

March 18, 2015

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OREGON PUBLIC UTILITY COMMISSION  
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**RE: Docket No. UG 284 – In the Matter of AVISTA CORPORATION,  
DBA AVISTA UTILITIES' Request for a General Rate Revision.**

Attached for filing is Staff's testimony (STAFF/200) and Exhibit (STAFF/201) in support of the Amended Stipulation.

*/s/ Kay Barnes*

Kay Barnes  
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c: UG 284 - Service List (parties)

CASE: UG 284  
WITNESS: MARIANNE GARDNER

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 200**

**Staff Testimony in Support of the Amended  
Stipulation**

**March 18, 2015**

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Marianne Gardner. My business address is 3930 Fairview  
3 Industrial Dr. SE, Salem, Oregon 97308-1088. My qualifications were  
4 previously provided in Exhibit 100, the Joint Testimony of Stipulating Parties.

5 **Q. Are you the same Marianne Gardner that filed testimony previously in**  
6 **this proceeding?**

7 A. Yes, I previously filed testimony in this proceeding, marked as Exhibit  
8 Staff/102. My qualifications were provided in Exhibit 100, the Joint Testimony  
9 of Stipulating Parties.

10 **Q. What is the purpose of your testimony?**

11 A. For Docket No. UG 284, I am the revenue requirement summary witness for  
12 Staff. The purpose of my testimony is to provide support for the Amended  
13 Stipulation resolving all Issues (Amended Stipulation) and the joint testimony  
14 filed by the Parties in this docket. My testimony also provides additional  
15 explanation of the amended revenue requirement impact for the decrease in  
16 property tax expense. This testimony represents Staff's perspective on the  
17 issues only, and should not be construed as necessarily reflecting the positions  
18 or views of the other parties to the Amended Stipulation.

19 **AGREED-UPON REVENUE REQUIREMENT**

20 **Q. Which of the items have been revised as a result of the Amended**  
21 **Stipulation?**

22 A. The revenue requirements for Item 7-3, Property Taxes, and for Item S-8,  
23 Capital Additions have both decreased. All other revenue requirement items

1 are the same as stated in the prior stipulation (First Stipulation). Staff  
2 testimony previously submitted in support of those other revenue requirement  
3 items stands and is modified only as noted below.

4 **Q. What was the change to revenue requirement between the First**  
5 **Stipulation and the Amended Stipulation?**

6 A. The stipulated revenue requirement is reduced from an increase of \$6.112  
7 million to an increase of \$5.262 million.

8 **Q. Please provide a summary of all changes in value from the First**  
9 **Stipulation to the Amended Stipulation.**

10 A. The table below provides such a comparison.

11

Item	First Stipulation	Amended Stipulation
Revenue Requirement Increase	\$6.112	\$5.262
Value of Early Implementation	\$1.5	\$0.73
Early Implementation Credit	-0.850	\$0.00
Customer Tracking Mechanism	-\$0.53	\$0.00
Adyl Tracker Change	-\$0.262	-\$0.262
Net Value	\$5.97	\$5.73

12

13 The economics of the results produced by the Amended Stipulation, even  
14 assuming Staff was completely correct in the sales forecast such that  
15 customers were returned the maximum value of the customer tracking

1 mechanism, still results in a lower revenues paid by customers than in the First  
2 Stipulation.

3 **Q. What was the change to property taxes?**

4 A. Property tax expense has decreased to reflect the joint parties' agreed-upon  
5 decrease in the Item S-8, Capital Additions. The decrease in the Company's  
6 filed property tax expense is \$0.414 million, which equates to a reduction of  
7 \$0.426 million for revenue requirement. In the First Stipulation, joint parties  
8 agreed to an increase of \$0.134 million revenue requirement. Therefore, the  
9 net change from the First Stipulation to the Amended Stipulation is a reduction  
10 of \$0.560 million in revenue requirement for property tax.

11 **Q. Please state the change in Item S-8, Capital Additions.**

12 A. In the First Stipulation, the joint parties agreed to update actual capital  
13 additions from the Company's initial filing of \$2.787 resulting in an increase of  
14 \$0.286 million revenue requirement. This adjustment has been amended  
15 resulting in a rate base adjustment of (\$0.037 million) and a corresponding  
16 reduction of \$0.004 million of revenue requirement. Therefore, the net change  
17 from the First Stipulation is a reduction of \$0.290 million of revenue  
18 requirement for capital additions.

19 **Q. Please explain the reasons behind the change in item S-8, capital  
20 additions.**

21 A. Staff analyst, Jorge Ordonez, reviewed the Company's proposed capital  
22 additions. The lowered rate base amount reflects plant that will be presently  
23 used and useful as of the effective date of the rates. This is verified by Avista's

1           attestation, by Kelly Norwood, Vice President of State and Federal Regulation  
2           for Avista, dated March 12, 2015. A copy of the attestation is attached as  
3           Exhibit 201.

4           **Q. Does this conclude your testimony?**

5           A. Yes.

6

CASE: UG 284  
WITNESS: MARIANNE GARDNER

**PUBLIC UTILITY COMMISSION  
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**STAFF EXHIBIT 201**

**Exhibit in Support  
of the Amended Stipulation**

**March 18, 2015**

