

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**AVISTA GRC 2009 and AVISTA DECOUPLING
Docket Nos. UE-090134/UG-090135, UG-060518**

Commission Staff and Public Counsel Response to Bench Request No. 3

Bench Request No. 3:

The Joint Testimony in Support of the Partial Settlement Stipulation indicates that the settling parties agreed to certain revenue requirement adjustments: \$36,876,000 in the electric case and \$1,234,000 in the natural gas case.¹ Further, the Partial Settlement Stipulation also updates Avista’s post-settlement revenue requirement for its electric case (\$38.61 million) and gas case (\$3.14 million) and notes that non-company parties “continue to recommend a lower revenue requirement, based on the remaining contested issues.”² In the Joint Testimony, the non-company parties recommend revenue requirements of “no more than \$32,886,000 for electric and \$3,685,000 [for gas] based on the agreed adjustments, as well as further reductions based on remaining contested issues.”³

Please explain whether the figures contained in the Partial Settlement Stipulation and Joint Testimony in Support of the Partial Settlement Stipulation (cited above) give effect to the same agreed adjustments. Further, please explain:

- a) the difference in the electric case between Avista’s \$38.61 million request and the non-party \$32.9 million ceiling for the post-Settlement revenue requirement.
- b) the difference in the natural gas case between Avista’s \$3.14 million request and the non-party \$3.7 million ceiling for the post-Settlement revenue requirement.

¹ Exh. JT-1T, Joint Testimony in Support of Partial Settlement Stipulation, at 8:19-21.

² Partial Settlement Stipulation, page 3. *See also*, Exh. JT-1T, at 2:3-6 and 8:17 – 9: 4.

³ Exh. JT-1T, at 2:6-8; *see also* Exh. JT-1T, at 9:4-6.

RESPONSE:

Electric Service

The Commission Staff and Public Counsel concur in the explanation provided in Avista's Response to Bench Request No. 3. As the Avista response states: "[a]fter giving effect to these [settlement] adjustments, the revenue requirement based upon the Stipulation's agreed upon adjustments is \$32.886 million, *before recognizing other contested adjustments*[]" (emphasis added). Stated differently, this figure simply represents the difference when the stipulated adjustments are subtracted from the as-filed revenue requirement. It is not a recommendation. The final electric revenue recommendations of Staff and Public Counsel take into account other contested adjustments, including the production property factor and other accounting adjustments. There is some overlap but also some variance between the recommendations on the contested adjustments as between Staff and Public Counsel. The final recommendations are reflected in the Staff and Public Counsel responses to Bench Request No. 2.

Natural Gas Service

The response provided above with respect to electric service is also applicable to the natural gas revenue figures. The final gas revenue recommendations, incorporating the stipulated adjustments, and recommendations on contested adjustments are contained in the responses to Bench Request No. 2 .