**AVISTA CORP.**

### RESPONSE TO REQUEST FOR INFORMATION

# JURISDICTION: WASHINGTON DATE PREPARED: 06/21/2012

# CASE NO: UE-120436 & UG-120437 WITNESS: Elizabeth Andrews

# REQUESTER: WUTC Staff - Huang RESPONDER: Howard Grimsrud/Jeanne Pluth

# TYPE: Data Request DEPT: Accounting/Regulation

# REQUEST NO.: Staff – 269 TELEPHONE: (509) 495-2936/2204

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**REQUEST:**

**RE: PCB Transformer Restating Adjustment 2.14**

Avista’s Response to UTC Staff Data Request No. 150, Attachment B, page 2 of 4, indicates the Company transferred the 2007-2011 amount of the “Total Best Estimate Adjustment” (which was $1,278,065.18) from FERC Account 108 to Account 595, and treated 100% of this amount as Washington jurisdictional. As the previous two data requests indicate, the Company previously allocated 53 percent of this item to the Idaho jurisdiction in 2008. Please explain why the Company allocated 100% of the 2007-2011 amounts for this item ($1,278,065.18) to Washington.

**RESPONSE:**

As described in response to Staff\_DR\_150, the Company originally recorded the entire adjustment to Washington (recorded in June 2011). (This adjustment was provided in Staff\_DR\_150-Attachment A.) This was using the "best estimate" at that time. However, the Company recorded this entry as an accrual/reversal, so the entry would reverse in July 2011. When the information was received that a portion of the costs related to Idaho, a second adjustment was recorded in July 2011 (which was provided in Staff\_DR\_150-Attachment B.)

When preparing the revenue requirement for the Washington general rate case, unusual journal entries were reviewed to identify material prior period adjustments that impacted Washington 2011 results of operations. The June 2011 journal was identified and Andrews' electric adjustment 2.14 was prepared. The July 2011 entry was not reported as an unusual entry, since it was a correction of the June entry, therefore, that entry was not reviewed when preparing the Washington revenue requirement. Had that journal entry been identified, the Company would have prepared the adjustment as shown in Staff\_DR\_269 – Attachment A. The net impact to the case is a reduction of the costs removed from the case of $76,076, thereby increasing the revenue requirement amount by $79,652.

In addition, the Company received an informal request from UTC Staff Ms. Huang for the accounting transactions for the actual recording of the PCB Testing costs, the removal of costs, and the proposed accounting for the recovery of the costs. This information is provided in Staff\_DR\_269-Attachment B, using the revised adjustment that was provided in Attachment A.