

WUTC		
DOCKET NO.	UE-991606	
Exhibit No.	292	
EXHIBIT #	292	
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

JURISDICTION:	Washington	DATE PREPARED:	2/21/2000
CASE NO:	UE-991606		
	UG-991607	WITNESS:	Dave DeFelice
REQUESTER:	Public Counsel	RESPONDER:	Dave DeFelice
TYPE:	Data Request	DEPT:	Rates
DUE DATE:	3/2/2000	TELEPHONE:	(509) 495-4919
REQUEST NO.:	74	FIELD AUDIT:	___ Yes <u>X</u> No

REQUEST:

In Mr. DeFelice's prefiled testimony, Exhibit T-32, page 2, lines 21 through 22, he testifies that, "...the Company continues to employ the sinking fund methodology for determining the depreciation expense of its hydro electric generating facilities." In that regard:

- a) Why does the Company feel that the Sinking Fund methodology is appropriate for hydroelectric generating facilities?
- b) Does the Company actually accumulate a replacement fund for hydroelectric generating facilities? If yes, then please identify the account or accounts in which these funds are accumulated and identify the balance of these accounts each year since 1990.
- c) If the company actually accumulates to a replacement fund, under the Sinking Fund methodology, then please identify the annual deposits to these accounts and the amount of any investment income the Company has earned on these sinking funds. In what form of asset is the sinking fund kept, i.e., cash, stocks, bonds, or some other asset form?
- d) If the Company does not actually accumulate a replacement fund, then what benefit does the Company realize from the sinking fund methodology?
- e) If the Company does actually accumulate a replacement fund, then what was the percentage return from investment income on these assets for each year from 1990 to the latest available year? In adjusting the Annuity Rate from 6.0% to 9.0%, did the Company take into account the investment income earnings on these sinking fund assets? If no, why not?

RESPONSE:

- a) The sinking-fund method of depreciation for hydro plants has been utilized by the Company since at least 1950. It was initially adopted in order to minimize the rate impact to customers when two major projects were put in service (Noxon & Cabinet Gorge). In addition, the Company believes that the sinking fund method results in a systematic allocation of costs that continues to be equitable to customers.
- b) No.
- c) N/A
- d) Refer to 74a
- e) Refer to 74b.