

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UG 288**

In the Matter of
AVISTA CORPORATION dba AVISTA
UTILITIES,
Request for a General Rate Revision.


STAFF'S MOTION TO ADMIT ITS
PRE-FILED TESTIMONY AND EXHIBITS

Staff of the Public Utility Commission of Oregon (Staff) requests that the Administrative Law Judge admit its pre-filed testimony and exhibits in this docket. Staff includes with this motion the affidavits of its sponsoring witnesses which set forth the specific exhibits that were pre-filed and are the subject of this motion. Further, Staff includes with this motion its new exhibit Staff/1400. Staff/1400 is multi-page exhibit which consists of responses to data requests which the parties previously stipulated may be submitted without objection.

DATED this 16th day of December, 2015.

Respectfully submitted,

ELLEN F. ROSENBLUM -
Attorney General



Michael T. Weirich, #82425
Assistant Attorney General
Of Attorneys for Staff of the Public Utility
Commission of Oregon

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF MARIANNE GARDNER

STATE OF OREGON)

County of Marion)

I, Marianne Gardner, being duly sworn on oath depose and say:

1. My name is Marianne Gardner. I am employed by the Public Utility Commission of Oregon as a Senior Revenue Requirement Analyst.

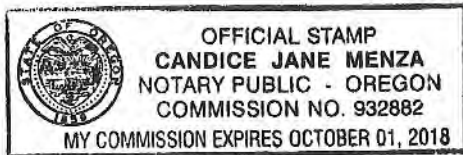
2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/100 through Staff/105 and also newly-filed Staff/1400.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 15 day of December, 2015.

Marianne Gardner
Marianne Gardner

SUBSCRIBED AND SWORN to before me this 15th day of December, 2015.



Candice Jane Menza
Notary Public, State of Oregon
County of Marion
My Commission Expires: Oct. 1, 2018

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF MATT MULDOON

STATE OF OREGON)

County of Marion)

I, Matt Muldoon, being duly sworn on oath depose and say:

1. My name is Matt Muldoon. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/200 through Staff/213.


3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 11th day of December, 2015.


Matt Muldoon

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.




Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF JUDY JOHNSON

STATE OF OREGON)

County of Marion)

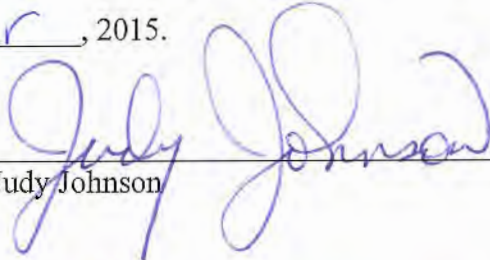
I, Judy Johnson, being duly sworn on oath depose and say:

1. My name is Judy Johnson. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/300 through Staff/305.

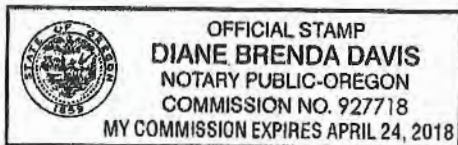
3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.


Dated this 11th day of December, 2015.



Judy Johnson

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.





Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF MING PENG

STATE OF OREGON)

County of Marion)

I, Ming Peng, being duly sworn on oath depose and say:

1. My name is Ming Peng. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/400 through Staff/402.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 11th day of December, 2015.

Ming Peng
Ming Peng

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.



Diane Brenda Davis
Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UG 288**

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF LINNEA WITTEKIND

STATE OF OREGON)

County of Marion)

I, Linnea Wittekind, being duly sworn on oath depose and say:

1. My name is Linnea Wittekind. I am employed by the Public Utility Commission of Oregon as a Senior Financial Analyst in the Commission's Utility Program.

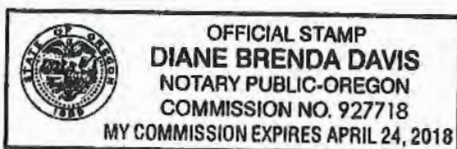
2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/500 through Staff/505.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 11 day of December, 2015.


Linnea Wittekind

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.



Diane Brenda Davis
Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

AFFIDAVIT OF LINNEA WITTEKIND
#7005359

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UG 288**

In the Matter of
AVISTA CORPORATION dba AVISTA
UTILITIES,
Request for a General Rate Revision

AFFIDAVIT OF MITCHELL MOORE

STATE OF OREGON)
County of Marion)

I, Mitchell Moore, being duly sworn on oath depose and say:

1. My name is Mitchell Moore. I am employed by the Public Utility Commission of Oregon as a Senior Utility Analyst in the Commission's Utility Program.
2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/600 through Staff/606.
3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.


Dated this 11th day of December, 2015.



Mitchell Moore

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.





Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF ERIK COLVILLE

STATE OF OREGON)

County of Marion)

I, Erik Colville, being duly sworn on oath depose and say:

1. My name is Erik Colville. I am employed by the Public Utility Commission of Oregon as a Senior Analyst in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/700 through Staff/703.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

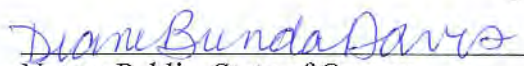
Dated this 11th day of December, 2015.



Erik Colville

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.





Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF BRIAN BAHR

STATE OF OREGON)

County of Marion)

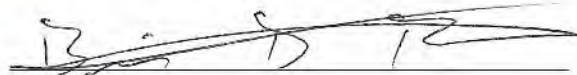
I, Brian Bahr, being duly sworn on oath depose and say:

1. My name is Brian Bahr. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/800 through Staff/803.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

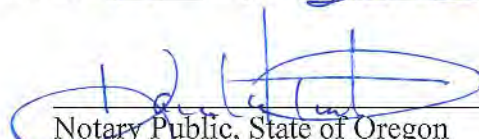
Dated this 14th day of December, 2015.



Brian Bahr

SUBSCRIBED AND SWORN to before me this 14th day of December, 2015.





Notary Public, State of Oregon
County of marion
My Commission Expires: Aug 26, 2019

AFFIDAVIT OF BRIAN BAHR
#7005456

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF MAX ST. BROWN

STATE OF OREGON)

County of Marion)

I, Max St. Brown, being duly sworn on oath depose and say:

1. My name is Max St. Brown. I am employed by the Public Utility Commission of Oregon as a Utility Economist in the Commission's Utility Program.

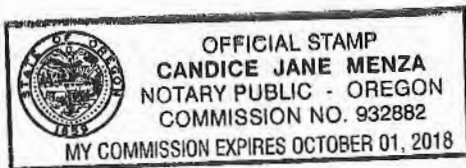
2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/900 through Staff/902.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 11th day of December, 2015.

Max St. Brown
Max St. Brown

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.



Candice Jane Menza
Notary Public, State of Oregon
County of Marion
My Commission Expires: Oct 1, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF SUPARNA BHATTACHARYA

STATE OF OREGON)

County of Marion)

I, Suparna Bhattacharya, being duly sworn on oath depose and say:

1. My name is Suparna Bhattacharya. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/1000 through Staff/1002.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

Dated this 11th day of December 2015.

Suparna Bhattacharya
Suparna Bhattacharya

SUBSCRIBED AND SWORN to before me this 11th day of December, 2015.



Diane Brenda Davis
Notary Public, State of Oregon
County of Marion
My Commission Expires: April 24, 2018

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF JORGE ORDONEZ

STATE OF OREGON)

County of Marion)

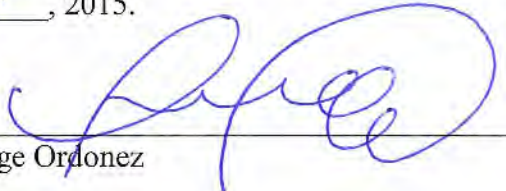
I, Jorge Ordonez, being duly sworn on oath depose and say:

1. My name is Jorge Ordonez. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/1100 through Staff/1103.

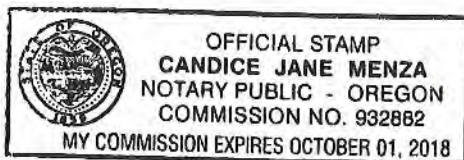
3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.


Dated this 14 day of December, 2015.



Jorge Ordonez

SUBSCRIBED AND SWORN to before me this 14th day of December, 2015.





Notary Public, State of Oregon

County of Marion

My Commission Expires: Oct. 1, 2018

AFFIDAVIT OF JORGE ORDONEZ
#7005497

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF LISA GORSUCH

STATE OF OREGON)

County of Marion)

I, Lisa Gorsuch, being duly sworn on oath depose and say:

1. My name is Lisa Gorsuch. I am employed by the Public Utility Commission of Oregon as a Senior Utility Analyst in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/1200 through Staff/1202.

3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

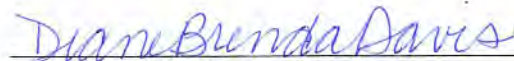
Dated this 15th day of December, 2015.



Lisa Gorsuch

SUBSCRIBED AND SWORN to before me this 15th day of December, 2015.





Notary Public, State of Oregon

County of Marion

My Commission Expires: April 24, 2018

AFFIDAVIT OF LISA GORSUCH
#7005544

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 288

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for a General Rate Revision

AFFIDAVIT OF GEORGE COMPTON

STATE OF OREGON)

County of Marion)

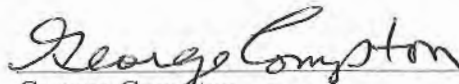
I, George Compton, being duly sworn on oath depose and say:

1. My name is George Compton. I am employed by the Public Utility Commission of Oregon as a Senior Economist in the Commission's Utility Program.

2. I sponsored the following exhibits on behalf of Commission Staff in this matter: Staff/1300 through Staff/1304.


3. My testimony and exhibits are true and accurate based upon my information and belief. If I were to answer these questions today, my responses would be the same.

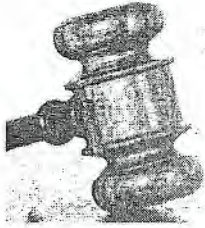
Dated this 14 day of December, 2015.


George Compton

SUBSCRIBED AND SWORN to before me this 14th day of December, 2015.




Notary Public, State of Oregon
County of marion
My Commission Expires: August 26, 2019

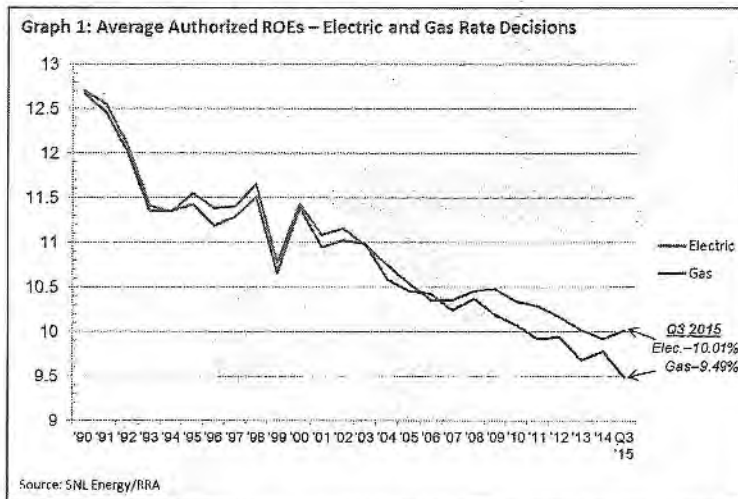


REGULATORY FOCUS

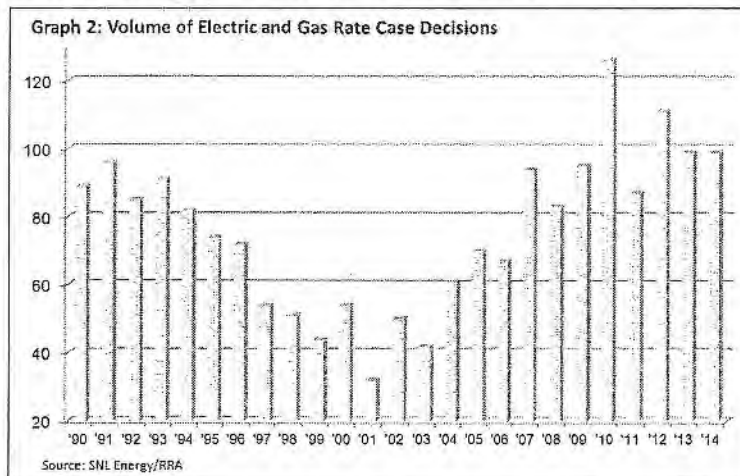
October 13, 2015

MAJOR RATE CASE DECISIONS--January-September 2015

The average return on equity (ROE) authorized electric utilities was 10.01% in the first three quarters of 2015, compared to 9.91% in calendar-2014. There were 18 electric ROE determinations for the first nine months of 2015, versus 38 in all of 2014. We note that the data includes several surcharge/rider generation cases in Virginia that incorporate plant-specific ROE premiums. Virginia statutes authorize the State Corporation Commission to approve ROE premiums of up to 200 basis points for certain generation projects (see the Virginia Commission Profile). Excluding these Virginia surcharge/rider generation cases from the data, the average authorized electric ROE was 9.55% in the first three quarters of 2015 versus 9.76% in 2014. The average ROE authorized gas utilities was 9.49% for the first nine months in 2015 compared to 9.78% in calendar-2014. There were seven gas cases that included an ROE determination in the first three quarters of 2015, versus 26 in 2014. The 2014 averages do not include a Feb. 20, 2014 New York Public Service Commission steam rate decision for Consolidated Edison Co. of New York that adopted a 9.3% ROE.



As shown in Graph 2 below, after reaching a low in the early-2000s, the number of rate case decisions for energy companies generally increased for the next several years, peaking in 2010 at more than 125 cases.



379 Thornall Street, 2nd Floor, Edison, NJ 08837 | Phone +1.201.433.5507 | RRA@snl.com

matt.muldoon@state.or.us; printed 10/15/2015

Since 2010, the number of cases has moderated somewhat but has approximated 100 in three of the last four calendar years. There were 99 electric and gas rate cases resolved in both 2014 and 2013, 111 in 2012, and 87 in 2011. There are currently roughly 30 electric and gas rate cases that are expected to be decided in the fourth quarter of 2015, indicating a more modest level of activity in 2015, but this level remains robust compared to the late-1990s/early-2000s. Increased costs for environmental compliance, generation and delivery infrastructure upgrades and expansion, renewable generation mandates, and employee benefits argue for the continuation of an active rate case agenda over the next few years.

We note that this report utilizes the simple mean for the return averages. In addition, the average equity returns indicated in this report reflect the cases decided in the specified time periods and are not necessarily representative of the returns actually earned by utilities industry wide.

As a result of electric industry restructuring, certain states unbundled electric rates and implemented retail competition for generation. Commissions in those states now have jurisdiction only over the revenue requirement and return parameters for delivery operations (which we footnote in our chronology beginning on page 5), thus complicating historical data comparability. We note that since 2008, interest rates have declined significantly and average authorized ROEs have declined modestly. We also note the increased utilization of limited issue rider proceedings that allow utilities to recover certain costs outside of a general rate case and that typically incorporate previously-determined return parameters.

The table on page 3 shows the average ROE authorized in major electric and gas rate decisions annually since 1990, and by quarter since 2010, followed by the number of observations in each period. The tables on page 4 indicate the composite electric and gas industry data for all major cases summarized annually since 2001 and by quarter for the past seven quarters. The individual electric and gas cases decided in the first three quarters of 2015 are listed on pages 5-8, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return (ROR), ROE, and percentage of common equity in the adopted capital structure. Next we indicate the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base, and the amount of the permanent rate change authorized. The dollar amounts represent the permanent rate change ordered at the time decisions were rendered. Fuel adjustment clause rate changes are not reflected in this study.

Please note: Historical data provided in this report may not match data provided on RRA's website due to certain differences in presentation.

Dennis Spurduto

©2015, Regulatory Research Associates, Inc. All Rights Reserved. Confidential Subject Matter. WARNING! This report contains copyrighted subject matter and confidential information owned solely by Regulatory Research Associates, Inc. ("RRA"). Reproduction, distribution or use of this report in violation of this license constitutes copyright infringement in violation of federal and state law. RRA hereby provides consent to use the "email this story" feature to redistribute articles within the subscriber's company. Although the information in this report has been obtained from sources that RRA believes to be reliable, RRA does not guarantee its accuracy.

Average Equity Returns Authorized January 1990 - September 2015

Year	Period	Electric Utilities		Gas Utilities	
		ROE %	(# Cases)	ROE %	(# Cases)
1990	Full Year	12.70	(44)	12.67	(31)
1991	Full Year	12.55	(45)	12.46	(35)
1992	Full Year	12.09	(48)	12.01	(29)
1993	Full Year	11.41	(32)	11.35	(45)
1994	Full Year	11.34	(31)	11.35	(28)
1995	Full Year	11.55	(33)	11.43	(16)
1996	Full Year	11.39	(22)	11.19	(20)
1997	Full Year	11.40	(11)	11.29	(13)
1998	Full Year	11.66	(10)	11.51	(10)
1999	Full Year	10.77	(20)	10.66	(9)
2000	Full Year	11.43	(12)	11.39	(12)
2001	Full Year	11.09	(18)	10.95	(7)
2002	Full Year	11.16	(22)	11.03	(21)
2003	Full Year	10.97	(22)	10.99	(25)
2004	Full Year	10.75	(19)	10.59	(20)
2005	Full Year	10.54	(29)	10.46	(26)
2006	Full Year	10.36	(26)	10.43	(16)
2007	Full Year	10.36	(39)	10.24	(37)
2008	Full Year	10.46	(37)	10.37	(30)
2009	Full Year	10.48	(39)	10.19	(29)
	1st Quarter	10.66	(17)	10.24	(9)
	2nd Quarter	10.08	(14)	9.99	(11)
	3rd Quarter	10.26	(11)	9.93	(4)
	4th Quarter	10.30	(17)	10.09	(12)
2010	Full Year	10.34	(59)	10.08	(37)
	1st Quarter	10.32	(13)	10.10	(5)
	2nd Quarter	10.12	(10)	9.88	(5)
	3rd Quarter	10.36	(8)	9.65	(2)
	4th Quarter	10.34	(11)	9.88	(4)
2011	Full Year	10.29	(42)	9.92	(16)
	1st Quarter	10.84	(12)	9.63	(5)
	2nd Quarter	9.92	(13)	9.83	(8)
	3rd Quarter	9.78	(8)	9.75	(1)
	4th Quarter	10.10	(25)	10.07	(21)
2012	Full Year	10.17	(58)	9.94	(35)
	1st Quarter	10.28	(14)	9.57	(3)
	2nd Quarter	9.84	(7)	9.47	(6)
	3rd Quarter	10.06	(7)	9.60	(1)
	4th Quarter	9.91	(21)	9.83	(11)
2013	Full Year	10.03	(49)	9.68	(21)
	1st Quarter	10.23	(8)	9.54	(6)
	2nd Quarter	9.83	(5)	9.84	(8)
	3rd Quarter	9.87	(12)	9.45	(6)
	4th Quarter	9.78	(13)	10.28	(6)
2014	Full Year	9.91	(38)	9.78	(26)
	1st Quarter	10.37	(9)	9.47	(3)
	2nd Quarter	9.73	(7)	9.43	(3)
	3rd Quarter	9.40	(2)	9.75	(1)
2015	Year-to-Date	10.01	(18)	9.49	(7)

Electric Utilities--Summary Table

	Period	ROR % (# Cases)		ROE % (# Cases)		Eq. as % Cap. Struct. (# Cases)		Amt. \$ Mil. (# Cases)	
2001	Full Year	8.93	(15)	11.09	(18)	47.20	(13)	14.2	(21)
2002	Full Year	8.72	(20)	11.16	(22)	46.27	(19)	-475.4	(24)
2003	Full Year	8.86	(20)	10.97	(22)	49.41	(19)	313.8	(12)
2004	Full Year	8.44	(18)	10.75	(19)	46.84	(17)	1,091.5	(30)
2005	Full Year	8.30	(26)	10.54	(29)	46.73	(27)	1,373.7	(36)
2006	Full Year	8.24	(24)	10.36	(26)	48.67	(23)	1,465.0	(42)
2007	Full Year	8.22	(38)	10.36	(39)	48.01	(37)	1,401.9	(46)
2008	Full Year	8.25	(35)	10.46	(37)	48.41	(33)	2,899.4	(42)
2009	Full Year	8.23	(38)	10.48	(39)	48.61	(37)	4,192.3	(58)
2010	Full Year	7.99	(59)	10.34	(59)	48.45	(54)	5,567.7	(77)
2011	Full Year	8.00	(43)	10.29	(42)	48.26	(42)	2,853.5	(56)
2012	Full Year	7.95	(51)	10.17	(58)	50.55	(52)	3,131.5	(70)
2013	Full Year	7.66	(45)	10.03	(49)	49.25	(43)	3,326.6	(61)
	1st Quarter	7.71	(6)	10.23	(8)	51.08	(8)	251.4	(9)
	2nd Quarter	7.77	(2)	9.83	(5)	49.12	(4)	92.5	(6)
	3rd Quarter	7.55	(11)	9.87	(12)	50.12	(11)	651.5	(16)
	4th Quarter	7.56	(13)	9.78	(13)	50.29	(12)	1,058.4	(20)
2014	Full Year	7.60	(32)	9.91	(38)	50.28	(35)	2,053.8	(51)
	1st Quarter	7.74	(10)	10.37	(9)	51.91	(9)	203.7	(11)
	2nd Quarter	7.04	(9)	9.73	(7)	47.83	(6)	819.4	(16)
	3rd Quarter	7.85	(3)	9.40	(2)	51.08	(3)	379.6	(5)
2015	Year-To-Date	7.47	(22)	10.01	(18)	50.41	(18)	1,402.7	(32)

Gas Utilities--Summary Table

	Period	ROR % (# Cases)		ROE % (# Cases)		Eq. as % Cap. Struct. (# Cases)		Amt. \$ Mil. (# Cases)	
2001	Full Year	8.51	(6)	10.95	(7)	43.96	(5)	114.0	(11)
2002	Full Year	8.80	(20)	11.03	(21)	48.29	(18)	303.6	(26)
2003	Full Year	8.75	(22)	10.99	(25)	49.93	(22)	260.1	(30)
2004	Full Year	8.34	(21)	10.59	(20)	45.90	(20)	303.5	(31)
2005	Full Year	8.25	(29)	10.46	(26)	48.66	(24)	458.4	(34)
2006	Full Year	8.51	(16)	10.43	(16)	47.43	(16)	444.0	(25)
2007	Full Year	8.12	(32)	10.24	(37)	48.37	(30)	813.4	(48)
2008	Full Year	8.48	(30)	10.37	(30)	50.47	(30)	884.8	(41)
2009	Full Year	8.15	(28)	10.19	(29)	48.72	(28)	475.0	(37)
2010	Full Year	7.95	(38)	10.08	(37)	48.56	(38)	816.7	(49)
2011	Full Year	8.09	(18)	9.92	(16)	52.49	(14)	436.3	(31)
2012	Full Year	7.98	(30)	9.94	(35)	51.13	(32)	263.9	(41)
2013	Full Year	7.39	(20)	9.68	(21)	50.60	(20)	494.9	(38)
	1st Quarter	7.67	(6)	9.54	(6)	51.14	(6)	22.2	(9)
	2nd Quarter	7.74	(7)	9.84	(8)	52.12	(8)	62.2	(12)
	3rd Quarter	7.24	(7)	9.45	(6)	48.68	(7)	329.1	(11)
	4th Quarter	7.97	(7)	10.28	(6)	52.35	(7)	115.5	(16)
2014	Full Year	7.65	(27)	9.78	(26)	51.11	(28)	529.0	(48)
	1st Quarter	6.41	(2)	9.47	(3)	50.41	(2)	168.7	(9)
	2nd Quarter	7.29	(3)	9.43	(3)	50.71	(3)	34.9	(8)
	3rd Quarter	7.35	(1)	9.75	(1)	42.01	(1)	95.5	(7)
2015	Year-To-Date	7.01	(6)	9.49	(7)	49.16	(6)	299.1	(24)

ELECTRIC UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. \$ Mil.
1/23/15	PacifiCorp (WY)	7.41	9.50	51.43	6/15-A	20.2
2/4/15	Monongahela Power/Potomac Ed. (WV)	--	--	--	12/13	124.3 (B,1)
2/18/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	36.9 (LIR,B,2)
2/24/15	Public Service Co. of Colorado (CO)	7.55	9.83	56.00	12/13-YE	-39.4 (I,B)
3/2/15	Black Hills Power (SD)	7.76	--	--	9/13-A	6.9 (I,B)
3/12/15	Virginia Electric and Power (VA)	8.40	12.00	52.03	3/16-A	-6.4 (LIR,3)
3/12/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	11.4 (LIR,B,4)
3/12/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	5.8 (LIR,5)
3/18/15	Jersey Central Power & Light (NJ)	8.01	9.75	50.00 (Hy)	12/11-YE	-115.0 (D)
3/25/15	PacifiCorp (WA)	7.30	9.50	49.10 (Hy)	12/13-A	9.6
3/26/15	Northern States Power-Minnesota (MN)	7.37	9.72	52.50	12/14-A	149.4 (R,E,I,Z)
2015	1ST QUARTER: AVERAGES/TOTAL OBSERVATIONS	7.74 10	10.37 9	51.91 9		203.7 11
4/9/15	Metropolitan Edison (PA)	--	--	--	4/16	105.7 (D,B)
4/9/15	Pennsylvania Electric (PA)	--	--	--	4/16	107.8 (D,B)
4/9/15	Pennsylvania Power (PA)	--	--	--	4/16	25.5 (D,B)
4/9/15	West Penn Power (PA)	--	--	--	4/16	95.2 (D,B)
4/14/15	Public Service Oklahoma (OK)	7.63	--	--	7/13-YE	-4.8 (I,B)
4/21/15	Virginia Electric & Power (VA)	7.88	11.00	52.03	8/16-A	60.5 (LIR,Z,B,6)
4/23/15	Wisconsin Public Service (MI)	6.01	10.20	--	12/15	4.0 (Z,B)
4/29/15	Union Electric (MO)	7.60	9.53	51.76	3/14-YE	121.5
5/1/15	Cross Texas Transmission (TX)	6.11	9.60	40.00	9/14-YE	30.9 (B,7)
5/26/15	Appalachian Pow./Wheeling Pow. (WV)	7.38	9.75	47.16	12/13-A	123.5
6/15/15	Northern States Power-Minnesota (SD)	7.22	--	--	12/13-A	15.2 (I,B)
6/17/15	Central Hudson Gas & Electric (NY)	6.62	9.00	48.00	6/16-A	15.3 (D,B,8)
6/17/15	Consolidated Edison of New York (NY)	6.91	9.00	48.00	12/16-A	-- (D,B,9)
6/22/15	Kentucky Power (KY)	--	--	--	9/14	-23.0 (B)
6/24/15	Empire District Electric (MO)	--	--	--	4/14	17.1 (B)
6/30/15	Kentucky Utilities (KY)	--	--	--	6/16	125.0 (B)
6/30/15	Louisville Gas & Electric (KY)	--	--	--	6/16	0.0 (B)
2015	2ND QUARTER: AVERAGES/TOTAL OBSERVATIONS	7.04 9	9.73 7	47.83 6		819.4 16
7/7/15	Mississippi Power (MS)	--	--	--	--	0.0 (10)
9/2/15	Kansas City Power & Light (MO)	7.53	9.50	50.09	3/14-YE	89.7 (B,11)
9/10/15	Kansas City Power & Light (KS)	7.44	9.30	50.48	6/14-YE	40.1 (B,11)
9/23/15	South Carolina Electric & Gas (SC)	8.57	--	52.66	6/15-YE	64.5 (12)
9/24/15	Westar Energy (KS)	--	--	--	9/14	185.3 (B)
2015	3RD QUARTER: AVERAGES/TOTAL OBSERVATIONS	7.85 3	9.40 2	51.08 3		379.6 5
2015	YEAR-TO-DATE: AVERAGES/TOTAL OBSERVATIONS	7.47 22	10.01 18	50.41 18		1,402.7 32

malt.muldoon@state.or.us; printed 10/15/2015

GAS UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. \$ Mil.
1/13/15	Consumers Energy (MI)	--	10.30	--	12/15	45.0 (I,B)
1/14/15	Indiana Gas (IN)	--	--	--	6/14-YE	5.7 (LIR,13)
1/14/15	Southern Indiana Gas & Electric (IN)	--	--	--	6/14-YE	1.5 (LIR,13)
1/21/15	North Shore Gas (IL)	6.26	9.05	50.48	12/15-A	3.5 (R)
1/21/15	Peoples Gas Light & Coke (IL)	6.56	9.05	50.33	12/15-A	71.1 (R)
1/26/15	Piedmont Natural Gas (NC)	--	--	--	10/14	26.6 (LIR,14)
1/27/15	Atmos Energy (KS)	--	--	--	9/14-YE	0.3 (LIR,15)
1/27/15	Northern States Power-Minnesota (MN)	--	--	--	12/15	14.7 (LIR,16)
1/28/15	Northern Indiana Public Service (IN)	--	--	--	6/14-YE	0.3 (LIR,17)
2015	1ST QUARTER: AVERAGES/TOTAL OBSERVATIONS	6.41 2	9.47 3	50.41 2		168.7 9
4/7/15	Delta Natural Gas (KY)	--	--	--	12/14-YE	1.3 (LIR,18)
4/9/15	Avista Corporation (OR)	7.52	9.50	51.00	12/15-A	5.3 (B)
5/11/15	Atmos Energy (TN)	7.73	9.80	53.13	5/16-A	0.7 (B)
5/13/15	Missouri Gas Energy (MO)	--	--	--	2/15-YE	2.8 (LIR,19)
5/20/15	Ladde Gas (MO)	--	--	--	2/15-YE	5.5 (LIR,19)
6/17/15	Central Hudson Gas & Electric (NY)	6.62	9.00	48.00	6/16-A	1.8 (B,20)
6/26/15	Liberty Utilities EnergyNorth (NH)	--	--	--	3/14	10.5 (I,B,21)
6/30/15	Louisville Gas & Electric (KY)	--	--	--	6/16	7.0 (B)
2015	2ND QUARTER: AVERAGES/TOTAL OBSERVATIONS	7.29 3	9.43 3	50.71 3		34.9 8
7/22/15	Indiana Gas (IN)	--	--	--	12/14-YE	5.5 (LIR,13)
7/22/15	Southern Indiana Gas & Electric (IN)	--	--	--	12/14-YE	3.2 (LIR,13)
7/28/15	Atmos Energy (TX)	--	--	--	12/14-YE	52.6 (I,B)
8/21/15	Columble Gas of Virginia (VA)	7.35	9.75	42.01	12/13	25.2 (B)
8/25/15	CenterPoint Energy Resources (TX)	--	--	--	9/14	4.9 (B,22)
9/16/15	Liberty Utilities (Midstates N.G.) (MO)	--	--	--	5/15	0.3 (LIR,23)
9/23/15	Atmos Energy (KY)	--	--	--	9/16-YE	3.8 (LIR,18)
2015	3RD QUARTER: AVERAGES/TOTAL OBSERVATIONS	7.35 1	9.75 1	42.01 1		95.5 7
2015	YEAR-TO-DATE: AVERAGES/TOTAL OBSERVATIONS	7.01 6	9.49 7	49.16 6		299.1 24

FOOTNOTES

- A- Average
 - B- Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
 - COC- Case involved only the determination of cost-of-capital parameters.
 - CWIP- Construction work in progress
 - D- Applies to electric delivery only
 - DCT Date certain rate base valuation
 - E- Estimated
 - F- Return on fair value rate base
 - Hy- Hypothetical capital structure utilized
 - I- Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
 - LJR Limited-issue rider proceeding
 - M- "Make-whole" rate change based on return on equity or overall return authorized in previous case.
 - R- Revised
 - Te- Temporary rates implemented prior to the issuance of final order.
 - U- Double leverage capital structure utilized.
 - W- Case withdrawn
 - YE- Year-end
 - Z- Rate change implemented in multiple steps.
 - * Capital structure includes cost-free items or tax credit balances at the overall rate of return.
- (1) Consolidated rate proceeding for Monongahela Power and Potomac Edison, whose rate schedules were combined.
 - (2) Increase authorized through a surcharge, Rider W, which reflects in rates the investment in the Warren County Power Station. The indicated overall return and capital structure are placeholders pending a 2105 biennial review.
 - (3) This proceeding determines the revenue requirement for Rider B, which is the mechanism through which the company recovers costs associated with its plan to convert the Altavista, Hopewell, and Southampton Power Stations to burn biomass fuels. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
 - (4) Represents rate increase associated with the company's Rider R proceeding, which is the mechanism through which the company recovers the investment in the Bear Garden generating facility. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
 - (5) This proceeding determines the revenue requirement for Rider S, which recognizes in rates the company's investment in the Virginia City Hybrid Energy Center. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
 - (6) This proceeding determines the revenue requirement for Rider BW, which recognizes in rates the company's investment in the Brunswick Generating Station. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
 - (7) Indicated rate increase is for base rates and reflects the transfer to base rates of \$30.1 million that was being collected through the company's interim transmission cost of service adjustment mechanism. The net overall rate increase is \$0.8 million.
 - (8) The approved final Joint Proposal provides for the company to implement a \$15.3 million electric rate increase, effective July 1, 2015, based on a 9% return on equity (48% of capital) and a 6.62% overall return, a \$16 million increase on July 1, 2016, based on the same return parameters, and a \$14.1 million increase on July 1, 2017, that reflects a 9% return on equity (48% of capital) and a 6.58% overall return.
 - (9) Joint Proposal adopted that extends the company's existing rate plan by one year through 12/31/16. Rates were not changed.
 - (10) On 7/7/15, the PSC issued an order on remand directing the company to cease collecting CWIP-related rate increases effective 7/20/15, and to submit a refund plan. This PSC action is the result of a 2/12/15 Mississippi Supreme Court decision that reversed and remanded the PSC's 3/5/13 decision in the proceeding that had authorized the company a two-step \$156 million rate increase related to the Kemper generation plant.
 - (11) Approved settlements did not address rate-of-return issues.
 - (12) Case involves company's request for a cash return on incremental V.C. Summer Units 2 and 3 CWIP and incorporates the 11% ROE that was initially authorized in 2009 for use in Summer CWIP-related proceedings.
 - (13) Proceeding to establish the rates to be charged to customers under the company's "compliance and system improvement adjustment" mechanism.
 - (14) Case involves the company's Integrity Management Rider, under which it is authorized to track and recover prudently
 - (15) Case involves an update to the company's gas system reliability surcharge rider.
 - (16) Case represents the company's first filing under its Gas Utility Infrastructure Cost Rider.
 - (17) This is the initial proceeding to establish the rates to be charged to customers under the company's transmission, distribution, and storage system improvement charge rate adjustment mechanism.
 - (18) Case represents an annual update to the company's pipe replacement program rider.

FOOTNOTES (continued)

- (19) Case represents an update to the company's semi-annual infrastructure system replacement surcharge rider.
- (20) The approved final Joint Proposal provides for the company to implement a \$1.8 million gas rate increase, effective July 1, 2015, based on a 9% return on equity (48% of capital) and a 6.62% overall return, a \$4.6 million increase on July 1, 2016, based on the same return parameters, and a \$4.4 million increase on July 1, 2017, that reflects a 9% return on equity (48% of capital) and a 6.58% overall return.
- (21) Indicated \$10.5 million rate increase excludes a \$1.9 million "step" increase for capital additions that was effective July 1, 2015.
- (22) New rates effective 10/1/15, as estimated by RRA.
- (23) Case represents annual update to company's infrastructure system replacement surcharge rider.

Dennis Spurduto

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

JURISDICTION:	Oregon	DATE PREPARED:	11/30/2015
CASE NO:	UG 288	WITNESS:	Jennifer Smith
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	State& Federal Regulation
REQUEST NO.:	Staff - 306	TELEPHONE:	(509) 495-4324
		EMAIL:	annette.brandon@avistacorp.com

REQUEST:

Does the Company have discretion on whether or not incentive compensation will be paid out in any given year? If not, please explain. Please make response responsive to all incentive plans, including, but not limited to, officers, non-officers, short term, long term, etc.

RESPONSE:

Yes, the Company has full discretion on whether or not incentive compensation will be paid out in any given year. Please see the Plan documents¹ provided in the Company's response to NWIGU_DR_1.3. Also see Avista's response to Staff_DR_307.

¹ See NWIGU_DR_1.3 Page 7 for the Non-Executive Short Term Incentive Plan, NWIGU_DR_1.3 Page 19 for the Executive Short Term Incentive Plan, and NWIGU_DR_1.3 Page 29 for the Long Term Incentive Plan.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/30/2015
CASE NO:	UG 288	WITNESS:	Jennifer Smith
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 307	TELEPHONE:	(509) 495-4324
		EMAIL:	annette.brandon@avistacorp.com

REQUEST:

Is it theoretically possible, though unlikely, that the Company could pay out no incentive compensation in any given year? If not, please explain. Please make response responsive for all incentive plans, including, but not limited to, officers, non-officers, short term, long term, etc.

RESPONSE:

Yes, it is possible that the Company could pay out no incentive compensation in a given year.

However, incentive compensation is an important element within the overall compensation package because it represents a portion of the employee's compensation that is at-risk. A pay-at-risk component of compensation is not designed to pay out the full incentive opportunity every year, nor is it designed to have no payout for an extended period of time. Incentive Plan metrics are designed to be reasonably achievable with strong management performance. Maximum performance levels are designed to be difficult to achieve given historical performance and forecasted results at the time the metrics are approved. In fact, in the previous 15 years payout levels have ranged from a low of 20.2% to a high of 150.0%. Pay-at-risk plans are designed to help focus employees on making decisions that benefit the Company and its customers, while at the same time functioning as an integrated component of total compensation.

A compensation program without pay-at-risk would drive base wages upward, which in turn, would increase pension liability costs as well. Customers benefit from a compensation plan with a pay-at-risk component that is dependent on employees achieving specific objectives that have a direct tie to customer satisfaction and cost efficiency.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/30/2015
CASE NO:	UG 288	WITNESS:	Jennifer Smith
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 308	TELEPHONE:	(509) 495-4324
		EMAIL:	annette.brandon@avistacorp.com

REQUEST:

Jonathon D. Weinstein, the Eastern Division Leader for Executive Compensation with Towers Watson, was engaged by a utility in its rate case in Indiana to assess the prevalence of annual incentive and long-term incentive compensation plans in the utility industry. In his rebuttal testimony in Indiana Utility Regulatory Commission Cause No. 43839, filed July 30, 2010, he states on page 49, **“Non-financial measures are designed to focus employees on achieving superior operational, safety and customer service results, while financial measures help focus employees on achieving those results in a cost effective manner.”** With regard to that definition of financial and non-financial measures and the Company’s testimony, specifically lines 12-13 of Avista/1000, Smith/13, please discuss whether the Company’s incentive metric “O&M cost per customer” benefits customers, shareholders, and/or both.

RESPONSE:

The Company defines “financial metrics” in the context of Avista/1000, Smith/13 as those metrics which are directly related to shareholder performance or increased earnings such as earnings-per-share (EPS), or return on equity (ROE). The costs associated with these metrics are entirely borne by shareholders.

Employees are incentivized to control costs and drive efficiencies which keep costs reasonable. This ultimately benefits our customers through reasonable rates. The plan document provides the following definition:

“The O&M CPC is a measure that focuses on controlling costs and driving efficiencies in order to keep our costs reasonable for our customers. This metric is based on targeted O&M expense and number of customers. These components are combined to create a O&M CPC Metric”¹

¹ See the Company’s response to Staff_DR_1.3C Confidential Attachment A.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Shelly J. Heier/Mark T. Thies
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Rich Stevens
TYPE:	Data Request	DEPT:	Treasury
REQUEST NO.:	Staff - 309	TELEPHONE:	(509) 495-4330
		EMAIL:	rich.stevens@avistacorp.com

REQUEST:

With regard to Avista/1300, Heier/6, at line 18, please provide the Company's best estimate of what year in the future the Company's defined benefit pension plan will close (ie. In what year is the final payment expected to be made to an employee participating in the plan).

RESPONSE:

The Company has not established a date for closing (ie. what year the final payment is expected to be made) the defined benefit pension plan. The plan provides for employee and retiree participants and their surviving spouses to receive benefits after retirement for the remainder of their lifetimes, which could be many decades ahead.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/24/2015
CASE NO.:	UG 288	WITNESS:	Shelly Heier
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Shelly Heier
TYPE:	Data Request	DEPT:	Verus
REQUEST NO.:	Staff - 316	TELEPHONE:	(206) 622-3700
		EMAIL:	sheier@verusinvestments.com

REQUEST:

With regard to Avista/1300, Heier/23, at line 5, please discuss if adopting an LDI portfolio, in addition to mitigating volatility and risk, also limits a pension plan's ability to recover from a decrease in funded status.

RESPONSE:

Yes, adopting an LDI portfolio may limit, but not prohibit, a pension's ability to recover from a decrease in funded status. As demonstrated in Avista/1300, Heier/13-14, adopting LDI narrows the sensitivity of a pension plan to movements in the equity markets and interest rates. It accomplishes this reduction in variability by tying the asset portfolio's returns more closely to the movement of the liabilities. A plan with a low or no allocation to LDI would have the benefit or detriment of big swings in interest rates changing the valuation of the liabilities and/or big swings in equity markets changing the assets, thereby potentially improving the funded status if interest rates rise and equity markets rise or worsening the funded status if interest rates fall and equity markets fall. A plan with high LDI would have less equity upside or downside potential, and its returns would more closely track the pension liabilities.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Shelly J. Heier/Mark T. Thies
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Rich Stevens
TYPE:	Data Request	DEPT:	Treasury
REQUEST NO.:	Staff - 321	TELEPHONE:	(509) 495-4330
		EMAIL:	rich.stevens@avistacorp.com

REQUEST:

With regard to Avista/1100, Thiess/16, at line 1, please provide for the years 2008 through 2015 the annual minimum required contribution amount and the amount actually contributed by the Company.

RESPONSE:

The Company's actual contributions to the pension plan are listed below. The minimum contributions under the Pension Protection Act of 2006 (PPA) are shown prior to application of funding balances and net of available funding balances (net of credits). The PPA minimum contributions are defined by the PPA, as subsequently modified by MAP-21 legislation (passed in 2012) and HAFTA legislation (passed in 2014). (Amounts in millions.)

Year	Actual Contribution	PPA Minimum prior to application of credits	PPA Minimum net of credits
2008	\$28.0	\$12.1	\$ 0.0
2009	\$48.0	\$17.3	\$ 4.3
2010	\$21.0	\$16.0	\$ 0.0
2011	\$26.0	\$25.5	\$ 0.0
2012	\$44.0	\$ 4.1	\$ 0.0
2013	\$44.3	\$10.6	\$ 0.0
2014	\$32.0	\$ 0.0	\$ 0.0
2015	\$12.0	\$ 0.0	\$ 0.0

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Shelly J. Heier/Mark T. Thies
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Rich Stevens
TYPE:	Data Request	DEPT:	Treasury
REQUEST NO.:	Staff – 322	TELEPHONE:	(509) 495-4330
		EMAIL:	rich.stevens@avistacorp.com

REQUEST:

For comparability purposes, please provide the Company's forecast of annual contributions to its pension plan in the future

- a. prior to transitioning its pension asset investment allocation to 58 percent fixed income in 2014;
- b. immediately subsequent to transitioning its pension asset investment allocation to 58 percent fixed income in 2014; and,
- c. the most recent forecast of future annual contributions.

RESPONSE:

The forecasts of annual pension plan contributions below are from Company forecasts dated (a) January 6, 2014, (b) June 18, 2014 and (c) October 28, 2015. (Amounts in millions.)

Year	(a)	(b)	(c)
2014	\$32.0	32.0	N/A
2015	20.0	12.0	12.0
2016	10.0	12.0	12.0
2017	9.0	12.0	12.0
2018	9.0	12.0	12.0
2019		12.0	12.0

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Oregon	DATE PREPARED:	11/24/2015
CASE NO.:	UG 288	WITNESS:	Shelly Heier
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Shelly Heier
TYPE:	Data Request	DEPT:	Verus
REQUEST NO.:	Staff - 325	TELEPHONE:	(206) 622-3700
		EMAIL:	sheier@verusinvestments.com

REQUEST:

With regard to Avista/1300, Heier/12, at line 12, please discuss the following:

- a. Is LDI investing generally a good strategy for a pension plan that is significantly underfunded?
- b. At what levels of funding does an LDI strategy become optimal for a pension plan and at what levels of funding is an LDI strategy suboptimal?
- c. Would an LDI strategy be recommended, generally, to a fund that is 85 percent funded?

RESPONSE:

The use of LDI requires assessment of not only the funded status of the plan, but also the entire corporate enterprise, such as how the pension plan fits into the corporate strategy for employee recruiting and benefits, the company's ability to contribute, and the stability of the corporate balance sheet. The organization's capacity and ability to withstand market volatility and overall risk tolerance will also be relevant, as two cash-strapped companies with the same level of underfunded-ness may approach their pensions quite differently. One may determine that the plan must take significantly more equity risk to earn the way back to fully funded, whereas the other may determine that any incremental additional exposure to another equity crisis will not only wipe out the pension but the organization as a whole. Therefore, without knowing all of these factors, passing judgement on when and where LDI should be used is not appropriate. In our experience, we have advised that some exposure to LDI can be appropriate for a wide range of funded levels.

To answer your questions specifically:

- a. It is not a common approach for significantly underfunded pensions, although whether it is a "good strategy" will depend on other factors affecting that company such as their ability to contribute to the plan.
- b. There is no scientific or academic tool available that can specify a threshold at which LDI is optimal versus not. The common approach is to adopt LDI gradually over time as funded status improves. While a plan is less well funded, a typical glidepath would allow for less LDI and more equity exposure with the intent that the plan's funded status will improve as equity markets recover and/or as interest rates rise. Then, as funded status rises, the LDI exposure is increased.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Shelly J. Heier
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Rich Stevens
TYPE:	Data Request	DEPT:	Treasury
REQUEST NO.:	Staff - 326	TELEPHONE:	(509) 495-4330
		EMAIL:	rich.stevens@avistacorp.com

REQUEST:

With regard to Avista/1300, Heier/22, at line 22, please discuss the following:

- a. Does "shorter asset-smoothing allowed in actuarial calculations for pension expense and contributions" refer specifically to the changes imposed by the Pension Protection Act of 2006 (PPA)? If not, please explain what is referred to by shorter asset-smoothing and when it was implemented.
- b. When was mark-to-market accounting generally implemented for pension fund accounting?

RESPONSE:

- a. The PPA allows recognition of differences in pension assets and pension obligations over two years, while ASC 715 allows recognition over five years. Avista elected several years ago to recognize changes in asset values and pension obligations as they occur on the measurement date (end of each year) rather than smoothing those changes over future periods. In response to the cited testimony, Avista's expected return on assets (EROA) is forecasted over a ten-year horizon. Therefore, the immediate recognition of changes in asset values and pension obligation value at the end of each accounting year is in sharp contrast to the ten-year horizon for EROA.
- b. The Financial Accounting Standards Board called for market values in pension accounting in FAS-87, which was adopted in 1985.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/24/2015
CASE NO.:	UG 288	WITNESS:	Shelly Heier
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Shelly Heier
TYPE:	Data Request	DEPT:	Verus
REQUEST NO.:	Staff - 327	TELEPHONE:	(206) 622-3700
		EMAIL:	sheier@verusinvestments.com

REQUEST:

With regard to Avista/1300, Heier/21, at line 9, please discuss generally what pension plans can do to recover from pension funding crises and what general percentage of recovery is due to cash contributions versus increased market returns or other factors.

RESPONSE:

This is an overly broad and general question, as the answer depends not only on a company's ability to contribute, the company's balance sheet and risk tolerance, as well as independent variables such as regulatory intervention. In the recent pension crises, the federal government stepped in several times with various forms of pension relief, as many sectors of the US economy were unable to contribute to their pension plans, and pension requirements were putting those companies at risk of failure. Conversely, some companies were able to make material contributions to the plan with cash, others issued debt to fund their pensions, and others changed the risk profile of the investment portfolio to increase the expected returns on assets. Therefore, generally speaking, there are a broad range of solutions available to companies, of which contributions, risk taking, and changing investment strategy are among the potential tools available.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/24/2015
CASE NO.:	UG 288	WITNESS:	Mark T. Thies
REQUESTER:	PUC Staff - Bahr	RESPONDER:	Rich Stevens
TYPE:	Data Request	DEPT:	Treasury
REQUEST NO.:	Staff - 329	TELEPHONE:	(509) 495-4330
		EMAIL:	rich.stevens@avistacorp.com

REQUEST:

Please confirm the Company's defined benefit pension plan is closed only to non-union employees hired after January 1, 2014, and remains open to union employees.

RESPONSE:

The Company's defined benefit pension plan is closed to non-union employees hired on and after January 1, 2014, and Local 659 union employees hired on and after April 1, 2014. The plan remains open to Local 77 union employees.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/18/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff -330	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

What is the temperature used for the design heating degree day model that the Company uses to support the need for the East Medford Reinforcement and Ladd Canyon Station gate upgrade projects? Are the design heating degree days the same for all areas in Oregon?

RESPONSE:

The design heating degree day (HDD) temperature for the Medford area (East Medford Reinforcement) is 61 heating degree days, or 4 degrees Fahrenheit average daily temperature.

The design heating degree day temperature for the La Grande area (Ladd Canyon Gate Station Upgrade) is 74 heating degree days, or -9 degrees Fahrenheit average daily temperature.

As discussed in Avista's 2014 Natural Gas Integrated Resource Plan (IRP), "Oregon weather input [uses] four weather stations, corresponding to the areas where Avista provides natural gas services. HDD weather patterns between the areas are uncorrelated." That is to say, the design heating degree days are not the same for all areas in Oregon.

Nevertheless, while the design heating degree days are not the same for all areas in Oregon, the fact that a design heating degree day was reached in one area (Klamath Falls, Oregon, where the design HDD is 72 HDD) as recently as December 8, 2013 confirms the design heating degree day as a prudent planning standard.

Prior to the December 8, 2013 design heating degree day in Klamath Falls, Oregon, the previous design heating degree day in Klamath Falls had occurred on December 21, 1990.¹ Further, in the 20 years preceding the completion of Avista's 2012 Natural Gas IRP, the coldest day in 20 years in Klamath Falls had been a 64 heating degree day.²

These factors, along with the recent December 8, 2013 design heating degree day, demonstrate that the absence of a design heating degree day in the past 20 years does not mean that a design heating degree day will not happen. In fact, this further confirms that the design heating degree day is a prudent planning standard.

Please see Avista's response to Staff_DR_331 for further discussion of the determination of design heating degree days.

¹ Avista Utilities 2012 Natural Gas Integrated Resource Plan, page 3.6.

² Avista Utilities 2012 Natural Gas Integrated Resource Plan, page 3.7.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/23/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff -- 331	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Please describe how the design heating degree day for Oregon was determined:

RESPONSE:

Avista's design heating degree day is determined for distribution system modeling using the coldest day on record for each given service area. This practice is consistent with the peak day demand forecast utilized in the peak day demand forecast for Avista's natural gas Integrated Resource Plans. The 2014 Natural Gas Integrated Resource Plan (IRP), explains the methodology for determining the peak day demand forecast as follows:¹

The peak day demand forecast includes adjustments to average weather to reflect a five-day cold weather event. This consists of adjusting the middle day of the five-day cold weather event to the coldest temperature on record for a service territory....

The IRP goes on to describe the coldest days on record for each of the Oregon service areas, stating the following:²

Medford experienced the coldest day on record, a 61 HDD, on Dec. 9, 1972. This is equal to an average daily temperature of 4 degrees Fahrenheit. Medford has experienced only one 61 HDD in the last 40 years; however, it has also experienced 59 and 58 HDD events on Dec. 8, 1972 and Dec. 21, 1990, respectively.

The other three areas in Oregon have similar weather days. For Klamath Falls, a 72 HDD occurred on Dec. 8, 2013; in La Grande a 74 HDD occurred on Dec. 23, 1983; and a 55 HDD occurred in Roseburg on Dec. 22, 1990. As with Washington/Idaho and Medford, these days are the peak day weather standard for modeling purposes. (emphasis added)

The IRP also addresses the appropriateness of the use of the coldest day on record as the planning standard, stating:³

Utilizing a peak planning standard of the coldest temperature on record may seem aggressive given a temperature experienced rarely, or only once. Given the potential

¹ Avista Utilities 2014 Natural Gas Integrated Resource Plan, page 31.

² Avista Utilities 2014 Natural Gas Integrated Resource Plan, page 32.

³ Avista Utilities 2014 Natural Gas Integrated Resource Plan, page 32.

impacts of an extreme weather event on customers' personal safety and property damage to customer appliances and Avista's infrastructure, it is a prudent planning standard. While remote, peak days do occur, as on Dec. 8, [2013]⁴, when Avista matched the previous peak HDD in Klamath Falls.

Further, the IRP addresses the question of whether global warming should be considered in the determination of peak day planning standards, stating:⁵

Avista was unable to find any definitive evidence to support a peak day warming trend. After discussion with the [Technical Advisory Committee], Avista decided to discontinue global warming trend adjustments to peak day weather events in the HDD forecast. Therefore, the modeling and analysis with respect to peak day planning is unaffected by global warming.

See Staff_DR_330 for further discussion of the length of time between peak weather events in Klamath Falls, Oregon, which is consistent with the decision that global warming should not be considered in the determination of peak day planning standards.

Additionally, each of the parties to this case (the Oregon Public Utility Commission, CUB, and the Northwest Industrial Gas Users) were represented on the Technical Advisory Committee, which "is a vital component of our IRP process, as it provides a forum for the exchange of ideas from multiple perspectives, identifies issues and risks, and improves analytical methods."⁶

Given the well-founded basis for the determination of peak day weather standards (design heating degree days) as described above, and the involvement of PUC Staff, CUB, and the Northwest Industrial Gas Users, specifically, and the Technical Advisory Committee, more broadly, in the determination of peak day weather standards, Avista's design heating degree days are appropriate planning standards.

⁴ The IRP states that this event occurred on December 8, 2014. However, this date was inadvertently mis-typed, as December 8, 2014 had not yet occurred as of the filing date of the IRP (August 31, 2014). This peak day actually occurred on December 8, 2013.

⁵ Avista Utilities 2014 Natural Gas Integrated Resource Plan, page 33.

⁶ Avista Utilities 2014 Natural Gas Integrated Resource Plan, page 1.

much colder temperatures get. Avista sought to capture this phenomenon through development of super peak coefficients.

The methodology for deriving super peak coefficients was derived by averaging the heat coefficients for December, January and February. One inherent drawback to this methodology is the lack of sufficient data points to develop a strong linear relationship. Avista will continue to test this theory and monitor trends as described in Chapter 8 - Ongoing Activities.

As a final step, coefficient reasonableness was checked by applying the coefficients to actual customer count and weather data to backcast demand. This was compared to actual demand with satisfactory results.

Weather Forecast

The last input in the demand modeling equation is weather (specifically HDDs). This started with the most current 20 years of daily weather data from the National Oceanic Atmospheric Administration (NOAA), converted to HDDs, and used to compute an average for each day to develop the weather forecast. The Oregon weather input used four weather stations, corresponding to the areas where Avista provides natural gas services. HDD weather patterns between these areas are uncorrelated. Weather data for the Spokane Airport is used for the eastern Washington and northern Idaho portions of the service area, as HDD weather patterns within that region are correlated.

The NOAA 20-year average weather serves as the base weather forecast to prepare the annual average demand forecast. The peak day demand forecast includes adjustments to average weather to reflect a five-day cold weather event. This consists of adjusting the middle day of the five-day cold weather event to the coldest temperature on record for a service territory, as well as adjusting the two days on either side of the coldest day to temperatures slightly warmer than the coldest day. For the Washington/Idaho and La Grande service territories, the model assumes this event on and around February 15 each year. For the southwestern Oregon service territories (Medford, Roseburg, Klamath Falls), the model assumes this event on and around December 20 each year.

The following section provides details about the coldest days on record for each service territory.

The Washington/Idaho service areas coldest day on record was an 82 HDD for Spokane and occurred on Dec. 30, 1968. This is equal to an average daily temperature of -17 degrees Fahrenheit. Only one 82 HDD has been experienced in the last 40 years

for this area; however, within that same time period, 80, 79 and 74 HDD events occurred on Dec. 29, 1968, Dec. 31, 1978 and Jan. 5, 2004, respectively.

Medford experienced the coldest day on record, a 61 HDD, on Dec. 9, 1972. This is equal to an average daily temperature of 4 degrees Fahrenheit. Medford has experienced only one 61 HDD in the last 40 years; however, it has also experienced 59 and 58 HDD events on Dec. 8, 1972 and Dec. 21, 1990, respectively.

The other three areas in Oregon have similar weather data. For Klamath Falls, a 72 HDD occurred on Dec. 8, 2013; in La Grande a 74 HDD occurred on Dec. 23, 1983; and a 55 HDD occurred in Roseburg on Dec. 22, 1990. As with Washington/Idaho and Medford, these days are the peak day weather standard for modeling purposes.

Utilizing a peak planning standard of the coldest temperature on record may seem aggressive given a temperature experienced rarely, or only once. Given the potential impacts of an extreme weather event on customers' personal safety and property damage to customer appliances and Avista's infrastructure, it is a prudent planning standard. While remote, peak days do occur, as on Dec. 8, 2014, when Avista matched the previous peak HDD in Klamath Falls.

Avista analyzes an alternate planning standard using the coldest temperature in the last twenty years the Washington/Idaho service area uses a 76 HDD, which is equal to an average daily temperature of -11 degrees Fahrenheit. In Medford, the coldest day in 20 years is a 54 HDD, equivalent to a temperature of 11 degrees Fahrenheit. In Roseburg, the coldest day in 20 years is a 48 HDD, equivalent to a temperature of 17 degrees Fahrenheit. In Klamath Falls, the coldest day in 20 years is a 72 HDD, equivalent to a temperature of -7 degree Fahrenheit. In La Grande, the coldest day in 20 years is a 64 HDD, equivalent to a temperature of 1 degree Fahrenheit.

The HDDs by area, class and day entered into SENDOUT® are in Appendix 2.4.

Global Warming

In previous IRP's, an adjustment has been made to NOAA weather data to incorporate estimates for global warming. This adjustment was based on analysis of historical weather data in each of the areas served. In this IRP, Avista moved away from adjusting the weather data in favor of moving from a rolling 30-year average to a 20-year average.

Avista chose a 20-year average for several reasons. First, NASA climate studies indicate that the distribution of temperatures in North America began to shift upwards

significantly about 20 years ago.¹ In this case, a 20-year average coincides with the period when the temperature shift occurred. Second, there is a tradeoff between the length of the normal weather definition and its volatility.² For example, although a 10-year moving average captures turning points in climate trends more quickly than 15, 20 or 30-year averages, it will do so at the cost of larger year-to-year changes in the measurement of normal weather. That is, short-term weather variations not necessarily related to climate change will play a larger role in the defining normal weather as the number of years used for calculating the moving average declines. This can lead to excessive forecast volatility for each update to the 10-year average. In this respect, the 20-year average is a compromise between the traditional 30-year average, which may not capture climate trends, and the 10-year average, which greatly increases the volatility of year-to-year normal weather.

Avista was unable to find any definitive evidence to support a peak day warming trend. After discussion with the TAC, Avista decided to discontinue global warming trend adjustments to the peak day weather events in the HDD forecast. Therefore, the modeling and analysis with respect to peak day planning is unaffected by global warming.

Developing a Reference Case

To adjust for uncertainty, Avista developed a dynamic demand forecasting methodology that is flexible to changing assumptions. To understand how various alternative assumptions influence forecasted demand Avista needed a reference point for comparative analysis. For this, Avista defined the reference case demand forecast shown in Figure 2.4. This case is only a starting point to compare other cases.

¹ See Hansen, J.; M. Sato; and R. Ruedy, "Global Temperature Update Through 2012," *Science Summary of NASA's 2012 Temperature Summary* January 2013, <http://www.nasa.gov/topics/earth/features/2012-temps.html>

² For a detailed discussion of this issue, see Livezey, R. E., and P. Q. Hanser, "Redefining Normal Temperatures: Resource Planning and Forecasting in a Changing Environment," *Public Utilities Fortnightly*, May 2013, 151(5), pp. 28-33,56.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 332	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

a) When was the current design heating degree day for both the Medford and La Grande areas (if different) determined? b) Would the design heating degree day for Medford and La Grande be the same if it was based on the last twenty-year weather history? c) If not, using the last twenty years of weather, what would be the design heating degree day for Medford and La Grande?

RESPONSE:

- a. See the response to Staff_DR_331 for discussion of determination of the design heating degree day for both the Medford and La Grande areas.
- b-c. Avista's 2014 Natural Gas Integrated Resource Plan (IRP) provides information regarding the coldest day in the last 20 years for each of Avista's forecast regions, stating:

In Medford, the coldest day in 20 years is a 54 HDD, equivalent to a temperature of 11 degrees Fahrenheit. ... In La Grande, the coldest day in 20 years is a 64 HDD, equivalent to a temperature of 1 degree Fahrenheit.

Thus, if the last 20 years of weather were the determining factor for a design heating degree day for Medford and La Grande, these aforementioned HDD values would be the design heating degree day standards for these areas, respectively.

However, Avista's response to Staff_DR_331 includes discussion regarding the appropriateness of the use of the coldest day on record to determine Avista's peak day weather planning standards. Additionally, the response to Staff_DR_331 includes discussion regarding the decision, reached by both Avista and the Technical Advisory Group to the IRP process, that a global warming adjustment should not be made to peak day weather planning. Therefore, the use of the coldest day in 20 years for the determination of peak day weather planning is not appropriate for system design considerations.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/23/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 333	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

What is the most recent date that Avista implemented its Cold Weather Action plan in Oregon, in which manual intervention of the distribution system was required to maintain service to customers? At which location(s) did this occur?

RESPONSE:

As discussed in my Reply Testimony (AVISTA/1500, Webb/15-16), the Cold Weather Action Plan is a decision tree intended to initiate high-level manual intervention activities in particular areas at a pre-defined temperature. These plans have been implemented as an operational response in areas where the distribution system capacity is insufficient and the "activation" of such plan is not formally documented in each instance. The activation of a Cold Weather Action Plan is triggered in response to the temperature dropping below a predetermined point in the given region. The activation of a Cold Weather Action Plan means that additional attention is paid to the system in order to address any potential system deficiencies that are identified. However, it does not necessarily mean that manual intervention occurred in the field each and every time that the temperature threshold was reached.

Based upon inquiry of system operations personnel in each of Avista's four districts in Oregon, manual intervention in the field has been required two or three times in the previous eight to nine years in Medford (these interventions include manual adjustment of pressure regulating stations); manual intervention in the field was required in Klamath Falls in the winter of 2009-2010.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/26/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 334	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Please provide all dates and locations in Oregon for which Avista implemented either its Cold Weather Action Plan, or a similar plan, in which manual intervention of the distribution system was required to maintain service to customers?

RESPONSE:

Please see Avista's response to Staff_DR_333.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/26/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 335	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Please provide all dates and locations for which Avista curtailed service to any Oregon interruptible customer due to capacity and/or system pressure constraints? For each instance of curtailment, please explain the factors that necessitated such curtailment.

RESPONSE:

Prior to the completion of high pressure pipeline to the north of Medford (completed in 2007), service to the U.S. Department of Veterans Affairs in White City, Oregon was periodically curtailed during winter months due to capacity and system pressure constraints.

Prior to the completion of Gas Transmission Northwest's Medford Lateral from Klamath Falls (completed in 1995), Southern Oregon University's service would be periodically curtailed during winter months due to capacity and system pressure constraints.

Additionally, the location of the interruptible customers is an important factor in determining the status of their service. If an interruptible customer is on a "healthy" part of the gas system (i.e., an area where pressure shortfalls are not expected on a design heating degree day), there is little to no advantage in curtailing the customer. The benefits to curtailment are present if the interruptible customer happens to be located in an area of poor pressure, or upstream of an area of poor pressure.

There have not been any curtailments in Oregon subsequent to the aforementioned completion of the high pressure pipeline to the north of Medford in 2007.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/26/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 336	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Does Avista currently have any interruptible customers in the Medford, Ashland, Grants Pass area that could potentially have service curtailed due to, or associated with, the implementation of a Cold Weather Action Plan?

RESPONSE:

Avista does have interruptible customers in the Medford, Ashland, Grants Pass area. However, as discussed in Mr. Webb's Reply Testimony at AVISTA/1500, Webb/20, lines 4-9:

While it is true that loads can be interrupted or curtailed in the event of supply or capacity shortfalls, the load studies performed to model the Company's gas distribution system on design [heating degree] days consider only firm load. That is to say, Avista's design heating degree day models presume that all interruptible customers have already been interrupted, and only firm loads are being served. Therefore, the capacity deficits shown in the previously discussed load studies could not be alleviated through intervention.

Thus, the consideration of whether customers can be interrupted is irrelevant to the existing capacity deficits in Medford, as further discussed in Mr. Webb's Reply Testimony.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 337	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Does Avista currently have any interruptible customers in the La Grande area that could potentially have service curtailed due to, or associated with, the implementation of a Cold Weather Action Plan?

RESPONSE:

Avista does have interruptible customers in the La Grande area. However, as discussed in my Reply Testimony at AVISTA/1500, Webb/20, lines 4-9:

While it is true that loads can be interrupted or curtailed in the event of supply or capacity shortfalls, the load studies performed to model the Company's gas distribution system on design [heating degree] days consider only firm load. That is to say, Avista's design heating degree day models presume that all interruptible customers have already been interrupted, and only firm loads are being served. Therefore, the capacity deficits shown in the previously discussed load studies could not be alleviated through intervention.

Thus, the consideration of whether customers can be interrupted is irrelevant to the existing capacity deficits in Union and Elgin (in the La Grande area), as further discussed in my Reply Testimony.

Avista Corp.
Expenditure Detail

Project Number	98405247
Er	3203

Sum of Transaction Amount		
Expenditure Category	Expenditure Type	Total
AFUDC	535 AFUDC - Debt	22,125
	540 AFUDC - Equity	40,362
AFUDC Total		62,487
Contractor	010 General Services	121
	020 Professional Services	78,234
	035 Workforce - Contract	1,544,507
Contractor Total		1,622,862
Employee Expenses	205 Airfare	2,017
	210 Employee Auto Mileage	5
	215 Employee Business Meals	197
	220 Employee Car Rental	76
	230 Employee Lodging	1,131
	235 Employee Misc Expenses	50
Employee Expenses Total		3,475
Labor	320 Overtime Pay - NU	393
	325 Overtime Pay - Union	418
	340 Regular Payroll - NU	26,410
	345 Regular Payroll - Union	14,696
Labor Total		41,917
Material	405 Inventory Returns	(185)
	415 Material Issues	3,233
Material Total		3,048
Overhead	505 Capital Overhead - A & G	7,905
	506 Cap Overhead - Functional	61,679
	510 Payroll Benefits loading	21,640
	512 Incentive Loading-NU	2,860
	514 Incentive Loading-Union	88
	515 Payroll Tax loading	3,433
	520 Payroll Time Off loading	6,800
	525 Small Tools loading	1,010
	530 Stores/Material Loading	131,421
	532 Materials Tax/Fght Loading	46
	Overhead Total	
Transportation	550 Company Aircraft	2,380
	565 Small Vehicles	304
Transportation Total		2,684
Vehicle	710 Rental Expense - Vehicle	394
Vehicle Total		394
Voucher	840 Freight Costs	314
	870 Lease Expense - Other	24,900
	880 Materials & Equipment	1,111,617
	885 Miscellaneous	1,050
	890 Office Supplies	37
	905 Permits	2,475
	930 Right-of-Way Easements	450
Voucher Total		1,140,843
Grand Total		3,114,591

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	Karen Schuh
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff – 338	TELEPHONE:	(509) 495-2293
		EMAIL:	karen.schuh@avistacorp.com

REQUEST:

Please provide a copy of all documentation that supports the cost of the East Medford Reinforcement project that is included in the filing. This should include contractor bids, material invoices, permit costs, engineering and labor charges broken down by position, as well as a transaction-level detail of all costs incurred as of the date of this request.

RESPONSE:

The attachments provided are **CONFIDENTIAL SUBJECT TO GENERAL PROTECTIVE ORDER**.

The Company has provided extensive documentation regarding the requested capital dollars for the East Medford Reinforcement Project, both in the initial filing and through the six month discovery period. For example, in the Company's original filing, in Exhibit 600/Schuh, page 18, lines 31-40, the following description for East Medford was given:

ER 3203: East Medford Reinforcement – 2015: \$5,000,000

This project will complete the 12" high-pressure steel pipeline loop across the east side of Medford, Oregon. The length of the remaining segment will be about 3.2 miles. Avista's Gas Integrated Resource Plan requires increased gas deliveries from the TransCanada Pipeline source at Phoenix Road Gate Station in SE Medford. Existing distribution piping exiting the station will be unable to receive the increased gas volumes. A new high-pressure gas line encircling Medford to the east and tying into an existing high pressure line in White City will improve delivery capacity and provide a much needed reinforcement in the East Medford area, which is forecasting higher growth.

The Company included the Capital Business Case, in witness Schuh's workpapers and again in Exhibit Schuh/1401. This information provided in the original filing, demonstrated the need for East Medford and other capital projects. Subsequently, additional discovery was undertaken concerning the specifics of East Medford. The data responses and corresponding dates are listed below:

Requestor	Data Request Number	Date Requested	Topic
Staff	167	06.23.15	In Service Dates, budget to actual expenditures
Staff	168	06.23.15	Actual to budget information on several capital projects including East Medford.
Staff	233	08.04.15	Describes the purpose of the East Medford Reinforcement Project.
Staff	288	09.17.15	Clarifies the language and timing surrounding the East Medford Project in the Natural Gas IRP and moving the project forward.
CUB	5	09.18.15	2014 Load in the Medford area.
CUB	28	10.07.15	Historical five years of load data in the Medford area.
CUB	31	10.21.15	Demonstrates need for East Medford in 2015 and includes pressure maps and other support.
CUB	45	10.21.15	Clarifies the language and timing surrounding the East Medford Project in the Natural Gas IRP and moving the project forward.
CUB	46	10.21.15	Clarifies that Compressor stations are not a viable for Avista

The Company has also provided Reply Testimony and Exhibits regarding the East Medford Reinforcement project in Webb/1500 – 1505. Finally, the Company responded to several Staff data requests also relating to East Medford on November 24, 2015, which include: Staff_DR_330, Staff_DR_331, Staff_DR_332, Staff_DR_333, Staff_DR_336, Staff_DR_339 and Staff_DR_341.

Additional information requested above is attached in Staff_DR_338 CONFIDENTIAL Attachment A, which is a matrix illustrating the five bids received for the East Medford Reinforcement Phase 5 project. Brotherton Pipeline was chosen based on lowest bidder and past favorable experiences with this contractor. Staff_DR_338 CONFIDENTIAL Attachment B and CONFIDENTIAL Attachment B.1 represent the contract and change order with Brotherton.

Please see Staff_DR_338 Attachment C, which is a table of the transaction level detail of all costs incurred as of November 15, 2015. This is also being provided in electronic format so that the detailed transaction information can be accessed and reviewed.

Staff_DR_338 CONFIDENTIAL Attachment D includes a listing of and copies of all invoices incurred through November 15, 2015 on the East Medford Project.

Staff_DR_338 Attachment F includes all of the Company's data responses to requests from Staff and CUB listed in the above table.

STAFF/1400
Gardner/35-47

CONFIDENTIAL

(Hard Copy to Follow)

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 339	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

When was the most recent date that a design heating degree day occurred in the Medford, Grants Pass, Ashland area? How many design heating degree days have occurred in this area in the last 20 years?

RESPONSE:

Please see Avista's response to Staff_DR_331 for discussion of the most recent dates on which design heating degree days occurred. This response also discusses the methodology surrounding the determination of design heating degree days.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 340	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

When was the most recent date that a design heating degree day occurred in the La Grande area?
How many design heating degree days have occurred in this area in the last 20 years?

RESPONSE:

Please see Avista's response to Staff_DR_331 for discussion of the most recent dates on which design heating degree days occurred. This response also discusses the methodology surrounding the determination of design heating degree days.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 341	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

Please provide the actual annual transfers to plant for the first four phases of the East Medford Reinforcement project. In your answer please identify each phase.

RESPONSE:

The following table, excerpted from Mr. Webb's Reply Testimony,¹ provides the timing of the phases included in the East Medford Reinforcement Project.

Phase	Year	Feet of Pipe
Phase 1a	2008	7,500'
Phase 2	2008	18,500'
Phase 1b	2009	7,300'
Phase 3	2009	12,800'
Phase 4	2013	1,000'
Phase 5	2015	16,400'

¹ AVISTA/1500, Webb/9, lines 19-24.

The following table illustrates the actual transfers to plant, by year, related to the East Medford Reinforcement Project.

Year	Phase	Gross Plant Investment Transferred to Plant in Service
2008	Phases 1a & 2	5,862,527
2009	Phases 1b & 3	4,093,757
2010*	Phases 1b & 3	12,037
2013	Phase 4	787,493
Total		10,755,813

* Transfers to plant in 2010 represent trailing charges associated with work in 2009 on Phases 1b and 3. Trailing charges are the result of timing differences between completion of the project work near the end of a period and the receipt of invoices associated with that work in the subsequent period.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Karen Schuh
REQUESTER:	PUC Staff - Moore	RESPONDER:	Karen Schuh
TYPE:	Data Request	DEPT:	Rates and Tariffs
REQUEST NO.:	Staff - 342	TELEPHONE:	(509) 495-2293
		EMAIL:	karen.schuh@avistacorp.com

REQUEST:

Please provide an updated version of your response to Staff DR #188 Attachment B, in which the Company provides a list of monthly actual and forecasted transfers to plant for *each* project in the Company's filing.

RESPONSE:

Please see Staff_DR_342 Attachment A for details of actual transfers to plant through September and estimated transfers from October through December of 2015, displayed in the same format as the Company's response to Staff_DR_188 Attachment B.

The Company originally planned to transfer to plant approximately \$46.2 million. As of September 30, 2015, the updated planned transfers to plant are \$43.7 million in 2015. This is shown by adding the total listed in Attachment A, page 1 of \$14.3 million and \$29.4 million listed on page 3.

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

JURISDICTION:	Oregon	DATE PREPARED:	12/03/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey Webb/Karen Schuh
REQUESTER:	PUC Staff - Moore	RESPONDER:	Jeffrey Webb/Karen Schuh
TYPE:	Data Request	DEPT:	Rates and Tariffs
REQUEST NO.:	Staff-342 Supplement 2	TELEPHONE:	(509) 495-2293
		EMAIL:	karen.schuh@avistacorp.com

REQUEST:

Please provide an updated version of your response to Staff DR #188 Attachment B, in which the Company provides a list of monthly actual and forecasted transfers to plant for *each* project in the Company's filing.

RESPONSE:

Please see Staff_DR_342 Attachment A for details of actual transfers to plant through September and estimated transfers from October through December of 2015, displayed in the same format as the Company's response to Staff_DR_188 Attachment B.

The Company originally planned to transfer to plant approximately \$46.2 million. As of September 30, 2015, the updated planned transfers to plant are \$43.7 million in 2015. This is shown by adding the total listed in Attachment A, page 1 of \$14.3 million and \$29.4 million listed on page 3.

Supplemental Response (December 2, 2015):

Subsequent to the original submission of Staff DR_342, updated project progress information related to the East Medford Reinforcement Project (ER 3203) included in Staff DR_342 Attachment A was received. The final portion of Phase 5 of the East Medford Reinforcement Project requires the completion of 3,900' of horizontal directional drilling. This drilling has encountered difficult, rocky conditions, which has slowed project progress. If these current conditions continue through the duration of the drilling, the project could be completed as late as mid-March. Avista will provide updated information as it becomes available.

Accordingly, Staff_DR_342 Supplemental Attachment A reflects the original Staff_DR_342 Attachment A, updated to reflect that, under current conditions, the transfer of the East Medford Reinforcement Project to plant-in-service could occur as late as March 2016.

As a result, the updated planned transfers to plant for 2015 are \$38.2 million in 2015 (the \$43.7 million total included in our original submission of this DR, less the \$5.5 million planned transfer in 2015 related to the East Medford Reinforcement).

Supplemental Response #2 (December 3, 2015):

Avista's target is still to complete the East Medford Project prior to March 1, 2016. Projects of this nature involve a partnership between Avista, the contractors involved, and the local municipal authorities. The City of Medford would like to have this Project completed as soon as

possible. The current rocky pipeline boring conditions, if they persist, could extend the completion date as late as the middle of March 2016. If these conditions persist, Avista will consider working with the contractor to work more hours per week, and/or add additional equipment to the project so that the Project can be completed on a more timely basis, and before March 1, 2016. Therefore, the Company is planning to leave the revenue requirement associated with East Medford in the case for the present. In the Company's Post-Hearing Brief on December 18th, we will address this issue, making reference to the amended testimony and the revised response to this Staff Data Request No. 342. The parties will then have the opportunity in their reply briefs to respond.

Before the record closes in this case, and certainly before the Commission issues its decision, the Company will advise the Commission of the planned completion date of the project, based on the most recent information available. It will also commit to providing an officer's certificate attesting to the completion date.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff – 343 Revised	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

The last time a design heating degree day occurred in Oregon, what were the additional costs incurred by Avista associated with activating its Cold Weather Action Plan, or other similar plan, where manual intervention measures were needed?

RESPONSE:

Staff_DR_343R Attachment A, includes an attachment detailing costs associated with weather related maintenance in Oregon from 2005-2015. Because the specific activation of Cold Weather Action Plans is not formally documented in each instance, specific costs associated with the Cold Weather Action Plans are not available. The costs included in this Attachment A include, but are not limited to, the manual intervention activities associated with Cold Weather Action Plans.

Revised Response (November 24, 2015):

The response was revised to include Staff_DR_343 Revised, Attachment A, as an attachment to this DR, rather than in reference to another data request.

\$ 45,228 \$ 49,380 \$ 30,345 \$ 29,470 \$ 22,606 \$ 12,307 \$ 3,147 \$ 1,454 \$ 78 \$ 7,284 \$ 4,931
1
11:00:16 AM

at A

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

JURISDICTION:	Oregon	DATE PREPARED:	11/25/2015
CASE NO.:	UG 288	WITNESS:	Jeffrey A. Webb
REQUESTER:	PUC Staff	RESPONDER:	David Machado
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 344	TELEPHONE:	(509) 495-4554
		EMAIL:	david.machado@avistacorp.com

REQUEST:

If Avista has not, in the last 10 years, needed to employ manual intervention measures in its distribution system due to extreme cold weather, please provide an estimate of what the additional costs *would be* if such an event were to occur in the future.

RESPONSE:

See Avista's response to Staff_DR_333

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

JURISDICTION:	Oregon	DATE PREPARED:	11/06/2015
CASE NO.:	UG 288	WITNESS:	Jennifer Smith
REQUESTER:	NWIGU/CUB	RESPONDER:	Jeanne Pluth
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	NWIGU/CUB – 2.12	TELEPHONE:	(509) 495-2204
	Supplemental	EMAIL:	jeanne.pluth@avistacorp.com

REQUEST:

Please provide the following regarding Oregon state income tax as discussed on pages 28 and 29 of the direct testimony of Jennifer S. Smith:

- a. a copy of the 2014 Oregon state income tax filing and all supporting documentation; and
- b. A detailed explanation and supporting documentation regarding the deductions and credits that were available in 2014 and 2015, but will not be available in 2016.

RESPONSE:

- a.) The Company is in the process of preparing the Federal income tax return for 2014, which is the starting point for preparing the Oregon state income tax return. The 2014 Oregon state income tax return will not be available until after October 15, 2015 and will be provided as a supplement to this data request at that time.
- b.) The Company's calculation of the 2016 Oregon state income tax return was provided in Company witness Ms. Smith's workpapers, Adjustment 3.02.

There are two deductions that were taken in 2014 that have not been included in the 2016 state income tax calculation. First, 2014 had a large deduction for repairs that related to 2011 through 2013 plant activity. This was a one-time deduction in 2014 so it will not be available in 2016. The second deduction made in 2014 not available in 2016 is bonus depreciation. As described in Staff_DR_135 and Staff_DR_179, bonus depreciation has not been approved by Congress and is therefore, not available after 2014, explained as follows:

Bonus depreciation was enacted as a temporary measure to help the ailing U.S. economy. It was originally scheduled to expire on December 31, 2008. However, due to the continuing bad economy, it had been continually extended by Congress, which enacted annual "tax extender" bills to continue it and certain other popular tax breaks each year. Congress failed to pass a tax extender bill in 2013 and 50% bonus depreciation expired at the end of 2013. Congress passed a tax extender package on December 16, 2014 which included an extension of 50% bonus depreciation through the end of 2014.

Because the credit expired, the Company has not incorporated any bonus depreciation for 2015 or 2016 in its filing.

There was one tax credit that was available in 2014 that will be almost completely used in 2015. Therefore, only a very small BETC credit (approximately \$12,000) was available to be used in the 2016 calculation.

Supplemental Response 11/06/2015

a. Please see Staff_DR_176 – Attachment B – OR Tax Return for the 2014 tax return.

b. For settlement purposes, the Company has agreed to factor in bonus depreciation for 2015 (even though Congress has not approved it) for the SIT calculation. There are a number of reasons that SIT expense will be less than the amount the Company had originally pro formed in the case, with the possibility of Congress approving bonus depreciation in 2015 one of the reasons. Other reasons include 2014 actual results and the availability of BETC credits.

However, a rate base reduction for the possibility of 2015 bonus depreciation is not appropriate. The Company has made 3 estimated tax payments in 2015 with the final payment payable by December 15, 2015. Of course, the Company cannot factor in the effect of 2015 bonus depreciation into its estimates until it is approved by Congress. In 2014, it was not approved until after the December estimated payment had been made and the Company expects similar timeline in 2015, if it is approved. If bonus is approved for 2015, the Company can make a refund request from the IRS in 2016. The Company would not receive any refund until mid-March 2016, at the earliest. The Company has not had the benefit of lower tax payments to the IRS during 2015 nor will it before rates are in effect in this case. Since the Company did not pro form 2016 capital additions in this case because they would not be in service before rates are in effect, it is not appropriate to reduce rate base for 2015 bonus depreciation.

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

JURISDICTION:	Oregon	DATE PREPARED:	11/24/2015
CASE NO.:	UG 288	WITNESS:	Don Falkner
REQUESTER:	NWIGU/CUB	RESPONDER:	Jeanne Pluth
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	NWIGU/CUB – 4.5	TELEPHONE:	(509) 495-2204
		EMAIL:	jeanne.pluth@avistacorp.com

REQUEST:

Does Avista agree that, based on the assumption that bonus depreciation is extended for 2015, it will record 2015 bonus depreciation related deferred income taxes associated with 2015 plant additions? If Avista's response is anything other than a non-qualified yes, please provide a detailed explanation, documentation and calculations supporting the response.

RESPONSE:

When preparing the federal tax return, there are many variables (i.e. net income, production tax credits, bonus depreciation, repairs deductions etc.) that will impact what deductions the Company will ultimately use on the federal tax return to determine taxable income. These decisions are typically not made until 6-9 months after the close of the tax year. Therefore, the Company cannot respond with a "non-qualified yes" at this point in time when the tax year has not been closed. Based on the information that the Company knows today, it appears that the Company would use bonus depreciation for the 2015 tax year, if bonus depreciation is approved by Congress, which is not known at this time.

As described by Company witness Mr. Falkner (Exhibit 1600), Avista is required to estimate its 2015 Federal tax expense and make quarterly deposits of the estimated amount of tax expense so that by December 15, 2015, the entire 2015 estimated tax liability has been paid to the IRS. Avista estimates the amount of the tax liability using forecasted taxable income for the year. Taxable income is forecasted by using only known, approved tax deductions. Therefore, Avista's 2015 estimated tax payments that have been paid to the IRS in 2015 do not include a bonus depreciation deduction for 2015. Therefore, it is not appropriate to reduce rate base for rates that will be in effect in early 2016 because Avista has not had the benefit of lower tax payments to the IRS during 2015. If bonus depreciation is ultimately approved for 2015, the Company can make a refund request from the IRS in 2016, but the Company would not receive any refund until mid-March 2016, at the earliest. The Company has not had the benefit of lower tax payments to the IRS during 2015 nor will it before rates are in effect in this case. The Company did not pro form 2016 capital additions (except the capital to hookup new customers) in this case because they would not be in service before rates are in effect. The Commission Staff and other parties have opposed rate base additions after the date new retail rates go into effect. Therefore, it would be inconsistent and not appropriate to reduce rate base for 2015 bonus depreciation, because the benefit would be received, if it is received at all, after rates are in effect from this case.