

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: September 21, 2009

DOCKETS: UE-090134/UG-090135

REQUESTER: Avista Corp.

WITNESS: Michael Parvinen

RESPONDER: Michael Parvinen

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REQUEST NO. 19: RE: Page 11, Line 22. Mr. Parvinen states that “I identified, earlier in my testimony, the rare instances when the Commission has allowed pro forma rate base additions in rates: essentially for major resource acquisitions where offsetting factors have been identified.” (emphasis added) In addition, Mr. Parvinen states on Page 4, Line 17, “According to WAC 480-07-510(3)(iii), ‘Pro forma Adjustments’ give effect for the test period to all known and measurable changes that are not offset by other factors.”

Please clarify whether Staff’s testimony is that “pro forma adjustments” include:

- a. All known and measurable changes that are not offset by other factors, or
- b. Whether pro forma adjustments must also be “rare,” and involve “major” dollars, in addition to being known and measurable and not offset by other factors.

Please fully explain your answer and provide all supporting documentation.

RESPONSE:

- a. Yes.
- b. No. However, on the occasions that the Commission has allowed such adjustments, they have been for major investments. A pro forma adjustment must be known, measurable, and not offset by other factors and because of this definition, pro forma rate base adjustments are rarely allowed due to the difficulty involved in identifying and measuring offsetting factors.