

**Exhibit No. DCG-3
Dockets UE-160228/UG-160229
Witness: David C. Gomez**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-160228 and
UG-160229 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

DAVID C. GOMEZ

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Avista Response to UTC Staff Data Request No. 146

August 17, 2016

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/15/2016
CASE NO.:	UE-160228 & UG-160229	WITNESS:	Bill Johnson
REQUESTER:	UTC Staff - Gomez	RESPONDER:	Bill Johnson
TYPE:	Data Request	DEPT:	Power Supply
REQUEST NO.:	Staff - 146	TELEPHONE:	(509) 495-4046
		EMAIL:	bill.johnson@avistacorp.com

REQUEST:

Reference to Company witness Bill Johnson's Exhibit No. __ (WGJ-1T), Page 7, Lines 18-21 states, that: "BPA's transmission rates increased October 1, 2015 and those increases are reflected in the 2017 pro forma compared to the test-year. BPA transmission rates are expected to increase again on October 1, 2017 and those expected increases are included in the 2017 pro forma and the July 2017 through June 2018 pro forma."

Staff's informal data request of June 1, 2016, to the Company revealed that the impact on pro forma net power costs associated with Avista's estimates of BPA's transmission tariff rate changes results in \$0.6 million of added pro forma net power costs.

Please:

- A. Identify and list individually all pro forma adjustments to net power costs which rely on estimates of tariff rate changes for transmission, energy, ancillary services, etc. that have yet to be approved and placed into effect. Quantify the dollar impact of each adjustment Avista's estimates of future tariff rate changes to pro forma net power costs in this case.
- B. If the adjustments identified in A above are used by Avista in the Aurora Model, rerun the model for each adjustment and report the difference in pro forma net power costs which result.

RESPONSE:

A.-B.

Please see Staff_DR_146 Attachment A showing the expense increase due to the expected tariff changes or due to inflation assumptions in contracts that have rate increases tied to inflation. These changes are all outside the AURORA model.

Staff Data Request No. 146 Response Attachment A

2017	Jan -Jun 2018
<u>Increase</u>	<u>Incremental Increase</u>

Contracts with tariff changes (system expense increases due to tariff rate changes)

BPA Transmission	\$187,408	\$404,157	New rates in effect Oct 2017 will be known for 2018 by Nov 1, 2017 update.
Lancaster Gas Transportation	NA	NA	New rates will be available later in 2016.
Coyote Springs 2 Gas Transportation	NA	NA	New rates will be available later in 2016.
Stimson Purpa Purchase	NA	NA	Contract ends 11-30-16. New contract will be available before Nov. 1, 2016 update.

Contracts with inflation escalation provisions (system expense increase due to inflation increases in contract rates)

WNP-3	\$187,408	\$404,517	Midpoint rate increases by inflation. Actual contract rate available by Sep. 2016 Assumed 3%.
Lancaster Capacity Payment	\$389,218	\$289,419	Fixed O&M payment increases by inflation. Rates case assumes 3%
Lancaster Variable Energy Payment	\$120,083	\$100,875	Variable Energy payment increases by inflation. Rate case assumes 3%.