AVISTA CORP. RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION: WASHINGTON

DATE PREPARED:

06/21/2012

CASE NO:

UE-120436 & UG-120437

WITNESS:

Elizabeth Andrews

REQUESTER:

REQUEST NO.:

WUTC Staff - Huang

RESPONDER:

Howard Grimsrud/Jeanne Pluth

TYPE:

Data Request Staff - 269

DEPT: TELEPHONE: Accounting/Regulation (509) 495-2936/2204

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jeanne.pluth@avistacorp.com

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.

Avista Utilities State of Washington

PCB Transformer System Removal Project

Costs recorded	l in	2011	for	Prior	Periods:
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	<u>System</u>	<u>WA</u>
2007	\$73,047	\$73,047
2008	\$215,310	\$101,196
2009	\$503,562	\$503,562
2010	\$486,144	\$486,144
_	1,278,063	1,163,949

	2011	2012	2013	2014	2015
Remove from 2011 Test Period	(1,278,063)				
Amount recoverd over three years			\$426,021	\$426,021	\$426,021
Restating Adjustment:	(1.270.062)				
Remove from 2011 Test Period Amount Recovered in Rate Year (2013)	(1,278,063) 426,021				
Amount Recovered in race rear (2013)	120,021				
Restating PCB Transformer Adjustment	(852,042)				

Note: See attached memo.

The Company is removing the prior period costs from the GRC and is proposing a 3-year recovery of those costs.

Acct 595 - Distribution Maintenance

Avista Utilities State of Washington

PCB Transformer System Removal Project

	Costs record	ed in	2011	for	Prior	Periods:
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	System	<u>WA</u>	<u>ID</u>
2007	\$73,047	\$73,047	
2008	\$215,310	\$101,196	\$114,114
2009	\$503,562	\$503,562	
2010	\$486,144	\$486,144	
_	1,278,063	1,163,949	

	2011	2012	2013	2014	2015
Remove from 2011 Test Period	(1,163,949)				
Amount recoverd over three years			\$387,983	\$387,983	\$387,983

Restating Adjustment:

Remove from 2011 Test Period (1,163,949)
Amount Recovered in Rate Year (2013) 387,983

Restating PCB Transformer Adjustment (775,966)

Original Adjustment (852,042)

Reduction to Adjustment 76,076

Note: See attached memo.

The Company is removing the prior period costs from the GRC and is proposing a 3-year recovery of those costs.

Acct 595 - Distribution Maintenance

(149,108)

(149,108) (149,108)

FERC Description	2007	2008	2009	2010	2011	2012	2013	2014	2015
108 Removal Work in Progress/Accum. Deprec.	73,047	215,311	503,563	486,145	122,660				
232 Accounts Payable	(73,047)	(215,311)	(503,563)	(486,145)	(122,660)	address of the control of the contro			
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(As described in the Code of Federal Regulations, FERC									
Account 108, Section B, when plant is retired, this account									
shall be charged with the book cost of the property retired									
and the cost of removal and shall also be credited with									
salvage value.)		,							
595 Dist. Maintenance - Transformers		nada sekiri si istanca da manangan da m	Are in a find the control of the con	A A CANA TOTAL WITHOUT WOOD TO POST CONTROL OF CONTROL	1,400,725	and the second s		- Particular de la company	
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182.3 Other Regulatory Assets						1,278,065	AND THE PROPERTY OF THE PROPER	ACCOUNTS OF THE PROPERTY OF TH	
407.4 Regulatory Credits		Charles and Company of the Company o		Pour Court C	A SPORT OF THE PARTY OF THE PAR	(1,278,065)			
410.1 Provision for Deferred Income Taxes				THE ACTION AND A LOCAL PROPERTY OF THE PROPERT	Annual Control of the	447,323			
283.X Accumulated Deferred Income Taxes			***************************************	mamenta.		(447,323)			2 чондые
Upon UTC Commission approval, establish									
regulatory asset for 2007-2010 testing costs.									
(See Andrews' adjustment 2.14 in UE-110876)									
407.3 Regulatory Debits	a mandam apart of the description and the date of the	A PART AND ADDRESS OF THE PART ADDRESS OF THE PART AND	TO THE CASE OF THE		ALM SAME SAME SAME CONTINUES OF THE SAME SAME SAME SAME SAME SAME SAME SAM	AND THE RESERVE OF THE PARTY AND A STATE OF THE PARTY AND A STATE OF THE PARTY.	426,022	426,022	426,022
182.3 Other Regulatory Assets						THE SPACE ASSESSMENT ASSESSMENT ASSESSMENT OF SPECIAL PROPERTY OF	(426,022)	(426,022)	(426,022)
283.X Accumulated Deferred Income Taxes							149,108	149,108	149,108
411.1 Provision for Deferred Income Taxes - Credit					and the second s		(149,108)	(149,108)	(149,108)
Amortize regulatory asset over 3 years.									
(Proposed in Andrews' adjustment 2.14 in UE-110876)									
142 Customer Accounts Receivable							426,022	426,022.	426,022
400 Operating Revenue	***************************************		POLLU PAL				(426,022)	(426,022)	(426,022)
409100 Income Taxes, Utility Operating Income							149,108	149,108	149,108
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Recognize revenue and current FIT on revenue. (The example does not reflect revenue-related expenses.)

236 Taxes Accrued

(135,794) 135,794

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FERC Description	2007	2008	2009	2010	2011	2012	2013	2014	2015
108 Removal Work in Progress/Accum. Deprec.	73,047	101,196	503,563	486,145	122,660			Address of the Control of the Contro	
232 Accounts Payable	(73,047)	(101,196)	(503,563)	(486,145)	(122,660)	and endanders and always and and assessment pro-			
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108 Removal Work in Progress/Accum. Deprec.					(1,286,611)				
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410.1 Provision for Deferred Income Taxes						407,383		A THE PRINCIPAL TO A SECURE OF THE PRINCIPAL P	
283.X Accumulated Deferred Income Taxes					montana c	(407,383)		The state of the s	
Upon UTC Commission approval, establish		-						Advance of Superior Common Com	CONTROL OF THE PROPERTY OF THE
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(See Andrews' Revised adjustment 2.14 in UE-110876)									
407.3 Regulatory Debits	TO THE PARTY OF TH	Part of the State		est mandel become of man, the first man increase are not making			387,984	387,984	387,984
182.3 Other Regulatory Assets							(387,984)	(387,984)	(387,984)
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411.1 Provision for Deferred Income Taxes - Credit			North Control	errar an	***************************************		(135,794)	(135,794)	(135,794)
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236 Taxes Accrued