budgeted in a manner approximating straight-line transfers over the course of the year. As a result, projects which are relatively larger in value can cause variances from budget. Additionally, certain larger projects (Ross Court Property - $695K; Boiler Replacement - $650K; and UPS Replacement - $923K) which were transferred to plant from December 2014 through April 2015 were projects that had trailed from 2014 and had not been reflected in budgeted transfers to plant in the December 2014 and full year 2015 periods.	Approximately 97% of system transfers were transferred to the Common Direct/Allocate All (Service/Jurisdiction) pairing. All such assets are allocated to services and jurisdictions based upon the appropriate allocation factors. Therefore, please see the System variance explanation, which also explains the Washington Electric and Washington Gas variances.	Approximately 97% of system transfers were transferred to the Common Direct/Allocate All (Service/Jurisdiction) pairing. All such assets are allocated to services and jurisdictions based upon the appropriate allocation factors. Therefore, the System variance explanation also explains the Washington Electric and Washington Gas variances.	n/m	(52,030)	(15,696)	n/m	54,096	15,229
7001	Structures & Improv	Actual	2,485,314	1,418,633	420,693										
			1,178,137	788,132	233,655										
			90%	125%	125%										

[1] In year 1, based upon year 1 income tax depreciation rates and annualized depreciation expense calculated in Columns G through S.

[2] Annualized depreciation expense based on actual plant in service to-date and the effective depreciation rate as used in our filed case (UG-150205)