

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

**SEBASTIAN COPPOLA ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT SC-44

Public Counsel Summary of O&M Adjustments

July 29, 2022

Avista Corporation
U-220053 and U-220054

Exhibit SC-45

Summary of Public Counsel O&M expense adjustments

| Line # | | | WA - PC O&M Adjustments | | Explanation |
|--------|-----------------------|----------------------------|--|--|--|
| | | | RY1 2022-2023 | RY2 2024 | |
| 1 | Insurance Expense | WA-E WA-G | \$ (1,635,238) (31,608) | \$ (1,321,421) (77,210) | Avista insurance costs for 2022 with inflation in 2023 (2.4%) and 2024 (2.3%) vs. Avista increases of 13% in 2023 and 10% in 2024. |
| 2 | Vegetation Management | WA-E | (535,000) | | Base vegetation management expense not adjusted for work now done in Wildfire Program. Reduce average of 2021 and forecast by 10%. |
| 3 | Customer Service | WA-E WA-G | (394,024) (124,427) | (172,264) (54,399) | Investments in digital system lowering customer calls with no reduction in CSR labor Large increase in digital contact volume with no commensurate decrease in CSR costs. |
| 4 | Pension Expense | WA-E WA-G | (782,097) (238,494) | (335,184) (102,212) | Discount rate and Expected Return rate understated with increasing interest rates and actual historical returns earned on plan assets. |
| 5 | OPEB Expense | WA-E WA-G | (335,184) (102,212) | (27,932) (8,518) | Discount rate and Expected Return rate understated with increasing interest rates and actual historical returns earned on plan assets. |
| 6 | Misc. O&M Expense | WA-E WA-G | (5,274,567) (1,247,627) | (2,823,484) (661,237) | Forecasted 7%+ annual growth rate inappropriate. PC used forecasted inflation rates |
| 7 | IS/IT Expense | WA-E WA-G | (726,118) (229,298) | | Increase in O&M expense does not tract with increase in IT capital projects |
| 8 | CETA Labor | WA-E | (237,801) | | Increase of 3 employees excessive. Remove 2. |
| 9 | Total | WA-E WA-G | \$ (9,920,029) \$ (1,973,666) | \$ (4,680,285) \$ (903,576) | |

10 Grand total Exp. Adj. (11,893,694) (5,583,861)

11 **Opertating Income** Tax Rate
 12 WA-E 21% \$ 7,836,823 \$ 3,697,425
 13 WA-G 21% \$ 1,559,196 \$ 713,825

12 **Revenue Requirement**
 13 WA-E CF 0.755529 (10,372,624) (4,893,821)
 14 WA-G CF 0.755529 (2,063,713) (944,801)