

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON  
UG 433**

In the Matter of	)
	)
AVISTA CORPORATION	)
	)
Request for a General Rate Revision.	)
_____	)

**OPENING TESTIMONY OF  
BRADLEY G. MULLINS  
ON BEHALF OF  
ALLIANCE OF WESTERN ENERGY CONSUMERS**

**March 3, 2022**

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## EXHIBIT LIST

AWEC/101 – Qualification Statement of Bradley G. Mullins

AWEC/102 – Revenue Requirement Summary

AWEC/103 – Avista Responses to Data Requests

AWEC/104 – 2021 Non-Labor O&M Analysis

AWEC/105 – Detail of Non-Oregon Charges

AWEC/106 – AWEC Proposed Rate Spread

**I. INTRODUCTION AND SUMMARY**

**Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

A. My name is Bradley G. Mullins. I am a Consultant for MW Analytics, an independent consulting firm representing utility customers before state public utility commissions in the Northwest and Intermountain West. My witness qualification statement can be found in Exhibit AWEC/101.

**Q. PLEASE IDENTIFY THE PARTY ON WHOSE BEHALF YOU ARE TESTIFYING.**

A. I am testifying on behalf of the Alliance of Western Energy Consumers ("AWEC"). AWEC is a non-profit trade association whose members are large energy users in the Western United States, including customers receiving gas sales and transportation services from Avista Corporation *dba* Avista Utilities ("Avista").

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. I discuss my initial review of Avista's proposed \$3,774,000 revenue requirement increase, which if approved, would result in a 5.0% margin rate increase. In my testimony, I discuss my proposed adjustments to Avista's filed case. I also discuss and respond to Avista's proposed rate spread, as well as the sur-credits associated with the 2020 Tax Accounting Method Changes identified in Docket No. UM 2124.

**Q. WHAT WAS THE SCOPE OF YOUR REVIEW?**

A. I reviewed Avista's filed testimony, workpapers and revenue requirement, and rate design models. I submitted multiple rounds of data requests and reviewed Avista's responses to those requests. I also reviewed Avista's response to data requests submitted by Staff and CUB.

1 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

2 A. Based on my initial review, I recommend a base margin revenue requirement reduction of  
3 \$3,253,532, or (-)4.3%, prior to the application of the tax accounting method change sur-  
4 credits. This revenue requirement recommendation is detailed in Exhibit AWEC/102 and is  
5 summarized in Table 1, below.

**Table 1**  
**Revenue Requirement Recommendation**  
**(\$000) [update]**

<b>Initial Filing</b>	<b>3,774</b>	<b>5.02%</b>
<b>Adjustments:</b>		
Cost of Capital Settlement	(1,191)	
Tax Accounting Flow Through	(1,380)	
Rate Period Capital Additions	(397)	
Accumulated Depreciation	(805)	
Acct. 908 LIRAP & DSM Escalation	(219)	
Acct. 928 Escalation	(11)	
Ashland Outage	(48)	
Acct. 903 Fiserv/Postage Escalation	(36)	
2021 Non-Labor O&M Escalation Rate	(1,790)	
2020 Actual CAT	(31)	
2020 CAT Deferral Amortization	(643)	
2022 CAT	(26)	
Non-Oregon Expenses	(528)	
Interest Synchronization	78	
Total Adjustments	(7,027)	
<b>Adjusted Base Revenue Reduction</b>	<b>(3,253)</b>	<b>-4.33%</b>
Tax Accounting Method Change Amort.	(4,644)	
<b>Rate Impact After Sur-credit</b>	<b>(7,897)</b>	<b>-10.50%</b>

1 As detailed above, I also recommend that the deferred Tax Accounting Method Change  
2 sur-credits be amortized over a five-year period through a supplemental rate schedule. After  
3 considering the Tax Accounting Method Change sur-credits, my recommendation results in an  
4 overall (-)10.50% margin rate reduction.

5 Finally, I recommend that base rates be designed in a manner considering Avista's  
6 Long-Run Incremental Cost ("LRIC") study and that the Tax Accounting Method Change sur-  
7 credit be allocated consistent with the underling plant, with a greater portion of the meter-  
8 related benefits attributed to residential and small commercial customers.

## 9 II. REVENUE REQUIREMENT

### 10 a. Cost of Capital Stipulation

11 **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT OF THE JANUARY 19, 2022**  
12 **COST OF CAPITAL STIPULATION?**

13 A. In the January 19, 2022 cost of capital stipulation, parties agreed to use a 9.40% return on  
14 equity and a 4.70% cost of debt, resulting in an overall rate of return of 7.05%. Relative to the  
15 7.35% rate of return Avista proposed in its initial filing, the agreed-upon rate of return results  
16 in a \$1,191,300 reduction to revenue requirement, including impacts of the tax benefit of  
17 interest.

### 18 b. Tax Accounting Method Change: Test Period Flow-Through

19 **Q. PLEASE PROVIDE AN OVERVIEW OF THE TAX ACCOUNTING CHANGE.**

20 A. In October 2020, Avista filed two Forms 3115 with its 2019 federal tax return. Through these  
21 forms, Avista changed its tax accounting method for deducting certain capitalized overhead  
22 expenditures—called Industry Director Directive No. 5 (IDD #5) expenditures—and the  
23 method for deducting meter expenditures. Prior to the change in accounting method, these

1 expenditures were capitalized for tax purposes and depreciated using the Modified Accelerated  
2 Cost Recovery System (“MACRS”). After the change, Avista has transitioned to expensing  
3 and deducting the expenditures in the period when the expenditures are made. As a result of  
4 the change in accounting method, a large sum—approximately \$395,241,899—of previously  
5 capitalized IDD#5 and meter expenditures also became immediately deductible, resulting in a  
6 large up-front deduction and tax benefit.

7 **Q. WHAT REGULATORY ACCOUNTING HAS BEEN APPROVED FOR THE CHANGE**  
8 **IN TAX ACCOUNTING METHOD?**

9 A. Contemporaneous with implementing the change in tax accounting method, Avista filed for an  
10 accounting order and deferral request. In Docket No. UM 2124, the Commission approved  
11 transitioning to flow-through accounting, rather than normalization accounting, for the tax  
12 expense associated with the IDD#5 and meters expenditures. Specifically, Avista requested  
13 that the Commission “authoriz[e] Avista to change its accounting for federal income tax  
14 expense from a normalization method to a flow-through method.”<sup>1</sup> The IRS normalization  
15 requirements only apply to property being depreciated under IRC § 168(k). Accordingly, since  
16 the IDD#5 and meters expenditures are no longer being depreciated through MACRS under  
17 IRC § 168(k), the IRS normalization requirements no longer apply to these expenditures. This  
18 means that, for regulatory purposes, it is possible to use flow-through accounting, where the  
19 entire tax deduction for the expenditures is considered as an offset to current taxes, with no  
20 associated deferred taxes.

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<sup>1</sup> *In re Application for Authorization to Approve Federal Income Tax Expense for Certain Plant Basis Adjustments Changes and to Defer Associated Change in Tax Expense*, Docket No. UM 2124, Application at 1:16-17.

1 **Q. DID AVISTA ALSO SEEK TO DEFER THE FLOW IMPACTS, INCLUDING THE UP-**  
2 **FRONT DEDUCTION RECOGNIZED ON ITS 2019 TAX RETURN?**

3 A. Yes. In addition to transitioning to flow-through accounting, Avista also requested that the  
4 Commission defer the impacts of the change in tax accounting method, including the impacts  
5 of transitioning to flow-through accounting. This deferral also included the benefit of the large  
6 up-front deduction associated with expensing the balance of previously capitalized IDD#5 and  
7 meters expenditures. The impacts of the change in tax accounting method were not considered  
8 in Avista's prior rate case, Docket No. UE 389. Thus, deferral of the benefits associated with  
9 the change was necessary.

10 **Q. HAS AVISTA CONSIDERED THE FLOW-THROUGH BENEFITS FROM THE TAX**  
11 **ACCOUNTING CHANGE IN THIS DOCKET?**

12 A. No. While Avista has proposed to consider the deferral in this docket, Avista has not  
13 considered the test period flow-through impacts associated with the new tax accounting  
14 method in its calculation of tax expense. Avista confirmed this in response to AWEC Data  
15 Request 39,<sup>2</sup> stating "the tax credit benefit is not reflected in the Company's requested revenue  
16 requirement."

17 **Q. WHAT IS THE AMOUNT OF BENEFIT EXPECTED IN THE TEST PERIOD?**

18 A. In response to AWEC Data Request 38, Avista calculated that the annual flow-through benefits  
19 associated with the new tax accounting method would be \$1,341,543 in 2022.<sup>3</sup>

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<sup>2</sup> Responses to data requests cited in this testimony may be found in Exhibit AWEC/103.

<sup>3</sup> AWEC/103.

1 **Q. WHY HAS AVISTA NOT CONSIDERED THESE BENEFITS IN REVENUE**  
2 **REQUIREMENT?**

3 A. In response to AWEC Data Request 39, Avista stated that it excluded the test period benefits  
4 because they “are being deferred for return to customers.”<sup>4</sup>

5 **Q. DO YOU AGREE?**

6 A. No. The purpose of the deferral was to capture the benefits of moving to flow-through  
7 accounting prior to Avista filing a general rate case. Now that Avista has filed a rate case, it  
8 would be unreasonable not to transition to flow-through accounting because the Commission  
9 approved the use of flow-through accounting in Docket No. UM 2124. Perpetually deferring  
10 the impact of using flow-through accounting would defeat the purpose of using flow-through  
11 accounting in the first place. Therefore, AWEC recommends that flow-through accounting for  
12 IDD#5 and meters be applied in this docket.

13 **Q. WHAT IS THE IMPACT OF USING FLOW-THROUGH ACCOUNTING FOR IDD#5**  
14 **AND METERS EXPENDITURES IN THIS DOCKET?**

15 A. After considering revenue-sensitive costs, the revenue requirement impact of using flow-  
16 through accounting for IDD#5 and meters is a reduction of \$1,380,309.

17 **c. Tax Accounting Method Change: Deferral Amortization**

18 **Q. WHAT IS THE EXPECTED DEFERRAL BALANCE AS OF THE RATE EFFECTIVE**  
19 **DATE IN THIS PROCEEDING?**

20 A. At Avista/600, Andrews/12, Avista provided a table that detailed the expected deferral balance  
21 for the tax accounting method change as of December 31, 2021. Based on that table, Avista  
22 calculated a balance of \$21,851,125. That balance, however, did not consider true-ups that  
23 have occurred for the 2020 and 2021 deferrals. It also did not consider the incremental

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<sup>4</sup> *Id.*



deferrals expected over the period January 1, 2022 through September 1, 2022. In response to AWEC Data Request 46, Avista identified the impact of the true-ups of the 2020 and 2021 deferrals.<sup>5</sup> Further, in response to AWEC Data Request 38, Avista calculated the expected deferrals over the period January 1, 2022 through September 1, 2022.<sup>6</sup> Based on those responses, the expected deferral balance of the tax accounting method change is \$23,220,858 as of September 1, 2022, shown in Table 2, below.

**Table 2**  
Tax Accounting Change Deferral Balance  
As of September 1, 2022 (Whole Dollars)

	<u>Source</u>	<u>ADFIT</u>	<u>Grossed-up</u>
12/31/2019 Balance	AWEC DR 46	(15,443,480)	(19,548,709)
2020 Additions		(1,334,608)	(1,689,377)
12/31/2020 Balance		(16,778,088)	(21,238,086)
2021 Additions		(859,844)	(1,088,410)
12/31/2021 Balance	\	(17,637,932)	(22,326,496)
01/2022-08/2022 Additions	AWEC DR 38	(706,546)	(894,362)
9/1/2022 Balance		(18,344,478)	(23,220,858)

Thus, the impact of the deferral is significant, representing approximately 30.9% of Avista's annual revenue requirement.

**Q. HOW HAS AVISTA PROPOSED HANDLING THESE DEFERRAL BALANCES?**

A. Avista has proposed to amortize the deferral through a separate rate schedule, rather than through margin revenue requirement. Avista proposed amortizing the balance in an amount that directly offsets the rate increase in this proceeding. Specifically, Avista has proposed amortizing \$3,019,000 over a two-year period, with the remaining balance after the end of the two-year period amortized over a ten-year period.<sup>7</sup>

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Avista/600, Andrews/15:5-10.

1    **Q.    DO YOU AGREE WITH AVISTA’S PROPOSAL?**

2    A.    AWEC supports amortizing the balance through a separate schedule, as doing so will allow the  
3           Commission to design rates that better reflect the allocation of the underlying plant.  
4           Notwithstanding, AWEC does not support the phased amortization period that Avista has  
5           requested. By setting a higher level of amortization that declines after two years, ratepayers  
6           are guaranteed a rate increase at the end of the two-year period, which is not consistent with  
7           the regulatory principle of rate stability. Rather, AWEC recommends that the Commission  
8           establish a fixed amortization amount to provide ratepayers with a stable benefit over an  
9           extended period of time.

10   **Q.    WHAT AMORTIZATION PERIOD DOES AWEC PROPOSE?**

11   A.    AWEC recommends a five-year amortization period. If the desire was to continue to use  
12           normalization accounting, ratepayers would have been better off not transitioning to flow-  
13           through accounting in the first place. A five-year period will provide a stable benefit to  
14           ratepayers and will ensure that ratepayers receive the benefits of the tax accounting method  
15           change in a timely manner.

16   **Q.    WHAT IS THE IMPACT OF THIS RECOMMENDATION?**

17   A.    The impact of AWEC’s recommendation is a \$4,644,172 reduction to annual revenues. While  
18           this amount would be recovered through a supplemental schedule, it is detailed as an offset to  
19           the base revenue requirement in Table 1 of the introduction section to this testimony. My  
20           recommended class allocation associated with this amount will be discussed further in the rate  
21           spread section below.

1        **d. Rate Period Capital Additions**

2        **Q.    WHAT RATE BASE VALUATION PERIOD HAS AVISTA PROPOSED?**

3        A        Avista has proposed a rate base valuation period based on an average over the 12-months  
4                ending August 2023. Avista performs this calculation by starting with actual End of Period  
5                (EOP) plant balances as of December 31, 2020. Avista then adds forecasted pro forma capital  
6                additions over the period January 1, 2021 through August 31, 2022. With these capital  
7                additions, Avista calculates EOP plant balances as of August 31, 2022, corresponding to the  
8                proposed rate effective date. Avista then adds additional forecast capital additions over the rate  
9                period, September 1, 2022 through August 31, 2023, although Avista claims that these  
10               additions are limited to new revenue additions.

11       **Q.    DOES AWEC SUPPORT INCLUDING NEW REVENUE CAPITAL ADDITIONS IN**  
12               **THE RATE PERIOD?**

13       A.       No. AWEC recommends that the rate period capital additions be removed from revenue  
14               requirement. Under ORS 757.355 only plant found to be used and useful may be considered in  
15               Oregon rates. Since the rate period plant balances will not be in service as of the rate effective  
16               date, they will not be used and useful as of the rate effective date. Accordingly, the rate period  
17               plant balances are not appropriate to consider in revenue requirement in this case.

18       **Q.    WHAT IS THE IMPACT OF THIS RECOMMENDATION?**

19       A.       Avista's capital forecast includes \$3,413,000 of rate period plant additions, along with \$81,000  
20               of associated depreciation expenses. Removing these amounts results in a \$397,000 reduction  
21               to revenue requirement.

1        **e. End-of-Period Depreciation Expense**

2        **Q.    HOW DOES AVISTA CALCULATE DEPRECIATION EXPENSES IN**  
3        **CONJUNCTION WITH ITS PRO FORMA CAPITAL?**

4        A.    When Avista forecasts the end of period plant balances as of the August 31, 2022 rate effective  
5        date, it also calculates a forward looking depreciation expense based on those plant balances.  
6        The depreciation expense is calculated for the EOP plant balances over the 12-months ending  
7        August 2023. In total Avista calculates incremental depreciation expenses of \$2,711,697,  
8        resulting in a total depreciation expense of \$17,541,000 over the 12-months ending August 31,  
9        2023.

10       **Q.    DOES AVISTA ALSO CONSIDER THE INCREMENTAL PLANT RESERVES THAT**  
11       **WILL ACCRUE OVER THE 12-MONTHS ENDING AUGUST 2023?**

12       A.    No. While Avista considers the incremental depreciation expenses over the period August 31,  
13       2023, it does not consider the impacts associated with incremental accumulated depreciation  
14       over that period. Notwithstanding, if a forward-looking depreciation expense is to be used  
15       with respect to the EOP balances, the associated impacts of that expense on depreciation  
16       reserves must also be considered. Regardless of when the gross plant balances in rate base are  
17       considered, establishing revenue requirement still requires the use of a test period. Using plant  
18       in service at a particular point in time through an EOP calculation does not eliminate the  
19       concept of a test period, nor the need to recognize the impact of depreciation assumed in the  
20       test period on the service value of the EOP plant over the course of the test period.

21       **Q.    WHAT DO YOU RECOMMEND?**

22       A.    I recommend incorporating incremental reserves into revenue requirement equal to one half of  
23       the annual depreciation expense. This results in an \$8,770,000 reduction to rate base or an  
24       \$805,000 reduction to revenue requirement.

1       **f. Updated Plant Balances**

2       **Q. HAS AVISTA FINALIZED ITS 2021 RESULTS OF OPERATIONS?**

3       A. Yes. Avista finalized its 2021 results of operations shortly before the due date of this  
4       testimony. AWEC has not had an opportunity to fully review the 2021 results of operations but  
5       recommends that the 2021 capital forecast included in the rate case be trued up to the 2021  
6       actual plant balances and depreciation expenses included in Avista's results of operations.  
7       AWEC will supplement this recommendation, as necessary, in Rebuttal Testimony.

8       **g. O&M Expense: LIRAP and DSM Escalation**

9       **Q. DID YOU IDENTIFY ANY ERRORS IN AVISTA'S O&M EXPENSE**  
10       **CALCULATION?**

11      A. Yes. FERC Account 908, Sub-account 600, consists of rebates and expenditure related to  
12      Avista's Low Income Rate Assistance Program ("LIRAP") and Demand Side Management  
13      ("DSM") program. These expenditures are recovered through a supplemental rate schedule,  
14      and not included in base revenue requirement. Avista removes the LIRAP and DSM  
15      expenditures from operating results through Adjustment 1.03. Notwithstanding, in Adjustment  
16      2.0 (Test Year Expense Adjustment) Avista included inflationary escalation associated with the  
17      LIRAP and DSM expenditures in revenue requirement. Since they are not included in revenue  
18      requirement, including escalation related to them was an error.

19      **Q. DID AVISTA AGREE THAT THE LIRAP AND DSM ESCALATION WAS AN**  
20      **ERROR?**

21      A. Yes. In response to AWEC Data Request 15, Avista agreed that escalating the LIRAP and  
22      DSM expenditures in FERC Account 908 was an error.<sup>8</sup>

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<sup>8</sup> AWEC/103.

1 **Q. WHAT IS THE IMPACT OF REMOVING THE LOW INCOME AND DSM**  
2 **ESCALATION FROM THE TEST YEAR EXPENSE ADJUSTMENT?**

3 A. Removing the low income and DSM escalation produces a \$213,121 reduction to operating  
4 expenses, and a corresponding \$219,279 reduction to revenue requirement.

5 **h. O&M Expense: Account 928 Escalation**

6 **Q. WHAT AMOUNTS ARE INCLUDED IN FERC ACCOUNT 928?**

7 A. FERC Account 928 includes regulatory commission expenses, such as the filing and  
8 registration fees with the FERC and state commissions.

9 **Q. DOES AVISTA APPLY INFLATIONARY ESCALATION TO FERC ACCOUNT 928?**

10 A. Yes. Applying escalation to FERC Account 928, however, is not appropriate because the filing  
11 and registration fees paid to the FERC and the state commissions do not necessarily change in  
12 relation to inflation.

13 **Q. WHAT IS THE IMPACT OF REMOVING ESCALATION FROM FERC ACCOUNT**  
14 **928?**

15 A. Removing escalation from FERC Account 928 results in a \$10,215 reduction to operating  
16 expense and a corresponding \$10,510 reduction to revenue requirement.

17 **i. O&M Expense: Ashland Outage**

18 **Q. WHAT COSTS RELATED TO THE ASHLAND OUTAGE WERE INCLUDED IN**  
19 **REVENUE REQUIREMENT?**

20 A. Avista included \$43,617 of expense related to an Ashland outage.

1   **Q.     DID YOU ASK AVISTA TO DESCRIBE THE ASHLAND OUTAGE?**

2   A.     Yes. In AWEC Data Request 23, Avista was requested to describe the outage. Avista,  
3           however, did not provide any description of the outage in the response. Avista did, however,  
4           indicate that including the above referenced costs in revenue requirement was an error.<sup>9</sup>

5   **Q.     WHAT IS THE IMPACT OF REMOVING THE ASHLAND OUTAGE FROM**  
6   **REVENUE REQUIREMENT?**

7   A.     After considering the escalation applied to the amounts, as well as revenue sensitive costs, the  
8           impact of removing the cost of the Ashland Outage is a \$47,791 reduction to revenue  
9           requirement.

10   **j.   O&M Expense: Account 903 Escalation**

11   **Q.     WHAT COSTS ARE INCLUDED IN FERC ACCOUNT 903?**

12   A.     FERC Account 903 is Customer Records & Collection Expenses. It includes a variety of  
13           customer related costs, such as postage and credit card processing fees.

14   **Q.     HAS AVISTA APPLIED ESCALATION TO FERC ACCOUNT 903?**

15   A.     Yes. Avista has applied generic escalation to FERC Account 903.

16   **Q.     DO YOU AGREE WITH ESCALATING THOSE COSTS?**

17   A.     No. Costs such as postage and payment processing fees do not necessarily change in  
18           relationship with inflation. Accordingly, I recommend removing all escalation from FERC  
19           Account 903. Postage rates, for example, are not forecast to increase in the test period.

20   **Q.     WHAT IS THE IMPACT OF REMOVING THE ESCALATION FOR THIS**  
21   **ACCOUNT?**

22   A.     Removing the escalation for FERC Account 903 results in a \$34,663 reduction to operating  
23           expenses and a \$35,664 reduction to revenue requirement.

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<sup>9</sup>       *Id.*

1        **k. O&M Expense: 2021 Escalation Rate**

2        **Q.     WHAT RATE OF ESCALATION HAS AVISTA INCLUDED FOR 2021?**

3        A.     Avista's test period expense adjustment assumes inflationary escalation of 4.2% applied to all  
4           non-labor Operations & Maintenance ("O&M") expenses in the test period. This value  
5           represents a Consumer Price Index ("CPI") value that was forecast for 2021 at the time of  
6           Avista's initial filing.

7        **Q.     IS THE CPI APPROPRIATE TO APPLY TO AVISTA'S NON-LABOR O&M?**

8        A.     No. CPI is representative of the change in prices for a basket of household goods, which is not  
9           representative of the change in operating expenses expected at the utility. Gasoline and food  
10          prices, for example, play a major role in establishing the CPI levels. Gasoline and food prices,  
11          however, represent only a small fraction of Avista's O&M costs. CPI is also influenced by  
12          utility rates. Thus, if CPI is also used to forecast an increase in utility rates, the result can be a  
13          vicious cycle. Most of Avista's O&M costs are service related, and those service costs do not  
14          necessarily follow inflationary trends assumed in the CPI calculation.

15       **Q.     DID AVISTA'S ACTUAL NON-LABOR O&M COSTS INCREASE BY 4.2% IN 2021?**

16       A.     No. To the contrary, Avista's non-labor O&M costs declined by (-)9.43% in 2021. In its  
17          Supplemental Response to AWEC Data Request 2, Avista provided the operating expenses  
18          included in its 2021 results of operations.<sup>10</sup> In Exhibit AWEC/104, I perform an analysis  
19          comparing the non-labor O&M expenses accrued in 2021 to the expenses accrued in 2020.  
20          The result of that analysis is summarized in Table 3, below.

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<sup>10</sup>        *Id.*



**Table 3**  
**Avista Non-Labor O&M 2020 vs. 2021**

	2020	2021	Delta	%
PRODUCTION EXPENSES	149,044	146,188	(2,856)	-1.9%
UNDERGROUND STORAGE EXPENSES	288,713	288,401	(312)	-0.1%
DISTRIBUTION EXPENSES	5,331,821	4,371,882	(959,939)	-18.0%
CUSTOMER ACCOUNTS EXPENSES	2,046,316	1,859,537	(186,778)	-9.1%
CUSTOMER SERVICE & INFO EXPENSES	3,651,032	3,692,993	41,961	1.1%
SALES EXPENSES	810	0	(810)	-100.0%
ADMINISTRATIVE & GENERAL EXPENSES	6,671,000	6,068,515	(602,485)	-9.0%
	18,138,735	16,427,516	(1,711,219)	-9.4%

As can be noted from Table 3 above, not only did non-labor O&M expenses decline in 2021, they declined by a significant margin of (-)\$1,711,219. Distribution non-labor O&M, for example, declined by (-)18.0%. Note that these changes do not consider restating adjustments, although AWEC may further refine its analysis to consider those adjustments in Rebuttal Testimony.

**Q. WHAT DO YOU RECOMMEND?**

A. Based on the information described above, I recommend that non-labor O&M expense escalation be set to (-)9.4% for 2021. The impact of this recommendation is a \$1,739.930 reduction to expense and a corresponding \$1,790,208 reduction to revenue requirement.

**I. 2020 Corporate Activity Tax Deferral Balance**

**Q. WHAT HAS AVISTA PROPOSED WITH RESPECT TO THE 2020 CORPORATE ACTIVITY TAX?**

A. At the time of Avista's 2020 General Rate Case, Docket No. UG 389, the impacts of the Corporate Activity Tax ("CAT") were included in revenue requirement. Notwithstanding, the rates from Docket No. UG 389 went into effect in January 2021. The CAT tax accruals prior to the rate effective date in Docket No. UG 389 were being deferred through Docket No. UM

2042, and those deferral impacts were not included in Avista's 2020 rate case. In this Docket Avista is proposing to amortize \$950,000 in base rates in connection with the CAT deferral approved in Docket No. UM 2042.

**Q. HOW DID AVISTA CALCULATE THE DEFERRAL AMOUNT?**

A. The deferral amount was calculated based on annual CAT liability of \$800,000, plus interest.

**Q. DOES THAT AMOUNT CORRESPOND TO AVISTA'S ACTUAL CAT LIABILITY?**

A. No. In response to Staff Data Request 315, Avista provided its 2020 CAT return. That return provided for a 2020 CAT liability of \$775,055, or \$24,045 less than the amount included in the deferral balance.

**Q. HOW DO YOU RECOMMEND HANDLING THE DIFFERENCE?**

A. I recommend that the CAT deferral be reduced and recalculated based on Avista's actual 2020 CAT liability. This results in a \$31,302 reduction to revenue requirement.

**m. 2020 Corporate Activity Tax Deferral Amortization Period**

**Q. OVER WHAT PERIOD HAS AVISTA PROPOSED AMORTIZING THE 2020 CAT DEFERRAL?**

A. Avista has proposed a one-year amortization.

**Q. DO YOU AGREE WITH THAT AMORTIZATION PERIOD?**

A. No. AWEC recommends a longer amortization of three years. Because of the delay in implementing the CAT in base rates, ratepayers in the test period will be required to pay more than the annual CAT expense. Ratepayers must pay for both the test period expense, as well as the historical deferred expense, effectively doubling the cost to ratepayers. Adopting a longer amortization period, spreads the impact of the higher cost over multiple years resulting in a more reasonable level of expense in the test period.

1   **Q.    WHAT IS THE IMPACT OF YOUR RECOMMENDATION?**

2   A.    Increasing the CAT deferral amortization period to three years results in a \$642,538 reduction  
3       to revenue requirement.

4       **n.   Test Period Corporate Activity Tax**

5   **Q.    WHAT AMOUNT OF CAT EXPENSE HAS AVISTA INCLUDED IN THE TEST**  
6       **PERIOD?**

7   A.    In addition to the historical deferral balance, Avista has included \$800,000 in CAT expense in  
8       revenue requirement.

9   **Q.    HOW MUCH ACTUAL CAT LIABILITY DID AVISTA INCUR IN THE TEST**  
10       **PERIOD?**

11  A.    Based on its actual CAT return filing, Avista incurred \$775,055 of CAT liability in the 2020  
12       test period.

13  **Q.    WHAT DO YOU RECOMMEND?**

14  A.    Given that Avista's actual CAT liability is now known, I recommend using the actual CAT  
15       liability for the test period CAT expense.

16  **Q.    WHAT IS THE IMPACT OF THIS RECOMMENDATION.**

17  A.    Using the actual test period CAT liability results in a \$25,666 reduction to revenue  
18       requirement.

19       **o.   Non-Oregon Charges**

20  **Q.    WHAT NON-OREGON CHARGES HAVE YOU IDENTIFIED IN AVISTA'S**  
21       **RESULTS OF OPERATIONS?**

22  A.    Based on my review of the transactional accounting data provided in response to Staff Data  
23       Request 57, Avista's Oregon gas results of operations include many charges which are  
24       attributable to Washington and Idaho operations. It is not reasonable to include such charges in  
25       Oregon revenue requirement.

1   **Q.     WHAT ARE THE SPECIFIC CHARGES YOU HAVE IDENTIFIED?**

2   A.     In AWEC Data Request 21, AWEC identified 54 different transaction descriptions that did not  
3         appear to have nexus to Oregon rates.<sup>11</sup> These transactions totaled \$1,504,592 of Oregon  
4         allocated costs. They include transactions with descriptions such as “Spokane River Hydro”  
5         and “Hydro Compliance,” which have no apparent relationship to Oregon gas operations. In  
6         AWEC’s data request, Avista was asked to explain the specific charges.

7   **Q.     HOW DID AVISTA RESPOND?**

8   A.     Avista provided a general response about activities such as its call center operations and  
9         investor relations. Avista was able to adequately explain some, but not all of the charges  
10        AWEC had reviewed. Avista’s reply, for example, did not address many of the specific  
11        transactions and departments that AWEC identified.

12   **Q.     WHAT DO YOU RECOMMEND?**

13   A.     In Exhibit AWEC/105, I performed an analysis of the costs identified in AWEC Data Request  
14         21 taking into consideration Avista’s response to that request. Based on that analysis, I  
15         recommend that \$513,550 of expense that is not related to Oregon operations be removed from  
16         revenue requirement. Removing these non-Oregon expenses results in a \$528,390 reduction to  
17         revenue requirement.

18                   **III. RATE SPREAD AND RATE DESIGN**

19   **Q.     PLEASE SUMMARIZE AWEC’S PROPOSAL ON RATE SPREAD.**

20   A.     AWEC recommends that the base rate revenue requirement, excluding the impact of the tax  
21         accounting change sur-credits, be spread in a manner consistent with Avista’s cost of service

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<sup>11</sup>        *Id.*

study. Based on the base revenue reduction identified in AWEC's revenue requirement analysis, AWEC recommends that a ceiling of 0% be applied so that no rate schedule will recognize a base rate increase in connection with this rate case. Further, AWEC recommends that the tax accounting method change sur-credits be allocated in a manner consistent with the underlying plant, with a higher allocation to residential and small customer schedules for the portion of the credits derived from meters expenditures. AWEC's proposed rate spread is detailed in Exhibit AWEC/106 and is summarized in Table 4, below.

**Table 4**  
**AWEC Proposed Rate Spread**

		<b>LRIC at AWEC Rev. Req.</b>	<i>Apply Ceiling at Zero</i>	<b>Net Base Rate Change</b>	<i>Apply Tax Acctg. Credit</i>	<b>Net Rate Impact</b>
SCH 410	Residential	<b>-3.7%</b>	<i>0.4%</i>	<b>-3.2%</b>	<i>-6.4%</i>	<b>-9.6%</b>
SCH 420	General	<b>1.1%</b>	<i>-1.1%</i>	<b>0.0%</b>	<i>-6.4%</i>	<b>-6.4%</b>
SCH 424	Large General	<b>-13.1%</b>	<i>0.4%</i>	<b>-12.7%</b>	<i>-5.5%</i>	<b>-18.2%</b>
SCH 440	Interruptible	<b>-48.6%</b>	<i>0.2%</i>	<b>-48.4%</b>	<i>-2.5%</i>	<b>-50.9%</b>
SCH 444	Seasonal	<b>-43.1%</b>	<i>0.3%</i>	<b>-42.8%</b>	<i>-5.5%</i>	<b>-48.3%</b>
SCH 456	Transportation	<b>-23.1%</b>	<i>0.3%</i>	<b>-22.8%</b>	<i>-4.1%</i>	<b>-26.9%</b>
Total		<b>-4.3%</b>	<i>0.0%</i>	<b>-4.3%</b>	<i>-6.2%</i>	<b>-10.5%</b>

**a. Base Margin Rate Spread**

**Q. WHAT RATE SPREAD HAS AVISTA PROPOSED IN THIS CASE?**

A. Avista's rate spread proposal was described by Avista witness Miller. As discussed on pages 6 through 10 of Avista/900, Avista is proposing to increase all rate schedules by the same margin percentage rate.

**Q. HOW DOES AVISTA'S PROPOSED RATE SPREAD COMPARE TO THE LONG-RUN INCREMENTAL COST STUDY?**

A. The LRIC study shows that Schedules 424, 440, 444 and 456 are above parity by significant amounts. To bring these rate schedules back to parity significant reductions would need to be

1 applied. For example, Schedule 456 rates would need to be reduced by approximately 23.1%  
2 and Schedule 440 rates would need to be reduced by approximately 48.6% to reach parity.

3 **Q. DOES AWEC SUPPORT AVISTA'S PROPOSED RATE SPREAD?**

4 A. No. Avista's proposed rate spread does not address the substantial rate subsidies that are  
5 embedded in Avista's current rate structure. AWEC recommends that the Commission design  
6 rates considering the principles of cost causation and adhere to the results of the LRIC,  
7 particularly in the context of the rate reduction that AWEC is recommending for revenue  
8 requirement. AWEC recognizes, however, that in recent cases, the Commission has  
9 discouraged against reducing some customer rates while other customer rates are increasing.

10 **Q. HOW DO YOU RECOMMEND APPLYING THAT PRINCIPLE IN THE CONTEXT**  
11 **OF THIS PROCEEDING?**

12 A. The revenue requirement, in this case, suggests that Avista's base rates need to be reduced,  
13 particularly after considering the impact of the tax accounting method change sur-credits. To  
14 apply the principle of not reducing some customer rates, while other customer rates are  
15 increasing, it is therefore necessary to place a ceiling on the rate spread at zero. In AWEC/104,  
16 I have applied this approach using Avista's LRIC study as a starting point. When applying the  
17 ceiling, the revenues from the ceiling are redistributed to other customers based on the  
18 percentage of target margin revenues. In my analysis, the ceiling reduction is applied only to  
19 the general service Schedule 420. All other customer classes received a material rate  
20 reduction.

1       **b. Tax Accounting Change Sur-Credit Allocation**

2       **Q.     HOW HAS AVISTA PROPOSED TO ALLOCATE THE BENEFITS OF THE TAX**  
3       **ACCOUNTING CHANGE?**

4       A.     Avista proposes to spread the benefit of the tax accounting change on an equal percentage of  
5       margin basis to all customers.

6       **Q.     IS THAT APPROACH CONSISTENT WITH COST CAUSATION?**

7       A.     Not necessarily. A portion of the benefits associated with the accounting method change are  
8       associated with meters. Small customers are allocated more costs in connection with meters in  
9       the LRIC. Therefore, it is more consistent with the principle of cost causation for those  
10      customers to be allocated more of the benefits associated with the meters portion of the tax  
11      accounting method change. Accordingly, AWEC recommends that the portion of the tax  
12      accounting method change sur-credit attributable to meters be allocated in a manner consistent  
13      with the long-run incremental meter cost identified in the LRIC study.

14      **Q.     WHAT IS THE COST DRIVER FOR IDD#5 EXPENDITURES?**

15      A.     AWEC requested that Avista provide the IDD#5 expenditures by FERC account to evaluate the  
16      class allocation of that portion of the tax accounting method change sur-credit. In response to  
17      AWEC Data Request 42, however, Avista confirmed that it does not track the IDD#5  
18      expenditures by FERC account. Avista stated that “the basis adjustment for mixed service  
19      costs (IDD#5) is calculated based on headcount and expenditure types by department and not  
20      by FERC account.”<sup>12</sup> Accordingly, AWEC recommends that the portion of the tax accounting  
21      method change sur-credit attributable to IDD#5 expenditures be allocated consistent with the  
22      allocation of overall rate base, excluding meters.

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<sup>12</sup>       *Id.*

1 **Q. WHAT PORTION OF THE TAX ACCOUNTING CHANGE SUR-CREDIT IS**  
2 **ATTRIBUTABLE TO METERS VERSUS IDD#5 EXPENDITURES?**

3 A. Based on the data provided in Docket No. UM 2124, approximately 32.2% of the benefits are  
4 attributable to meters and 67.8% are attributable to IDD#5 expenditures. This calculation is  
5 detailed in Table 5, below.

**Table 5**  
Meters versus IDD#5 in Tax Accounting Change Sur-credit

	<b>Meters</b>	<b>IDD #5</b>	<b>Total</b>
Meters - 2019 Only	(1,136,667)		(1,136,667)
Meters - 481(a) Prior Years	(3,913,036)		(3,913,036)
Meters - Amortization	320,576		320,576
Meters - Excess Deferreds	(1,193,213)		(1,193,213)
IDD #5 - 2019 Only		(842,204)	(842,204)
IDD #5 - 481(a) Prior Years		(10,882,786)	(10,882,786)
IDD #5 - Amortization		1,461,118	1,461,118
IDD #5 - Excess Deferreds		(3,362,497)	(3,362,497)
Balance 12/31/2019	(5,922,339)	(13,626,369)	(19,548,709)
2020 Estimated Future Annual Additions			
IDD #5		(842,204)	(842,204)
Meters	(1,071,094)		(1,071,094)
Amortization	192,374	151,264	343,638
	(878,720)	(690,940)	(1,569,661)
Estimated Balance 12/31/2020	(6,801,060)	(14,317,310)	(21,118,369)
Percentage	32.20%	67.80%	100.00%

6 This calculation, however, only includes incremental additions in 2020 and excludes  
7 the impacts of additions in 2021 and 2022. It also excludes the impact of the true-ups that  
8 Avista performed subsequent to its initial filing. These updates are not expected to have a  
9 significant impact on the overall percentage allocation, although the data above shows that the  
10 meters balance is growing at a slightly faster rate than the IDD#5 expenditures. Accordingly,



AWEC recommends that for allocation purposes, the balance be split 35/65 between meters and IDD#5 expenditures.

**Q. WHAT IS THE RESULTING ALLOCATION BASED ON THOSE PERCENTAGES?**

A. AWEC's proposed class allocation for the tax accounting method sur-credits may be seen in Table 6 below.

**Table 6**  
**AWEC Proposed Allocation of Tax Accounting Change Sur-Credit**  
**(\$000)**

	Meter Allocation		IDD#5 Allocation					Wtd. 35/65	Credit Amount	Rate Impact
	Meters	%	Services	Main Ext.	Core Main	Total	%			
SCH 410 Residential	4,071	75%	48,733	64,281	19,070	132,083	62%	67%	(3,097)	-6%
SCH 420 General	1,221	23%	7,622	50,645	9,944	68,210	32%	29%	(1,334)	-6%
SCH 424 Large Gen.	45	1%	197	438	1,063	1,698	1%	1%	(38)	-5%
SCH 440 Interruptible	20	0%	210	282	2,167	2,658	1%	1%	(44)	-2%
SCH 444 Seasonal	4	0%	13	28	19	60	0%	0%	(2)	-6%
SCH 456 Transp.	44	1%	221	724	7,278	8,223	4%	3%	(130)	-4%
Total	5,406	100%	56,996	116,398	39,540	212,933	100%	100%	(4,644)	-6%

As noted from the table, AWEC recommends that the meter portion of the tax accounting change sur-credit be allocated consistent with marginal meter costs in the LRIC. Similarly, AWEC recommends that the IDD#5 portion be allocated in proportion to non-meter investment costs in the LRIC, including services, main extensions, and core main costs.

**Q. DOES THIS CONCLUDE YOUR OPENING TESTIMONY?**

A. Yes.

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 101**

**QUALIFICATIONS  
STATEMENT OF  
BRADLEY G. MULLINS**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

# **MW ANALYTICS**

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## **ABOUT**

MW Analytics is the professional consulting practice of Brad Mullins, a consultant and expert witness that represents utility customers in regulatory proceedings before state utility commissions throughout the Western United States. Brad has sponsored expert witness testimony in over 80 regulatory proceeding encompassing a variety of subject matters, including revenue requirement, regulatory accounting, rate development, and new resource additions. Brad has also assisted his clients through informal regulatory, legislative and energy policy matters. In addition to providing regulatory services, MW Analytics also provides advisory, energy marketing and other energy consulting services.

## **PRACTICE AREAS**

MW Analytics has experience representing customer interests in litigated and informal regulatory proceedings, including the following subject areas:

- Revenue Requirement
- Power Cost Modeling
- Tax Provisions and Tax Reform
- Capital Additions and Forecasting
- Regulatory Accounting
- Depreciation Studies
- Pole Attachments
- Integrated Resource Planning
- Avoided Cost Calculations
- Utility Plant Retirements

## **EDUCATION AND WORK EXPERIENCE**

Brad has a Master of Accounting degree from the University of Utah. After obtaining his master's degree, Brad worked at Deloitte Tax in San Jose, California, where he was responsible for preparing corporate tax returns for multinational corporate clients and partnership returns for hedge fund clients. Brad was later promoted to a Tax Senior position in a national tax practice specializing research and development tax credit studies. Following Deloitte, Brad worked at PacifiCorp Energy, as an analyst involved in power cost modeling and forecasting. At PacifiCorp Brad was responsible for preparing power cost forecasts and supporting testimony for regulatory filings, preparing annual power cost deferral filings, and developing qualifying facility avoided cost calculations.

## **REGULATORY APPEARANCES**

Brad has sponsored expert witness testimony in the following regulatory proceedings:

<b>Docket</b>	<b>Party</b>	<b>Topics</b>
<u>In re PacifiCorp Power Cost Only Rate Case</u> , Wa.UTC Docket No. UE-210402.	Alliance of Western Energy Consumers	Power Cost Modeling
<u>In re PacifiCorp Limited Issue Rate Filing</u> , Wa.UTC Docket No. UE-210532.	Alliance of Western Energy Consumers	Revenue Requirement / Settlement
<u>In re the Application of Rocky Mountain Power for Authority to Increase Its Rates and Charges in Idaho and Approval of Proposed Electric Service Schedules and Regulations</u> , Id.PUC Case No. PAC-E-21-07.	PacifiCorp Idaho Industrial Customers	Revenue Requirement / Settlement
<u>In re Portland General Electric, Request for a General Rate Revision</u> , Or.PUC Docket No. UE 394.	Alliance of Western Energy Consumers	Power Cost Modeling



Docket	Party	Topics
<u>In re Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of their Economic Recovery Transportation Electrification Plan for the period 2022-2024.</u> PUC Nv. Docket No. 21-09004	Nevada Resort Association	Transportation Electrification
<u>In re PacifiCorp. dba Pacific Power. 2020 Power Cost Adjustment Mechanism.</u> Or.PUC Docket No. UE 392.	Alliance of Western Energy Consumers	Power Cost Deferral
<u>In re the Application of Rocky Mountain Power for Authority to Decrease Current Rates by \$14.9 Million to Refund Deferred Net Power Costs Under Tariff Schedule 95 Energy Cost Adjustment Mechanism and to Decrease Current Rates by \$166 Thousand Under Tariff Schedule 93, REC and SO2 Revenue Adjustment Mechanism.</u> Wy.PSC Docket No. 20000-599-EM-21.	Wyoming Industrial Energy Consumers	Power Cost Deferral
<u>In re Portland General Electric 2021 Annual Update Tariff Schedule 125.</u> Or. PUC Docket No. UE 391.	Alliance of Western Energy Consumers	Power Cost Modeling
<u>In re Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of a regulatory asset account to recover costs relating to the development and implementation of their Joint Natural Disaster Protection Plan.</u> PUC NV. Docket No. 21-03004.	Wynn Las Vegas, LLC; Smart Energy Alliance	Single-Issue Rate Filing
<u>In re PacifiCorp d.b.a. Pacific Power. 2022 Transition Adjustment Mechanism.</u> Or.PUC Docket No. UE 390.	Alliance of Western Energy Consumers	Power Cost Modeling
<u>In re Avista 2020 General Rate Case.</u> Wa.U.T.C. Docket No. UE-200900 (Cons.).	Alliance of Western Energy Consumers	Revenue Requirement
<u>In re NV Energy's Fourth Amendment to Its 2018 Joint Integrated Resource Plan.</u> PUC Nv. Docket No 20-07023.	Wynn Las Vegas, LLC; Smart Energy Alliance	Transmission Planning
<u>In Re Cascade Natural Gas Corporation. 2020 General Rate Case.</u> Wa.U.T.C. Docket No. UG-200568	Alliance of Western Energy Consumers	Revenue Requirement
<u>In re Cascade Natural Gas Corporation. Petition to File Depreciation Study.</u> Or.PUC Docket No. UM 2073	Alliance of Western Energy Consumers	Depreciation Rates
<u>In re the Application of Rocky Mountain Power for Authority to Increase Current Rates By \$7.4 Million to Recover Deferred Net Power Costs Under Tariff Schedule 95 Energy Cost Adjustment Mechanism and to Decrease Current Rates by \$604 Thousand Under Tariff Schedule 93, Rec and So2 Revenue Adjustment Mechanism.</u> Wy.PSC Docket No. 20000-582-EM-20	Wyoming Industrial Energy Consumers	Power Cost Deferral
<u>In re the Complaint of Willamette Falls Paper Company and West Linn Paper Company against Portland General Electric Company.</u> Or.PUC Docket No. UM 2107	Willamette Falls Paper Company	Consumer Direct Access, Tariff Dispute
<u>In re The Application of Rocky Mountain Power for Authority to Increase its Retail Electric Service Rates by Approximately \$7.1 Million Per Year or 1.1 Percent, to Revise the Energy Cost Adjustment Mechanism, and to Discontinue Operations at Cholla Unit 4.</u> Wy.PSC Docket No. 2000-578-ER-20	Wyoming Industrial Energy Consumers	Power Cost Modeling
<u>Avista Corporation 2021 General Rate Case.</u> Or.PUC Docket No. UG 389	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re NW Natural Request for a General Rate Revision.</u> Or.PUC Docket No. UG 388.	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re PacifiCorp. Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol.</u> Or.PUC, UM 1050.	Alliance of Western Energy Consumers	Jurisdictional Allocation
<u>In re Puget Sound Energy 2019 General Rate Case.</u> Wa.UTC Docket No. UE 190529.	Alliance of Western Energy Consumers	Revenue Requirement, Coal Retirement Costs



Docket	Party	Topics
<u>Avista Corporation 2020 General Rate Case, Wa.UTC Docket No. UE-190334 (Cons.)</u>	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re Cascade Natural Gas Corporation Application for Approval of a Safety Cost Recovery Mechanism, Or. PUC Docket No. UM 2026,</u>	Alliance of Western Energy Consumers	Ratemaking Policy
<u>In re Avista Corporation, Request for a General Rate Revision, Or.PUC Docket No. UG 366.</u>	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re Portland General Electric, 2020 Annual Update Tariff (Schedule 125), Or.PUC Docket No UE 359.</u>	Alliance of Western Energy Consumers	Power Cost Modeling
<u>In re PacifiCorp 2020 Transition Adjustment Mechanism, Or.PUC Docket No. UE 356.</u>	Alliance of Western Energy Consumers	Power Cost Modeling
<u>In re PacifiCorp 2020 Renewable Adjustment Clause, Or.PUC Docket No. UE 352.</u>	Alliance of Western Energy Consumers	Single-Issue Rate Filing
<u>2020 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration, Case No. BP-20,</u>	Alliance of Western Energy Consumers	Revenue Requirement, Policy
<u>In the Matter of the Application of MSG Las Vegas, LLC for a Proposed Transaction with a Provider of New Electric Resources, PUC Nv. Docket No. 18-10034</u>	Madison Square Garden	Customer Direct Access
<u>Puget Sound Energy 2018 Expedited Rate Filing, Wa.UTC Dockets UE-180899/UG-180900 (Cons.).</u>	Alliance of Western Energy Consumers	Revenue Requirement, Settlement
<u>Georgia Pacific Gypsum LLC's Application to Purchase Energy, Capacity, and/or Ancillary Services from a Provider of New Electric Resources, PUC Nv. Docket No. 18-09015.</u>	Georgia Pacific	Customer Direct Access
<u>Joint Application of Nevada Power Company d/b/a NV Energy for approval of their 2018-2038 Triennial Integrated Resource Plan and 2019-2021 Energy Supply Plan, PUCN Docket No. 18-06003.</u>	Smart Energy Alliance	Resource Planning
<u>In re Cascade Natural Gas Corporation Request for a General Rate Revision, Or.PUC, Docket No. UE 347.</u>	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re Portland General Electric Company Request for a General Rate Revision, Or.PUC Docket No UE 335.</u>	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision, Or.PUC Docket No. UG 344.</u>	Alliance of Western Energy Consumers	Revenue Requirement, Rate Design
<u>In re Cascade Natural Gas Corporation Request for a General Rate Revision, Wa.UTC, Docket No. UE-170929.</u>	Northwest Industrial Gas Users	Revenue Requirement, Rate Design
<u>In the Matter of Hydro One Limited, Application for Authorization to Exercise Substantial Influence over the Policies and Actions of Avista Corporation, Or.PUC, Docket No. UM 1897.</u>	Alliance of Western Energy Consumers	Merger
<u>Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision, Ut.PSC Docket No. 17-035-40</u>	Utah Industrial Energy Consumers, & Utah Associated Energy Users	New Resource Addition
<u>In re PacifiCorp, dba Rocky Mountain Power, for a CPCN and Binding Ratemaking Treatment for New Wind and Transmission Facilities, Id.PUC Case No. PAC-E-17-07</u>	PacifiCorp Idaho Industrial Customers	New Resource Addition
<u>In re PacifiCorp, dba Pacific Power, 2016 Power Cost Adjustment Mechanism, Or.PUC, Docket No. UE 327.</u>	Alliance of Western Energy Consumers	Power Cost Deferral
<u>In re PacifiCorp 2016 Power Cost Adjustment Mechanism, Wa.UTC Docket No. UE-170717</u>	Boise Whitepaper, LLC	Power Cost Deferral



Docket	Party	Topics
<u>In re Avista Corporation 2018 General Rate Case, Wa.UTC Dockets UE-170485 and UG-170486 (Consolidated).</u>	Industrial Customers of Northwest Utilities, & Northwest Industrial Gas Users	Revenue Requirement, Rate Design
<u>Application of Nevada Power Company d/b/a NV Energy for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto, PUCN. Docket No. 17-06003.</u>	Smart Energy Alliance	Revenue Requirement
<u>In re the Application of Rocky Mountain Power for Authority to Decrease Current Rates by \$15.7 Million to Refund Deferred Net Power Costs Under Tariff Schedule 95 Energy Cost Adjustment Mechanism and to Decrease Current Rates By \$528 Thousand Under Tariff Schedule 93, REC and SO2 Revenue Adjustment Mechanism, Wy. PSC, Docket No. 20000-514-EA-17 (Record No. 14696).</u>	Wyoming Industrial Energy Consumers	Power Cost Deferral
<u>In re the 2018 General Rate Case of Puget Sound Energy, Wa.UTC, Docket No. UE-170033 (Cons.).</u>	Industrial Customers of Northwest Utilities, & Northwest Industrial Gas Users	Revenue Requirement, Rate Design
<u>In re PacifiCorp. dba Pacific Power, 2018 Transition Adjustment Mechanism, Or.PUC, Docket No. UE 323.</u>	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC, Docket No. UE 319.</u>	Industrial Customers of Northwest Utilities	Revenue Requirement, Rate Design
<u>In re Portland General Electric Company, Application for Transportation Electrification Programs, Or.PUC, UM 1811.</u>	Industrial Customers of Northwest Utilities	Electric Vehicle Charging
<u>In re Pacific Power &amp; Light Company, Application for Transportation Electrification Programs, Or.PUC, Docket No. UM 1810.</u>	Industrial Customers of Northwest Utilities	Single-issue Ratemaking
<u>In re the Public Utility Commission of Oregon, Investigation to Examine PacifiCorp. dba Pacific Power's Non-Standard Avoided Cost Pricing, Or.PUC, Docket No. UM 1802.</u>	Industrial Customers of Northwest Utilities	Qualifying Facilities
<u>In re Pacific Power &amp; Light Co., Revisions to Tariff WN U-75, Advice No. 16-05, to modify the Company's existing tariffs governing permanent disconnection and removal procedures, Wa.UTC, Docket No. UE-161204.</u>	Boise Whitepaper, LLC	Customer Direct Access
<u>In re Puget Sound Energy's Revisions to Tariff WN U-60, Adding Schedule 451, Implementing a New Retail Wheeling Service, Wa.UTC, Docket No. UE-161123.</u>	Industrial Customers of Northwest Utilities	Customer Direct Access
<u>2018 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration, Case No. BP-18.</u>	Industrial Customers of Northwest Utilities	Revenue Requirement, Policy
<u>In re Portland General Electric Company Application for Approval of Sale of Harborton Restoration Project Property, Or.PUC, Docket No. UP 334 (Cons.).</u>	Industrial Customers of Northwest Utilities	Environmental Deferral
<u>In re An Investigation of Policies Related to Renewable Distributed Electric Generation, Ar.PSC, Matter No. 16-028-U.</u>	Arkansas Electric Energy Consumers	Net Metering
<u>In re Net Metering and the Implementation of Act 827 of 2015, Ar.PSC, Matter No. 16-027-R.</u>	Arkansas Electric Energy Consumers	Net Metering
<u>In re the Application of Rocky Mountain Power for Approval of the 2016 Energy Balancing Account, Ut.PSC, Docket No. 16-035-01</u>	Utah Associated Energy Users	Power Cost Deferral
<u>In re Avista Corporation Request for a General Rate Revision, Wa.UTC, Docket No. UE-160228 (Cons.).</u>	Industrial Customers of Northwest Utilities, & Northwest Industrial Gas Users	Revenue Requirement, Rate Design



Docket	Party	Topics
<u>In re the Application of Rocky Mountain Power to Decrease Current Rates by \$2.7 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 and to Increase Rates by \$50 Thousand Pursuant to Tariff Schedule 93, Wy.PSC, Docket No. 20000-292-EA-16.</u>	Wyoming Industrial Energy Consumers	Power Cost Deferral
<u>In re PacifiCorp. dba Pacific Power, 2017 Transition Adjustment Mechanism, Or.PUC, Docket No. UE 307.</u>	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Portland General Electric Company, 2017 Annual Power Cost Update Tariff (Schedule 125), Or.PUC, Docket No. UE 308.</u>	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Pacific Power &amp; Light Company, General rate increase for electric services, Wa.UTC, Docket No. UE-152253.</u>	Boise Whitepaper, LLC	Revenue Requirement, Rate Design
<u>In The Matter of the Application of Rocky Mountain Power for Authority of a General Rate Increase in Its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million Per Year or 4.5 Percent, Wy.PSC, Docket No. 20000-469-ER-15.</u>	Wyoming Industrial Energy Consumers	Power Cost Modeling
<u>In re Avista Corporation, General Rate Increase for Electric Services, Wa.UTC, Docket No. UE-150204.</u>	Industrial Customers of Northwest Utilities	Revenue Requirement, Rate Design
<u>In re the Application of Rocky Mountain Power to Decrease Rates by \$17.6 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 to Decrease Rates by \$4.7 Million Pursuant to Tariff Schedule 93, Wy.PSC, Docket No. 20000-472-EA-15.</u>	Wyoming Industrial Energy Consumers	Power Cost Deferral
<u>Formal complaint of The Walla Walla Country Club against Pacific Power &amp; Light Company for refusal to provide disconnection under Commission-approved terms and fees, as mandated under Company tariff rules, Wa.UTC, Docket No. UE-143932.</u>	Columbia Rural Electric Association	Customer Direct Access / Customer Choice
<u>In re PacifiCorp. dba Pacific Power, 2016 Transition Adjustment Mechanism, Or.PUC, Docket No. UE 296.</u>	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC, Docket No. UE 294.</u>	Industrial Customers of Northwest Utilities	Revenue Requirement, Rate Design
<u>In re Portland General Electric Company and PacifiCorp dba Pacific Power, Request for Generic Power Cost Adjustment Mechanism Investigation, Or.PUC, Docket No. UM 1662.</u>	Industrial Customers of Northwest Utilities	Power Cost Deferral
<u>In re PacifiCorp. dba Pacific Power, Application for Approval of Deer Creek Mine Transaction, Or.PUC, Docket No. UM 1712.</u>	Industrial Customers of Northwest Utilities	Single-issue Ratemaking
<u>In re Public Utility Commission of Oregon, Investigation to Explore Issues Related to a Renewable Generator's Contribution to Capacity, Or.PUC, Docket No. UM 1719.</u>	Industrial Customers of Northwest Utilities	Resource Planning
<u>In re Portland General Electric Company, Application for Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions, Or.PUC, Docket No. UM 1623.</u>	Industrial Customers of Northwest Utilities	Single-issue Ratemaking
<u>2016 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration, Case No. BP-16.</u>	Industrial Customers of Northwest Utilities	Revenue Requirement, Policy
<u>In re Puget Sound Energy, Petition to Update Methodologies Used to Allocate Electric Cost of Service and for Electric Rate Design Purposes, Wa.UTC, Docket No. UE-141368.</u>	Industrial Customers of Northwest Utilities	Cost of Service
<u>In re Pacific Power &amp; Light Company, Request for a General Rate Revision Resulting in an Overall Price Change of 8.5 Percent, or \$27.2 Million, Wa.UTC, Docket No. UE-140762.</u>	Boise Whitepaper, LLC	Revenue Requirement, Rate Design
<u>In re Puget Sound Energy, Revises the Power Cost Rate in WN U-60, Tariff G, Schedule 95, to reflect a decrease of \$9,554,847 in the Company's overall normalized power supply costs, Wa.UTC, Docket No. UE-141141.</u>	Industrial Customers of Northwest Utilities	Power Cost Modeling

Docket	Party	Topics
<u>In re the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Utility Service Rates in Wyoming Approximately \$36.1 Million Per Year or 5.3 Percent</u> , Wy.PSC, Docket No. 20000-446-ER-14.	Wyoming Industrial Energy Consumers	Power Cost Modeling
<u>In re Avista Corporation, General Rate Increase for Electric Services, RE, Tariff WN U-28, Which Proposes an Overall Net Electric Billed Increase of 5.5 Percent Effective January 1, 2015</u> , Wa.UTC, Docket No. UE-140188.	Industrial Customers of Northwest Utilities	Revenue Requirement, Rate Design, Power Costs
<u>In re PacifiCorp, dba Pacific Power, Application for Deferred Accounting and Prudence Determination Associated with the Energy Imbalance Market</u> , Or.PUC, Docket No. UM 1689.	Industrial Customers of Northwest Utilities	Single-issue Ratemaking
<u>In re PacifiCorp, dba Pacific Power, 2015 Transition Adjustment Mechanism</u> , Or.PUC, Docket No. UE 287.	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Portland General Electric Company, Request for a General Rate Revision</u> , Or.PUC, Docket No. UE 283.	Industrial Customers of Northwest Utilities	Revenue Requirement, Rate Design
<u>In re Portland General Electric Company's Net Variable Power Costs (NVPC) and Annual Power Cost Update (APCU)</u> , Or.PUC, Docket No. UE 286.	Industrial Customers of Northwest Utilities	Power Cost Modeling
<u>In re Portland General Electric Company 2014 Schedule 145 Boardman Power Plant Operating Adjustment</u> , Or.PUC, Docket No. UE 281.	Industrial Customers of Northwest Utilities	Coal Retirement
<u>In re PacifiCorp, dba Pacific Power, Transition Adjustment, Five-Year Cost of Service Opt-Out (adopting testimony of Donald W. Schoenbeck)</u> , Or.PUC, Docket No. UE 267.	Industrial Customers of Northwest Utilities	Customer Direct Access



**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 102**

**REVENUE  
REQUIREMENT  
SUMMARY**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

Exhibit AWEC/102  
Natural Gas Revenue Requirement Summary  
*In Thousands*

Adj. No	Description	Rate Base	Pre-tax NOI	Post Tax NOI	Rev. Req.
	Avista Initial Filing	\$315,957	\$25,728	\$20,325	3,774
	Cost of Capital Settlement	\$315,957	\$25,728	20,292	(1,191)
A1	Tax Accounting Flow Through	-	1,342	1,060	(1,380)
A2	Rate Period Capital Additions	(3,413)	81	64	(397)
A3	Accumulated Depreciation	(8,770)	-	-	(805)
A4	Acct. 908 LIRAP & DSM Escalation	-	213	168	(219)
A5	Acct. 928 Escalation	-	10	8	(11)
A6	Ashland Outage	-	46	37	(48)
A7	Acct. 903 Fiserv/Postage Escalation	-	35	27	(36)
A8	2021 Non-Labor O&M Escalation Rate	-	1,740	1,375	(1,790)
A9	2020 Actual CAT	-	30	24	(31)
A10	2020 CAT Deferral Amortization	-	624	493	(643)
A11	2022 CAT	-	25	20	(26)
A12	Non-Oregon Expenses	-	514	406	(528)
	Interest Synchronization	-	-	(60)	78
	<b>Total</b>	<b>\$303,774</b>	<b>\$30,388</b>	<b>23,913</b>	<b>(3,253)</b>

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 103**

**AVISTA RESPONSES  
TO DATA REQUESTS**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

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

JURISDICTION:	Oregon	DATE PREPARED:	01/25/2022
CASE NO:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Tia Benjamin
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 002	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

**REQUEST:**

Reference Shultz workpaper “2020 1) TP Expense Adjustment.xls”: Please provide the expense data listed in tabs “G-FE-2 Labor,” “G-FE-3 Incentives,” and “G-FE-4 Benefits” and “G-FE-5 ROO” using data from calendar year 2021, when available.

**RESPONSE:**

Please see AWEC\_DR\_002 Attachment A for twelve months ended 2021 expense data for “G-FE-2 Labor,” “G-FE-3 Incentives,” and “G-FE-4 Benefits”. The twelve months ended 2021 data is not yet available for “G-FE-5 ROO” and will be provided once available.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/16/2022
CASE NO:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Tia Benjamin
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC-002 Supplemental	TELEPHONE:	(509) 495-2225
		EMAIL:	tia.benjamin@avistacorp.com

**REQUEST:**

Reference Shultz workpaper “2020 1) TP Expense Adjustment.xls”: Please provide the expense data listed in tabs “G-FE-2 Labor,” “G-FE-3 Incentives,” and “G-FE-4 Benefits” and “G-FE-5 ROO” using data from calendar year 2021, when available.

**SUPPLEMENTAL RESPONSE (02/15/2022):**

Please see AWEC\_DR\_002 Supplemental Attachment A for the twelve months ended December 31, 2021 data for “G-FE-5 ROO”.

**ORIGINAL RESPONSE (1/25/2022):**

Please see AWEC\_DR\_002 Attachment A for twelve months ended 2021 expense data for “G-FE-2 Labor,” “G-FE-3 Incentives,” and “G-FE-4 Benefits”. The twelve months ended 2021 data is not yet available for “G-FE-5 ROO” and will be provided once available.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/27/2022
CASE NO:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Kaylene Schultz
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 015	TELEPHONE:	(509) 495-2482
		EMAIL:	kaylene.schultz@avistacorp.com

**REQUEST:**

Reference Shultz workpaper “2020 1) TP Expense Adjustment,” Tab “G-FE-1 Expense Forecasted”, Excel Row “34”: Does Avista Agree that the cost booked to FERC Account 908 primarily consist of DSM and LIRAP expenditures, which are eliminated from revenue requirement in Adjustment 1.03? If yes, please explain whether it is appropriate to include \$213,121 of test period escalation with respect to these expenditures in revenue requirement.

**RESPONSE:**

After receiving this data request and further review, the Company determined it inadvertently included DSM and LIRAP related expenses (FERC accounts 908250, 908600, and 908690), totaling approximately \$3.3 million on an Oregon basis, in Adj. 2.00 – Test Period Expense that are eliminated from revenue requirement in Adj. 1.03 – Eliminate Adder Schedule. Thus, there should be no escalation adjustment for these expenses in Adj. 2.00 – Test Period Expense, as shown in Staff\_DR\_136 D Supplemental 3. The effect of removing these expenses from escalation totals approximately \$215,000 on an Oregon basis, as compared to the original filing, or \$266,000 on an Oregon basis, as already updated in Staff\_DR\_136 Attachment C Supplemental.

Please refer to Staff\_DR\_136 Supplemental 3 for more information.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/31/2022
CASE NO.:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 021	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

**REQUEST:**

Reference Staff Data Request 57, Tab “Download”: For each of the following Organization Descriptions, please describe how the amount allocated to Gas South benefit Oregon customers:

- a. C07 - Spokane River Hydro, \$13,968;
- b. B50 - Spokane Electric, \$42,989;
- c. C57 - Spokane Electric Network, \$11,123;
- d. A50 - Director of Ops WA & ID, \$584;
- e. A53 - External Affairs, \$3,464;
- f. T07 - Spokane Area Thermal, \$2,442;
- g. I07 - Lower Spokane River Hydro, \$6,114;
- h. L50 - Spokane Gas, \$86,575;
- i. A57 - Ed Utility Accounting, \$42,942;
- j. B01 - Dir of Business Transformation, \$2,714;
- k. B53 – Pullman, \$11,384;
- l. C51 - Elec Distributn Design, \$711;
- m. C53 - Coeur d Alene Gas, \$31,569;
- n. C63 - WA-ID South Area Gas, \$36,707;
- o. D08 - Energy Del Gen Mg, \$10,226;
- p. D53 – Clarkston, \$8,028;
- q. E19 - Dist Systems Ops, \$49,868;
- r. E29 - Dist Syst Prod & Serv, \$24,974;
- s. E53 - Con. Ctr-Lewiston Billing; \$202,879;
- t. E55 - Power Supply, \$5,381;
- u. E56 - Transmission Services, \$160;
- v. F08 - Electric Shop, \$51,501;
- w. F53 - AM Lewis/Clark, \$2,105;
- x. G50 – Colville, \$10,297;
- y. G53 - Area Manager – CDA, \$1,465;
- z. H04 - Hydro Compliance, \$909;
- aa. H50 – Othello, \$1,636;
- bb. H53 – Kellogg, \$7,083;
- cc. I50 - Con. Ctr. Spokane Tech., \$188,425;
- dd. J06 - Joint Project Jackson Prairie, \$288,713;
- ee. J07 - Generation Civil/Mech. Engineering, \$551;
- ff. J53 - Sandpoint/Bonniers Ferry, \$13,720;
- gg. K07 - Kettle Falls Thermal, \$7,992;
- hh. K53 - Con. Ctr-CDA, \$173,804
- ii. L07 - Clarkfork River Hydro, \$6,991;
- jj. L08 - Transmission Design, \$70;

kk. L11 - Trans Veg Mgmt, \$4;  
ll. L53 – CDA, \$24,208;  
mm. M08 - Substation Design, \$2,049;  
nn. M50 - Deer Park, \$8,603;  
oo. M54 - Business Development, \$2,098;  
pp. P03 - Substation Delivery Projects, \$1,294;  
qq. P08 - Distribution Services, \$5,940;  
rr. P50 – Davenport, \$5,156;  
ss. P51 - Distribution Operations, \$19,591;  
tt. P53 - AM Moscow/Pullman, \$215;  
uu. R07 - Generation Controls Engineering, \$736;  
vv. R53 – Grangeville, \$7,051;  
ww. S06 - Avista Edge, \$99;  
xx. S53 - St. Maries, \$3,263  
yy. T52 - WA-ID Energy Efficiency, \$2,231;  
zz. X08 - Relay Shop, \$9,159;  
aaa. Y54 - Strategic Corp Develop, \$57,572;  
bbb. Z08 - Electric Meter Shop, \$5,259;

**RESPONSE:**

Please see the Company's response in AWEC\_DR\_021C for the requested information. AWEC\_DR\_021C is **CONFIDENTIAL SUBJECT TO GENERAL PROTECTIVE ORDER**.

For ease of responding to this data request, as seen in AWEC\_DR\_021 Attachment A, the above data has been summarized by organization in the tab labeled 'Summary by Org'. The data has also been summarized by project in the tab labeled 'Summary by Project'. Because employees in many of the organizations listed above support operations in all jurisdictions, the Company uses projects to allocate expenses appropriately by service and jurisdiction. For this reason, descriptions will be provided for the projects that make up the majority of the expenses referenced above. In AWEC\_DR\_021 tab 'Summary by Project', the data is organized to show all projects listed from largest dollar amount to smallest. This tab also includes a description of each project included.

Also, included in this response below are detailed descriptions of the 14 projects that represent approximately \$1.44 million of the above amounts requested.

**Call Center Operations:**

For Organization Codes E53, K53, and I50 in particular, the Company operates its primary contact centers in Spokane, Washington, Coeur d'Alene and Lewiston, Idaho, and have one representative in Klamath Falls, Oregon. Avista's three primary contact centers currently employ approximately 147 FTE's. This count includes customer service representatives (CSRs), managers, customer service support, commercial team, analysts, Commission specialist, process, quality assurance and trainers. These FTE's handle all three states at any given time, and Avista's CSRs, in particular, are universal agents who handle any type of call, from any of our service territories. Put another way, Avista contact center representatives in Coeur d'Alene, Idaho will service calls from Medford, Oregon. Further, billing issues that may arise in Oregon may be addressed in Spokane, Washington. Avista's contact center is, in essence, a networked operation that serves Avista's entire service territory. Therefore, the costs of this utility operation should continue to be allocated to the States we serve. Further, this methodology is the same practice for the allocation of Contact Center costs in all Avista's prior general rate cases.



### Corporate EOP Pandemic:

Costs related to Corporate level EOP pandemic response. This project was established to record labor and expenses impacted by the COVID pandemic, capturing paid administrative leave of employees unable to work as well as expenses, such as janitorial expenses for cleaning facilities and supplies. This project was established to record the total Company impact, and therefore was set up as a Common Direct All or “CDAA” charge. Total charges to this project in 2020 totaled \$14.5 million in O&M expenses for labor, labor burdens and other expenses. Oregon’s share of this total project cost was \$1.3 million, or approximately 9% (OR’s allocated share of CDAA allocator). This amount is reasonable, as all costs of this project were allocated to all, i.e. OR operations charged this project, allocating 91% to Washington and Idaho, WA and ID expenses were allocated 9% to Oregon, consistent with other common costs allocated across the corporation. The company also completed two other checks for reasonableness. (1) The first was an allocation of the Corporate EOP Pandemic expenses as if “no pandemic” had occurred, using each ORG’s O&M %’s (direct/allocated) for all expenses in 2020. The results of this analysis showed the approximate level of expenses that would have been directly assigned or allocated to Oregon totaled approximately \$1.1 million. (2) The other analysis, directly assigned Oregon COVID EOP costs 100% to Oregon, and allocated all other Avista non-electric ORG’s using the common CDAA allocator of 9.3% to Oregon (i.e. Company common expenses). This analysis reflects that approximately \$1.2 million would have been directly or allocated to Oregon operations. The level of expenses included for the test period is reasonable based on this analysis. See AWEC\_DR\_021C Confidential Attachment A for analysis.

### Oregon JP Maintenance:

For Organization Codes J06, those costs are appropriate for continued inclusion in Oregon’s revenue requirement. As discussed in the testimony of Company witness Mr. Kinney, Jackson Prairie is an underground aquifer natural gas storage facility located in Chehalis, Washington. Through a joint ownership agreement, Avista, Puget Sound Energy, and Williams Northwest Pipeline each hold one-third equal, undivided interest of JP. At the present time, Avista owns a total of 8,528,013 dekatherms (Dth) of working gas capacity. This capacity comes with a withdrawal capability (deliverability) of 398,667 Dth per day. Jurisdictionally, this amount is broken out as follows:

Table No. 1 – Natural Gas Capacity at Jackson Prairie (System)

Jurisdiction	Working Capacity (Dth/Day)	Withdrawal Capacity (Dth/Day)
Washington/Idaho	7,704,676	346,667
Oregon	823,337	52,000
Total Owned	8,528,013	398,667

In addition, the Company has leased additional capacity from Williams Northwest Pipeline for the benefit of Oregon customers with 95,565 Dth/day of working gas capacity and 2,625 Dth/day of withdrawal capacity (deliverability). Oregon’s total combined capacity is as follows:

Table No. 2 – Natural Gas Capacity at Jackson Prairie for Oregon Customers

Oregon Total	Working Capacity (Dth/Day)	Withdrawal Capacity (Dth/Day)
Owned	823,337	52,000
Leased	95,565	2,625
Total Oregon	918,902	54,625

### **Oregon JP Operations:**

This project is used to record Oregon's share of operating expense at Jackson Prairie Underground Gas Storage Project. The \$77,760 charged to this project is directly assigned to Oregon natural gas.

### **ET Operations Common All:**

This project is for budgeting and tracking Enterprise Technology Operations activities for the Company as a whole and benefits all Avista customers. The \$69,096 charged to this project is the portion appropriately allocated to Oregon natural gas.

### **Investor Relations/Shareholder:**

The costs associated with investor relations and shareholder reporting, charged in ORG Y54, are associated with required reporting Avista must undertake as being a publicly-traded Company. Avista, being a publicly traded company, is funded 50% by equity holders, the funds which are used to provide the necessary capital to provide our Oregon customers with safe and reliable natural gas service. These costs are appropriate to include for recovery in customer rates, as they have traditionally been recovered.

### **Accounting Activities:**

These charges are “centralized” costs that occur in Avista’s headquarters in Spokane, Washington and which are then allocated to our states and services, given that the accounting work conducted in Org A57 are for all states and all services. As in past general rate cases, costs associated with centralized accounting functions are appropriate to allocate to Oregon and include in customer rates.

### **Service Center Down Time:**

This project is used to track gas service center down time for various reasons including Go Book Down, Truck Stocking, Truck Down. The Service Center supports all jurisdictions and is properly allocated to Oregon natural gas.

### **Pipeline Sulfur Issues:**

One of the interstate pipelines that Avista holds capacity on for Washington, Idaho, and Oregon natural gas customers, GTN, has experienced a sulfur issue related to dithiazine. Dithiazine can solidify within the natural gas system, disturbing the flow of natural gas especially through regulating valves. This project, Pipeline Sulfur Issues, is related to mitigation of the dithiazine

fouling on Avista's distribution system from the GTN pipeline to ensure safe, reliable service to all natural gas customers. The GTN pipeline spans from the Canadian Border to Malin, Oregon, which serves the entire Avista natural gas footprint.

**Gas Preventative Maint:**

Org C63 is WA-ID South Area Gas, which is based in our Clarkston, WA and Lewiston, ID area. These employees are geographically close (150 miles) to La Grande, OR, and will provide support for Oregon operations when called upon. Likewise, personnel from Spokane (L50) will also provide support for Oregon operations, as discussed elsewhere.

**Gas Mutual Aid 09.2020:**

As the name implies, Avista natural gas operations in Washington and Idaho will assist Oregon operations when necessary, and vice versa, when such work is necessary to continue to provide safe and reliable service to our Oregon customers. Washington and Idaho natural gas employees, in essence, are a backup resource for Oregon operations. As such, any work they do in Oregon should be assigned to Oregon operations and are recoverable.

**Admin Activities-Common to All:**

Similar to the "Accounting Activities" project, these charges are "centralized" costs that are related to administrative activities and are allocated to our states and services, given that the administrative work support all states and all services. As in past general rate cases, costs associated with centralized administrative functions are appropriate to allocate to Oregon and include in customer rates.

**Vendor/Program Support/Subscr:**

Similar to the "Investor Relations/Shareholder" project, the costs associated with investor relations and shareholder reporting, charged in ORG Y54, are associated with required reporting Avista must undertake as being a publicly-traded Company. Avista, being a publicly traded company, is funded 50% by equity holders, the funds which are used to provide the necessary capital to provide our Oregon customers with safe and reliable natural gas service. These costs are appropriate to include for recovery in customer rates, as they have traditionally been recovered.

**Gas Failed Maintenance:**

Spokane, Washington and Coeur d'Alene, Idaho natural gas operations will provide support for Oregon operations, and vice versa, in any given year. It is completely appropriate that any costs for employees that assist in maintaining mains and services in Oregon during a given year be assigned to, and recovered from, Oregon operations.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/03/2022
CASE NO.:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	J. Anderson/J. Baldwin-Bonney
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 022	TELEPHONE:	(509) 495-2811/ (509) 495-4130
		EMAIL:	joel.anderson@avistacorp.com justin.baldwinbonney@avistacorp.com

**REQUEST:**

Reference Staff Data Request 57, Tab “Download”: Please provide a detailed description of each of the following Projects, including an explanation of how the amount allocated to Gas South benefit Oregon customers:

- a. Distributed systems project, \$99,621;
- b. ET Operations Common All, \$835,619;
- c. ET EOP COVID 19, \$28,834;
- d. ET Delivery Expense Projects,\$8,589;
- e. EIM - IT Network O&M CD.AA, \$107;
- f. Downtown Project Center (AAA), \$15,265; and,
- g. Corporate EOP Pandemic, \$960,367

**RESPONSE:**

Included in AWEC\_DR\_022 Attachment A are all transactions included in the above referenced projects. These transactions are summarized by project on the tab titled ‘Summary’ and include descriptions for each. Also included below, are descriptions of each project.

**Distributed systems project:**

This project is used to track costs associated with non-capital distributed systems expense work common to all jurisdictions. The total above is primarily composed of amortization of prepaid expenses for software and other Enterprise Technology costs that are used for all jurisdictions and services. This includes amortization for network/IT security, software maintenance, and network access expenses. The benefits these services provide are used by the entire Company and this project is properly allocated to all services and jurisdictions, including Oregon natural gas.

**ET Operations Common All:**

The ET Operations project is for tracking Enterprise Technology (ET) Operations and Maintenance (O&M) activities such as software, hardware, telecom, network, cyber security, physical security and laptops. This work is on previously deployed equipment, for either repairs and/or non-capital modifications and thus are O&M cost (not capital). As work performed is for employees and products throughout all our service territories, it benefits all of Avista’s customers, including those in Oregon.

## **ET EOP COVID 19:**

The Enterprise Technology (ET) Emergency Operating Procedure (EOP) COVID 19 project was set up to capture costs related to moving the Avista workforce from an onsite location to working remotely due to the COVID 19 Pandemic. This project will not be used once operations have resumed post the required COVID 19 protocols. If additional costs for the return to work effort are incurred, the Company will assess the need for a separate project to capture those O&M costs.

## **ET Delivery Expense Projects:**

The ET Delivery Expense project is for tracking costs incurred by Enterprise Technology (ET) for the non-capital expenses incurred on the deployment of software, hardware, telecom, network, cyber security, physical security and laptops. This work is for equipment that is used throughout the Company, regardless of service territory or jurisdiction, and its benefits are to all Avista customers, including Oregon.

## **EIM - IT Network O&M CD.AA:**

This project is used to track expenses related to O&M for integration of IT network infrastructure associated with the Company entering the Energy Imbalance Market. Consistent with the Company's practice that IT network/communication infrastructure are a shared service and allocated common to all jurisdictions (CDAA), the IT Network O&M portion of this project was charged to CDAA. Similar to the natural gas transmission and distribution system, technology highways connect data, communication, and information across our service territory to make decisions that serve our customers. Much like the internet, data, communication, or information on these technology 'highways' take the path of least resistance, which for Avista's highly integrated system could mean traversing all jurisdictions. All Avista customers, including those in Oregon, benefit from enterprise technology investments in highly integrated systems that transact data or information that allow radio communication with field staff, answer billing questions between a customer service representative and a customer, and alert a system operator to dispatch a crew to an incident or request.

## **Downtown Project Center (AAA):**

This project is used to track costs related to O&M expenses for the Downtown Project Center. The Downtown Project Center itself is a consolidated workspace, allowing for office space for specific large projects that can take multiple years to implement. The costs above were common O&M costs for any building hosting office space. Previously, Project Compass was centered at this location, a project to replace the Company's Customer Information System (CIS) with multiple differing software solutions to meet the growing needs of customers. Currently, among other ET projects, the Company's Customer Experience Platform Program (CXP) utilizes this space as a focused office space. CXP is a project to develop a customer focused platform that will empower all departments to work as one in support of customers. Although it is physically located in Spokane Washington, the work performed at this facility serves all jurisdictions and is properly allocated to Oregon natural gas.

## **Corporate EOP Pandemic;**

Costs related to Corporate level EOP pandemic response. This project was established to record labor and expenses impacted by the COVID pandemic, capturing paid administrative leave of

employees unable to work as well as expenses, such as janitorial expenses for cleaning facilities and supplies. This project was established to record the total Company impact, and therefore was set up as a Common Direct All or “CDAA” charge. Total charges to this project in 2020 totaled \$14.5 million in O&M expenses for labor, labor burdens and other expenses. Oregon’s share of this total project cost was \$1.3 million, or approximately 9% (OR’s allocated share of CDAA allocator). This amount is reasonable, as all costs of this project were allocated to all, i.e. OR operations charged this project, allocating 91% to Washington and Idaho, WA and ID expenses were allocated 9% to Oregon, consistent with other common costs allocated across the corporation. The company also completed two other checks for reasonableness. (1) The first was an allocation of the Corporate EOP Pandemic expenses as if “no pandemic” had occurred, using each ORG’s O&M %’s (direct/allocated) for all expenses in 2020. The results of this analysis showed the approximate level of expenses that would have been directly assigned or allocated to Oregon totaled approximately \$1.1 million. (2) The other analysis, directly assigned Oregon COVID EOP costs 100% to Oregon, and allocated all other Avista non-electric ORG’s using the common CDAA allocator of 9.3% to Oregon (i.e. Company common expenses). This analysis reflects that approximately \$1.2 million would have been directly or allocated to Oregon operations. The level of expenses included for the test period is reasonable based on this analysis. See the Company’s response to AWEC\_DR\_021C Confidential Attachment A for analysis.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/03/2022
CASE NO.:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 023	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

**REQUEST:**

Reference Staff Data Request 57, Tab “Download”: Please provide a description of the \$43,617 of costs associated with the Ashland Outage - 3/19/19, and explain whether Avista believes this will be an ongoing expense.

**RESPONSE:**

After reviewing the information provided in Staff\_DR\_057 specifically related to the Ashland Outage of 3/19/19 that were charged in 2020, those should have been removed from the Company’s case, and we will reflect that reduction in our requested revenue requirement on rebuttal.

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

JURISDICTION: Oregon	DATE PREPARED: 01/31/2022
CASE NO.: UG 433	WITNESS: Kaylene Schultz
REQUESTER: AWEC	RESPONDER: Joel Anderson
TYPE: Data Request	DEPT: Regulatory Affairs
REQUEST NO.: AWEC – 024	TELEPHONE: (509) 495-2811
	EMAIL: joel.anderson@avistacorp.com

**REQUEST:**

Reference Staff Data Request 57, Tab “Download”: Please explain why Account 926 Injuries and Damages and 930 Miscellaneous Expenses include \$9,853 of Charitable/Civic Ops-Gas.

**RESPONSE:**

Included in the table below is a summary of the \$9,853 charged to project number 09900301 ‘Charitable/Civic Ops-Gas’.

Row Labels	FERC Account Description	Sum of Gas South Amount
Charitable/Civic Ops-Gas		\$ 9,853
925500	INJURIES & DAMAGES NONCAP ALLO	\$ 6
926500	EMPLOYEE PENSIONS & BENEFITS N	\$ 1,854
926505	USE FOR PAYROLL BENEFITS NON-S	\$ 183
930200	MISC GENERAL EXPENSE	\$ 7,809
<b>Grand Total</b>		<b>\$ 9,853</b>

Of the total, \$6 was charged to FERC account 925 Injuries & Damages, \$2,038 was charged to FERC account 926 Employee benefits and payroll and \$7,809 was charged to FERC account 930 Misc. general expense.

Project number 09900301 ‘Charitable/Civic Ops-Gas is used to track time and costs for several types of community events that employees participate in. These events include community relations events, public awareness and safety demonstrations, and informational and instructional events. All these community events help educate customers and raise awareness of safety issues for Avista customers. A portion of these costs are allocated and recovered from Oregon customers.



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

JURISDICTION:	Oregon	DATE PREPARED:	02/07/2022
CASE NO:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Paul Kimball
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 027	TELEPHONE:	(509) 495-4584
		EMAIL:	paul.kimball@avistacorp.com

**REQUEST:**

Please provide Avista's Oregon CAT tax return for calendar year 2020.

**RESPONSE:**

Please see the Company's response to Staff\_DR\_315 for the requested tax return.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/08/2022
CASE NO:	UG 433	WITNESS:	Kaylene Schultz
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 028	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Please state Avista's CAT tax provision for 2021 and provide workpapers supporting the provision value.

**RESPONSE:**

Avista's CAT tax provision for 2021 was \$800,000. This was based on the 2020 CAT tax liability of \$775,055. Also, please see the Company's response to AWEC\_DR\_027.

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

JURISDICTION: Oregon	DATE PREPARED: 02/04/2022
CASE NO: UG 433	WITNESS: Kaylene Schultz
REQUESTER: AWEC	RESPONDER: K. Schultz/G. Forsyth
TYPE: Data Request	DEPT: Regulatory Affairs/FP&A
REQUEST NO.: AWEC – 029	TELEPHONE: (509) 495-2482 / (509) 495-2765
	EMAIL: kaylene.schultz@avistacorp.com grant.forsyth@avistacorp.com

**REQUEST:**

Reference Shultz workpaper “2020 1) TP Expense Adjustment” Tab “G-FE-1 Expense Forecasted”, Cells “AS2” and “AU2”: Please identify the source of the escalation factors in the referenced cells and explain why Avista believes those escalation factors are appropriate to apply to its non-labor O&M.

**RESPONSE:**

The escalation factors in the referenced cells, Cells “AS2” and “AU2” as contained in Company witness Ms. Schultz’s workpaper “2020 1) TP Expense Adjustment”, tab “G-FE-1 Expense Forecasted”, are from the Board of Governors of the Federal Reserve System’s Federal Open Market Committee (FOMC) quarterly economic projections. As noted in cell AU2 of the workpapers identified above, the link to the source is as follows:  
<https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

The Company used in its original filing the personal consumption expenditures index (PCEI) median forecasted inflation for 2021 and 2022, 4.2% and 2.2% respectively, from the September 2021 economic projection materials. As indicated in Staff DR 136 Supplemental, the Company updated the escalation factors to the most recent publication of PCE estimates as of December 2021 (5.3% for 2021 and 2.6% for 2022). Below is snapshot of the PCE inflation from the December 2021 economic projection materials, which includes reference to the prior estimates from the September 2021 materials.

Percent					
Variable	Median <sup>1</sup>				
	2021	2022	2023	2024	Longer run
Change in real GDP	5.5	4.0	2.2	2.0	1.8
September projection	5.9	3.8	2.5	2.0	1.8
Unemployment rate	4.3	3.5	3.5	3.5	4.0
September projection	4.8	3.8	3.5	3.5	4.0
PCE inflation	5.3	2.6	2.3	2.1	2.0
September projection	4.2	2.2	2.2	2.1	2.0

Historically, as part of its general rate case process, the Company escalates non-labor O&M expenses. The Company believes the use of a rate of consumer inflation, as measured by the PCEI, is an accurate measure to escalate costs. It has been found that the Bureau of Labor Statistics' consumer price index (CPI) tends to overstate inflation compared to the PCEI. This reflects differences in methodology between the CPI and PCEI. A good description of these differences can be found at: <https://www.clevelandfed.org/newsroom-and-events/publications/economic-trends/2014-economic-trends/et-20140417-pce-and-cpi-inflation-whats-the-difference.aspx>. Because the PCEI is less prone to measurement biases, it is the preferred measure of the Federal Reserve when making decisions about monetary policy.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 032	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Monthly ADJ”: Please provide the workpapers used to calculate the May 2021 balance of \$21,446,298.

**RESPONSE:**

Please see AWEC\_DR\_032 Attachment A for the PowerTax Report supporting the Oregon gas tax customer credit balance. The “Beginning APB11 DFIT Balance” on the report of \$16.8M agrees to the beginning ADFIT balance below. The “Current DFIT” balance on the report of \$480k agrees to the estimated 2021 deferral below. The estimated 2021 activity was accrued monthly so the April 30, 2021 balance referenced in the request (May 1, 2021) contains 4 months of the 2021 activity.

	ADFIT	Grossed Up
Est. Balance 01/01/2021	16,782,668.63	21,243,884.34
Est. 2021 Deferral	479,719.73	607,240.16
Monthly Deferral	39,976.64	50,603.35
	4	4
4 Months	159,906.58	202,413.39
Est. Balance 04/30/2021	16,942,575.21	21,446,297.73

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 033	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Please provide workpapers used to calculate the December 2021 balance of \$21,851,125.

**RESPONSE:**

Please see the Company’s response to AWEC\_DR\_032 Attachment A for the PowerTax Report supporting the Oregon gas tax customer credit balance. The “Beginning APB11 DFIT Balance” on the report of \$16.8M agrees to the beginning ADFIT balance below. The “Current DFIT” balance on the report of \$480k agrees to the estimated 2021 deferral below.

	ADFIT	Grossed Up
Est. Balance 01/01/2021	16,782,668.63	21,243,884.34
Est. 2021 Deferral	479,719.73	607,240.16
Est. Balance 12/31/2021	17,262,388.36	21,851,124.51

The 2021 beginning balance and estimated deferral has been updated as of January 2022. Please see attachments AWEC\_DR\_033 Attachment A-D for support.

Note: AWEC\_DR\_033 Attachment B shows the “Ending APB11 DFIT Balance” as zero. During 2021, PowerTax was updated to appropriately transfer the meter and IDD#5 balances to flow through and therefore the ADFIT balances were removed from the system. This is consistent with the general ledger accounting of transferring the balances from FERC Account 282900.GD.OR to 254393.GD.OR.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 034	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Please provide the workpapers used to allocate the total company benefit associated with the change in tax accounting to Oregon customers. Please specifically identify and provide workpapers for each of the underlying allocation factors used.

**RESPONSE:**

Allocation factors were not used in determining the benefit assigned to Oregon customers. The PowerTax system used to track the meters and IDD#5 mixed service costs has an Oregon Distribution grouping that is assigned to Oregon customers.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 035	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Monthly ADJ”: Please provide an explanation for, and supporting workpapers used to calculate, the monthly additions of \$50,603.

**RESPONSE:**

Please see the Company’s response to AWEC\_DR\_032 Attachment A for the PowerTax Report supporting the Oregon gas tax customer credit balance. The “Current DFIT” balance on the report of \$480k agrees to the estimated 2021 deferral below.

	ADFIT	Grossed Up
Est. 2021 Deferral	479,719.73	607,240.16
Monthly Deferral	39,976.64	50,603.35

Please see the Company’s response to AWEC\_DR\_033 for changes made to the 2021 estimated deferral.



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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 036	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Has Avista trued-up the 2020 additions identified in the referenced workpaper tab. If yes, please state the trued-up amounts.

**RESPONSE:**

Yes, the tax customer credit balance was trued up with the filing of the 2020 tax return in October 2021. See table below for the true up amount.

	ADFIT	Grossed Up
2020 Est. Additions	1,339,188.69	1,695,175.56
2020 Actual Additions	1,334,608.13	1,689,377.38
True Up	(4,580.56)	(5,798.18)

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 037	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Monthly ADJ”: Please explain why the monthly addition/true up amount stop on December 31, 2021.

**RESPONSE:**

The monthly deferral will continue past December 31, 2021, but was not forecasted for purposes of this schedule. See the Company’s response to AWEC\_DR\_038 for the estimated 2022 deferral as requested.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 038	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years:”  
Please provide the calculation of additions to the deferral balance over the period January 1 2022 through August 2022.

**RESPONSE:**

Please see AWEC\_DR\_038 Attachment A for the PowerTax Report supporting the Oregon gas tax customer credit estimated 2022 activity. The “Current Difference” balance on the report of \$5.0M agrees to the 2022 gross timing difference below. The addition to the deferral balance is estimated to be \$894,362.

	Gross Timing Difference	ADFIT at 21%	Grossed Up
2022 Est. Activity	5,046,755.35	1,059,818.62	1,341,542.56
Monthly Deferral	420,562.95	88,318.22	111,795.21
	8	8	8
Jan-Aug 2022	3,364,503.57	706,545.75	894,361.71

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

JURISDICTION:	Oregon	DATE PREPARED:	02/01/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 039	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Are the ongoing savings associated with the change in accounting reflected in revenue requirement in this docket, or is Avista continuing to defer those amounts?

**RESPONSE:**

Please see Company witness Ms. Andrews’ testimony starting at page 9.

As discussed in the testimony of Ms. Andrews, this Commission approved the Company’s Tax Accounting Application on May 4, 2021, per Order No. 21-131, in Docket No. UM 2124, providing the authority to defer any benefits to customers as a result of the change in accounting.

Per Order No. 21-131, Avista was to defer any benefit existing at time of approval, as well as defer the tax credit benefit on an on-going basis, due to the accounting change. All tax credit benefits, at the time of approval (May 2021) and on-going, are being deferred for return to customers. Therefore, the tax credit benefit is not reflected in the Company’s requested revenue requirement, but has been proposed by the Company to return the benefit as described in Ms. Andrews testimony, and summarized below. (In addition to the deferred federal tax benefit discussed here, the Company is also deferring the balance associated with state deferred income taxes deferred over the period January 16, 2021 through August 31, 2022 of approximately \$2.2 million, until the impact on state deferred taxes is included in base rates at the conclusion of this case.)

Concurrent with the effective date of this general rate case, the Company has proposed to begin returning to customers annual Oregon natural gas tax benefits through separate Tariff 486 titled “Tax Customer Credit,” of \$3,019,000 – offsetting, in part, the Company’s requested natural gas base rate relief – for the following two-year period. After the two-year period, any remaining amounts plus future deferrals would be amortized over 10 years. In addition, the Company proposes to return the deferred state income tax benefit through separate Tariff Schedule 487 “Deferred Tax Credit”, over a two-year period, offsetting in part, the Company’s proposed general rate request. Tariff Schedule 487 reflects the return of the deferred state income tax benefit (deferred over the period January 16, 2021 through August 31, 2022 of approximately \$2.2 million). See also Avista’s response to AWEC\_DR\_040 and 041.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/01/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 040	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Please explain how the accumulated deferred income taxes associated with the change in tax accounting are reflected in revenue requirement in this case?

**RESPONSE:**

Please see Company witness Ms. Andrews’ testimony starting at page 9.

Accumulated deferred income taxes associated with the customer tax credit liability continue to reduce overall Oregon rate base in the Company’s case, reducing the overall revenue requirement requested in this case, and will continue to do so until the tax credit liability has been returned to customers over time. See also Avista’s response to AWEC\_DR\_039 and 041.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/01/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	AWEC – 041	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

**REQUEST:**

Reference Avista/600 Andrews/14:8-10: Please identify where, specifically, the revenue requirement workpapers of Avista Witness Shultz that the impacts of the deferral are included in revenue requirement as an offset to rate base.

**RESPONSE:**

Please see Company witness Ms. Andrews' testimony starting at page 9.

The Company's test period is calendar 2020. The restatement of the Tax credit liability (\$21.2 million as of December 31, 2020) from ADFIT FERC account 282900 reclassified to FERC account 254393 (Regulatory Liability) occurred in May 2021. Therefore, total net rate base as filed by the Company in its direct case continues to have the ADFIT balance as a reduction to net rate base and a reduction in its filed revenue requirement. See also Avista's response to AWEC\_DR\_039 and 040.

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

JURISDICTION:	Oregon	DATE PREPARED:	02/09/2022
CASE NO:	UG 433	WITNESS:	Elizabeth Andrews
REQUESTER:	AWEC	RESPONDER:	Megan Kennedy
TYPE:	Data Request	DEPT:	Tax
REQUEST NO.:	AWEC – 042	TELEPHONE:	(509) 495-8144
		EMAIL:	megan.kennedy@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Please provide a breakout of mixed service costs (IDD #5) for calendar year 2020 by FERC account.

**RESPONSE:**

This information is not available as the basis adjustment for mixed service costs (IDD#5) is calculated based on headcount and expenditure types by department and not by FERC account.

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

JURISDICTION: Oregon	DATE PREPARED: 02/22/2022
CASE NO: UG 433	WITNESS: Elizabeth Andrews
REQUESTER: AWEC	RESPONDER: Liz Andrews
TYPE: Data Request	DEPT: Regulatory Affairs
REQUEST NO.: AWEC – 046	TELEPHONE: (509) 495-8601
	EMAIL: liz.andrews@avistacorp.com

**REQUEST:**

Reference “Andrews Workpaper - OR G-Customer Tax Credit Monthly Journal Entry-2 Years”, tab “Balance of Credit”: Please provide an updated version of the table in the referenced workpaper with the most up-to date information available, including any true-ups or updates to 2020 Additions and 2021 Additions.

**RESPONSE:**

The following table includes updated information, including any true-ups or updates to 2020 and 2021 additions, as reflected in prior responses to AWEC discovery questions, and as noted in the footnotes of the table below. See also AWEC\_DR\_046 – Attachment A for a native version.

<b>Oregon Customer Tax Credit</b>			
		<b>ADFIT</b>	<b>Customer Tax Credit</b>
12/31/2019 Balance (1)	\$	(15,443,480)	\$ (19,548,709)
2020 Additions (2)		(1,334,608)	(1,689,377)
12/31/2020 Balance		(16,778,088)	(21,238,086)
2021 Additions (3)		(859,844)	(1,088,410)
12/31/2021 Balance	\$	(17,637,932)	\$ (22,326,496)

(1) The balance at December 31, 2019 is amount from 2019 Federal income tax return.

(2) The 2020 additions trued-up in October 2021 at completion of the filed 2020 Federal income tax return. See AWEC\_DR\_036.

(3) The 2021 additions are the estimated additions recorded in 2021 that will be trued-up in October 2022 when the 2021 Federal income tax return is filed. See AWEC\_DR\_033.

The updated information increases the expected Oregon Customer Tax Credit as of December 31, 2021 from \$21.851 million, originally filed by the Company, to a revised amount of \$22.326 million, as shown in the table above.



**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 104**

**2021 NON-LABOR  
O&M ANALYSIS**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

## Non-Labor O&amp;M Expense Analysis: 2020 v. 2021

		Calendar Year 2020					Calendar Year 2021						
Account	Description	Total	Less:			Non-Labor O&M	Total	Less:			Non-Labor O&M	Delta	%
		Expense	Labor	Incentives	Benefits		Expense	Labor	Incentives	Benefits			
813000	Other Gas Expenses	460,311	350,030	16,252	(2,646)	96,675	574,993	464,324	18,292	-	92,377	(4,298)	-4.4%
813010	Gas Technology Institute (GTI) Expenses	52,369	-	-	-	52,369	53,811	-	-	-	53,811	1,442	2.8%
824000	Other Expenses	77,760	-	-	-	77,760	85,830	-	-	-	85,830	8,070	10.4%
837000	Other Equipment	210,953	-	-	-	210,953	202,571	-	-	-	202,571	(8,382)	-4.0%
870000	Supervision & Engineering	796,537	608,227	24,565	(6,072)	169,817	764,808	681,644	21,515	-	61,649	(108,169)	-63.7%
874000	Mains & Services Expenses	2,022,856	724,359	9,191	(5,480)	1,294,786	2,294,277	894,030	10,353	-	1,389,895	95,108	7.3%
875000	Measuring & Reg Sta Exp-General	86,878	32,056	220	(202)	54,803	86,666	37,202	216	-	49,248	(5,556)	-10.1%
876000	Measuring & Reg Sta Exp-Industrial	173	43	0	-	129	759	568	3	-	189	59	45.8%
877000	Measuring & Reg Sta Exp-City Gate	3,602	1,510	11	-	2,081	3,006	2,067	7	-	932	(1,149)	-55.2%
878000	Meter & House Regulator Expenses	299,164	22,144	64	-	276,956	272,999	34,227	(8)	-	238,780	(38,176)	-13.8%
879000	Customer Installation Expenses	958,334	446,031	3,999	(4,581)	512,884	1,043,301	820,361	4,073	-	218,867	(294,018)	-57.3%
880000	Other Expenses	875,804	414,275	5,799	(6,403)	462,133	690,133	429,315	4,965	-	255,852	(206,280)	-44.6%
881000	Rents	15,135	203	2	-	14,930	2,469	-	-	-	2,469	(12,461)	-83.5%
885000	Supervision & Engineering	42,755	32,151	1,623	(310)	9,291	37,698	35,400	1,354	-	945	(8,346)	-89.8%
887000	Mains	1,255,654	127,204	1,304	(1,694)	1,128,840	1,148,752	122,753	1,112	-	1,024,887	(103,954)	-9.2%
889000	Measuring & Reg Sta Exp-General	325,930	145,963	992	(1,421)	180,395	254,051	161,256	853	-	91,942	(88,453)	-49.0%
890000	Measuring & Reg Sta Exp-Industrial	23,830	7,363	51	(8)	16,424	16,516	5,414	18	-	11,084	(5,340)	-32.5%
891000	Measuring & Reg Sta Exp-City Gate	38,456	9,853	64	(259)	28,798	25,691	10,852	50	-	14,789	(14,009)	-48.6%
892000	Services	443,936	88,214	611	(292)	355,403	374,017	111,019	644	-	262,354	(93,048)	-26.2%
893000	Meters & House Regulators	941,376	233,687	2,638	(1,840)	706,891	947,488	265,490	2,123	-	679,875	(27,016)	-3.8%
894000	Other Equipment	204,613	87,740	594	(978)	117,257	169,319	100,584	610	-	68,126	(49,131)	-41.9%
901000	Supervision	38,204	31,817	1,637	(257)	5,006	44,989	43,175	1,815	-	(0)	(5,007)	-100.0%
902000	Meter Reading Expenses	141,600	91,664	1,495	(545)	48,986	118,932	97,274	1,520	-	20,138	(28,848)	-58.9%
903XXX	Customer Records & Collection Expenses	2,028,727	1,114,376	48,993	(11,802)	877,160	2,077,632	1,267,038	44,259	-	766,336	(110,825)	-12.6%
904000	Uncollectible Accounts	1,102,858	-	-	-	1,102,858	1,070,768	-	-	-	1,070,768	(32,090)	-2.9%
905000	Misc Customer Accounts	38,675	25,257	1,272	(158)	12,305	24,480	21,018	1,166	-	2,296	(10,009)	-81.3%
908XXX	Customer Assistance Expenses	3,434,627	101,054	5,082	(1,084)	3,329,575	3,510,927	117,834	4,917	-	3,388,177	58,602	1.8%
909000	Advertising	275,104	25,956	1,279	(337)	248,205	240,786	5,075	195	-	235,516	(12,689)	-5.1%
910000	Misc Customer Service & Info Exp	85,144	11,483	564	(155)	73,252	84,257	14,360	597	-	69,300	(3,952)	-5.4%
912000	Demonstrating & Selling Expenses	260	-	-	-	260	-	-	-	-	-	(260)	-100.0%
913000	Advertising	550	-	-	-	550	-	-	-	-	-	(550)	-100.0%
920000	Salaries	3,618,065	2,762,044	106,113	(21,954)	771,861	4,228,543	3,345,889	122,186	-	760,468	(11,393)	-1.5%
921000	Office Supplies & Expenses	565,772	48,906	2,217	(724)	515,373	562,431	53,468	3,492	-	505,471	(9,903)	-1.9%
923000	Outside Services Employed	1,439,821	1,346	65	(22)	1,438,433	1,409,392	7,919	278	-	1,401,196	(37,237)	-2.6%
924000	Property Insurance Premium	176,220	-	-	-	176,220	218,506	-	-	-	218,506	42,286	24.0%
925XXX	Injuries and Damages	505,793	-	-	-	505,793	541,570	-	-	-	541,570	35,777	7.1%
926XXX	Employee Pensions and Benefits	3,920,908	16,014	707	3,315,952	588,235	3,507,349	14,814	1,160	3,573,283	(81,908)	(670,143)	-113.9%
928000	Regulatory Commission Expenses	1,057,683	276,937	13,614	(1,589)	768,722	1,158,227	344,003	15,352	-	798,873	30,151	3.9%
930000	Miscellaneous General Expenses	761,419	193,577	7,811	(193)	560,224	597,510	99,067	16,915	-	481,529	(78,695)	-14.0%
931000	Rents	48,005	-	-	-	48,005	51,232	-	-	-	51,232	3,227	6.7%
935000	Maintenance of General Plant	1,430,607	130,049	4,004	(1,581)	1,298,135	1,521,580	127,033	2,968	-	1,391,579	93,444	7.2%
	Total	29,806,468	8,161,535	262,832	3,243,366	18,138,735	30,018,266	9,734,470	282,997	3,573,283	16,427,516	(1,711,219)	-9.4%
	Check	-	-	-	-	-	-	-	-	-	-	-	-

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 105**

**DETAIL OF NON-  
OREGON CHARGES**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

Analysis of Non-Oregon Charges Identified in AWEC Data Request 21

Transaction Desc.	Amount	Non-Oregon	Adjustment
J06 - Joint Project Jackson Prairie	288,713	0	-
E53 - Con. Ctr-Lewiston Billing;	202,879	0	-
I50 - Con. Ctr. Spokane Tech.	188,425	0	-
K53 - Con. Ctr-CDA	173,804	0	-
L50 - Spokane Gas	86,575	1	86,575
Y54 - Strategic Corp Develop	57,572	0	-
F08 - Electric Shop	51,501	1	51,501
E19 - Dist Systems Ops	49,868	1	49,868
B50 - Spokane Electric	42,989	1	42,989
A57 - Ed Utility Accounting	42,942	0	-
C63 - WA-ID South Area Gas	36,707	0	-
C53 - Coeur d Alene Gas	31,569	1	31,569
E29 - Dist Syst Prod & Serv	24,974	1	24,974
L53 - CDA	24,208	1	24,208
P51 - Distribution Operations	19,591	1	19,591
C07 - Spokane River Hydro	13,968	1	13,968
J53 - Sandpoint/Bonnors Ferry	13,720	1	13,720
B53 - Pullman	11,384	1	11,384
C57 - Spokane Electric Network	11,123	1	11,123
G50 - Colville	10,297	1	10,297
D08 - Energy Del Gen Mg	10,226	1	10,226
X08 - Relay Shop	9,159	1	9,159
M50 - Deer Park	8,603	1	8,603
D53 - Clarkston	8,028	1	8,028
K07 - Kettle Falls Thermal	7,992	1	7,992
H53 - Kellogg	7,083	1	7,083
R53 - Grangeville	7,051	1	7,051
L07 - Clarkfork River Hydro	6,991	1	6,991
I07 - Lower Spokane River Hydro	6,114	1	6,114
P08 - Distribution Services	5,940	1	5,940
E55 - Power Supply	5,381	1	5,381
Z08 - Electric Meter Shop	5,259	1	5,259
P50 - Davenport	5,156	1	5,156
A53 - External Affairs	3,464	1	3,464
S53 - St. Maries	3,263	1	3,263
B01 - Dir of Business Transformation	2,714	1	2,714
T07 - Spokane Area Thermal	2,442	1	2,442
T52 - WA-ID Energy Efficiency	2,231	1	2,231
F53 - AM Lewis/Clark	2,105	1	2,105
M54 - Business Development	2,098	1	2,098
M08 - Substation Design	2,049	1	2,049
H50 - Othello	1,636	1	1,636
G53 - Area Manager - CDA	1,465	1	1,465
P03 - Substation Delivery Projects	1,294	1	1,294
H04 - Hydro Compliance	909	1	909
R07 - Generation Controls Engineering	736	1	736
C51 - Elec Distributn Design	711	1	711
A50 - Director of Ops WA & ID	584	1	584
J07 - Generation Civil/Mech. Engineering	551	1	551
P53 - AM Moscow/Pullman	215	1	215
E56 - Transmission Services	160	1	160
S06 - Avista Edge	99	1	99
L08 - Transmission Design	70	1	70
L11 - Trans Veg Mgmt	4	1	4
Total	1,504,592		513,550

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**DOCKET UG 433**

**EXHIBIT 106**

**AWEC PROPOSED  
RATE SPREAD**

**TO THE OPENING  
TESTIMONY OF  
BRADLEY G. MULLINS**

**ON BEHALF OF  
THE ALLIANCE WESTERN ENERGY CONSUMERS**

**March 3, 2022**

AVISTA UTILITIES  
OREGON JURISDICTION  
LONG-RUN INCREMENTAL COST OF SERVICE STUDY  
TWELVE MONTHS ENDED AUGUST 3, 2023

**RESULT SUMMARY (Component Allocation)**

Line No.		OREGON TOTAL	Residential Service SCH 410	General Service SCH 420	Large General Service SCH 424	Interruptible Service SCH 440	Seasonal Service SCH 444	Special Contract Service SCH 447	Transportation Service SCH 456
STATISTICS									
1	TEST YEAR ANNUAL THERM DELIVERIES	147,155,320	54,219,249	29,021,461	4,539,621	15,153,934	216,390	6,663,690	37,340,974
2	TEST YEAR CUSTOMERS	106,853	94,663	12,020	93	38	6	2	31
3	AVERAGE ANNUAL THERM DELIVERIES PER CUSTOMER		573	2,414	48,813	398,788	36,065	3,331,845	1,204,548
4	Gas Commodity Costs	\$ -	-	-	-	-	-	-	-
5	Gas Supply Department (Scheduling)	\$ 63,073	21,389	11,449	1,791	5,978	85	3,389	18,992
6	Gas Supply Department (Non-Scheduling)	\$ 153,350	78,813	42,186	6,599	22,028	315	516	2,894
7	Meter Reading	\$ 96,426	85,426	10,847	84	34	5	2	28
8	Billing	\$ 2,905,742	2,574,249	326,870	2,529	1,033	163	54	843
Customer Installation Investment Cost									
9	Meters	\$ 5,412,076	4,070,921	1,220,788	45,437	20,444	4,038	6,317	44,130
10	Services	\$ 57,000,792	48,732,955	7,621,745	196,997	210,005	12,709	5,271	221,109
11	Main Extensions	\$ 116,416,679	64,280,633	50,644,639	438,198	281,684	28,271	19,042	724,212
12	Total Customer Installation Investment Cost	\$ 178,829,547	117,084,509	59,487,173	680,632	512,134	45,018	30,630	989,451
System Core Main Cost									
13	Capacity	\$ 27,794,176	14,352,880	7,420,744	668,104	849,001	-	472,996	4,030,451
14	Commodity	\$ 12,797,861	4,716,770	2,523,199	394,756	1,317,758	18,817	579,462	3,247,100
15	Total Core Main Cost	\$ 40,592,037	19,069,651	9,943,943	1,062,860	2,166,758	18,817	1,052,458	7,277,551
16	Underground Storage Cost	\$ 1,077,774	628,343	322,953	37,750	43,517	475	6,774	37,962
17	Long Run Incremental Distribution Cost	\$ 223,717,949	139,542,379	70,145,421	1,792,244	2,751,482	64,878	1,093,825	8,327,720
18	Distribution Margin Revenue at Present Rates	\$ 75,188,099	48,602,523	20,768,914	689,575	1,771,874	37,308	175,705	3,142,200
18	<b>Distribution Margin Revenue at Present Rates</b>	<b>\$ 75,188,099</b>	<b>48,602,523</b>	<b>20,768,914</b>	<b>689,575</b>	<b>1,771,874</b>	<b>37,308</b>	<b>175,705</b>	<b>3,142,200</b>
Proposed Cost by Functional Classification Assigned to Schedule by LRIC components									
19	Cost of Gas Commodity	\$ -	-	-	-	-	-	-	-
20	Gas Supply Department Costs	\$ 570,000	263,906	141,258	22,096	73,760	1,053	10,286	57,640
21	Meter Reading, Billing, Etc. Costs	\$ 3,327,000	2,947,449	374,258	2,896	1,183	187	62	965
22	Meters & Services Costs	\$ 25,725,000	21,764,418	3,644,668	99,925	94,986	6,903	4,776	109,325
23	System Core Main Costs	\$ 46,999,000	24,950,080	18,136,590	449,327	732,917	14,095	320,743	2,395,248
24	Underground Storage Costs	\$ 2,341,000	1,364,804	701,477	81,995	94,521	1,031	14,715	82,456
25	Proposed Cost	\$ 78,962,000	51,290,657	22,998,252	656,239	997,367	23,269	350,583	2,645,634
26	AWEC Adjustments	\$ (7,026,626)	(4,564,224)	(2,046,556)	(58,397)	(88,753)	(2,071)	(31,197)	(235,428)
27	<b>LRIC Based Target Margin</b>	<b>\$ 71,935,374</b>	<b>\$ 46,726,432</b>	<b>\$ 20,951,696</b>	<b>\$ 597,842</b>	<b>\$ 908,614</b>	<b>\$ 21,199</b>	<b>\$ 319,385</b>	<b>\$ 2,410,206</b>
28	Current Distribution Margin Revenue to Proposed Cost	<b>0.95</b>	<b>0.95</b>	<b>0.90</b>	<b>1.05</b>	<b>1.78</b>	<b>1.60</b>	<b>0.50</b>	<b>1.19</b>
<b>AWEC Proposed Rate Spread</b>									
29	Component LRIC Target Change by Schedule	\$ (3,252,725)	\$ (1,876,091)	\$ 182,782	\$ (91,733)	\$ (863,260)	\$ (16,109)	\$ 143,680	\$ (731,994)
30	Reallocate Special Contract Impact	(0)	93,745	42,034	1,199	1,823	43	(143,680)	4,835
31	LRIC Target after Special Contract	<b>(3,252,725)</b>	<b>(1,782,345)</b>	<b>224,817</b>	<b>(90,534)</b>	<b>(861,437)</b>	<b>(16,067)</b>	<b>-</b>	<b>(727,158)</b>
32	% Increase (Reduction)	-4.33%	-3.67%	1.08%	-13.13%	-48.62%	-43.07%	0.00%	-23.14%
33	Apply Rate Ceiling At Zero	(0)	207,343	(224,817)	2,653	4,032	94	-	10,695
34	Rate Reduction after Ceiling	(3,252,725)	(1,575,003)	-	(87,881)	(857,405)	(15,973)		(716,463)
35	% Increase (Reduction)	-4.33%	-3.24%	0.00%	-12.74%	-48.39%	-42.81%	0.00%	-22.80%