

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	06/25/2012
CASE NO:	UE-120436 & UG-120437	WITNESS:	Elizabeth Andrews
REQUESTER:	Public Counsel	RESPONDER:	Tara Knox
TYPE:	Data Request	DEPT:	State and Federal Regulation
REQUEST NO.:	PC – 093-Supplemental	TELEPHONE:	(509) 495-4325
		EMAIL:	tara.knox@avistacorp.com

**REQUEST:**

Reference Ms. Elizabeth Andrews' testimony pages 70 through 77, electric operations Restating Adjustment No. 2.16 as well as supporting spreadsheet workpaper "Colstrip & CS2 Maint Amort.xls." Please answer/provide the following regarding the noted adjustment:

- a. Please confirm, or explain/demonstrate/quantify to the contrary if applicable, that during the 2011 historic test year Avista charged a total of \$5,918,106 of Washington jurisdictional non-fuel non-internal-labor maintenance expense for the Coyote Springs 2 and Colstrip 3 & 4 plants, which would have consisted of \$5,401,854 of actual Washington jurisdictional non-fuel non-internal-labor maintenance expense for the Coyote Springs 2 and Colstrip 3 & 4 plants plus \$516,252 of expense that represents the amount of Washington jurisdictional non-fuel non-internal-labor maintenance expense being collected in rates that exceeded "actual" 2011 historic test year costs.
- b. If the answer to subpart (a) is *not* confirmed, please explain why Avista did not defer to maintenance expense accounts the amounts being collected in rates that exceeded actual maintenance costs being incurred?
- c. If the answer to subpart (a) of this request *is* confirmed, please state and show where test year recorded maintenance expense has been reduced to capture actual amounts recorded – which would include the \$516,252 of deferred maintenance expense – to the "actual" level of maintenance expense which would be exclusive of deferred maintenance expense.

**RESPONSE:**

- a. As shown on Andrews electric work paper page E-CCOM-1, during the historical test year the Washington jurisdictional share of the actual maintenance expenses was \$5,432,665 plus the directly assigned deferral expense of \$516,251 for a total 2011 Colstrip and CS2 Maintenance Expense per Books of \$5,948,916. The difference is entirely due to the Production/Transmission ratio in effective rates at the time of the deferral compared to the updated Production/Transmission ratio associated with the 2011 historical test year.
- b. Not Applicable.
- c. The actual test year recorded maintenance expense is embedded in the FERC 551 through 554 and 510 through 514 accounts as shown on work paper page E-CCOM-3. These values are part of the line 7 Operating Expenses amount in Ms. Andrews Exhibit No. \_\_\_ (EMA-2). The deferral expense is shown on Andrews electric work paper page 1.00-10 (E-ROO) under FERC account 407460 labeled Amortization of Deferred CS2 & Colstrip O&M. This value is part of the line 10 Regulatory Amortization amount in Ms. Andrews Exhibit No. \_\_\_ (EMA-2).

Also please see Avista responses to Public Counsel Data Request Nos. 92 and 94.

**SUPPLEMENTAL – 06/19/2012**

In further response to part c. above, the Stipulation at page 8 (see Docket No. UE-110876, Settlement Stipulation) states:

“The amount of expense to be included for recovery in future general rate cases would be the actual maintenance expense recorded in the test period, less any amount deferred during the test period, plus the amortization of previously deferred costs.”

The Stipulation was written in anticipation that the deferral amounts in the test period could be an increase or a reduction to expense. To calculate the expense included in the test period (2011), one would use the actual maintenance expense of \$5.4 million less the deferred expense (less -\$0.5 million, causing a positive), totaling \$5.9 million for the 2011 test period expense. This \$5.9 million for 2011 expense, plus ¼ of the 4-year amortizations of the 2011 and 2012 deferrals (or plus -\$0.129 million related to 2011 and +\$1.1 million related to 2012 deferrals) total \$6.9 million, equating to the 2013 rate period expense. Both of these calculations are shown in the table below:

Millions		
\$	5.4	2011 Actual Colstrip & CS2 Maintenance Expense
Less:		
\$	(0.5)	Deferral (less - = +) (1)
\$	5.9	<b>Total Colstrip &amp; CS2 Maintenance expense per books in 2011</b>
		<b>Also represents the proposed base for UE-120436</b>
\$	(0.1)	2013 amortization expense, 1/4 of 2011 deferral
\$	1.1	2013 amortization expense, 1/4 of 2012 deferral
\$	6.9	Expense in 2013 including amortization of 2011 and 2012 deferrals
		(1) Amount refunded to customers during the period 2012-2015.

Consistent with the above Stipulation language, for rate making purposes the Company included \$5.9 million in the Company's test period, as this was the amount per books, and are refunding to customers \$.5 over the period 2012-2015 for the amount deferred during the 2011 test period. The net effect to customers of the expense collected in 2013 of \$5.9 million, plus the rebate to customers of the 2011 amortization received during 2012-2015 of \$.5 million, totals the \$5.4 million of actual expense experienced in 2011, prior to the required deferral. Or, in other words, customers will not incur more than the \$5.4 million of actual expense paid by the Company for 2011.

The Company deferrals are calculated by subtracting actual costs from authorized costs. Deferrals can be positive (adding to expense) or negative (reducing expense). When the deferrals, positive or negative, are combined with the actual level of expense, the result is the level of expense included in base rates. In 2011 actual costs were less than authorized costs by \$516,251 (WA share), so when the deferral is combined with the actual costs of \$5,432,665, the result is the authorized cost of \$5,948,916 for the new year (excluding amortization of any deferrals). Per the Stipulation language, the Company's revenue requirement would be based on the \$5,948,916 amount (excluding amortization of any deferrals). The Company should not eliminate the deferral, and it has not been eliminated.

Please note, in the process of completing the Company's response to PC\_DR\_093-Supplemental, the Company determined that two of the descriptions on Andrews' work paper 2-16 (Ref. E-CCOM-1) need

to be revised. Please see PC\_DR\_093-Supplemental – Attachment A for the revised workpaper, showing that the \$9,118,511 system (\$5,948,916 WA) should have been labeled “Colstrip and CS2 Maintenance Expense per Books, including Annual Deferred Expense” and also labeled “Proposed UE-12\_\_Deferral Base. Please also note, Andrews testimony at Exhibit No.\_\_(EMA-1T), page 71, line 11-13, should state that the 2011 combined CS2 and Colstrip 3 & 4 system baseline as proposed by the Company in this filing, is \$9.119 million (Washington amount \$5.949 million).

AVISTA UTILITIES  
 COLSTRIP & COYOTE SPRINGS 2 MAINTENANCE AMORTIZATION ADJ  
 TWELVE MONTHS ENDED DECEMBER 31, 2011

Four Year Amortization of 2011 Deferred Maintenance Expense

		64.87% P/T Ratio in effective rates at the time of the Deferral UE-100467 (associated with the 2009 TY base)
2011 Actual	System	WA Share
	8,327,200	5,401,855
2011 Base (2009 TY)	9,123,024	5,918,106
2011 Deferred Maintenance	(795,824)	(516,251) Dr to Expense, Cr to Deferred Asset
		divide by 4
Annual Amortization 2012 - 2015		(129,063) Dr to Deferred Asset, Cr to Expense

Four Year Amortization of 2012 Deferred Maintenance Expense

		65.16% P/T Ratio in effective rates at the time of the Deferral UE-110876 (associated with the 2010 TY base)
2012 Estimated Actual	System	WA Share
	13,232,619	8,622,375
2012 Base (2010 TY)	6,418,587	4,182,351
2012 Deferred Maintenance	6,814,032	4,440,024 Dr to Deferred Asset, Cr to Expense
		divide by 4
Annual Amortization 2013 - 2016		1,110,006 Dr to Expense, Cr to Deferred Asset

Rate Year Summary

		Current P/T Ratio	65.24% 2011 P/T Ratio included in UE-12	Test Year Results of Operations
2011 Actual Annual Expense	System	WA Share		
	8,327,200	5,432,665		
2011 Annual Deferred Expense	791,311	516,251	Implied System value (WA Deferral divided by Current P/T Ratio)	
	<b>9,118,511</b>	<b>5,948,916</b>	Colstrip and CS2 Maintenance Expense per Books including deferral and (Proposed UE-12 Deferral Base), per Settlement Stipulation in Docket No. UE-110876)	
2013 Amortization 2011 Deferral		(129,063)		
2013 Amortization 2012 Deferral		1,110,006		
Less: Amortization in 2011 Results				
Amortization Expense Adjustment		<b>980,943</b>		

AVISTA UTILITIES  
COLSTRIP & COYOTE SPRINGS 2 MAINTENANCE DEFERRALS  
TWELVE MONTHS ENDED DECEMBER 31, 2011

2011 System		UE-100467	WA Share	
Actual	System Base	Difference	64.87% P/T Ratio UE-100467	
Jan-11	624,784.95	644,582.71	(19,797.76)	(12,842.81)
Feb-11	405,543.74	554,771.09	(149,227.35)	(96,803.78)
Mar-11	307,966.82	515,395.20	(207,428.38)	(134,558.79)
Apr-11	1,055,091.18	662,238.16	392,853.02	254,843.76
May-11	1,741,641.00	1,301,084.99	440,556.01	285,788.68
Jun-11	979,117.36	1,193,381.04	(214,263.68)	(138,992.85)
Jul-11	602,910.15	924,810.37	(321,900.22)	(208,816.67)
Aug-11	458,936.41	742,695.24	(283,758.83)	(184,074.35)
Sep-11	361,135.31	677,137.47	(316,002.16)	(204,990.60)
Oct-11	590,433.46	658,778.58	(68,345.12)	(44,335.48)
Nov-11	514,338.64	577,904.94	(63,566.30)	(41,235.46)
Dec-11	685,300.53	670,244.35	15,056.18	9,766.94
<b>Total 2011</b>	<b>8,327,199.55</b>	<b>9,123,024.15</b>	<b>(795,824.60)</b>	<b>(516,251.41)</b> 2011 Deferral Balance

Estimated 2012		UE-110876	WA Share	
System Actual	System Base	Difference	65.16% P/T Ratio UE-110876	
Jan-12 Actual	778,173.62	296,985.26	481,188.36	313,542.34
Feb-12 Budget	557,339.09	272,471.60	284,867.49	185,619.66
Mar-12 Budget	1,060,454.88	518,434.55	542,020.33	353,180.45
Apr-12 Budget	632,555.05	309,243.14	323,311.92	210,670.04
May-12 Budget	900,312.06	440,144.02	460,168.04	299,845.50
Jun-12 Budget	1,373,094.83	704,157.36	668,937.46	435,879.65
Jul-12 Budget	3,900,001.33	1,906,630.32	1,993,371.01	1,298,880.55
Aug-12 Budget	764,284.25	373,642.83	390,641.42	254,541.95
Sep-12 Budget	1,157,745.51	565,997.94	591,747.58	385,582.72
Oct-12 Budget	610,107.20	298,268.84	311,838.36	203,193.87
Nov-12 Budget	538,310.81	263,169.07	275,141.74	179,282.36
Dec-12 Budget	960,240.24	469,441.67	490,798.56	319,804.34
<b>Total 2012</b>	<b>13,232,618.87</b>	<b>6,418,586.59</b>	<b>6,814,032.28</b>	<b>4,440,023.43</b> Estimated 2012 Deferral Balance

Prep by: \_\_\_\_\_ 1st Review: \_\_\_\_\_

Date: 9/12/2012 Mgr. Review: \_\_\_\_\_

Transaction Analysis Selection: Accounting Period - CS2

Source Id.<All>	Organization	Desc:C06 - Joint Project - CS2	Accounting Period	Project Nurf	Service:ED	Transaction Amount
Ferc Acct						
546000						337,724.62
548000						-2,530.27
549000						23,732.63
550000						105,386.40
551000						398,321.48
554000						2,484.54
562000						968.98
Sub-total						866,288.38
Total						866,288.38

Sub-Total Maintenance 506,392.42

Transaction Analysis Selection: Accounting Period

Source Id.<All>	Organization	Desc:N06 - Joint Project-Colstri	Accounting Period	Project Nurf	Service:ED	Transaction Amount
Ferc Acct						
500000						6,051.46
501200						744,098.98
502000						328,000.34
505000						12,934.35
506000						94,621.64
507000						-1,003.53
510000						51,057.96
511000						32,450.94
512000						154,165.13
513000						2,395.65
514000						31,711.52
Sub-total						1,456,484.44
Total						1,456,484.44

Sub-Total Maintenance 271,781.20

Combined Maintenance 778,173.62

Prep by: \_\_\_\_\_ 1st Review: \_\_\_\_\_  
 Date: 9/12/2012 Mgr. Review: \_\_\_\_\_

Transaction Analysis Selection: Accounting Period : '2011%', GI Ferc Account : '5%

Source Id.<All>	Organization	Desc:C06 - Joint Project - CS2	Accounting Period	Project Nurf	Service:ED	Jurisdiction:AN	201105	201106	201107	201108	201109	201110	201111	201112	Total				
Ferc Acct																			
546000							39,004.63	21,743.89	37,820.06	41,158.24	NULL	168,084.27	116,166.21	346.38	443,534.71	102,256.45	94,507.87	118,611.95	1,183,234.66
548000							187,359.86	-15,306.37	124,045.58	77,583.92	102,142.00	16,008.22	158,602.08	195,555.00	-162,357.26	10,377.17	36,275.45	6,978.89	737,264.54
549000							-7,088.21	20,149.65	5,212.17	13,745.59	NULL	7,146.95	7,745.64	NULL	32,459.37	55,974.47	2,182.07	129,501.46	
550000							NULL	NULL	NULL	NULL	78,035.00	NULL	78,087.53	NULL	NULL	NULL	NULL	NULL	-52.53
551000							13,375.78	32,931.90	38,247.38	13,248.63	NULL	8,120.08	1,327.18	NULL	61,421.91	11,580.14	41,603.83	151,865.75	333,722.58
553000							114,330.00	177,346.29	60,695.48	190,724.02	165,902.46	60,883.29	-11,129.98	179,090.00	229,348.49	92,411.08	148,693.97	-28,271.72	921,326.40
554000							NULL	NULL	NULL	2,000.00	4,929.85	606.11	0.00	17,445.50	6,819.22	479.36	1,930.03	34,210.07	
562000							2,158.95	1,070.50	1,070.50	3,251.00	-868.00	1,074.90	3,251.00	NULL	1,144.79	1,071.02	11,044.16		
566000							NULL	NULL	NULL	25.00	499.79	NULL	NULL	NULL	NULL	NULL	NULL	524.79	
Sub-total							349,141.01	217,935.86	267,091.17	337,530.90	273,295.46	264,329.66	274,891.93	41,331.60	255,903.43	378,679.74	254,367.99	3,370,776.13	
Total							349,141.01	217,935.86	267,091.17	337,530.90	273,295.46	264,329.66	274,891.93	41,331.60	255,903.43	378,679.74	254,367.99	3,370,776.13	

Sub-Total Maintenance 127,705.78 190,278.19 98,942.86 203,972.65 167,902.46 73,933.22 -9,196.69 179,090.00 -150,481.08 110,810.44 190,777.16 125,524.06 1,309,259.05

Transaction Analysis Selection: Accounting Period : '2011%', GI Ferc Account : '5%

Source Id.<All>	Organization	Desc:N06 - Joint Project-Colstri	Accounting Period	Project Nurf	Service:ED	Jurisdiction:AN	201105	201106	201107	201108	201109	201110	201111	201112	Total				
Ferc Acct																			
500000							5,234.22	4,539.06	3,096.30	4,976.48	7,966.69	3,010.65	3,077.62	2,805.01	3,943.58	1,653.06	4,128.51	3,946.41	48,377.59
501200							66,191.09	11,322.28	5,579.00	38,850.46	50,538.65	18,404.07	18,660.60	17,123.91	37,741.49	19,672.38	29,549.64	20,860.28	354,493.85
502000							196,260.39	385,558.42	358,714.96	263,429.91	403,244.34	280,998.11	171,052.34	176,131.15	311,441.95	268,887.05	341,899.63	486,282.54	3,593,900.79
505000							12,323.32	3,408.08	3,921.93	9,255.44	14,530.80	5,259.91	6,391.69	4,730.12	11,279.10	10,140.69	7,794.42	4,336.83	93,372.33
506000							274,530.71	140,814.57	125,042.95	219,534.37	356,962.64	103,621.91	-25,003.56	77,402.73	161,331.84	112,724.42	150,858.17	160,218.07	1,858,038.82
507000							7,590.46	-591.77	410.15	1,932.11	4,632.74	1,195.50	1,672.61	-1,100.00	6,603.68	3,714.43	776.52	5,561.19	32,397.62
510000							65,433.77	27,751.71	34,266.57	56,218.40	88,175.32	708.05	14,345.05	-1,616.51	25,485.31	42,733.49	19,629.78	23,473.95	396,604.89
511000							97,990.43	29,828.45	27,670.98	84,402.48	107,537.22	37,841.93	31,856.70	21,545.18	79,446.59	74,213.84	59,208.65	39,053.77	681,595.72
512000							118,587.20	226,314.23	117,308.99	576,482.74	994,573.36	679,338.18	450,159.54	223,079.04	290,858.71	310,864.05	195,827.84	421,962.13	4,605,356.01
513000							113,473.69	96,189.04	-2,768.39	58,674.70	239,305.18	108,849.41	75,533.89	26,706.84	80,821.67	11,127.29	7,751.05	31,925.18	655,211.47
514000							101,594.08	27,560.20	32,545.81	75,340.21	144,147.46	78,446.57	-40,212.16	10,131.86	-44,094.11	40,684.35	41,144.16	43,361.44	679,172.41
Sub-total							1,059,209.36	760,316.19	705,789.25	1,409,097.30	2,411,614.40	1,317,674.29	787,958.14	556,939.33	1,043,938.03	896,415.05	858,568.37	1,190,981.79	12,998,521.50
Total							1,059,209.36	760,316.19	705,789.25	1,409,097.30	2,411,614.40	1,317,674.29	787,958.14	556,939.33	1,043,938.03	896,415.05	858,568.37	1,190,981.79	12,998,521.50

Sub-Total Maintenance 497,079.17 215,265.55 209,023.96 851,118.53 1,573,738.54 905,184.14 612,106.84 279,846.41 511,616.39 479,623.02 323,561.48 559,776.47 7,017,940.50

Combined Maintenance 624,784.95 405,543.74 307,966.82 1,055,091.18 1,741,641.00 979,117.36 602,910.15 458,936.41 361,135.31 590,433.46 514,338.64 685,300.53 8,327,199.55

Adjustment No. \_\_\_\_\_

Worksheet Ref. E-COOM-4

2012 Budget for C06 and N06 Operating and Maintenance Expense

	201201	201202	201203	201204	201205	201206	201207	201208	201209	201210	201211	201212
<b>C06 - Coyote Springs Unit 2</b>												
546000	30,747	29,824	36,468	22,200	28,264	36,570	29,994	37,329	31,184	30,484	29,970	30,556
548000	309,415	167,529	200,511	81,750	122,221	150,638	170,211	211,450	168,857	176,899	169,447	163,989
549000	39,382	34,264	40,512	31,933	27,931	34,179	32,181	40,512	34,264	45,257	35,075	35,887
550000						67,255						
551000	24,995	24,072	137,042	16,449	22,512	76,386	24,242	31,577	131,758	24,146	23,632	129,957
552000												
553030	197,681	157,731	538,097	198,904	501,922	946,173	3,509,653	350,198	656,883	198,670	142,975	461,951
554000												
562000	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167
	604,386	415,586	954,797	353,402	705,016	1,313,368	3,768,448	673,233	1,025,112	477,624	403,266	824,507
												11,518,746
<b>N06 - Colstrip Units 3 &amp; 4</b>												
500000	3,120	3,064	3,173	3,154	3,211	3,135	2,935	3,144	2,925	3,211	2,982	2,916
501200	761,351	204,945	204,918	204,945	204,918	204,848	204,918	204,918	204,945	204,848	204,945	204,849
502000	118,833	115,346	120,686	119,519	125,828	120,579	107,890	121,411	107,431	125,722	111,134	106,995
505000	4,313	4,313	4,315	4,313	4,315	4,313	4,315	4,315	4,313	4,313	4,313	4,313
506000	238,696	234,194	241,543	244,709	335,317	229,470	226,359	243,838	223,011	246,299	227,720	222,228
507000												
510000	40,302	39,897	40,703	40,549	40,981	40,410	38,947	40,480	38,878	40,981	39,295	38,823
511000	16,398	11,306	15,298	11,306	11,319	15,285	11,319	11,319	15,284	11,306	11,306	15,287
512000	267,159	263,478	268,225	266,869	262,048	233,340	254,570	269,176	253,827	273,531	259,949	253,078
513000	14,054	14,054	14,070	14,054	14,070	14,054	14,058	14,058	14,054	14,058	14,054	14,068
514000	46,892	46,801	47,020	46,924	47,460	47,446	47,213	47,476	47,061	47,407	47,059	47,076
	1,511,120	937,398	959,951	993,842	1,049,467	912,880	912,524	960,135	911,730	971,684	922,798	909,634
												11,953,164
<b>Maintenance Subtotal</b>												
	607,482	557,339	1,060,455	632,555	900,312	1,373,095	3,900,001	764,284	1,157,746	610,107	538,311	960,240
												13,061,927

Prep by: \_\_\_\_\_ 1st Review: \_\_\_\_\_

Date: 9/12/2012 Mgr. Review: \_\_\_\_\_