



DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

March 30, 2017

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166
PUC.FilingCenter@state.or.us

Attn: Filing Center

Re: UG 325 – Third Errata Filing

Commission Staff hereby submits for filing the attached errata to the following Staff Opening Testimony:

- Staff/100, Gardner/4: correct table with Staff S-23 adjustment, redacted.
- Staff/800, Moore/1: correct table on lines 17-18 to reflect correct components of management adjustment.
- Staff/800, Moore/17: correct line 18 adjustment amount.

Included with this filing are the updated redacted pages, as appropriate. Confidential materials will be mailed to those parties that have signed the protective order in this docket.

Sincerely,

Johanna M. Riemenschneider
Assistant Attorney General
Business Activities Section

JLM:pjr/JUSTICE-#8149601
Attachments

Opening Testimony Exhibit No.	Staff Witness	Adj. No.	Proposed Staff Adjustments	Revenue Requirement Effect
600	Max St. Brown	S-19	Sales & Transportation Revenues	39
600	Max St. Brown	S-20	DSM-Lost Revenues	-
700	Lance Kaufman	S-21	Information Technology & General Plant	(775)
700	Lance Kaufman	S-22	Cost Allocations /Affiliated Interests	(972)
800	Mitch Moore	S-23	Utility Plant in Service	(1,027)
800	Mitch Moore	S-24	General Plant Maintenance	-
900	Rose Anderson	S-25	Other Revenues - Misc. Revenue	(94)
900	Rose Anderson	S-26	Atmospheric Testing	(66)
900	Rose Anderson	S-27	Customer Service & Informational Sales Expenses; Advertising; Promotional Activities	(20)
1000	Abdoulaye Barry	S-28	Distribution O&M	(37)
1000	Abdoulaye Barry	S-29	Customer Accounting	(113)
1000	Abdoulaye Barry	S-30	Various A&G; Prepaid Expenses	(4)
1000	Abdoulaye Barry	S-31	Memberships, Dues & Donations	(55)
1000	Abdoulaye Barry	S-32	Meals & Entertainment, Gifts, Travel, Awards	(236)
1100	Scott Gibbens	S-33	Medical Benefits	(238)
1100	Scott Gibbens	S-34	Workforce Levels & FTE; Outside Services	-
1200	Geoff Ihle	S-35	Hedging	-
1300	Phil Boyle	S-36	Fee Free Bankcard	(45)
1400	Kathy Zarate	S-37	Property Sales	-
1400	Kathy Zarate	S-38	Material and Supplies - Non-fuel	(12)
			Total Staff-Proposed Adjustments (Base Rates):	[REDACTED]
			Staff-Calculated Revenue Requirement Change (Base Rates):	[REDACTED]

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

2 A. My name is Mitchell Moore. I am a Senior Utility Analyst employed in the
3 Energy Rates, Finance and Audit Division of the Public Utility Commission of
4 Oregon (OPUC). My business address is 201 High Street SE, Suite 100,
5 Salem, Oregon 97301.

6 **Q. Please describe your educational background and work experience.**

7 A. My educational background and work experience are set forth in my witness
8 qualification statement, which is found in Exhibit Staff/801.

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

10 A. I am responsible for reviewing the distribution plant capital additions that Avista
11 Corporation (Avista or Company) proposes to include in rate base in this case.
12 I also reviewed the plant maintenance FERC Account 87400, for which I have
13 no adjustment. For reasons explained in more detail below, I recommend a
14 reduction of approximately \$10.5 million from the Company's capital forecast.
15 The following table summarizes my recommended Oregon-allocated
16 adjustments:

17

Description	Avista Filing	Adjustment	Remainder
ER 1001 Old Midland Dev	\$658,000	(\$658,000)	\$0
ER 1001 Bonanza Dev	\$1,182,000	(\$740,000)	\$442,000
ER 1001 3399 Granite Hill Rd	\$27,000	(\$27,000)	\$0
ER 7206 Jackson Prairie Storage	\$245,000	(\$245,000)	\$0
2016 – New Growth Residential	\$5,688,000	(\$2,153,000)	\$3,535,000
2017 – New Growth Residential	\$6,376,000	(\$3,513,000)	\$2,863,000
Management Adjustment	\$31,997,000	(\$3,199,700)	\$28,797,300
TOTAL		(\$10,535,700)	\$35,637,300

18

19 **Q. Did you prepare any exhibits for this docket?**

1 service to customers and should not be included in rate base. I remove the
2 Oregon allocated amount of the purchase of \$245,000.

3 4) I recommend an overall adjustment for 2016 New Growth Projects(ER Nos.
4 1001, 1050, 1051, and 1053) by removing \$2.2 million. I estimate that the
5 Company spent \$5.7 million on new residential connections in 2016.⁴² Based
6 on Avista's break-even amount of \$2,500 per new customer, with 1,414
7 customers, the acceptable amount to spend on new growth should be
8 approximately \$3.5 million. I recommend an adjustment of \$2.2 million.

9 5) I also recommend an overall adjustment for 2017 New Growth Projects
10 based on the same methodology described above. Using the Company's
11 forecast of 0.8 percent growth in residential customers would equal 1,527. The
12 2017 forecast is for three quarters of the year. I therefore take 75 percent of
13 the Company's projected growth in residential customers, which leaves a total
14 of 1,145 new customers. I include \$2.9 million related to new customer growth
15 and remove approximately \$3.5 million.

16 6) I make an overall management adjustment for all distribution projects except
17 for those associated with new growth projects ER Nos. 1001, 1050, 1051 and
18 1053 of 10 percent, removing \$3.2 million. This adjustment reflects Staff
19 concerns that a certain portion of projects are not reasonable, prudent, or
20 necessary at this point in time based on: a) findings of imprudence for some of
21 the growth projects that were reviewed in detail; b) lack of evidence to support
22 the timing for this level of capital investment; and c) concerns that the capital

⁴² See Exhibit Staff/805, Avista response to Staff DR No. 181 Attachment D.

CERTIFICATE OF SERVICE

UG 325

I certify that I have, this date, caused to be served Staff's Third Errata Filing to Opening Testimony in Docket UG 325 upon the parties listed below via first class mail.

CITIZENS UTILITY BOARD OF OREGON

MICHAEL GOETZ (C)
CITIZENS' UTILITY BOARD OF OREGON
610 SW BROADWAY STE 400
PORTLAND, OR 97205

ROBERT JENKS (C)
CITIZENS' UTILITY BOARD OF OREGON
610 SW BROADWAY, STE 400
PORTLAND, OR 97205

NWIGU

TOMMY A. BROOKS
CABLE HUSTON BENEDICT, et al.
1001 SW FIFTH AVE, STE. 2000
PORTLAND, OR 97204-1136

CHAD M. STOKES
CABLE HUSTON BENEDICT, et al.
1001 SW FIFTH AVE, STE. 2000
PORTLAND, OR 97204-1136

AVISTA UG 325

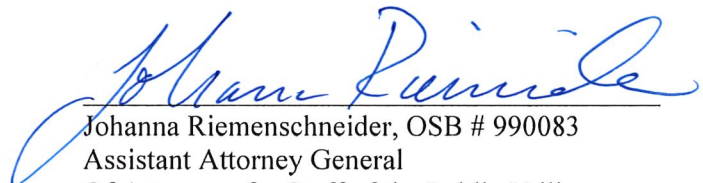
DAVID J. MEYER (C)
AVISTA UTILITIES
P.O. BOX 3727
SPOKANE, WA 99220-3727

KELLY O. NORWOOD (C)
AVISTA UTILITIES
P.O. BOX 3727
SPOKANE, WA 99220-3727

STAFF UG 325

MARIANNE GARDNER (C)
PUBLIC UTILITY COMMISSION OF OREGON
PO BOX 1088
SALEM, OR 97308-1088

DATED the 30th day of March 2017.


Johanna Riemenschneider, OSB # 990083
Assistant Attorney General
Of Attorneys for Staff of the Public Utility
Commission