

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/20/2016
CASE NO.:	UE-160228 & UG-160229	WITNESS:	Tara Knox/Joe Miller
REQUESTER:	Public Counsel/Energy Project	RESPONDER:	Tara Knox/Joe Miller
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC/EP – 040	TELEPHONE:	(509) 495-4325/4546
		EMAIL:	tara.knox@avistacorp.com joe.miller@avistacorp.com

REQUEST:

With regard to the AMI-related costs that Avista seeks to include in its revenue requirement for recovery from customers in this rate case (as reflected in the testimony of Ms. Karen K. Schuh and Ms. Jennifer S. Smith), please identify how Avista has proposed to allocate those AMI-related costs (including the AMI capital and expense costs and the depreciation expense for the existing meters) for each customer class (expressed as a percentage of the total costs relating to AMI) and provide the average bill impacts associated with those AMI-related costs for each customer class for the rate effective year if the Commission adopts these revenue requirement adjustments.

RESPONSE:

Please see the attachment labeled “PC-EP_DR_040 Attachment A”.

WASHINGTON ELECTRIC
AMI-Related Costs at Proposed Rate of Return

Cost Description	Total	Sch 1	Sch 11-12	Sch 21-22	Sch 25	Sch 31-32	Sch 41-49
Meter Investment Allocation Ratio	100.00%	68.47%	22.82%	5.55%	0.14%	3.03%	0.00%
Computer Software Investment Allocation Ratio	100.00%	48.89%	11.02%	23.50%	11.66%	2.82%	2.11%
Communication Equipment Investment Allocation Ratio	100.00%	54.80%	11.29%	19.78%	9.80%	2.53%	1.80%
AMI - Accumulated Deferred Income Tax Allocation Ratio	100.00%	62.57%	18.67%	11.26%	3.90%	2.90%	0.69%
Proposed Return by Schedule	7.64%	4.79%	13.82%	10.72%	7.86%	6.58%	6.90%
Distribution Plant							
Meters	\$ 16,949,000	\$ 11,604,348	\$ 3,867,240	\$ 941,128	\$ 23,471	\$ 512,813	\$ -
Meters Accum. Depr.	\$ (564,000)	\$ (386,150)	\$ (128,687)	\$ (31,317)	\$ (781)	\$ (17,065)	\$ -
Total AMI-Related Distribution Plant	\$ 16,385,000	\$ 11,218,199	\$ 3,738,552	\$ 909,811	\$ 22,690	\$ 495,749	\$ -
Intangible Plant							
Computer Software	\$ 4,613,000	\$ 2,255,472	\$ 508,461	\$ 1,083,832	\$ 537,747	\$ 130,151	\$ 97,337
Computer Software Accum. Amort.	\$ (513,000)	\$ (250,825)	\$ (56,545)	\$ (120,530)	\$ (59,802)	\$ (14,474)	\$ (10,825)
Total AMI-Related Intangible Plant	\$ 4,100,000	\$ 2,004,647	\$ 451,916	\$ 963,302	\$ 477,946	\$ 115,677	\$ 86,513
General Plant							
Communication Equipment	\$ 4,742,000	\$ 2,598,701	\$ 535,451	\$ 938,002	\$ 464,578	\$ 119,814	\$ 85,453
Communication Equip. Accum. Depr.	\$ (562,000)	\$ (307,986)	\$ (63,459)	\$ (111,168)	\$ (55,060)	\$ (14,200)	\$ (10,128)
Total AMI-Related Communication Equip.	\$ 4,180,000	\$ 2,290,715	\$ 471,992	\$ 826,834	\$ 409,519	\$ 105,614	\$ 75,326
Accumulated Deferred Income Tax	\$ (3,962,000)	\$ (2,479,040)	\$ (739,735)	\$ (446,292)	\$ (154,509)	\$ (114,892)	\$ (27,533)
Total Rate Base	\$ 20,703,000	\$ 13,034,521	\$ 3,922,725	\$ 2,253,655	\$ 755,645	\$ 602,148	\$ 134,306
Proposed Return on Rate Base	\$ 1,516,294	\$ 624,354	\$ 542,042	\$ 241,637	\$ 59,356	\$ 39,639	\$ 9,266
Tax Benefit of Interest	\$ (205,786)	\$ (129,562)	\$ (38,992)	\$ (22,401)	\$ (7,511)	\$ (5,985)	\$ (1,335)
Revenue Conversion Factor	0.61987	0.61987	0.61987	0.61987	0.61987	0.61987	0.61987
Rate Base Revenue Requirement	\$ 2,114,166	\$ 798,218	\$ 811,542	\$ 353,680	\$ 83,638	\$ 54,292	\$ 12,794
Meters Depr Exp	\$ 1,129,000	\$ 772,984	\$ 257,603	\$ 62,690	\$ 1,563	\$ 34,159	\$ -
Computer Software Amort Exp	\$ 1,027,000	\$ 502,140	\$ 113,199	\$ 241,295	\$ 119,720	\$ 28,976	\$ 21,670
Communication Equipment Depr Exp	\$ 1,124,000	\$ 615,972	\$ 126,918	\$ 222,335	\$ 110,119	\$ 28,400	\$ 20,255
Net Expenses	\$ 3,280,000	\$ 1,891,096	\$ 497,721	\$ 526,321	\$ 231,402	\$ 91,535	\$ 41,925
Revenue Conversion Factor	0.953638	0.953638	0.953638	0.953638	0.953638	0.953638	0.953638
Expense Revenue Requirement	\$ 3,439,460	\$ 1,983,033	\$ 521,918	\$ 551,908	\$ 242,652	\$ 95,985	\$ 43,964
Total AMI Related Revenue Requirement	\$ 5,553,626	\$ 2,781,252	\$ 1,333,460	\$ 905,588	\$ 326,291	\$ 150,277	\$ 56,758
Percentage of Total AMI Revenue Requirement	100.00%	50.08%	24.01%	16.31%	5.88%	2.71%	1.02%
Total Customers Bills	2,909,319	2,481,909	369,248	24,164	252	29,170	4,576
Avg Unit Cost per Month	\$ 1.91	\$ 1.12	\$ 3.61	\$ 37.48	\$ 1,294.80	\$ 5.15	\$ 12.40

WASHINGTON NATURAL GAS
AMI-Related Costs at Proposed Rate of Return

Cost Description	Total	Sch 101	Sch 111-112	Sch 121/122	Sch 131/132	Sch 146
Meter Investment Allocation Ratio	100.00%	85.74%	12.30%	0.31%	0.16%	1.49%
Computer Software Investment Allocation Ratio	100.00%	86.92%	9.58%	0.78%	0.14%	2.58%
Communication Equipment Investment Allocation Ratio	100.00%	86.92%	9.58%	0.78%	0.14%	2.58%
AMI - Accumulated Deferred Income Tax Allocation Ratio	100.00%	79.51%	14.49%	1.30%	0.22%	4.49%
Proposed Return by Schedule	7.64%	6.71%	12.28%	11.87%	9.86%	6.81%
Distribution Plant						
Meters	\$ 8,339,000	\$ 7,149,629	\$ 1,025,830	\$ 25,918	\$ 13,192	\$ 124,430
Meters Accum. Depr.	\$ (278,000)	\$ (238,350)	\$ (34,198)	\$ (864)	\$ (440)	\$ (4,148)
Total AMI-Related Distribution Plant	\$ 8,061,000	\$ 6,911,279	\$ 991,632	\$ 25,054	\$ 12,752	\$ 120,282
Intangible Plant						
Computer Software	\$ 1,245,000	\$ 1,082,195	\$ 119,253	\$ 9,690	\$ 1,709	\$ 32,153
Computer Software Accum. Amort.	\$ (139,000)	\$ (120,823)	\$ (13,314)	\$ (1,082)	\$ (191)	\$ (3,590)
Total AMI-Related Intangible Plant	\$ 1,106,000	\$ 961,372	\$ 105,939	\$ 8,608	\$ 1,518	\$ 28,563
General Plant						
Communication Equipment	\$ 1,362,000	\$ 1,183,895	\$ 130,460	\$ 10,601	\$ 1,870	\$ 35,175
Communication Equip. Accum. Depr.	\$ (161,000)	\$ (139,946)	\$ (15,421)	\$ (1,253)	\$ (221)	\$ (4,158)
Total AMI-Related Communication Equip.	\$ 1,201,000	\$ 1,043,949	\$ 115,038	\$ 9,348	\$ 1,649	\$ 31,017
Accumulated Deferred Income Tax	\$ (1,365,000)	\$ (1,085,272)	\$ (197,825)	\$ (17,683)	\$ (2,992)	\$ (61,228)
Total Rate Base	\$ 9,003,000	\$ 7,831,328	\$ 1,014,784	\$ 25,327	\$ 12,927	\$ 118,634
Proposed Return on Rate Base	\$ 662,111	\$ 525,169	\$ 124,585	\$ 3,006	\$ 1,275	\$ 8,077
Tax Benefit of Interest	\$ (89,489)	\$ (77,843)	\$ (10,087)	\$ (252)	\$ (128)	\$ (1,179)
Revenue Conversion Factor	0.62000	0.62000	0.62000	0.62000	0.62000	0.62000
Rate Base Revenue Requirement	\$ 923,584	\$ 721,494	\$ 184,675	\$ 4,442	\$ 1,849	\$ 11,125
Meters Depr Exp	\$ 555,000	\$ 475,842	\$ 68,274	\$ 1,725	\$ 878	\$ 8,281
Computer Software Amort Exp	\$ 277,000	\$ 240,778	\$ 26,533	\$ 2,156	\$ 380	\$ 7,154
Communication Equipment Depr Exp	\$ 323,000	\$ 280,762	\$ 30,939	\$ 2,514	\$ 443	\$ 8,342
Net Expenses	\$ 1,155,000	\$ 997,381	\$ 125,745	\$ 6,395	\$ 1,702	\$ 23,777
Revenue Conversion Factor	0.953851	0.953851	0.953851	0.953851	0.953851	0.953851
Expense Revenue Requirement	\$ 1,210,881	\$ 1,045,637	\$ 131,829	\$ 6,704	\$ 1,784	\$ 24,927
Total AMI Related Revenue Requirement	\$ 2,134,465	\$ 1,767,130	\$ 316,504	\$ 11,146	\$ 3,633	\$ 36,052
Percentage of Total AMI Revenue Requirement	100.00%	82.79%	14.83%	0.52%	0.17%	1.69%
Total Customers Bills	1,839,887	1,807,677	31,406	324	24	456
Avg Unit Cost per Month	\$1.16	\$0.98	\$10.08	\$34.40	\$151.37	\$79.06

** Reflects the updated cost of service study provided in ICNU-075S