

Exh. JH-4
Dockets UE-170485/UG-170486
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-170485 and
UG-170486 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Joanna Huang

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Revised Conversion Factor: Avista's Response to Staff Data Request No. 34

October 27, 2017

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/08/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Elizabeth M. Andrews
REQUESTER:	UTC Staff	RESPONDER:	Jennifer S. Smith
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff – 034	TELEPHONE:	(509) 495-2098
		EMAIL:	Jennifer.smith@avistacorp.com

REQUEST:

Referring to the company's file 2016-2016 Uncollectible Exp Adjustment, tab C-UE-1: Please provide, in Excel format, the detailed transaction data for the "Accrual for Write-Offs (2)" as shown in cells E13; G13; E22; and G22.

RESPONSE:

Please see Staff_DR_034 Attachment A for the revised uncollectible expense adjustment and conversion factor workpapers reflecting updated information, including the monthly detailed transaction data.

The filed uncollectible adjustment, used the actual write off balances as reported in customer care and billing (CC&B) for either electric or natural gas. However, after further discussions with our credit and collections staff, it was determined that they cannot distinguish which balance is being written off, for combined electric and natural gas customers. Therefore, to properly reflect the level of write-offs for each service, total write-offs are combined and then allocated to either electric or natural gas using the percentage of sales balances, as has been done in the years prior to the new CC&B system.

The effect of the revised electric and natural gas uncollectible adjustments on the Company's 5/1/2018 proposed revenue requirements is a decrease of \$214,000 for electric and an increase of \$214,000 for natural gas revenue.

This change also impacts the Company's filed net-operating-income-to-gross-revenue-conversion factor, as the uncollectible rate is a component of the overall proposed conversion factor. The impact of revising the conversion factor reduces the 5/1/2018 filed electric and natural gas revenue requirements by \$24,000 and \$65,000, respectively.

**AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016**

CALCULATION OF ADJUSTMENT:

	<u>SYSTEM</u>	<u>WASHINGTON</u>	<u>IDAHO</u>
ELECTRIC			
Actual Net Write-offs (1)	4,066,493	3,198,239	868,254
Less:			
Accrual for Write-offs (2)	<u>3,170,040</u> C-UE-2	<u>2,081,575</u>	<u>1,088,465</u>
Net Under (Over) Accrued	<u><u>896,453</u></u>	<u><u>1,116,664</u></u>	<u><u>(220,211)</u></u>
Allocation Note 2: Customers	100.000%	65.664%	34.336%
GAS			
Actual Net Write-offs (1)	1,151,501	931,718	219,783
Less:			
Accrual for Write-offs (2)	<u>1,989,960</u> C-UE-2	<u>1,317,433</u>	<u>672,527</u>
Net Under (Over) Accrued	<u><u>(838,459)</u></u>	<u><u>(385,715)</u></u>	<u><u>(452,744)</u></u>
Allocation Note 2: Customers	100.000%	66.204%	33.796%

Notes:

- (1) Actual Net Write-offs from calculation below, "Allocation of Write-offs to Services."
(2) Accrual for Write-offs from E-OPS and G-OPS Results of Operations reports, Account 904 totals.

ALLOCATION OF WRITE-OFFS TO SERVICES:

	Sales to Ultimate Customers (1) (a)	Percent (b)	Allocated Net Write-offs (2) (c)
WASHINGTON TOTALS			
Electric	517,279,395 C-UE-3	77.440%	3,198,239
Gas	150,692,725 C-UE-3	22.560%	931,718
Total	<u>667,972,121</u>	100.000%	<u>4,129,957</u>
IDAHO TOTALS			
Electric	243,695,714 C-UE-3	79.800%	868,254
Gas	61,669,875 C-UE-3	20.200%	219,783
Total	<u>305,365,589</u>	100.000%	<u>1,088,037</u>
Total Company	<u><u>973,337,710</u></u>		<u><u>5,217,994</u></u>

- (1) Sales to Ultimate Customers plus Transportation Revenue from E-OPS and G-OPS Results of Operations reports.

(2) Allocated Write-offs from Account 144xxx Query.

	<u>Acct 144 Sub</u>	<u>Amount</u>	
<u>Washington</u>			
Write-Offs WA	200	4,129,957	C-UE-2
Reinstatements WA	600	0	C-UE-2
Recoveries WA	700	0	C-UE-2
		<hr/>	
		4,129,957	
<u>Idaho</u>			
Write-Offs ID	200	1,088,037	C-UE-2
Reinstatements ID	600		C-UE-2
Recoveries ID	700		C-UE-2
		<hr/>	
		1,088,037	
		5,217,994	0 check

**AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016**

201601	ACTUAL														ACCURAL		
	WRITE-OFFS				REINSTATEMENTS				RECOVERIES				WRITE-OFFS, net of Reinstatements and Recoveries				UNCOLLECTIBLE EXPENSE
	144200		144600		144700		144700		144200		144200		144200		904000	904000	
	CD	ID	CD	ID	CD	WA	CD	ID	ED	WA	ED	WA	GD	ED	E1	G1	
	-	-	-	-	-	-	-	-	247,205	37,521	53,797	37,521	3,924	201601	264,170	165,830	
201602	-	-	-	-	-	-	-	-	126,921	24,073	36,915	24,073	6,703	201602	264,170	165,830	
201603	-	-	-	-	-	-	-	-	145,801	47,534	47,534	36,605	7,833	201603	264,170	165,830	
201604	-	-	-	-	-	-	-	-	494,051	111,771	81,978	111,771	17,928	201604	264,170	165,830	
201605	-	-	-	-	-	-	-	-	392,969	117,691	129,220	117,691	26,895	201605	264,170	165,830	
201606	-	-	-	-	-	-	-	-	496,127	116,014	126,199	116,014	37,820	201606	264,170	165,830	
201607	-	-	-	-	-	-	-	-	338,254	85,347	92,050	85,347	28,268	201607	264,170	165,830	
201608	-	-	-	-	-	-	-	-	315,985	75,163	97,216	75,163	25,293	201608	264,170	165,830	
201609	-	-	-	-	-	-	-	-	300,268	65,198	90,763	65,198	7,685	201609	264,170	165,830	
201610	-	-	-	-	-	-	-	-	204,383	29,696	53,282	29,696	4,045	201610	264,170	165,830	
201611	-	-	-	-	-	-	-	-	165,450	16,686	58,517	16,686	5,449	201611	264,170	165,830	
201612	-	-	-	-	-	-	-	-	175,182	11,598	45,509	11,598	3,215	201612	264,170	165,830	
									<u>3,402,594</u>	<u>912,981</u>	<u>912,981</u>	<u>727,363</u>	<u>175,056</u>		<u>3,170,040</u>	<u>1,989,960</u>	
									C-UE-1	4,129,957	WA total				C-UE-1		
									C-UE-1	1,088,037	ID total				C-UE-1		

(note: Even though write-offs are recorded as WA electric and gas and ID electric and gas, this allocation can not be used. Per discussion with Tami Judge and Karen Doran, the customer service reps can not distinguish which service is being written off for combined electric and gas customers. Therefore, the write-offs for each state will be combined and allocated to service using sales, as has been done for years (prior to the new CC&B system.)

AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016

Washington Electric Revenue

	440000		442200		442300		444000		448000		499%0		Total
	ED	WA	ED	WA	ED	WA	ED	WA	ED	WA	ED	WA	
201601	(27,892,850)	(27,892,850)	(19,040,160)	(19,040,160)	(5,159,906)	(5,159,906)	(435,068)	(435,068)	(71,852)	(71,852)	1,513,057	1,513,057	(51,086,779)
201602	(22,844,701)	(22,844,701)	(17,734,584)	(17,734,584)	(4,731,278)	(4,731,278)	(434,350)	(434,350)	(101,543)	(101,543)	2,490,170	2,490,170	(43,356,286)
201603	(19,653,213)	(19,653,213)	(17,016,408)	(17,016,408)	(4,774,026)	(4,774,026)	(434,608)	(434,608)	(77,362)	(77,362)	(643,888)	(643,888)	(42,599,505)
201604	(17,423,925)	(17,423,925)	(16,974,450)	(16,974,450)	(4,578,399)	(4,578,399)	(431,060)	(431,060)	(77,642)	(77,642)	1,987,425	1,987,425	(37,498,051)
201605	(14,902,156)	(14,902,156)	(17,264,394)	(17,264,394)	(5,649,288)	(5,649,288)	(430,845)	(430,845)	(73,419)	(73,419)	(256,417)	(256,417)	(38,576,518)
201606	(15,535,762)	(15,535,762)	(17,970,651)	(17,970,651)	(3,641,383)	(3,641,383)	(429,266)	(429,266)	(77,762)	(77,762)	(2,644,398)	(2,644,398)	(40,299,222)
201607	(16,384,842)	(16,384,842)	(18,714,947)	(18,714,947)	(7,845,621)	(7,845,621)	(428,622)	(428,622)	(75,420)	(75,420)	(182,833)	(182,833)	(43,632,285)
201608	(17,778,153)	(17,778,153)	(19,293,071)	(19,293,071)	(6,027,798)	(6,027,798)	(428,917)	(428,917)	(76,216)	(76,216)	(582,965)	(582,965)	(44,187,120)
201609	(17,826,887)	(17,826,887)	(19,230,464)	(19,230,464)	(5,668,513)	(5,668,513)	(427,544)	(427,544)	(80,646)	(80,646)	3,388,230	3,388,230	(39,845,824)
201610	(15,102,976)	(15,102,976)	(17,423,836)	(17,423,836)	(5,305,530)	(5,305,530)	(416,509)	(416,509)	(76,032)	(76,032)	(1,973,240)	(1,973,240)	(40,298,124)
201611	(17,426,906)	(17,426,906)	(17,189,880)	(17,189,880)	(4,439,697)	(4,439,697)	(435,172)	(435,172)	(72,587)	(72,587)	(2,377,169)	(2,377,169)	(41,941,411)
201612	(25,063,698)	(25,063,698)	(18,767,460)	(18,767,460)	(5,227,050)	(5,227,050)	(422,788)	(422,788)	(85,470)	(85,470)	(4,391,805)	(4,391,805)	(53,958,270)
	(227,836,069)	(227,836,069)	(216,620,304)	(216,620,304)	(63,048,488)	(63,048,488)	(5,154,751)	(5,154,751)	(945,950)	(945,950)	(3,673,833)	(3,673,833)	(517,279,395)

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AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016

Idaho Electric Revenue

	440000		442200		444000		448000		499%0		440000		442200		448000		448000		Total
	ED	ID	ED	ID	ED	ID	ED	ID	ED	ID	ED	MT	ED	MT	ED	MT	ED	MT	
201601	(13,317,181)	(8,050,565)	(3,864,710)	(207,575)	(23,984)	1,089,961	(2,438)	(5,662)	(4,079)	(24,386,234)									
201602	(10,868,335)	(7,447,956)	(3,578,343)	(208,084)	(20,874)	1,256,374	(1,818)	(5,132)	(3,295)	(20,877,463)									
201603	(9,594,802)	(7,110,363)	(3,137,717)	(208,085)	(18,059)	(330,200)	(2,353)	(4,490)	(2,884)	(20,408,954)									
201604	(8,595,073)	(6,930,458)	(3,487,914)	(208,322)	(16,660)	950,868	(1,449)	(4,016)	(2,098)	(18,295,123)									
201605	(7,162,237)	(6,841,302)	(3,355,148)	(208,609)	(16,266)	28,828	(1,050)	(1,896)	(1,284)	(17,558,965)									
201606	(7,253,679)	(7,036,920)	(3,624,840)	(209,458)	(16,975)	28,433	(922)	(1,217)	(1,133)	(18,116,711)									
201607	(7,724,541)	(7,304,773)	(3,962,385)	(210,131)	(20,398)	(1,164,181)	(659)	(965)	(682)	(20,388,715)									
201608	(8,426,491)	(7,683,619)	(4,287,558)	(210,116)	(20,697)	(413,344)	(707)	(923)	(883)	(21,044,338)									
201609	(7,648,037)	(7,533,711)	(3,891,349)	(203,244)	(14,900)	2,295,403	(849)	(1,095)	(864)	(16,998,645)									
201610	(7,162,128)	(6,788,834)	(3,893,250)	(211,165)	(14,358)	(1,398,962)	(1,108)	(1,025)	(1,523)	(19,472,353)									
201611	(8,307,190)	(6,657,475)	(3,734,298)	(211,092)	(16,043)	(1,304,864)	(1,391)	(1,435)	(2,073)	(20,235,861)									
201612	(12,112,747)	(7,786,683)	(3,496,774)	(211,506)	(23,311)	(2,270,711)	(2,552)	(3,421)	(4,648)	(25,912,353)									
	(108,172,440)	(87,172,661)	(44,314,285)	(2,507,387)	(222,526)	(1,232,395)	(17,296)	(31,278)	(25,447)	(243,695,714)									

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AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016

Washington Natural Gas Revenue

	480000		4812%0		481300		481400		484000		499%0		4893%0		Total
	GD	WA	GD	WA	GD	WA	GD	WA	GD	WA	GD	WA	GD	WA	
201601	(16,569,517)	(16,569,517)	(8,235,158)	(8,235,158)	(238,289)	(238,289)	-	-	(46,954)	(46,954)	724,909	724,909	(427,930)	(427,930)	(24,792,938)
201602	(13,657,402)	(13,657,402)	(6,847,665)	(6,847,665)	(203,379)	(203,379)	-	-	(35,320)	(35,320)	2,586,109	2,586,109	(459,035)	(459,035)	(18,616,693)
201603	(10,843,559)	(10,843,559)	(5,392,900)	(5,392,900)	(181,543)	(181,543)	-	-	(29,758)	(29,758)	620,668	620,668	(422,405)	(422,405)	(16,249,496)
201604	(8,269,601)	(8,269,601)	(3,990,459)	(3,990,459)	(136,728)	(136,728)	-	-	(27,735)	(27,735)	4,124,944	4,124,944	(404,289)	(404,289)	(8,703,867)
201605	(4,661,137)	(4,661,137)	(2,332,826)	(2,332,826)	(123,284)	(123,284)	-	-	(10,820)	(10,820)	865,250	865,250	(364,578)	(364,578)	(6,627,395)
201606	(3,971,179)	(3,971,179)	(1,873,534)	(1,873,534)	(112,993)	(112,993)	-	-	(7,649)	(7,649)	625,564	625,564	(364,808)	(364,808)	(5,704,600)
201607	(3,364,579)	(3,364,579)	(1,673,674)	(1,673,674)	(88,123)	(88,123)	-	-	(5,593)	(5,593)	242,256	242,256	(341,145)	(341,145)	(5,230,858)
201608	(3,030,261)	(3,030,261)	(1,536,300)	(1,536,300)	(93,879)	(93,879)	-	-	(4,852)	(4,852)	(415,736)	(415,736)	(325,440)	(325,440)	(5,406,468)
201609	(3,426,080)	(3,426,080)	(1,761,662)	(1,761,662)	(135,157)	(135,157)	-	-	(5,523)	(5,523)	(514,958)	(514,958)	(366,561)	(366,561)	(6,209,940)
201610	(4,819,539)	(4,819,539)	(2,409,231)	(2,409,231)	(122,149)	(122,149)	-	-	(11,149)	(11,149)	(3,292,717)	(3,292,717)	(327,350)	(327,350)	(10,982,136)
201611	(7,568,428)	(7,568,428)	(3,336,290)	(3,336,290)	(139,195)	(139,195)	-	-	(18,833)	(18,833)	(2,875,468)	(2,875,468)	(387,531)	(387,531)	(14,325,746)
201612	(14,051,446)	(14,051,446)	(6,697,255)	(6,697,255)	(217,201)	(217,201)	-	-	(40,493)	(40,493)	(6,432,058)	(6,432,058)	(404,134)	(404,134)	(27,842,587)
	(94,232,728)	(94,232,728)	(46,086,954)	(46,086,954)	(1,791,920)	(1,791,920)	-	-	(244,681)	(244,681)	(3,741,237)	(3,741,237)	(4,595,206)	(4,595,206)	(150,692,725)

C-UE-1

AVISTA UTILITIES
UNCOLLECTIBLES ADJUSTMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016

Idaho Natural Gas Revenue

	480000		4812%0		481300		481400		484000		499%0		489300		Total
	GD	ID	GD	ID	GD	ID	GD	ID	GD	ID	GD	ID	GD	ID	
201601	(7,110,847)	(7,110,847)	(3,139,486)	(3,139,486)	(164,000)	(164,000)	-	-	(5,907)	(5,907)	737,924	737,924	(41,886)	(41,886)	(9,724,203)
201602	(5,758,017)	(5,758,017)	(2,579,613)	(2,579,613)	(128,729)	(128,729)	-	-	(4,634)	(4,634)	1,070,871	1,070,871	(52,014)	(52,014)	(7,452,135)
201603	(4,756,854)	(4,756,854)	(2,061,516)	(2,061,516)	(102,694)	(102,694)	-	-	(3,613)	(3,613)	120,817	120,817	(42,400)	(42,400)	(6,846,261)
201604	(3,611,885)	(3,611,885)	(1,601,900)	(1,601,900)	(95,194)	(95,194)	-	-	(3,044)	(3,044)	1,724,716	1,724,716	(47,503)	(47,503)	(3,634,811)
201605	(2,061,746)	(2,061,746)	(948,270)	(948,270)	(81,033)	(81,033)	-	-	(1,460)	(1,460)	319,947	319,947	(42,261)	(42,261)	(2,814,822)
201606	(1,686,168)	(1,686,168)	(820,751)	(820,751)	(72,187)	(72,187)	-	-	(1,038)	(1,038)	268,397	268,397	(37,577)	(37,577)	(2,349,323)
201607	(1,386,212)	(1,386,212)	(729,638)	(729,638)	(112,950)	(112,950)	-	-	(980)	(980)	85,115	85,115	(35,300)	(35,300)	(2,179,966)
201608	(1,211,568)	(1,211,568)	(756,521)	(756,521)	(77,119)	(77,119)	-	-	(803)	(803)	(207,214)	(207,214)	(36,250)	(36,250)	(2,289,475)
201609	(1,357,627)	(1,357,627)	(732,118)	(732,118)	(78,229)	(78,229)	-	-	(958)	(958)	(127,793)	(127,793)	(36,937)	(36,937)	(2,333,661)
201610	(2,137,251)	(2,137,251)	(932,024)	(932,024)	(84,932)	(84,932)	-	-	(1,238)	(1,238)	(1,533,873)	(1,533,873)	(43,536)	(43,536)	(4,732,855)
201611	(3,371,178)	(3,371,178)	(1,414,798)	(1,414,798)	(107,349)	(107,349)	-	-	(2,368)	(2,368)	(1,047,838)	(1,047,838)	(32,225)	(32,225)	(5,975,755)
201612	(6,049,416)	(6,049,416)	(2,498,943)	(2,498,943)	(53,156)	(53,156)	-	-	(3,871)	(3,871)	(2,692,972)	(2,692,972)	(38,251)	(38,251)	(11,336,608)
	(40,498,770)	(40,498,770)	(18,215,577)	(18,215,577)	(1,157,573)	(1,157,573)	-	-	(29,913)	(29,913)	(1,281,903)	(1,281,903)	(486,140)	(486,140)	(61,669,875)

C-UE-1

AVISTA UTILITIES
CALCULATION OF CONVERSION FACTOR: WASHINGTON ELECTRIC Workpaper Ref. CF WA Elec
TWELVE MONTHS ENDED DECEMBER 31, 2016

Revenue:		1.000000
Expense:		
Uncollectibles (1)		0.006183
Commission Fees (2)		0.002000
Washington Excise Tax (3)		0.038495
Total Expense		<u>0.046677</u>
Net Operating Income Before FIT		0.953323
Federal Income Tax @	35.00% Shared Inputs	0.333663
REVENUE CONVERSION FACTOR		<u>0.619660</u>

NOTES:

(1) Calculation of Effective Uncollectibles Rate:

Net Write-Offs *	C-UE-1	3,198,239	
Divided by:			
Sales to Ultimate Customers **	Shared Inputs	<u>517,279,395</u>	
EFFECTIVE RATE			<u>0.006183</u>

* From Uncollectibles Adjustment Workpapers.
** From Results of Operations Report E-OPS-12A

(2) WUTC fees rate per Regulatory Fee Calculation Schedule, Annual Report Year 2016 - Order No. A 140166 dated 02/23/2017

(3) Calculation of Effective Washington Excise Tax Rate:

Nominal Rate *		0.038734	
Multiplied by			
Uncollectibles Factor:			
Revenue	1.000000		
Less:			
Effective Uncol Rate	0.006183	<u>0.993817</u>	
EFFECTIVE RATE			<u>0.038495</u>

* From Combined Excise Tax Return.

**AVISTA UTILITIES
 CALCULATION OF CONVERSION FACTOR: WASHINGTON GAS
 TWELVE MONTHS ENDED DECEMBER 31, 2016**

Workpaper Ref. CF WA Gas

Revenues		1.000000
Expense:		
Uncollectibles (1)		0.006183
Commission Fees (2)		0.002000
Washington Excise Tax (3)		0.038282
Total Expense		<u>0.046465</u>
Net Operating Income Before FIT		0.953535
Federal Income Tax @	35.00% Shared Inputs	0.333737
REVENUE CONVERSION FACTOR		<u>0.619798</u>

NOTES:

(1) Calculation of Effective Uncollectible Rate:

Net Write-Offs *	C-UE-1	931,718	
Divided by:			
Sales to Ultimate Customers + Transport **	Shared Inputs	<u>150,692,726</u>	
EFFECTIVE RATE			<u>0.006183</u>

* From Uncollectible Adjustment Workpapers.
 ** From Results of Operations Report G-OPS-12A.

(2) WUTC fees rate per Regulatory Fee Calculation Schedule, Annual Report Year 2016 - Order No. A 140166

(3) Calculation of Effective Washington Excise Tax :

Nominal Rate *		0.038520	
Multiplied by			
Uncollectibles Factor:			
Revenue	1.000000		
Less: Effective Uncoll Rate	<u>0.006183</u>	<u>0.993817</u>	
EFFECTIVE RATE			<u>0.038282</u>

* From Combined Excise Tax Return.