

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

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

**AARON TAM  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT AT-17**

Avista's Response to Public Counsel Data Request No. 261

July 29, 2022

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

|               |                       |                |                           |
|---------------|-----------------------|----------------|---------------------------|
| JURISDICTION: | WASHINGTON            | DATE PREPARED: | 05/16/2022                |
| CASE NO.:     | UE-220053 & UG-220054 | WITNESS:       | David Howell/E. Andrews   |
| REQUESTER:    | Public Counsel        | RESPONDER:     | David James/Liz Andrews   |
| TYPE:         | Data Request          | DEPT:          | Wildfire Resiliency       |
| REQUEST NO.:  | PC – 261              | TELEPHONE:     | (509) 495-4185            |
|               |                       | EMAIL:         | dave.james@avistacorp.com |

**SUBJECT: RE: Regulatory Asset, Refer to the Avista’s response to Public Counsel Data Request No. 101 and Attachment A.** On Wildfire Expense in the Balancing account.

**REQUEST:**

Please:

- a. Explain what each expense category under Program consists of.
- b. Explain on what basis the forecasted costs for 2022 were determined.
- c. Explain what the Washington Expense Base represents and how it was determined and on what basis. Is the Company recovering this amount in base rates in this rate case? If yes, why. If no, why not?
- d. Explain the logic or purpose for setting up a balancing account and the deferral of expenses.
- e. Why is the Washington revenue curve an appropriate way to allocate the base expense by month and why were historical spending amounts by month not used as an allocation basis?
- f. The schedule provided with actual amounts spent between September 2021 and March 2023 shows lumpy amounts charged to the general ledger account of \$716,575 and \$513,136 in December 2021, \$341,250 in January 2022, \$461,868 in February 2022, and \$978,972 in March 2022. Please explain what these large payments are for and why expenses are not incurred more evenly from month to month.
- g. Provide the number of risk-trees removed or trimmed and the miles of vegetation cleared, plus other quantities of work performed, under the Wildfire program each year from inception of the program through 2024.
- h. Provide the number of trees removed or trimmed and the miles of vegetation cleared, plus other quantities of work performed, under the base vegetation program each year from 2016 through 2024.

**RESPONSE:**

- a. Expense categories under “Program” heading are:
  - WF RES Transmission PIng – Avista Wildfire labor, transmission-related work
  - FW Dashboard – building the Company’s Fire Weather Dashboard model
  - Tx Dig Data (GeoDigital) – payment to GeoDigital for collecting digital data for Avista’s Transmission system
  - Tx FR Pole Wraps – wrapping fire mesh wrap around wood transmission poles in low vegetation high fire threat areas
  - Fuel Reduction – supporting payments to external partners to remove vegetation on private land near Avista infrastructure
  - Tx Inspection – enhanced inspections of the transmission system to identify potential wildfire threats, supplementing aerial and ground patrols with additional fire-focused inspections such as thermal imaging and high-resolution photography.
  - WF RES Distribution PIng – Avista Wildfire labor, distribution-related work
  - WA Dx Risk Tree –Risk Tree program expenses for Washington
  - ID Dx Risk Tree –Risk Tree program expenses for Idaho

- Cust Choice RTRP – Customer Choice Right Tree Right Place expenditures including outreach, tree removal, clean-up, and replacement
- Dx Dig Data (AiDASH) - payment to AiDAHS for collecting digital data for Avista’s Distribution system

These programs are described in detail in Exh. DRH-1T, Exh. DRH-2, and Exh. DRH-3.

b) 2022 projected expenses are based on existing employee labor costs (“planning” and Dashboard estimates), contractual agreements (GeoDigital and AiDASH), and Avista budget amounts approved for programs (pole wrapping, transmission inspections, Fuel Reduction Partnerships, and Right Tree Right Place), as well as estimates based on historical expenditures for risk tree work. More details related to these expenditures and their composition can be found in Exh. DRH-1T, Exh. DRH-2, and Exh. DRH-3.

c) As provided in Andrews testimony starting at Exh. EMA-1T, 57:16, the wildfire “Washington Expenses Base” of \$3.065 million, as shown on PC-DR-101 Attachment A, was established by the Commission in Docket UE-200900, Order 08-05, when approving the Wildfire balancing account, and setting the level of wildfire expenses approved in base rates effective 10/01/2021. The Commission approved this level as the expense base to be used with the “Wildfire Balancing Account”, in that any actual expenses above or below this baseline would be deferred for later return or recovery from customers.

d) See Andrews testimony in the Company’s prior Washington GRC, Docket UE-200900, Exh. EMA-1T and EMA-6T, where this issue was fully vetted and approved by the Commission, as previously explained. See also Andrews testimony in this proceeding where this issue is summarized, starting at Exh. EMA-1T, 57:16. As noted at Exh. EMA-1T, page 58 footnote 40:

Order 08/05, in Dockets UE-200900, et. al., at p. 2. Also, at para(s). 237 and 238, the Commission stated, “Avista has demonstrated that the circumstances are not normal, but extraordinary. We cannot know, at this time, when the relative threat, risk, and cost of wildfires will no longer be extraordinary and will become normal. But, in time and through utility efforts, Avista must address the challenge, and it appears that any future normal level will be at increased levels appropriately matched to counter the increased threat. ... [W]e find that these extraordinary circumstances warrant an expansive use of the regulatory tools the Commission possesses, including approval of a new wildfire balancing account and of Avista’s Deferral Petition.” (emphasis added.)

e) It was determined appropriate to use the monthly forecasted Washington revenue curve to compare with the monthly Wildfire balancing account “base”, instead of historical Washington revenue monthly amounts, since the approved Wildfire base would impact prospective revenue amounts. While the monthly deferral balance recorded may vary using a forecasted versus historical revenue curve, the annual deferral between actual incremental wildfire expenses versus the approved baseline on an annual basis, will be the same. Using a monthly curve analysis simply allows the Company to record a monthly deferral as required by GAAP.

f) Not all purchases can be spread across multiple months. The examples provided indicate the purchase of fire mesh wrap to be installed for protecting wood transmission poles. The materials needed are purchased in bulk at the beginning of the year in preparation for the crews to begin installation. The other large amounts charged are wildfire vegetation management accruals. Asplundh, our tree removal service, has consistently had invoicing issues and our lag times were approaching 8-10 weeks. The risk tree work the only work that had hit the deferral at that time. We shift crews between programs based on environmental factors, fire shutdowns, and planning work that has been completed. The large shift to Risk Tree spending in March

2022 resulted from shifting most of our crews to the Risk Tree Program to attack a backlog of planned work and identified risk trees from past workplans that needed to be addressed. When this backlog is complete (which should be in the next few weeks), Asplundh crews will all shift to routine work. In the last several months we have worked with Asplundh and invoicing is closer to two weeks. We are watching to ensure lag times do not increase. In general, not all purchases and work payments can be assigned smoothly to each month over the course of a year.

g) and h) The separation and tracking between wildfire and base vegetation management began in 2020. See tables below. In 2016 and 2017 the quantities for Trimmed are total units for the year as our records from those years don't distinguish by work type. Beginning in 2019 work was tracked by work type in more detail. Other work consists of emergency storm work, customer service tickets, capital projects, etc. 2022 numbers are year-to-date. For the 2023 and 2024 routine maintenance plans we'll target 49,000 units annually to maintain our 5-year cycle. Mileage will vary by year but should be about 1,535 miles, which is approximately 20% of total overhead line miles. Removed, Trimmed, and other work are reported in units, Miles Completed is reported in miles.

|         |                 |  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023 | 2024 |
|---------|-----------------|--|-------|-------|-------|-------|-------|-------|-------|------|------|
| Routine | Removed         |  |       |       | 13761 | 16747 | 15246 | 13915 | 7270  |      |      |
|         | Trimmed         |  | 46459 | 52425 | 40503 | 16607 | 23035 | 24385 | 10146 |      |      |
|         | Miles Completed |  | 3402  | 4041  | 1538  | 1516  | 555   | 981   | 504   |      |      |
|         | other work      |  |       |       |       | 4858  | 13043 | 9262  | 5266  |      |      |

The risk program began as a separate and distinct program in 2020. Other work consists of emergency work, brush removal, and customer service tickets. 2022 numbers are year-to-date. It is difficult to project risk units for 2023 and 2024. The company has committed to a risk inspection target of 6466 miles in 2022 which is more than double the miles of risk work completed in 2021. We expect units of risk work to increase as well. We could see risk units as high as 35,000 annually for the next couple years before tapering off. This will depend on damage to trees from drought, disease, insects, wildfire, and storms. Removed, Trimmed, and other work are reported in units, Miles Completed is reported in miles.

|      |                 |  | 2016 | 2017 | 2018 | 2019 | 2020 | 2021  | 2022 | 2023 | 2024 |
|------|-----------------|--|------|------|------|------|------|-------|------|------|------|
| Risk | Removed         |  | X    | X    | X    | X    | 9943 | 12897 | 6294 |      |      |
|      | Trimmed         |  | X    | X    | X    | X    | 2731 | 3686  | 4910 |      |      |
|      | Miles Completed |  | X    | X    | X    | X    | 1649 | 2815  | 883  |      |      |
|      | other work      |  | X    | X    | X    | X    | 390  | 725   | 383  |      |      |