

**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-10

Avista's Responses to Public Counsel's Data Request Nos. 99 and Data Request No. 259,
with Associated Attachments, on vegetation management

July 29, 2022

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/11/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Elizabeth Andrews
REQUESTER:	Public Counsel	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 099	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

**SUBJECT: Regulatory Asset
Andrews, Exh. EMA-1T at 59:8–19.**

REQUEST:

How much of the costs now included as Wildfire Expense in the Balancing account were previously included as base O&M expense for vegetation management and wildfire related activities in the historical test year that ended September 2021? Please provide the amount of these costs that will no longer be included in base O&M expense and identify where they were removed in the pro-forma adjustments.

RESPONSE:

None of the costs now included as Wildfire Expense in the Balancing account were previously included as base O&M expense for vegetation management. Wildfire-related activities in the historical test year period January 1 - September 30, 2021 were originally deferred in 2021, per Commission approval, and therefore removed from the actual test period. However, all wildfire expenses that occurred during the test period for October 1, 2020 – September 30, 2021, were considered and excluded from the pro forma adjustment as discussed below:

As discussed in Ms. Andrews’ testimony, the balancing account which was approved in Docket UE-200900 and effective October 1, 2021 is to include incremental wildfire expenses above the Commission approved baseline. The Commission also approved in Docket UE-200900 the deferral of all incremental Wildfire expenses for the period January 1, 2021 – September 30, 2021 for recovery in a future period.

Existing on-going base O&M expense for vegetation management is separately tracked and identified from vegetation wildfire (risk-tree) expenses, these on-going expenses remain in the test period and were not adjusted or pro formed, nor do they impact the Wildfire Balancing account.

During 2021, the Company deferred to account 407444 (expense) \$1,840,167 of Wildfire Resiliency expense for the period January 1, 2021 – September 30, 2021, resulting in a net \$0 per actual results of operations. As shown in Andrews workpapers for the period January 1, 2021 – September 30, 2021, this deferral was eliminated in Pro Forma Adjustment 3.02 Def. Debits and Credits, removing the impact of the deferral of these expenses. This in effect resulted in re-stating test period non-labor wildfire resiliency expenses to \$2.156 million Washington electric expense as of twelve-months-ended 09.30.2021.

Then, in Pro Forma Adjustment 3.18 “Wildfire Capital and Expense,” the Company adjusted the test period wildfire expense from \$2.156 million to the expected Washington expense level of \$5.106 million for 2023, by including a pro forma incremental expense adjustment of \$2.95 million. No further adjustment for 2024 was made, as the level in 2024 is expected to be somewhat consistent with the 2023 level of Wildfire expense. This level is also the Company’s proposed new Wildfire Baseline for the Two-

Year Rate Plan, for which any variance from this baseline, up or down, would be deferred to the balancing account.

As discussed at page 62 of Andrews Exh. EMA-1T, the Wildfire Balancing Account includes \$1.8 million recorded for January – September 2021, and \$0.6 million for the period October – December 2021.

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/17/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Elizabeth Andrews
REQUESTER:	Public Counsel	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	PC – 259	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

SUBJECT: RE: Regulatory Asset

REQUEST:

Refer to the Avista's response to Public Counsel Data Request No. 99

On Wildfire Expense in the Balancing account. Please answer the following questions and provide the requested information:

- a. Did the Company perform risk-tree work prior to the start of the wildfire program? If answering no, please explain in detail why the company did not perform risk-tree work prior to the start of the wildfire program. Please explain what risk-tree work entails and how it differs from other tree work.
- b. If risk-tree work was performed as part of the base vegetation management prior to the start of the wildfire program, please provide the amount of expense included in the historical test year.
- c. With regard to the amounts shown in the third paragraph under Response on page 1, please provide the components of what the \$1,840,167 for 2021 was spent on with the related amount for each component. Show how you get to the \$2.156 million and identify the additional components above the \$1,840,167.
- d. With regard to the incremental \$2.95 million in 2023 shown in the fourth paragraph under Response on page 1, please provide the components of what this amount for 2023 will be spent on with the related amount for each component.

Confirm that there is no incremental amount to be spent in 2022 above the 2021 amount. If no confirming, please explain.

- e. The calculations in Pro-forma adjustments 3.02 and 3.18 are unclear. Please provide a simple schedule in Excel showing:
 - i. The amount you deferred in 2020 and 2021 for each applicable period.
 - ii. The additional amount you plan to spend for each period from the end of the historical test year through 2024.
 - iii. The total amount deferred at the end of the historical test year and at the end of each successive year through 2024.
 - iv. The amount in the balancing account at the end of each period and the transactions in and out of the account each year.
 - v. The amount amortized to expense in 2021, RY1 and RY2.
 - vi. And separately the amount of base vegetation management expense for each year 2018–2024 and the historical test year.

RESPONSE:

- a. See PC-DR-100. See PC-DR-261, part g) and h). In addition, as discussed by Mr. Howell in depth in his testimony and exhibits (see Exh. DRH-1T, pg 20), prior to 2020 the Company performed base, routine vegetation management, that focused on vegetation management efforts targeting dead, dying, diseased or structurally defective trees on both the transmission and distribution system, over a 5-year cycle (20% of the system per year). Based on the Wildfire Plan recommendations, the Enhanced Vegetation Management Program (Risk Program) will complete

an annual risk tree inspection (100% of the system per year) of the distribution system, focused on rural areas in our service territory that have the highest potential fire threat. Avista developed this Risk Program as a separate and distinct program in 2020, splitting it from the cyclic routine maintenance program, and given its own budget and own scope of work. Furthermore, the Company now separately tracks the routine versus risk programs.

With regard to Avista’s transmission system, Avista inspects transmission powerlines via ground and aerial patrols each year as part of our NERC compliance requirements. To enhance our vegetation inspections related to wildfire risk, Avista added the supplementary layer of LiDAR imagery and data collection for the transmission grid. Please see Exh. DRH-1T for more information.

- b. There were no “wildfire” designated vegetation management expenses prior to 2020. The Company did not begin to separately identify wildfire expenses until mid-2020 with the start of the Company’s designated Wildfire Plan. The Company tracks its Wildfire Expense using Master Activity Code (MAC 207), from its Routine Vegetation Management Expense (MAC 206).

For detail information on wildfire expense (MAC 207) during the historical test period 12ME 09.30.2021 totaling \$4.441 million (system), see Staff-DR-094 Attachment A Tabs: “DR 97 MAC 207” and “DR 97 line item detail”.

For detail information on routine vegetation management expenses (MAC 206) during the historical test period 12ME 09.30.2021 totaling \$8.54 million (system), see Staff-DR-094 Attachment A Tabs: “DR 94 MAC 206” and “DR 94 line item detail”.

Staff DR-093 shows a table of the System and Washington routine vegetation management expensed from 2016 – 2021 (as also reported annually to the Commission per Electric Commission Basis Reports filed on or before April 30th.) Below (as provided in Staff-DR-093) are System and Washington’s share of base vegetation management expenses during calendar years 2016 – 2021 as reported in the Company’s annual Electric Commission Basis Reports.

System Vegetation Management (VM) Spend and Washington Spend as Reported in Annual CBR			
Calendar Year	Report Docket UE-	Spending (\$Millions)	
		Washington	System
2016	170325	\$5.0	\$7.7
2017	180354	\$5.0	\$7.6
2018	190309	\$6.6	\$9.2
2019	200387	\$6.4	\$9.2
2020	210266	\$6.1	\$9.1
2021	NA	\$5.0	\$8.4
On-going ¹	NA	\$5.7	\$8.9

¹System spend was revised to \$8.9 million annually going forward in 2021.

As can be seen from the table above, on a system basis, the Company spent \$9.1 million in 2020 and \$8.9 million in 2021 on routine vegetation management, with an on-going system vegetation management expense planned of \$8.9 million annually. This amount is consistent with the actual amount included in the Company’s test period (12ME 09.30.2021) of \$8.54 million. No pro forma adjustment was included in the case to revise test period routine vegetation management expense.

For Wildfire expenses, separate, incremental expenses for Wildfire expense were provided in Andrews workpapers, previously provided to all parties, and again included in response to PC-DR-260 Attachment A. For ease of reference, included in PC-DR-260 Attachment A, tab “Wildfire Recap” in excel format is the following table:

	Wildfire Expenses (non-labor, incremental)					
	Test Period					
	09.30.2021	2022	2023	2024	2025	2026
Annual WF Expense	\$ 4,441	\$ 8,276	\$ 8,351	\$ 8,601	\$ 7,751	\$ 7,751
Less Labor		\$ (441)	\$ (441)	\$ (441)	\$ (441)	\$ (441)
System Incremental Wildfire Expense	\$ 4,441	\$ 7,835	\$ 7,910	\$ 8,160	\$ 7,310	\$ 7,310
WA Share 2023 Expense / Proposed Baseline			\$ 5,106	(1) / (2)		
WA Share Test Period	\$ 2,156		\$ (2,156)			
WA Pro Forma			<u>\$ 2,950</u>			
Vegetation Management Expense	\$ 8,543					
WA Share	5,618	<i>(No pro forma change)</i>				
<p>(1) 2023 expense used for both 2023 (RY1) and 2024 (RY2) level expenses, and baseline over the Two Year Rate Plan. 2024 planned expense of \$8.16 million (2024) versus \$7.91 million (2023), not materially different to warren increase and/or change in baseline.</p> <p>(2) Baseline proposed by the Company for Two-Year Rate Plan (2023-2024) totals \$5.106 million WA. Existing wildfire expense baseline approved by Commission in Docket UE-200900 totals \$3.065 million effective October 1, 2021.</p>						

- c. Per PC-DR-099, the amount of wildfire expense deferred in 2021 to account 407444 (expense) was \$1,840,167 (Jan. – Sept. 2021). (See PC-DR-259 Attachment A Tab: “01-09 2021 Wildfire exp Defr”). The deferral to expense was eliminated in Pro Forma Adjustment 3.02 Def. Debits and Credits, removing the impact of the deferral of these expenses – i.e. reversing 407444 credit of \$1,840,167, reestablishes the Test Period wildfire expense in the income statement.

Removing the deferral, leaves the wildfire test period expense at \$2.156 million, Washington share of system TP wildfire expense as shown in the table above. See detail of the \$4.441 system test period expenses per PC-DR-259 Attachment A Tabs: “2021 TP Wildfire expenses” and “DR 97 line item detail” with amounts directly assigned or allocated to Washington.

- d. See b. table above, showing the WA Pro Forma amount of \$2.950 million. This amount represents the WA incremental amount (\$2.950 million) of Wildfire expense above test period WA wildfire expense (\$2.156 million), to reflect a 2023 total Wildfire expense of \$5.106 million for Washington (represents 2023, 2024 and baseline expense level). For details of the 2023 level of expense see PC-DR-260 Attachment A, tab “5-yr Expected WF Expense”.

As noted in the table above, the Company will spend non-labor wildfire expenses in 2022 of \$7.835 million (Washington share approx. \$5.0 million), well above 2021 or test period levels (12ME 09.30.2021). However, as the 2022 period is outside of the pro forma period in this case, this increased expense in 2022 is irrelevant to this rate case. To the extent WA’s share of these expenses are above the current authorized baseline of \$3.065 million, the incremental amount (expected at approximately \$2.0 million) will be deferred to the WA Wildfire Balancing Account, as previously described in Andrews testimony.

- e.
- i. The Company did not defer wildfire expenses in 2020. The 2021 deferral is shown in c. above of \$1.840 million.

- ii. See table in b. above. The Company anticipates deferring approximately \$2.0 million in 2022, as noted in d. above, as this amount is the expected incremental amount above the current authorized baseline of \$3.065 million versus that planned expense in 2022 of \$5.0 million.

As shown in the table above, the Company plans to spend \$7.9 million (2023) and \$8.2 million (2024) over the Two-Year Rate Plan. WA share of this expense is approximately \$5.1 million annually, used as the pro forma and Wildfire Expense Baseline level proposed. To the extent the Commission approves this level as the baseline over the Two-Year Rate Plan, the Company would not expect to defer a material incremental amount in 2023 or 2024. If the Commission approves a lower level than that proposed by the Company (< \$5.0 million), then the Company would expect to defer the difference between the baseline approved by the Commission versus the planned spend in the table above.

- iii. The total amount deferred at the end of the historical test year and at the end of each successive year through 2024 is as follows:

Wildfire Deferred Expense					
	2021	2022	2023	2024	Total
Jan-Sep 2021	\$ 1,840				
Oct - Dec 2021	\$ 600				
2022 Deferral (estimated)		\$ 2,000			
2023-2024 Deferral			\$ -	\$ -	
	\$ 2,440	\$ 2,000	\$ -	\$ -	\$ 4,440

- iv. See iii. above. The Company will not begin an amortization of the deferral balance, or recovery from customers until approved by the Commission in a future proceeding.
- v. See iv.
- vi. See b. Vegetation Management table above.

**ATTACHMENT A TO AVISTA'S RESPONSE TO PUBLIC
COUNSEL'S DATA REQUEST NO. 259**

Service	ED	
MAC	206	
MAC Description	Tree Related Maintenance	
Accounting Period	(Multiple Items)	Test Year ended 9/30/21

Sum of Transaction Amount	
Exp Type	Total
010 General Services	\$127,250
012 Combo Goods & Services	\$0
015 Construction Services	\$6,695,889
020 Professional Services	\$3,181
035 Workforce - Contract	\$726,008
210 Employee Auto Mileage	\$14
215 Employee Business Meals	\$1,685
230 Employee Lodging	\$332
235 Employee Misc Expenses	\$1,267
305 Incentive/Bonus Pay	\$1,000
310 Non Benefit Labor - NU	\$101
325 Overtime Pay - Union	\$160,962
340 Regular Payroll - NU	\$290,888
345 Regular Payroll - Union	\$108,462
354 Regular Pay Adjustment	\$0
415 Material Issues	\$687
509 Pay Ben Inj & Dam	\$4,043
510 Payroll Benefits loading	\$179,526
511 Non-Service Loading	(\$257)
512 Incentive Loading-NU	\$15,999
514 Incentive Loading-Union	\$759
515 Payroll Tax loading	\$45,798
516 Inctv Prrl Tax	\$1,564
520 Payroll Time Off loading	\$67,066
525 Small Tools loading	\$6,122
530 Stores/Material Loading	\$181
532 Materials Tax/Fght Loading	\$27
555 Misc Vehicles	\$5,535
560 Road Vehicles	\$4,258
565 Small Vehicles	\$114
570 Work Vehicles	\$84,287
720 Vehicle Fuel Gasoline	\$142
880 Materials & Equipment	\$1,161
885 Miscellaneous	\$171
910 Postage	\$2,160
915 Printing	\$775
925 Rental Expense - Other	\$6,300
Grand Total	\$8,543,454

Accounting Year	(All)
Accounting Period	(All)
MAC	(All)
MAC Description	(All)

TP 10/1/2020 - 9/30/2021

Sum of Transaction Amount	Column Labels	ID	WA	(blank)	Grand Total
Row Labels	AN				
Contractor	1,183,678		1,812,328	#####	4,253,855
010 General Services			9,539	15,449	24,988
015 Construction Services	451,669		1,796,777	1,307,271	3,555,717
035 Workforce - Contract	732,009		6,012	(64,870)	673,151
Employee Expenses	4,067			218	4,284
210 Employee Auto Mileage	821			141	962
215 Employee Business Meals	1,052			77	1,129
225 Conference Fees	1,393				1,393
230 Employee Lodging	100				100
235 Employee Misc Expenses	700				700
Material	157,045				157,045
415 Material Issues	157,045				157,045
Overhead	16,660		170	191	17,021
509 Pay Ben Inj & Dam	2,990		170	191	3,351
525 Small Tools loading	307				307
530 Stores/Material Loading	13,363				13,363
532 Materials Tax/Fight Loading	-				-
Transportation	3,150				3,150
560 Road Vehicles	395				395
570 Work Vehicles	2,755				2,755
Vehicle	3,854				3,854
710 Rental Expense - Vehicle	3,854				3,854
Voucher	1,994		222		2,216
880 Materials & Equipment	1,634				1,634
885 Miscellaneous	361				361
910 Postage			221		221
915 Printing			1		1
(blank)					
(blank)					
Grand Total	1,370,447		1,812,719	#####	4,441,425

Per table in PC-DR-259

65.43% 896,683 \$ 2,155,942 Test Period Expense

Reversed deferral, to leave expense in TP, to adjust to pro forma level.
 Another option would have been to leave the deferral, leaving WF balance at \$zero, and pro forming to new 2023 level.
 Either methodology would result in the same amount: 2023/2024 expense included in case at \$5.106 million.

Accounting Year	(All)
Accounting Period	(Multiple Items)
MAC	(All)
MAC Description	(All)

Sum of Transaction Amount	Column Labels	ID	WA	(blank)	Grand Total
Row Labels	AN				
Contractor	742,290	1,663,923	1,236,560		3,642,774
010 General Services		9,539	15,449		24,988
015 Construction Services	226,820	1,648,372	1,175,502		3,050,693
035 Workforce - Contract	515,470	6,012	45,610		567,092
Employee Expenses	2,667				2,667
210 Employee Auto Mileage	821				821
215 Employee Business Meals	353				353
225 Conference Fees	1,393				1,393
230 Employee Lodging	100				100
Material	157,045				157,045
415 Material Issues	157,045				157,045
Overhead	15,937	110	108		16,154
509 Pay Ben Inj & Dam	2,494	110	108		2,712
525 Small Tools loading	79				79
530 Stores/Material Loading	13,363				13,363
532 Materials Tax/Fght Loading	-				-
Transportation	43				43
560 Road Vehicles	43				43
Vehicle	3,854				3,854
710 Rental Expense - Vehicle	3,854				3,854
Voucher	1,634	222			1,856
880 Materials & Equipment	1,634				1,634
910 Postage		221			221
915 Printing		1			1
(blank)					
(blank)					
Grand Total	923,468	1,664,255	1,236,668		3,824,392

65.43% 604,225
WA Share of "AN"

\$ 1,840,893

2021 Deferred Expense recorded as credit to 407444. Effectively leaving net \$0 in income statement.
Reversal of 407444 deferred credit, removes deferral, and leaves wildfire expense in test period as noted in tab "2021 TP Wildfire expenses "

Identifying vegetation management specific to MAC 207 WFRES began in 2020

Service	ED	
MAC	207	
MAC Description	Wildfire Resiliency	
Task Name	(All)	
Accounting Period	(Multiple Items)	Test year 10/2020- 9/2021
Exp Category	(Multiple Items)	

Sum of Transaction Amount

Exp Type	Total	
010 General Services	\$24,988	
015 Construction Services	\$3,555,717	
035 Workforce - Contract	\$673,151	
210 Employee Auto Mileage	\$962	
215 Employee Business Meals	\$1,129	
225 Conference Fees	\$1,393	
230 Employee Lodging	\$100	
235 Employee Misc Expenses	\$700	
415 Material Issues	\$157,045	
509 Pay Ben Inj & Dam	\$3,351	
525 Small Tools loading	\$307	
530 Stores/Material Loading	\$13,363	
532 Materials Tax/Fght Loadin	\$0	
560 Road Vehicles	\$395	
570 Work Vehicles	\$2,755	
710 Rental Expense - Vehicle	\$3,854	
880 Materials & Equipment	\$1,634	
885 Miscellaneous	\$361	
910 Postage	\$221	
915 Printing	\$1	
Grand Total	\$4,441,425	Test Year Incremental Wildfire (includes "Risk Tee" Wildfire, excludes labor)

See break down in next tab.

Total above excludes Avista labor and labor loadings

Some of the WF related activities included above are in addition to risk tree work