

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	9/18/2009
CASE NO:	UE-090134 & UG-090135	WITNESS:	Kelly Norwood
REQUESTER:	Public Counsel	RESPONDER:	Patrick Ehrbar
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC - 524	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

REQUEST:

At page 35, lines 14-19, Mr. Norwood's Rebuttal Testimony states, "However, the Company is aware that there are variables outside of the normal ebb and flow of customer usage over time. The Company's current mechanism calls for 90% recovery of the Decoupling deferral if 100% of the DSM test is met. The Company agrees, only in part, with NWECA Witness Ms. Glaser, that the recovery levels should be adjusted. The Company proposes the following recovery structure, whereby the Company would only recover 70% of the decoupling deferral instead of 90% assuming that the Company achieves 100% of Target DSM Savings." Please respond to the following:

- a. Explain in detail each of the, "...variables outside of the normal ebb and flow of customer usage over time" that are being referenced.
- b. State with specificity the basis for the new 70% recovery level now being proposed, indicating each reason why it is more appropriate than the existing 90% recovery level.
- c. Explain what has changed since the Company's initial testimony filing that now makes 70% a more appropriate recovery level than the 90% that was recommended by Avista initially.
- d. Explain each reason why 70% recovery is more appropriate than 60% or 50%.
- e. Provide complete copies of all studies, reports, analyses, projections, workpapers and other documents relied upon by Avista to determine that 70% is the most appropriate recovery level, relative to all other alternatives that were considered.

RESPONSE:

- a. The variables that are referred to are those factors, other than the Company's energy efficiency efforts that affect the average use per customer. Further, the Company realizes that the severe economic downturn has had an impact on small commercial and residential customer usage, at some level.
- b. The Company chose to reduce the recovery level to 70% from 90% as a result of the concerns expressed by the parties. We believe that the 70% recovery level will provide for fixed cost recovery resulting from the reduction in use per customer from programmatic and non-programmatic DSM. Further, Public Counsel witness Gorman suggested an ROE adjustment of 25 basis points for natural gas. As stated on Page 38, line 6-7 in Mr. Norwood's testimony, the reduction of recovery to 70% "would represent a revenue reduction to the Company in the same order of magnitude" as the 25 basis point ROE adjustment.
- c. See (a) and (b).
- d. See (b)

e. The Company has not prepared additional studies, reports, analyses, projections, workpapers and other documents beyond what was included in Mr. Norwood's testimony.