

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
DAVID.MEYER@AVISTACORP.COM

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC)
AND NATURAL GAS CUSTOMERS IN THE)
STATE OF IDAHO)
_____)

CASE NO. AVU-E-23-01

DIRECT TESTIMONY
OF
KENNETH DILLON

FOR AVISTA CORPORATION

(ELECTRIC)

1 **I. INTRODUCTION**

2 **Q. Please state your name, employer and business address.**

3 A. My name is Kenneth Dillon. I am employed by Avista Corporation as Senior
4 Manager, FERC Policy and Transmission Services. My business address is 1411 East
5 Mission, Spokane, Washington.

6 **Q. Please briefly describe your educational background and professional
7 experience.**

8 A. I am a 2002 graduate of Washington State University with a degree in
9 Electrical Engineering and completed a Master in Business Administration at Portland State
10 University in 2007. I spent five years with Portland General Electric in transmission planning
11 prior to joining the Company in 2007 as a Transmission Contracts Analyst.

12 Over the past 15 years I have worked primarily in the Transmission Operations area
13 with responsibilities covering Federal Energy Regulatory Commission (FERC) transmission
14 policy and compliance with open access transmission regulations, transmission contracts,
15 transmission and generation interconnection processes, and regional transmission policy
16 coordination. In my current role I have responsibility for all transmission revenue and
17 expenses.

18 **Q. What is the scope of your testimony?**

19 A. My testimony presents Avista's transmission revenues and expenses included
20 in the Company's request for rate relief over the Two-Year Rate Plan, supporting updated
21 transmission revenues effective September 1, 2023 (Rate Year 1) and September 1, 2024 (Rate
22 Year 2).

1 A table of contents for my testimony is as follows:

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6
7 **Q. Are you sponsoring any exhibits?**

8 A. Yes. Exhibit No. 8, Schedule 1 provides the transmission expense and revenue
9 during the Two-Year Rate Plan, beginning September 1, 2023 through August 31, 2025.
10 Additionally, supporting workpapers for each of the expense and revenue items have been
11 included with the Company’s filed case.

12
13 **II. TRANSMISSION EXPENSES**

14 **Q. Please describe any adjustments to the twelve-months-ended June 30,**
15 **2022 test year transmission expenses, to arrive at transmission expenses included in this**
16 **case effective September 1, 2023.**

17 A. No adjustments were made in this filing to incorporate updated information for
18 any changes in transmission expenses from the twelve-months-ended June 30, 2022 (“12ME
19 06.30.2022”) test period used in this case, for the rate effective period beginning September
20 1, 2023. Over the past several years there have been revisions to the organizational structures
21 through which Avista acquires certain functional services required by mandatory federal
22 reliability standards and Federal Energy Regulatory Commission (FERC) transmission
23 planning requirements. The Company now participates in NorthernGrid, in compliance with
24 FERC regional transmission planning requirements, and acquires Reliability Coordination
25 Services from RC West, a functional arm under the California Independent System Operator.

1 These revised structures were in place prior to the June 30, 2022 test year. The Company
2 foresees no substantive adjustments to these and other transmission expenses during the Two-
3 Year Rate Plan. Accordingly, as can be seen in Exhibit No. 8, Schedule 1, no adjustments
4 have been made in this filing to incorporate changes in transmission expenses beyond the
5 12ME 06.30.2022 test year levels of \$1.08 million (electric system). This level of transmission
6 expense, therefore, is expected to effectively remain the same over the Two-Year Rate Plan.

7

8 **III. TRANSMISSION REVENUES**

9 **Q. Please summarize the adjustments to the twelve-months-ended June 30,**
10 **2022 test year transmission revenues to arrive at transmission revenues included in this**
11 **case effective September 1, 2023 and September 1, 2024.**

12 A. Adjustments have been made in this filing to incorporate updated information
13 for transmission revenues from the 12ME 06.30.2022 test year to that expected in this case
14 effective September 1, 2023 for Rate Year 1 (“RY1”) and September 1, 2024 for Rate Year 2
15 (“RY2”). These adjustments include: (i) the application of increased transmission rates that
16 apply to long-term transmission service agreements under the Company’s Open Access
17 Transmission Tariff,¹ (ii) long-term firm transmission service agreements entered into by the
18 Company either during or following the historical test year, and (iii) long-term firm
19 transmission service agreements that have expired or will expire during the Two-Year Rate
20 Plan. As outlined in Exhibit No. 8, Schedule 1, I have provided the expected changes in

¹ The Company attained FERC acceptance of updated transmission rates under the Company’s Open Access Transmission Tariff effective October 1, 2021.

1 transmission revenues beyond the 12ME 06.30.2022 test year levels.² Company witness Ms.
2 Schultz has pro formed the transmission revenues within the revenue requirement in this case,
3 increasing Idaho transmission revenue by \$1,793,000 effective September 1, 2023 (RY1), and
4 reducing Idaho transmission revenue by \$335,000 effective September 1, 2024 (RY2).^{3 / 4}

5 **Q. Please describe the adjustments to the 12ME 06.30.2022 test year**
6 **transmission revenues to arrive at transmission revenues included in this case effective**
7 **September 1, 2023 and September 1, 2024.**

8 A. Each revenue item described below is at a system level and is included in
9 Exhibit No. 8, Schedule 1. Table No. 1 provides a detailed summary of the changes in
10 transmission revenues, as well as a listing of transmission revenues not changing at this time.
11 An explanation of each follows the table.

² Transmission Revenues (FERC Account 456 – other Electric Revenue) are included and tracked as a part of the Company’s Power Cost Adjustment (PCA). The total transmission revenue of \$32.126 million (electric system) is therefore included in Company witness Mr. Kalich’s Exhibit No. 7, Schedule 5 reflecting the proposed PCA net base power supply expense, offset by transmission revenues, representing the proposed “Total Authorized Expense” on a system (Idaho and Washington) basis for Rate Year 1. Idaho’s share of the net power supply revenues and expenses is equal to 34.47% of the system total, based on the Production/Transmission (P/T) ratio updated annually as of December 2021. The PCA net base power supply expense and transmission revenues are also updated effective September 1, 2024 (RY2).

³ As discussed by Ms. Schultz, transmission revenues are adjusted in Pro Forma Transmission Adjustment PF 3.00T (RY1) from the 12ME 06.30.2022 historical test period level of \$27.286 million (system) to the RY1 pro forma level of \$32.126 million (system) as of September 1, 2023. The overall increase in transmission revenues in RY1 are approximately \$4.84 million on a system basis, or after considering certain direct assigned transmission revenues, \$1.79 million for Idaho operations for RY1. Ms. Schultz also reflects through Pro Forma Transmission Adjustments PF 24.00T, beginning September 1, 2024, the RY2 transmission revenue reduction from \$32.126 million (system) in RY1 to \$31.246 million (system) for RY2, a system reduction of \$880,000 for Rate Year 2, below Rate Year 1 levels. After considering certain direct assigned transmission revenues, this change reduces RY2 Idaho transmission revenues by \$335,000 below RY1 levels.

⁴ Pro Forma transmission revenues of \$32.126 in RY1 versus current authorized transmission revenues of \$23.471 million, result in an increase in transmission revenues of \$8.44 million on a system basis, or \$2.9 million Idaho share.

Table No. 1: Transmission Revenue Adjustment

Transmission Revenue Adjustment - 2023-24 and 2024-25 Rate Periods			
		Rate Year 1 ⁽¹⁾ (09.01.2023 - 08.31.2024)	Rate Year 2 ⁽²⁾ (09.01.2024 - 08.31.2025)
456100 Transmission			
	OASIS (Non-Firm and ST Firm)	\$ (773)	\$ -
	Bonneville Power Administration	\$ (202)	\$ (154)
	Consolidated Irrigation District	\$ -	\$ -
	East Greenacres Irrigation District	\$ 1	\$ -
	Spokane Tribe of Indians	\$ 2	\$ -
	Grant County PUD No. 2	\$ -	\$ -
	PacifiCorp (Dry Gulch)	\$ (2)	\$ -
	Seattle City Light/Tacoma Power (Main Canal)	\$ 22	\$ (10)
	Seattle City Light/Tacoma Power (Summer Falls)	\$ -	\$ (150)
	City of Spokane Waste to Energy	\$ -	\$ -
	Stimson Lumber Company	\$ -	\$ -
	Hydro Tech - Meyers Falls	\$ -	\$ -
	Deep Creek Energy LLC	\$ -	\$ -
	Kootenai Electric Cooperative	\$ (34)	\$ (58)
	Idaho Power 1 (100MW)	\$ 225	\$ -
	Idaho Power 2 (100MW)	\$ 2,748	\$ -
	Powerex (137MW)	\$ 3,765	\$ -
456017 Other Electric Revenue			
	Columbia Basin Hydropower	\$ -	\$ -
	Palouse Wind O&M	\$ (2)	\$ -
	Adams Neilson Solar O&M	\$ (1)	\$ -
	Rattlesnake Flat O&M	\$ 2	\$ -
456030 Clearwater Paper Transmission			
	Clearwater Paper Transmission	\$ (859)	\$ (495)
456120 Parallel Capacity Support			
	BPA Parallel Capacity Support	\$ -	\$ -
456130 Ancillary Services			
	Bonneville Power Administration	\$ (45)	\$ -
	Consolidated Irrigation District	\$ -	\$ -
	East Greenacres Irrigation District	\$ -	\$ -
	Spokane Tribe of Indians	\$ (1)	\$ -
	Kootenai Electric Cooperative	\$ (6)	\$ (13)
	Douglas PUD (Backup Service)	\$ (11)	\$ -
456700 Other - Low Voltage			
	Consolidated Irrigation District	\$ 10	\$ -
	East Greenacres Irrigation District	\$ -	\$ -
	Spokane Tribe of Indians	\$ -	\$ -
456705 Low Voltage BPA			
	Bonneville Power Administration	\$ 1	\$ -
Total Transmission Revenue Adjustment		\$ 4,840	\$ (880)
(1) Represents the change in revenue above or below the twelve-months-ended 06.30.2022 historical test year level on a System basis.			
(2) Represents the change in revenue above or below the Rate Year 1 level on a System basis.			

1 regional load-serving entities, and the availability of parallel transmission paths for
2 prospective transmission customers.

3 The use of a three-year average is intended to strike a balance in mitigating both long-
4 term and short-term impacts to OASIS revenue. A three-year period is intended to be long
5 enough to mitigate the impacts of non-substantial temporary operational conditions (for
6 generation and transmission) that may occur during a given year, and short-enough so as to
7 not dilute the impacts of long-term transmission and generation topography changes (e.g.,
8 major transmission projects which may impact the availability of the Company’s transmission
9 capacity or competing transmission paths, and major generation projects which may impact
10 the load-resource balance needs of prospective transmission customers). If there are known
11 events or factors that occurred during the period that would cause the average to not be
12 representative of future expectations, then adjustments may be made to the three-year average
13 methodology.

14 However, volatility in OASIS revenue from year-to-year can be expected, entirely
15 outside the scope and purview of the Company as a transmission provider. For example, the
16 Company experienced several months of higher-than-normal OASIS revenues between
17 November 2018 and March 2019 and from November 2019 through December 2019 due to
18 the loss of a major natural gas transportation pipeline in western British Columbia. It is
19 apparent that the impact of this event upon the dispatch of generation resources in the region
20 facilitated increased short-term use of the Company’s transmission system. In this filing, the
21 Company is using a three-year average for the time period of July 2019 to June 2022. To
22 mitigate the anomalous impacts of the gas pipeline outage, in calculating its three-year average
23 the Company has adjusted the revenue in the two impacted months (November and December

1 2019) by using the average revenue in each such month during the three-years prior to the gas
2 pipeline outage. The OASIS revenue for the 12ME 06.30.2022 test year was \$7.610 million
3 and the three-year average calculated for both the RY1 and RY2 rate periods is \$6.837 million,
4 or a reduction of \$773,000.

5 Bonneville Power Administration – Transmission (RY1: -\$202,000; RY2: -\$154,000)

6 – The Company provides Network Integration Transmission Service to the Bonneville Power
7 Administration (BPA) under a series of thirteen agreements serving BPA’s utility customers
8 connected to the Company’s transmission system. Network Service revenue is based upon a
9 rolling 12-month average of BPA’s loads. Also impacting Network Service revenue is the
10 applicability of any long-term firm point-to-point transmission service, for which the
11 Company has recently entered into four recent agreements that will apply during the rate
12 periods. BPA Network Service revenue was \$8.691 million for the 12ME 06.30.2022 test
13 year. Based upon three-year averages calculated from July 2019 through June 2022 and
14 adjusted to reflect the Company’s updated transmission rates and new long-term firm
15 transmission service agreements, the Company expects BPA Network Service revenue to be
16 \$8,489,000 during the RY1 rate period, or \$202,000 less than the 12ME 06.30.2022 test year,
17 and then \$8,335,000 during RY2, or \$154,000 less than RY1.

18 Consolidated Irrigation District – Transmission (RY1: \$0; RY2: \$0) – The Company

19 provides Long-Term Firm Point-to-Point Transmission Service to the Consolidated Irrigation
20 District under an agreement effective October 1, 2021 through September 30, 2026.
21 Consolidated Irrigation transmission revenue was \$33,000 for the 12ME 06.30.2022 test year
22 and the Company expects there will be no change over the Two-Year Rate Plan.

23 East Greenacres Irrigation District – Transmission (RY1: +\$1,000; RY2: \$0) – The

1 Company provides Long-Term Firm Point-to-Point Transmission Service to East Greenacres
2 Irrigation District under an agreement effective through September 30, 2024. The Company
3 expects a follow-on agreement to be executed with comparable terms. East Greenacres
4 transmission revenue was \$14,000 for the 12ME 06.30.2022 test year and, reflecting the
5 Company's updated transmission rates, the Company expects this revenue to be \$15,000
6 during the Two-Year Rate Plan, or an increase of \$1,000 above the 12ME 06.30.2022 test
7 year.

8 Spokane Tribe of Indians – Transmission (RY1: +\$2,000; RY2: \$0) – The Company
9 provides Long-Term Firm Point-to-Point Transmission Service to the Spokane Tribe of
10 Indians under an agreement effective January 1, 2020 through December 31, 2024. The
11 Company expects a follow-on agreement to be executed with comparable terms. Spokane
12 Tribe transmission revenue was \$23,000 for the 12ME 06.30.2022 test year and, reflecting the
13 Company's updated transmission rates, the Company expects this revenue to be \$25,000
14 during the Two-Year Rate Plan, or an increase of \$2,000 above the 12ME 06.30.2022 test
15 year.

16 Grant County PUD – Transmission (RY1: \$0; RY2: \$0) – The Company provides
17 long-term transmission service to Grant County PUD for service to its Coulee City and Wilson
18 Creek loads connected to the Company's transmission system. Revenue under the Power
19 Transfer Agreement varies according to Grant PUD's actual loads and was \$28,000 for the
20 12ME 06.30.2022 test year. Based upon a three-year average from July 2019 through June
21 2022, the Company expects there will be no substantive change during the Two-Year Rate
22 Plan.

23 PacifiCorp – Dry Gulch Transmission (RY1: -\$2,000; RY2: \$0) – The Company

1 provides long-term transmission service under a use-of-facilities agreement with PacifiCorp
2 for use of the Company’s Dry Gulch Substation. The agreement includes a twelve-month
3 rolling ratchet provision and is based upon actual PacifiCorp use. Revenue under the Dry
4 Gulch agreement was \$233,000 during the 12ME 06.30.2022 test year. Based upon a three-
5 year average from July 2019 through June 2022, the Company expects this revenue to be
6 \$231,000 during the Two-Year Rate Plan, or \$2,000 less than the 12ME 06.30.2022 test year.

7 Seattle and Tacoma – Main Canal Transmission (RY1: +\$22,000; RY2: -\$10,000) –

8 The Company provides Long-Term Firm Point-to-Point Transmission Service to the City of
9 Seattle and Tacoma Power, under agreements effective through October 31, 2026, to transfer
10 output from the Main Canal hydroelectric project to the Company’s transmission
11 interconnections with Grant County PUD. Service is provided during the eight months of the
12 year (March through October) in which the Main Canal project operates, and the agreements
13 include a three-year ratchet demand provision. Revenues under these two agreements totaled
14 \$462,000 during the 12ME 06.30.2022 test year and, reflecting the Company’s updated
15 transmission rates and ratchet demands, the Company expects this revenue to be \$484,000
16 during RY1, or an increase of \$22,000 above the 12ME 06.30.2022 test year, and then
17 \$474,000 during RY2, or \$10,000 less than RY1.

18 Seattle and Tacoma – Summer Falls Transmission (RY1: \$0; RY2: -\$150,000) – The

19 Company provides long-term use-of-facilities transmission service to the City of Seattle and
20 Tacoma Power, under agreements effective through October 31, 2024, to transfer output from
21 the Summer Falls hydroelectric project across the Company’s Stratford 115kV Switching
22 Station facilities, to the Company’s Stratford interconnection with Grant County PUD.
23 Charges under these use-of-facilities arrangements are based upon the Company’s investment

1 in its Stratford Switching Station and are not impacted by the Company’s transmission service
2 rates under its Open Access Transmission Tariff. Revenues under these two agreements
3 totaled \$180,000 during the 12ME 06.30.2022 test year and the Company expects there will
4 be no change during RY1. Reflecting the contract’s termination in October 2024, the
5 Company expects this revenue to be \$30,000 during RY2, or \$150,000 less than RY1.

6 City of Spokane – Waste to Energy Transmission (RY1: \$0; RY2: \$0) – The City of
7 Spokane pays a use-of-facilities charge for the ongoing use of its interconnection to the
8 Company’s transmission system. Use-of-facilities charges were \$28,000 for the 12ME
9 06.30.2022 test year and the Company expects there to be no change during the Two-Year
10 Rate Plan.

11 Stimson Lumber PURPA (RY1: \$0; RY2: \$0) – Low-voltage facilities associated with
12 the Company’s Plummer Substation are dedicated for use by Stimson Lumber under a PURPA
13 arrangement. Low-voltage use-of-facilities revenue was \$8,000 for the 12ME 06.30.2022
14 test year and the Company expects there will be no change during the Two-Year Rate Plan.

15 Hydro Tech Systems PURPA (RY1: \$0; RY2: \$0) – Low-voltage facilities in the
16 Company’s Greenwood Substation are dedicated for use by the Meyers Falls generation
17 project under a PURPA arrangement. Low-voltage use-of-facilities revenue was \$6,000
18 during the 12ME 06.30.2022 test year and the Company expects there will be no change
19 during the Two-Year Rate Plan.

20 Deep Creek PURPA (RY1: \$0; RY2: \$0) – The Company owns and operates low
21 voltage facilities that are dedicated for use by the Deep Creek generation project under a
22 PURPA arrangement. Low-voltage use-of-facilities revenue was less than \$1,000 during the
23 12ME 06.30.2022 test year and the Company expects there will be no change during the Two-

1 Year Rate Plan.

2 Kootenai Electric Cooperative – Transmission (RY1: -\$34,000; RY2: -\$58,000) – The
3 Company provides Long-Term Firm Point-to-Point Transmission Service to Kootenai Electric
4 Cooperative under an agreement effective through March 31, 2024, to transfer the output of
5 the Fighting Creek generation project. The Company understands that Kootenai Electric
6 Cooperative plans to make different arrangements for addressing the output of this project
7 upon expiration of the agreement. Transmission revenue was \$92,000 during the 12ME
8 06.30.2022 test year and, reflecting the Company’s updated transmission rates and contract
9 expiration, the Company expects this revenue to be \$58,000 during RY1, or \$34,000 less than
10 the 12ME 06.30.2022 test year, and \$0 during RY2, or \$58,000 less than RY1.

11 Idaho Power 1 – Transmission (RY1: +\$225,000; RY2: \$0) – The Company provides
12 Long-Term Firm Point-to-Point Transmission Service to Idaho Power under an agreement
13 effective May 1, 2021 through April 30, 2026. Transmission revenue was \$3.073 million for
14 the 12ME 06.30.2022 test year and, reflecting the Company’s updated transmission rates, the
15 Company expects this revenue to be \$3.298 million during the Two-Year Rate Plan, or an
16 increase of \$225,000 above the 12ME 06.30.2022 test year.

17 Idaho Power 2 – Transmission (RY1: +\$2,748,000; RY2: \$0) – The Company provides
18 Long-Term Firm Point-to-Point Transmission Service to Idaho Power under a second
19 agreement effective May 1, 2022 through April 30, 2027. Transmission revenue was
20 \$550,000 for the 12ME 06.30.2022 test year and, reflecting the contract term, the Company
21 expects this revenue to be \$3.298 million during the Two-Year Rate Plan, or an increase of
22 \$2.748 million above the 12ME 06.30.2022 test year.

23 Powerex – Transmission (RY1: +\$3,765,000; RY2: \$0) – The Company provides

1 Long-Term Firm Point-to-Point Transmission Service to Powerex under an agreement
2 effective May 1, 2022 through April 30, 2024 and a second agreement effective May 1, 2024
3 through April 30, 2026. Transmission revenue was \$753,000 for the 12ME 06.30.2022 test
4 year and, reflecting the contract terms, the Company expects this revenue to be \$4.518 million
5 during the Two-Year Rate Plan, or an increase of \$3.765 million above the 12ME 06.30.2022
6 test year.

7 Columbia Basin Hydropower (RY1: \$0; RY2: \$0) – The Company provides operations
8 and maintenance services on the Stratford-Summer Falls 115kV Transmission Line to
9 Columbia Basin Hydropower under a contract signed in March 2006. These services are
10 provided for a fixed annual fee. Annual charges under this contract were \$8,000 in the 12ME
11 06.30.2022 test year and the Company expects there to be no change during the Two-Year
12 Rate Plan.

13 Palouse Wind O&M (RY1: -\$2,000; RY2: \$0) – Per the Company’s interconnection
14 agreement with the Palouse Wind project, the interconnection customer pays O&M fees
15 associated with directly-assigned interconnection facilities owned and operated by the
16 Company. O&M revenue for the 12ME 06.30.2022 test year was \$44,000 and, reflecting the
17 Company’s updated transmission expenses in its FERC transmission rate filing, the Company
18 expects this revenue to be \$42,000 during the Two-Year Rate Plan, or \$2,000 less than the
19 12ME 06.30.2022 test year.

20 Adams Neilson Solar O&M (RY1: -\$1,000; RY2: \$0) – Per the Company’s
21 interconnection agreement with the Adams Neilson Solar project, the interconnection
22 customer pays O&M fees associated with directly-assigned interconnection facilities owned
23 and operated by the Company. O&M revenue for the 12ME 06.30.2022 test year was \$9,000

1 and, reflecting the Company's updated expenses in its FERC transmission rate filing, the
2 Company expects this revenue to be \$8,000 during the Two-Year Rate Plan, or \$1,000 less
3 than the 12ME 06.30.2022 test year.

4 Rattlesnake Flat O&M (RY1: +\$2,000; RY2: \$0) – Per the Company's interconnection
5 agreement with the Rattlesnake Flat Wind project, the interconnection customer pays O&M
6 fees associated with directly-assigned interconnection facilities owned and operated by the
7 Company. O&M revenue for the 12ME 06.30.2022 test year was \$61,000 and, reflecting the
8 Company's updated transmission expenses in its FERC transmission rate filing, the Company
9 expects this revenue to be \$63,000 during the Two-Year Rate Plan, or an increase of \$2,000
10 above the 12ME 06.30.2022 test year.

11 Clearwater Paper Transmission (RY1: -\$859,000; RY2: -\$495,000) – As part of the
12 Company's agreement with Clearwater Paper, which terminates December 31, 2023, the
13 Company allocates a portion of its revenue to transmission service. Transmission revenue for
14 the 12ME 06.30.2022 test year was \$1.354 million and, reflecting the contract term, the
15 Company expects this revenue to be \$495,000 during RY1, or \$859,000 less than the 12ME
16 06.30.2022 test year, and \$0 during RY2, or \$495,000 less than RY1.

17 Bonneville Power Administration – Parallel Capacity Support (RY1: \$0; RY2: \$0) –
18 The Company and BPA executed a Parallel Capacity Support Agreement effective February
19 1, 2017, with a minimum term extending to December 31, 2026, in which the Company
20 provides BPA with parallel transmission capacity in support of BPA's integration of several
21 wind resource projects. Revenue was \$924,000 during the 12ME 06.30.2022 test year and the
22 Company expects that there will be no change during the Two-Year Rate Plan.

23 Bonneville Power Administration – Ancillary Services (RY1: -\$45,000; RY2: \$0) –

1 The Company provides Ancillary Services to BPA under its Network Integration
2 Transmission Service agreements. Subject to a FERC order in Docket No. EL20-36-000,
3 BPA began self-supply of operating reserves under the agreements in April 2021. BPA
4 Ancillary Services revenue was \$1.086 million for the 12ME 06.30.2022 test year. Based on
5 a three-year average of actual BPA peak loads from July 2019 through June 2022, the
6 Company expects this revenue to be approximately \$1.041 million during the Two-Year Rate
7 Plan, or \$45,000 less than the 12ME 06.30.2022 test year.

8 Consolidated Irrigation District – Ancillary Services (RY1: \$0; RY2: \$0) – The
9 Company provides Ancillary Services to the Consolidated Irrigation District under its Long-
10 Term Firm Point-to-Point Transmission Service agreement. Ancillary Service revenue was
11 \$10,000 for the 12ME 06.30.2022 test year and, based upon a three-year average from July
12 2019 through June 2022, the Company expects there will be no change during the Two-Year
13 Rate Plan.

14 East Greenacres Irrigation District – Ancillary Services (RY1: \$0; RY2: \$0) – The
15 Company provides Ancillary Services to East Greenacres Irrigation District under its Long-
16 Term Firm Point-to-Point Transmission Service agreement. Ancillary Service revenue was
17 \$6,000 for the 12ME 06.30.2022 test year and, based upon a three-year average from July
18 2019 through June 2022, the Company expects there will be no change during the Two-Year
19 Rate Plan.

20 Spokane Tribe of Indians – Ancillary Services (RY1: -\$1,000; RY2: \$0) – The
21 Company provides Ancillary Services to the Spokane Tribe of Indians under its Long-Term
22 Firm Point-to-Point Transmission Service agreement. Ancillary Service revenue was \$8,000
23 for the 12ME 06.30.2022 test year and, based upon a three-year average from July 2019

1 through June 2022, the Company expects this revenue to be \$7,000 during the Two-Year Rate
2 Plan, or \$1,000 less than the 12ME 06.30.2022 test year.

3 Kootenai Electric Cooperative – Ancillary Services (RY1: -\$6,000; RY2: -\$13,000) –
4 The Company provides Ancillary Services to Kootenai Electric Cooperative under its Long-
5 Term Firm Point-to-Point Transmission Service agreement. Ancillary Service revenue was
6 \$19,000 for the 12ME 06.30.2022 test year, reflecting the contract term, the Company expects
7 this revenue to be \$13,000 during RY1, or \$6,000 less than the 12ME 06.30.2022 test year,
8 and \$0 during RY2, or \$13,000 less than RY1.

9 Douglas PUD (Backup Service) (RY1: -\$11,000; RY2: \$0) – The Company provides
10 Backup Service Ancillary Services to Douglas PUD. Ancillary Service revenue was \$11,000
11 for the 12ME 06.30.2022 test year and, reflecting the contract term, this revenue is \$0 during
12 the Two-Year Rate Plan, or \$11,000 less than the 12ME 06.30.2022 test year.

13 Consolidated Irrigation District – Low-Voltage (WA Only) (RY1: +\$10,000; RY2:
14 \$0) – The Company provides transfer service over low voltage facilities to Consolidated
15 Irrigation District under the Electric Distribution Services Agreement, effective April 22,
16 2022 through September 30, 2026. Low-voltage charges were \$94,000 during the 12ME
17 06.30.2022 test year and the Company expects this revenue to be \$104,000 during the RY1
18 and RY2 rate periods. The low voltage transfer service impacts Washington only and has no
19 effect on Idaho operations.

20 East Greenacres Irrigation District – Low-Voltage (ID Only) (RY1: \$0; RY2: \$0) –
21 The Company provides transfer service over low voltage facilities to East Greenacres
22 Irrigation District under the Electric Distribution Services Agreement, effective January 1,
23 2020 through September 30, 2024. Low-voltage charges were \$63,000 during the 12ME

1 06.30.2022 test year and the Company expects there to be no change during the Two-Year
2 Rate Plan. This low voltage transfer service is directly applied to Idaho operations only.

3 Spokane Tribe of Indians – Low-Voltage (WA Only) (RY1: \$0; RY2: \$0) – The
4 Company provides transfer service over low voltage facilities to the Spokane Tribe of Indians
5 under the Electric Distribution Services Agreement, effective January 1, 2020 through
6 December 31, 2024. Low-voltage charges were \$25,000 during the 12ME 06.30.2022 test
7 year and the Company expects there to be no change during the Two-Year Rate Plan. The
8 low voltage transfer service impacts Washington only and has no effect on Idaho operations.

9 Bonneville Power Administration – Low-Voltage (RY1: \$0; RY2: \$0) – The Company
10 provides transfer service over low-voltage facilities to BPA under its Network Integration
11 Transmission Service agreements. BPA low-voltage revenue was \$1,779,000 during the
12 12ME 06.30.2022 test year and the Company expects there to be no change during the Two-
13 Year Rate Plan.

14 **Q. Does this complete your pre-filed direct testimony?**

15 A. Yes, it does.