

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: September 11, 2009  
DOCKETS: UE-090134/UG-090135  
REQUESTER: Avista Corp.

WITNESS: Michael Parvinen  
RESPONDER: Michael Parvinen  
TELEPHONE: 360-664-1315

**REQUEST NO. 15:** On Page 8 of Mr. Parvinen’s testimony, he states that, “However, because any investment a utility makes should be supported by a rational and prudent management decision, there is inherently a return on such investment immediately upon its being placed into service, whether it is an efficiency improvement leading to reduced maintenance, fewer outages (reliability), or growth in customers (revenues). If there is no such benefit, the Commission should question why the decision to invest was made.” (emphasis added)

Then on Page 9, Line 16 Mr. Parvinen states, “The Commission has also allowed certain pro forma transmission investment related to Avista’s 230 kv, five year, upgrade project. The Commission included this project in rate base to promote system reliability. The additions did not increase overall capacity, and any offsets from reduced interruptions and reduced maintenance were demonstrated to be minimal, as compared to the test year.” (emphasis added)

With regard to the two portions of testimony above, does Staff agree that there will be instances where there will be new utility investment which will result in “minimal” offsets, and little or no “return on such investment immediately,” where it would be appropriate to pro form the new investment into retail rates?

**RESPONSE:** Staff would agree that, as identified in Mr. Parvinen’s testimony as described above, the Commission has allowed certain investments for specific reasons.