

**Exhibit No. ECO-7
Dockets UE-160228/UG-160229
Witness: Elizabeth C. O'Connell**

**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**

ELIZABETH C. O'CONNELL

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Avista's Response to UTC Staff Data Request No. 112

August 17, 2016

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/06/2016
CASE NO.:	UE-160228 & UG-160229	WITNESS:	Jennifer Smith
REQUESTER:	UTC Staff – O’Connell	RESPONDER:	Jeanne Pluth
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 112	TELEPHONE:	(509) 495-2204
		EMAIL:	jeanne.pluth@avistacorp.com

REQUEST:

Adjustment 1.04 Plant Held for Future Use

Please provide the balances of Plant Held for Future Use accounts included in the last 5 General Rate Cases.

RESPONSE:

The Company has not included plant held for future use (PHFFU) in prior general rate cases.

As noted in testimony at Exhibit No. ____ (JSS-1T), page 19, line 11, prior to 2015, the Company’s investment in PHFFU has been relatively small. However, this balance has grown to approximately \$6 million (electric system). Also as noted in testimony, the Company is proposing to include in rate base property that meets certain requirements consistent with that approved for Puget Sound Energy (PSE) in previous GRCs. In Docket Nos. UE-920433, UE-920499 and UE-921262 at pages 89 through 91, the Order described these requirements or guidelines.

Generally, for the plant to meet the guidelines established by the Commission, the Company should have specific plans for how the property will be used. To ensure the Company has a definite plan for use, the Commission also adopted the following guidelines as proposed by Commission Staff: 1) the Company should have a planned date for when the property will be used to provide utility services, 2) plant that has been held for more than twenty years should be removed from rate base, and 3) plant with special circumstances that make the future planned implementation not definite (i.e. permitting issues, legal issues, etc.) should not be included in rate base. The Order also stated that the Company would be allowed to keep the gain on the sale of any property, based on the period they were excluded from ratepayer support.

Based on these guidelines, the Company included six parcels of land that meet the guidelines established by the Commission for PSE. Five of the parcels are for future substations (approximately \$2.3 million-revised amount, see Staff_DR_108) and one of the parcels is for a future natural gas-fired combustion turbine (Washington’s share is approximately \$2.3 million).

The Company purchases certain property to meet a specific utility purpose. For the property referenced above, the location of the property and its proximity to other Avista assets warranted the purchase early, well before the actual construction of the substation or generating plant. Securing the property in advance at a reasonable cost ensures that the property is available, for utility purposes and appropriate for inclusion in rate base.