

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/25/2014
CASE NO:	UE-140188 & UG-140189	WITNESS:	Mark Thies/Kelly Norwood
REQUESTER:	Public Counsel	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC – 136C	TELEPHONE:	(509) 495-8601
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REQUEST:

Re: Avista's Response to Public Counsel Data Request No. 22C Confidential Attachment A.

Regarding each table/graph provided in the noted Attachment:

- a) To the extent that any table/graph was prepared with an Excel spreadsheet, please provide fully executing and linked spreadsheets underlying each such table/graph.
- b) For each table provided on pages 12 through 18 of the noted Attachment, please provide a brief explanation of what is being presented, and the purpose of each presentation made.
- c) To the extent there were any additional handouts given or slides shown that address tables/graphs provided in the noted Attachment, please provide any such additional documents.

RESPONSE:

The information in the attachment is **Confidential per Protective Order in UTC Dockets UE-140188 and UG-140189.**

- a) Please see PC_DR_136C Confidential Attachment A.
- b) The Company has been evaluating growing capital needs for maintaining key operating aspects of the utility and has instituted various, formalized processes for determining prudent levels of expenditures related to many functional areas. As an example, Asset Management, Budget Planning, Business Cases provided by project sponsors, rankings of expenditure proposals, etc., all indicate the need for more capital expenditures to preserve and enhance, where necessary, our utility infrastructure and technology.

The Company engaged in a high-level analysis to identify the potential impacts to all stakeholders related to the future increases in capital spending together with scenario analysis around changes in O&M costs.

Page 12 – Illustrates the impacts to all stakeholders, including customers and shareholders, associated with various O&M and capital expenditure scenarios.

Page 13 – Illustrates the retail rate impact of a 10% change in commodity prices to customers for the period 2015-2018.

Page 14 – Illustrates the impact to customers and shareholders of a 3% growth in commodity & O&M expense, together with additional capital plant investment, from the most recent forecast at that time.

Page 15 – Illustrates the impact to customers and shareholders of a 3% growth in commodity and O&M expense, together with a capital plant investment scenario, which would result in an earnings growth rate of approximately 4% per year, and an EPS annual growth rate of approximately 2.4% per year.

Page 16 – Illustrates the impact to customers and shareholders of a 3% growth in commodity and O&M expense, together with a capital plant investment scenario reflecting 4-5% EPS growth rate.

Page 17 – This table demonstrates the impact of a \$50M per year increase in capital expenditures and the impact it would have on various financial key indicators while maintaining the forecasted capital structure. The bottom portion of the chart details the reduction to O&M that would be required to maintain consistent financial results with no rate relief.

Page 18 – This table is similar to page 17 but assumes a \$100M increase in capital expenditures, however, it does not reflect an O&M offset calculation.

c) None