

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

| | | | |
|---------------|--------------------------|----------------|----------------------------|
| JURISDICTION: | WASHINGTON | DATE PREPARED: | 10/04/2017 |
| CASE NO.: | UE-170485 & UG-170486 | WITNESS: | Karen Schuh |
| REQUESTER: | UTC Staff | RESPONDER: | Karen Schuh |
| TYPE: | Data Request | DEPT: | State & Federal Regulation |
| REQUEST NO.: | Staff – 150 Supplemental | TELEPHONE: | (509) 495-2293 |
| | | EMAIL: | karen.schuh@avistacorp.com |

REQUEST:

Referring to Avista’s response to Staff Data Request 2, the Company states,

“The Downtown Network Building (New Warehouse/Ops Bldg) project was inadvertently included in the pro forma adjustment as being split between Washington Electric and Washington Natural Gas operations. However, this investment will support Avista’s Washington Electric operations only. Therefore, this item should be removed from consideration as a natural gas related capital investment in 2017. This correction has been reflected in the Company’s response to Staff_DR_001 Attachment A.”

- a. Avista’s error does not appear to have been corrected or reflected in Avista’s response. Downtown Network Building (ERval 7139) remains in the Natural Gas workbook. Please correct Staff_DR_001 Attachment A or explain where and how the Company made the correction.
- b. Does the removal from consideration of the Downtown Network Building (New Warehouse/Ops Bldg) project as a natural gas related capital investment in 2017 increase electric plant addition? Where is this reflected in the electric pro forma adjustment?
- c. Referring to Elizabeth Andrews’ workpaper EO 3.11 (Worksheet E-POFF-1), the Downtown Network Building (ER 7139) is listed as an O&M offset. Please update workpaper EO 3.11 and “Electric WA Share” and “Gas WA Share” columns reflecting the removal of the project as a natural gas related capital investment in 2017. See table below.

| Electric | Gas | | System | Electric | Gas |
|----------|--------|--|---------|----------|--------|
| WA | WA | | Total | WA | WA |
| Share | Share | | | Share | Share |
| 53.58% | 15.12% | | 210,000 | 112,517 | 31,761 |

RESPONSE:

- a. The removal of the Downtown Network building (ER 7139) is reflected in Staff_DR_001 Attachment A in the Natural Gas workbook. The Company included actual transfers to plant through May in this response. ER 7139 is shown here with actuals transferring January through March. These transfers all total zero, reflected in column Q. ER 7139 transfers for January through March are showing the entries of this allocation change and is therefore, correct.
- b. Yes, the corrected allocation increases the Washington Electric plant addition as shown in the Company’s response to Staff_DR_001 Attachment A, by removing the filters in columns C and Q.

The new transfer to plant amount in 2017 for ER 7139, is reflected in column Q, as a total of \$6,189,956, which is below the Pro Forma Threshold of \$6,874,398 the Company used for the Pro Forma Additions adjustment (PF ADDS 2017 Workpaper). Therefore, the change in the addition amount for Washington Electric will be reflected in the EOP Study adjustment (3.15) and the Natural Gas change will be reflected in the Pro Forma Adjustment (3.10),

- c. Please see Staff_DR_150 Attachment A for a revised electric and natural gas offsets based on the corrected allocation.

Supplemental:

Please see Staff_DR_150 Supplemental Attachment A for a revised electric offsets based on the Company inadvertently including the Autotransformers offset in this adjustment.

Avista Utilities
O&M Offsets
Test Year Dec 31, 2016

Excludes Plant Additions for Customer Growth (Budget Category 1,000's)

| Plant Additions by Month | Functional Plant Categories | ER | Service | State | Electric | | Gas | | Total Offsets | |
|--------------------------|---|------|---------|-------|----------|-------|-----|-------|------------------|------------------|
| | | | | | WA Share | Share | WA | Share | WA | Share |
| | | | | | | | | | | |
| | Electric Distribution | | | | | | | | | |
| | Wood Pole Mgmt | 2060 | ED | AN | 65.73% | | | | 68,400 | 44,959 |
| | Street Light Conversion to LED Fixtures | 2584 | ED | AN | | | | | 1,060,249 | 800,038 |
| | Electric Distribution Subtotal | | | | | | | | 1,128,649 | 844,997 |
| | General: | | | | | | | | | |
| | Downtown Network New Warehouse/Ops Bldg | 7139 | ED | WA | 100.00% | | | | 210,000 | 210,000 |
| | COF Long-Term Restructuring Plan | 7126 | CD | WA | 78.48% | | | | - | - |
| | General Plant Subtotal | | | | | | | | 210,000 | 210,000 |
| | Subtotal Offsets | | | | | | | | 1,338,649 | 1,054,997 |

Avista Utilities
O&M Offsets
Test Year Dec 31, 2016

Excludes Plant Additions for Customer Growth (Budget Category 1,000's)

| Plant Additions by Month | Functional Plant Categories | ER | Service | State | Electric | | Gas | | Total Offsets | | |
|---|-----------------------------|------|---------|-------|----------|--------|-----|-------|------------------|------------------|----------|
| | | | | | WA Share | Share | WA | Share | WA | Share | WA |
| <i>Electric Distribution</i> | | | | | | | | | | | |
| Wood Pole Mgmt | | 2060 | ED | AN | 65.73% | | | | 68,400 | 44,959 | |
| Street Light Conversion to LED Fixtures | | 2584 | ED | AN | 65.73% | 0.00% | | | 1,060,249 | 800,038 | - |
| Electric Distribution Subtotal | | | | | | | | | 1,128,649 | 844,997 | - |
| General: | | | | | | | | | | | |
| Downtown Network New Warehouse/Ops Bldg | | 7139 | ED | WA | 100.00% | 0.00% | | | 210,000 | 210,000 | - |
| COF Long-Term Restructuring Plan | | 7126 | CD | WA | 78.48% | 21.52% | | | - | - | - |
| General Plant Subtotal | | | | | | | | | 210,000 | 210,000 | - |
| Subtotal Offsets | | | | | | | | | 1,338,649 | 1,054,997 | - |

Excludes Plant Additions for Customer Growth (Budget Category 1,000's)

Plant Additions by Month

in (000's)

Functional Plant Categories

ER

| | | | | | |
|---|------|-----------|-----------|-----------|-----------|
| Underground Inspection Asset Management | 2054 | - | - | - | - |
| Wood Pole Mgmt | 2060 | 68,400 | 68,400 | 68,400 | 68,400 |
| Street Light Conversion to LED Fixtures | 2584 | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 |

Electric Distribution Subtotal

| | | | | | |
|--|--|------------------|------------------|------------------|------------------|
| | | - | - | - | - |
| | | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 |

General:

| | | | | | |
|---|------|---------|---------|---------|---------|
| Downtown Network New Warehouse/Ops Bldg | 7139 | 210,000 | 210,000 | 210,000 | 210,000 |
| COF Long-Term Restructuring Plan 2 | 7131 | - | - | - | - |

General Plant Subtotal

| | | | | | |
|--|--|----------------|----------------|----------------|----------------|
| | | 210,000 | 210,000 | 210,000 | 210,000 |
| | | 210,000 | 210,000 | 210,000 | 210,000 |

Subtotal Offsets

| | | | | | |
|--|--|------------------|------------------|------------------|------------------|
| | | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 |
| | | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 |

| | 2017 System | | | 2018 System | | | 2019 | |
|--|---|---|------------------|---|---|------------------|----------------------|------------------|
| | O&M Incremental Savings / (Costs) | O&M Cummulative Savings / (Costs) | | O&M Incremental Savings / (Costs) | O&M Cummulative Savings / (Costs) | | Total O&M Offsets | |
| | - | - | - | - | - | - | - | - |
| | 68,400 | 68,400 | 68,400 | 68,400 | 68,400 | 68,400 | 68,400 | 68,400 |
| | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 | 1,060,249 |
| | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 | 1,128,649 |
| | | | | | | | | |
| | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| | - | - | - | - | - | - | - | - |
| | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| | | | | | | | | |
| | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 | 1,338,649 |