

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/12/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Justin A. Baldwin-Bonney
REQUESTER:	Public Counsel	RESPONDER:	K. Schultz/A. Jones/J. Webb
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 204	TELEPHONE:	(509) 495-2482
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SUBJECT: Capital Additions 2021, TY1 and TY2

REQUEST:

RE: Capital Additions 2021, TY1 and TY2, Direct Testimony of Justin A. Baldwin-Bonney, Exh JBB-1T at 28:7–14, Table No. 10 (Programmatic Blanket Business Cases – Washington Additions.

Please:

- a. Expand the table to include actual amounts for 2016, 2017, and 2021 and provide in Excel.
- b. Explain how the Budgeted amounts for 2022–2024 were determined and provide the supporting calculations in Excel with formulae intact.

RESPONSE:

- a. Please see PC-DR-204 Attachment A.
- b. The budgeted transfer to plant (TTP) amounts for 2022-2024 were determined by business case as follows. Please note, capital additions for 2022-2024 are provisional and subject to further review.

For programmatic type investments (all the business cases outlined in the response below), typically assets transfer to plant the same month the spend occurs. Thus, in many cases, historical spend is used as a proxy for determining the transfer to plant forecast.

Distribution Minor Rebuild: Similar to the Gas Non-Revenue Program discussed below, the work under this business case often unplanned, making it difficult to forecast at a detailed level. The Company used a historical average of transfers to plant to determine the approximate annual system forecasted TTP amount for years 2022-2024. Additionally, the Company used an approximate percentage to further breakout the forecasted TTP values on a Washington-allocated basis. Please refer to PC-DR-204 Attachment B for more information on how the overall forecasted amounts for 2022-2024 were broken out annually on a Washington basis.

Gas Non-Revenue Program: When forecasting transfers to plant for this business case, the Company analyzes the previous years spend, adds applicable increases for labor and materials, and then updates for any known specifics. Historically, the spend under this business case is comprised of hundreds of small individual projects spread across all jurisdictions. The majority of this work is unplanned and reactive in nature, making it difficult to track at a detailed level. The work, for the most part, is fairly steady year to year with a few exceptions, such as, in 2021 an additional \$2.2 million was spent on installing ERTs in areas where the Company provides only natural gas service (no electric service). This was a unique scope of work added to this business case in 2021 for the single year only.

The following chart illustrates historical spend for January 2020 through April 2022 relative to the 2022 budget, all on a system basis, for this business case. In many instances and as shown in this chart, the historical analysis illustrates a need in excess of the amount approved by the Capital Planning Group (CPG).

**Gas Non-Revenue Program
Historical Spend (January 2020 – April 2022) Relative to 2022 Budget - SYSTEM**



For more information regarding the type of work completed under this business case, please see the business case in Exh. HLR-2, pages 343-347.

Gas Regulator Station Replacement Program: This program supports work in all three states Avista provides natural gas service in. Yearly, transfers to plant may fluctuate between states depending on where the projects are located that are selected to be completed in a given year. The work within this business case is first prioritized by risk ranking and then projects identified as having the greatest risk are completed first.

The Project Engineer is responsible for estimating the costs as the projects develop. Initially project estimates have a higher level of uncertainty, but as the engineering, permitting, and design process matures, the cost estimate of the project will become closer to actual costs.

Risk ranking of Gas Regulator Station Replacement work is based on input from subject matter experts. The program is managed by one Engineer to ensure consistency of risk ranking across all three states. In the near future, the Company will be transitioning to a more objective risk ranking based on a quantitative site assessment of all regulator stations.

Please refer to PC-DR-204 Attachment C for the working files of identified projects in calendar year 2022 for this business case. A copy of the business case can be found in Exh. HLR-2, pages 355-358.

Gas Reinforcement Program: Similar to the Gas Regulator Station Replacement Program described above, this program supports work in all three states Avista provides natural gas service in. Yearly, transfers to plant may fluctuate between states depending on where the projects are located that are selected to be completed in a given year. The work within this business case is first prioritized by risk ranking and then projects identified as having the greatest risk are completed first.

The Project Engineer is responsible for estimating the costs as the projects develop. Initially project estimates have a higher level of uncertainty, but as the engineering, permitting, and design process matures, the cost estimate of the project will become closer to actual costs.

Risk ranking of Gas Reinforcement work is based on a computer model of the natural gas system as described in the Business Case (see Exh. HLR-2, pages 359-362). PC-DR-204 Attachment D lists all identified reinforcement projects, while PC-DR-204 Attachment E is a subset of PC-DR-204 Attachment D and is intended to track this year's and next year's projects only.