

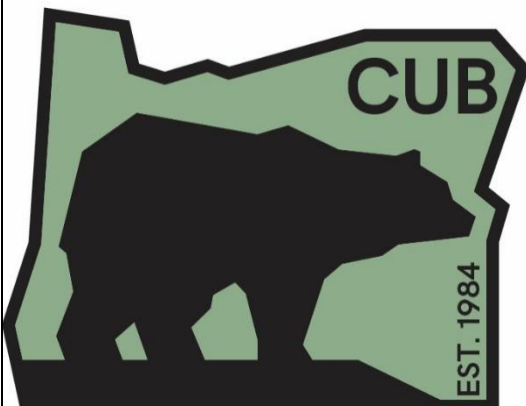
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 389

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

**OPENING TESTIMONY
OF THE
OREGON CITIZENS' UTILITY BOARD**

July 21, 2020



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OF OREGON**

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I. INTRODUCTION

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

2 A. My name is William Gehrke. I am an Economist employed by Oregon Citizens'
3 Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400
4 Portland, Oregon 97205.

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

6 A. My witness qualification statement is found in exhibit CUB/101.

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

8 A. My testimony is response to Avista Utilities' (Avista or the Company) direct
9 testimony regarding its 2020 Request for a General Rate Revision, docketed as
10 Oregon Public Utility Commission (Commission) Docket No. UG 389.

11 **Q. How is your testimony organized?**

12 A. In this opening testimony, I address the following issues:

- 13 1. The Company's Proposed Expanded Transportation Option;
14 2. Oregon Tax Apportionment Factor;

- 1 3. Items requested due to COVID-19 Pandemic;
- 2 4. Customer Charge Proposal;
- 3 5. Penalty Charge for Excess Therms Taken During Curtailment: and
- 4 6. The Company's Rate Spread Proposal.

5 II. DISCUSSION

6 **A. Avista's Proposed Expanded Transportation Option**

7 **Q. What did the Company propose regarding adding new rate schedules?**

8 **A.** In its direct testimony, Avista proposed to create two new rate schedules in Oregon:

9 1. Schedule 425 – ratepayers from Large General Service Schedule 424 who use
10 more than 29,000 therms on an annual basis may be able to join Schedule 425.

11 2. Schedule 439 – ratepayers from Interruptible Natural Gas Service for Large
12 Commercial and Industrial Schedule 440 who use more than 50,000 therms on an
13 annual basis may be able to join Schedule 439.

14 The Company proposes that customers presently served on sales Schedules 424
15 and 440 may elect to take service, for a minimum of one year, under new
16 transportation service Schedules 425 or 439.¹

17 **Q. What is the difference between core service and transport service?**

18 **A.** Unlike Avista's core customers who are responsible for costs across the Company's
19 system, Avista's transport or interruptible customers are only responsible for
20 paying the costs associated with the natural gas distribution system. Transport
21 customers are able to have a greater choice in the source of natural gas. A third
22 party procures natural gas for the transportation customers and the transportation

¹ UG 389 – Avista/900/Miller/14, lines 12-14.

1 customer is individually responsible for covering pipeline fees associated with its
2 purchased gas. For core gas customers, Avista is responsible for the natural gas
3 distribution system, procuring natural gas and acquiring interstate pipeline
4 transmission rights for core customers gas.

5 **Q. What is CUB's position on the expansion of transport service to additional**
6 **rate schedules?**

7 **A.** CUB is not necessarily opposed to expanding transportation service provided cost
8 shifting from new transportation customers to core gas customers does not occur.
9 Upon review thus far, the Company's proposal appears to be margin revenue
10 neutral to the Company and other ratepayers. However, CUB has some preliminary
11 concerns with the transport expansion and its impact on other gas customers. Due
12 to these concerns, we are unable to recommend that the Commission approve the
13 Company's proposal in this proceeding. More information is needed.

14 **Q. What concerns does CUB have with the expansion of transportation gas**
15 **service?**

16 **A.** CUB has two major concerns about the expansion of transportation service.
17 1. CUB is concerned about possible costs shifting. Before the program is approved,
18 the cost impact of expanded transport customers should be evaluated in Avista's
19 next Integrated Resource Plan (IRP).
20 2. There is a high incremental cost of renewable natural gas compared to
21 conventional gas. There is link between renewable natural gas and its impact on
22 transportation customers. The more expensive renewable natural gas is, the less
23 likely transport customers are to purchase it. CUB is concerned that renewable

1 natural gas could make Avista's natural gas commodity costs more expensive. This
2 could result in captive customers paying for the cost of renewable natural gas
3 programs and state climate policy goals while transport customers are able to avoid
4 these increased costs. Once a customer's goes on transport service, there is no
5 guarantee that the customer is going to be purchasing renewable natural gas.

6 **Q. Please explain CUB's concern around IRPs and transportation customers.**

7 **A.** Every two years, Avista files an IRP before the Commission. Avista's last IRP for
8 was Commission Docket No. LC 72, the Company's 2018 IRP. In that IRP, Avista,
9 Commission Staff, and stakeholders evaluated and helped create a plan for meeting
10 customer natural gas needs over the next 20 years in the least cost and least risk
11 manner. The expansion of transportation service was not evaluated in the last IRP.
12 It is somewhat surprising to see this proposal follow an IRP in which it was not
13 contemplated.

14
15 The Company's proposal to expand transport service should not significantly
16 change Avista's approach to planning its distribution system. However, the
17 expansion of transportation service to Schedule 424 and Schedule 439 customers
18 could impact Avista's past planning around procuring natural gas and interstate
19 pipeline rights. It is CUB's understanding that the Avista acquires firm pipeline
20 transportation rights on behalf of 424 and 439. CUB would like this topic to be
21 discussed and evaluated in the IRP to fully understand its impact on the Company's
22 gas operations.

1 **Q. What is CUB proposal around the expansion of transportation service and**
2 **the IRP?**

3 **A.** CUB recommends that the Commission reject the Company's proposal to expand
4 transport service in this docket. CUB proposes that the Company should present the
5 potential expansion of transport service in the next IRP. The Company should
6 evaluate a variety of scenarios around expanding transport service and identify if
7 there is any potential cost shifting to core gas customers.

8 **Q. What is renewable natural gas?**

9 **A.** Renewable natural gas (RNG) is a broad term for pipeline quality gas that is not
10 produced from conventional fossil sources. Examples of renewable natural gas
11 include biogas, hydrogen gas derived from renewable energy sources, and waste
12 carbon dioxide.

13 **Q. Is renewable natural gas the least cost option for Oregon natural gas**
14 **customers?**

15 **A.** No. In Avista's most recent IRP, the cheapest levelized RNG supply option cost
16 was \$12/dth in Oregon.² This is significantly more expensive than conventional
17 natural gas procured from major Pacific Northwest supply basins at AECO or
18 Sumas.

19 **Q. In direct testimony, the Company indicated that it wanted to provide**
20 **customers with the options of transportation service in order to acquire**
21 **renewable natural gas. What is CUB's reaction to this statement?**

² UG 389 – Avista/401/Morehouse/227.

1 **A.** The economics of converting from conventional gas to renewable natural gas are
2 unfavorable to Schedule 424 and 439 customers. Schedules 424 and 439 use
3 significantly more gas on a volumetric basis compared to residential customers and
4 general service customers. Since RNG has a higher volumetric cost associated with
5 its procurement, the impact of these costs would be higher for Schedule 424 and
6 439 customers who seek RNG natural gas. CUB understands the desire of large
7 customers to “green” their gas consumption by acquiring renewable natural gas.
8 Due to the high cost of RNG, CUB does not believe that many transport customers
9 will switch to only renewable natural gas.

10 **Q. What does concern does CUB regarding expansion of transportation**
11 **service for schedule 424 and 439 customers and RNG?**

12 **A.** CUB is concerned that future additions of higher cost renewable natural gas will
13 increase Avista’s weighted average cost of gas. These higher incremental costs of
14 renewable natural gas will place cost pressure on the Schedule 424 and 439
15 customers to switch to a transport service. If large customers (compared to
16 residential customers) have the option to procure lower cost conventional gas under
17 transport service, these customers have the option to sidestep higher costs
18 associated renewable natural gas costs. Rate schedules that do not have the option
19 to switch to transport service (Residential and Commercial) will be paying the costs
20 associated qualified renewable natural gas investments and costs associated with
21 RNG.

22 **Q. If RNG is not a least cost option for gas supply, why is Avista planning on**
23 **procuring RNG?**

1 A. The Oregon Legislature passed Senate Bill 98, which enables allowed small gas
2 distribution company's such as Avista to invest in qualified investments in RNG
3 and to procure renewable natural gas subject to a rate cap. A major goal of Senate
4 Bill 98 is to provide a replacement to geologic natural gas in the form of RNG to
5 further state of Oregon's climate goals.

6 **Q. Does Avista plan on installing renewable natural gas on its system?**

7 A. Yes, by the end of the test year used in this general rate case.³ CUB's concern about
8 cost shifting, under an expansion of transportation service, is not a hypothetical
9 example. Avista is planning on providing renewable natural gas on its system by
10 the end of next year.

11 **Q. What is CUB's proposal regarding RNG and transport customers?**

12 A. Moving forward, CUB will examine the cost impacts of RNG procurement on core
13 customers and transport customers. CUB reserves the right to make alternative
14 proposals regards the costs of RNG procurement in future proceedings.

15 **B. Oregon Tax Apportionment Factor**

16 **B. Please summarize this issue.**

17 A. The Company's proposed tax apportionment factor uses the arithmetic average of
18 three taxable amounts: Property, Payroll, and Sales. CUB proposes to calculate the
19 tax apportionment factor using the weighted average of the three factors. As an
20 initial placeholder, CUB calculated an apportionment factor based on the average

³ CUB Exhibit 102

1 of three years (2016-2018).⁴ CUB will update this number using the most up to date
2 information in rebuttal testimony.

3 **Q. Why is there an apportionment factor between Avista's electric and natural**
4 **gas operations?**

5 **A.** Avista is a natural gas and electricity utility. Avista also owns the Coyote Springs
6 2 natural gas generating unit in Boardman, Oregon. There are Oregon sales,
7 payroll, and property expense associated with the operation of Coyote Springs 2.
8 The apportionment factor allocates Oregon taxes between Avista's Oregon Natural
9 gas operations and Coyote Springs operations, which are paid for by Avista's
10 Washington-Idaho electricity operations.

11 **Q. Why should a weighted average be used to calculate this apportionment**
12 **factor?**

13 **A.** The Company's approach to calculating the apportionment factor equally weighs
14 sales, payroll, and property. A simple average overweighs the Oregon tax
15 apportionment to Avista's natural gas customers in Oregon. A weighted average
16 approach provides a more accurate weight to each apportionment factor.

17 **Q. What is the revenue requirement associated with this issue?**

18 **A.** CUB estimates an initial adjustment of (34,000) to revenue requirement. CUB will
19 update this number using the most up to date information in rebuttal testimony.

20 **C. Items Requested due to COVID-19 Pandemic**

21 **Q. Please summarize CUB's proposal on this issue.**

⁴ CUB Exhibit 103

- 1 **A.** Due to the effects of COVID-19 on customers, CUB recommends that that the
2 Company implement the following policies:
- 3 1. CUB recommends that Avista temporarily suspend collecting customer deposits
4 for residential customers for a two-year period of time.
- 5 2. CUB asks Avista to promote its Comfort Level Billing program in
6 communications with Oregon residential customers and loosen requirements to
7 enter the Comfort Level Billing program in Oregon.

8 **Q. What has been the effect of the COVID 19 shutdown on Avista’s service**
9 **territory in Oregon?**

- 10 **A.** Starting in the month of March 2020, the state of Oregon shut down portions of
11 Oregon’s economy to slow the spread of COVID-19. Oregon’s economy was shut
12 down in the interest of public health. In response to falling demand, Oregon’s
13 unemployment rate in Oregon increased dramatically since the shutdown. Over the
14 past few months, many of Avista’s customers have faced job loss, temporary
15 furlough, or another financial crisis. During April 2020, Jackson County and Union
16 County, which are in Avista’s service territory are experiencing a 16% and 18.2%
17 unemployment rate respectively.⁵ There is considerable uncertainty around the
18 economic and health impact of the COVID-19. In response to Commission
19 guidance, Avista has suspended collections from customers’ accounts and the
20 disconnection of customers.

21 **Q. What is Avista’s deposit policy?**

⁵ This information from the U.S. Bureau of Labor Statistics.

1 **A.** Avista does not require a customer deposit for new residential customers that do
2 that not have a history with Avista. When a customer who has previously
3 conducted business with the Company attempts to reestablish service, Avista’s
4 customer service department runs a script which checks the history of the customer.
5 If Avista’s computer script determines that customer has recently declared
6 bankruptcy or the existence of previous unpaid balances, the Company may require
7 the customer to place a deposit for natural gas service.

8 **Q. How does Avista collect deposits from qualifying residential customers?**

9 **A.** Under Oregon Administrative Rule (OAR) 860-021-0205, Avista allows
10 customers to pay the deposit in full or over three months.

11 **Q. Is there flexibility around customer deposits under the OARs?**

12 **A.** I believe there is. While I am not an attorney, OAR 860-021-0205 (6) states
13 “[w]hen good cause exists, the Commission or the energy utility may provide more
14 liberal arrangements for the payment of deposits than those set forth in this rule.”
15 Historically, utilities in Oregon have been flexible in payment plans for deposits. In
16 CUB’s experience, utilities have allowed a six-month payment plan on new
17 customer deposits.

18 **Q. Does Avista keep the money collected from security deposits?**

19 **A.** No. The Company returns the money to the customer if the customer is able to be
20 up to date on gas service. If a customer is disconnected for nonpayment, the
21 customer’s security deposit will be used to help offset the uncollectible debt.

22 **Q. What is CUB’s proposal regarding customer deposits?**

1 **A.** CUB proposes that Avista suspend the collection of customer deposits for two
2 years. Based on CUB’s experience with the COVID-19 workshops at the OPUC
3 and current economic conditions, CUB expects to see an increase in customers
4 requiring customer deposits.

5 **Q. Why is CUB’s proposal reasonable?**

6 **A.** Due to unfavorable economic conditions, a significant percentage of Avista’s
7 residential customers, while experiencing a loss of income or reduction in income,
8 have a multitude of expenses to worry about. The addition of the cost of the
9 customer’s deposit, even spread over several months, will increase the customer’s
10 energy burden. CUB does not believe it equitable to charge residential customers
11 who are experiencing a financial hardship a deposit during this period of time.
12 CUB understands the goal of the security deposits is to protect against the risk of
13 customer non-payment and to prevent shifting the costs of unpaid bills onto other
14 paying customers. Therefore, CUB’s proposal is a temporary measure in response
15 to current economic conditions.

16 **Q. What is CUB recommending that Avista adopt in its communication with**
17 **customers?**

18 **A.** In the COVID-19 workshops, Avista communicated that the Company is
19 developing a communications plan to interact with customers during this period of
20 time. CUB would like for the Company to actively promote its Comfort Level
21 Billing program for residential customers.

22 **Q. What is Comfort Level Billing?**

1 **A.** Comfort Level Billing is Avista’s term for an equal payment program. An equal
2 payment program evens out the seasonal highs and low of a ratepayer’s energy bill
3 by dividing the customer’s yearly energy use into equal monthly payments. CUB
4 would like Avista to commit to promote the Comfort Level Billing plan in its
5 communication plans prior to the 2020 heating season. Under normal billing
6 service, Avista’s residential gas bills are based on volumetric usage. This means
7 that during the winter heating seasons, residential customers tend to experience
8 their highest monthly bills during the winter season.

9 **Q. Why are equal payment programs useful for residential customers?**

10 **A.** Equal payment programs enable customers to experience a more consistent
11 monthly bill. The Comfort Level Program could be a tool used by Avista’s
12 customer service team to help customers who are having trouble paying their
13 natural gas bill. Once enrolled, Comfort Level Billing customers are able roll their
14 past due balance into a new plan amount.

15 **Q. What residential accounts are not eligible for comfort level billing?**

16 **A.** Customers who meet one or more of the following conditions are not eligible for
17 comfort level billing:

- 18 • Customer has two or more bills past due.
- 19 • Customer has multiple accounts and there is an unpaid balance on one (or
20 more) of the accounts.
- 21 • A customer has an existing payment arrangement.

22 **Q. What change is CUB recommending to the Comfort Level Billing
23 program?**

24 **A.** CUB would like provide Avista’s customer service team with the option of
25 enrolling customers in the Comfort Level Billing program, even if the customer is

1 experiencing past due balances on their Avista bill. This billing change could
2 provide Avista's customers with more options when facing this economic crisis.

3 **Q. Do you have any feedback to Avista on its response to COVID-19?**

4 **A.** Yes. CUB is appreciative of the administrative flexibility shown by Avista's
5 customer service team in response to this public health crisis. Avista has offered
6 18-month payment plans to customers experiencing and has attempted to leverage
7 potential energy assistance programs for customers. If the Company is against
8 expanding eligibility the Comfort Level Billing program to past due customers,
9 CUB would be interested in hearing what alternative payment arrangement options
10 have been provided to Oregon ratepayers.

11 **D. Residential Customer Charge**

12 **Q. Please summarize CUB's response to this issue.**

13 **A.** The Company proposed increasing the customer charge for residential customers
14 from \$10 to \$11. The Company's proposed basic charge would increase the
15 customer charge by \$1 or by 10%. In order to promote energy efficiency, CUB
16 prefers a low customer charge for residential customers. CUB proposes to maintain
17 the \$10 customer charge.

18 **Q. What principal drives CUB's preference for a lower customer charge?**

19 **A.** A lower customer charge reallocates costs to the volumetric charge, which provides
20 a higher incentive for energy efficiency. A higher customer charge decreases
21 customers' ability to lower their total bill through energy efficiency measures. For
22 example, let's suppose that a customer was evaluating which type of natural gas
23 furnace to install in their home; the hypothetical customer is comparing the cost of

1 an 80 AFUD efficient gas furnace to a 96 AFUD percent furnace. The 96 AFUD
2 furnace has a higher upfront cost than the 80 AFUD furnace. However, the 96
3 AFUD will have lower monthly operating costs, will consume less fuel over its
4 operational life, will use less purchased pipeline gas, and will use less of the gas
5 distribution system. All else equal, a higher volumetric charge would provide a
6 greater incentive for the customer to invest in efficient gas equipment or other
7 energy conservation measures, since the customer will be able to avoid volumetric
8 costs by decreasing usage.

9 **Q. Does a low customer charge harm the company's ability to recover its costs**
10 **from residential customers?**

11 **A.** No. A low customer charge is revenue neutral. Instead of the costs being recovered
12 in a monthly fixed charge, the costs will be recovered in the volumetric rate.

13 **Q. How does Avista's residential customer charge compare to peer local**
14 **distribution companies (LDC)s in Oregon?**

15 **A.** Avista's present customer charge of \$10.00 is the highest residential customer
16 charge for regulated gas utilities. Both Cascade Natural Gas and NW Natural have
17 lower customer charges for residential customers in Oregon.

18 **Q. Does CUB have any other concerns about a higher customer's charge?**

19 **A.** For residential natural gas users, direct use of natural gas is highly seasonal.
20 Residential customers primarily use natural gas for space heating purposes. Since
21 gas usage is negligible in the warmer months of the year for residential customers.
22 Increasing the customer charge would increase a customer's bill during lower usage

1 months. A higher customer charge may incentivize a customers to seasonally
2 disconnect, which could increases costs for the utility system and the customers.

3 **Q. What does CUB recommend?**

4 **A.** CUB recommends that the customer charge for residential customers be kept at
5 \$10. CUB prefers a low customer charge for residential customers in order to
6 encourage energy efficient use of natural gas.

7 **E. Penalty Charge for Excess Therms Taken During Curtailment**

8 **Q. Please summarize CUB proposed adjustment.**

9 **A.** CUB proposes that Avista pass back revenue related to curtailment penalties to
10 core customers in its annual purchased gas adjustment (PGA).

11 **Q. What are interruptible sales customers?**

12 **A.** Interruptible customers are Avista customers who receive lower priority gas
13 service than firm natural gas customers. Interruptible customers pay a reduced rate
14 for gas service in exchange for having interruptible natural gas service. During
15 curtailment periods, interruptible customers are expected to cease gas usage. If
16 these customers fail to comply, they are levied a penalty by Avista.

17 **Q. Would you please provide an explanation of core customers?**

18 **A.** Yes. Core customers are customers who receive firm gas service under Avista's
19 service guidelines.

20 **Q. How is curtailment revenue generated by Avista?**

21 **A.** Interruptible customers who do not comply with a curtailment order are assessed a
22 per therm charge for unauthorized gas usage. It is CUB's understanding that under

1 the current regulatory process, Avista retains the revenue associated with
2 curtailment events.

3 **Q. Has Avista recently changed the dollar amount charged for curtailment**
4 **related penalties?**

5 **A.** Yes. In ADV 1000, Avista revised the tariffs associated with interruptible and
6 transportation customers in response to the Enbridge pipeline incident.⁶ The
7 Company increased the curtailment penalty from \$1 per therm to \$10 per therm. On
8 October 10th, 2019, the Commission approved this tariff change. This tariff change
9 was done to motivate interruptible customers to curtail their usage when needed. A
10 side effect of this change is that it has the potential to produce larger curtailment
11 revenue from customers.

12 **Q. Does CUB propose a minor change to the Company's Rule 20?**

13 **A.** Yes. Rule 20 of Avista's tariff book on the Company's website has a listed
14 "Penalty Charge for Excess Therms Taken During Curtailment" of \$1.00/therm.
15 Based on ADV 1000, which was approved by the Commission, the correct charge
16 to list on the Company's tariff book is \$10.00/therm.

17 **Q. Are curtailment revenues predictable?**

18 **A.** No. This revenue is highly "lumpy" and irregular. The revenue associated with
19 curtailment revenues should be passed back to core gas customers through the
20 PGA. When an interruptible customer fails to comply with a curtailment order
21 during peak events, core gas customers will have to pay for the capacity costs.

1 CUB believes that core customers should be compensated with the curtailment
2 revenue in the PGA,

3 **F. The Company's Rate Spread proposal**

4 **Q. Did the Company produce a long run incremental cost study (LRIC) and a**
5 **comprehensive rate spread proposal in this case?**

6 **A.** Yes. The Company detailed a rate spread proposal between customer's classes in
7 its opening testimony and provided a full LRIC for the customer classes.

8 **Q. What is the difference between margin revenue and total revenue?**

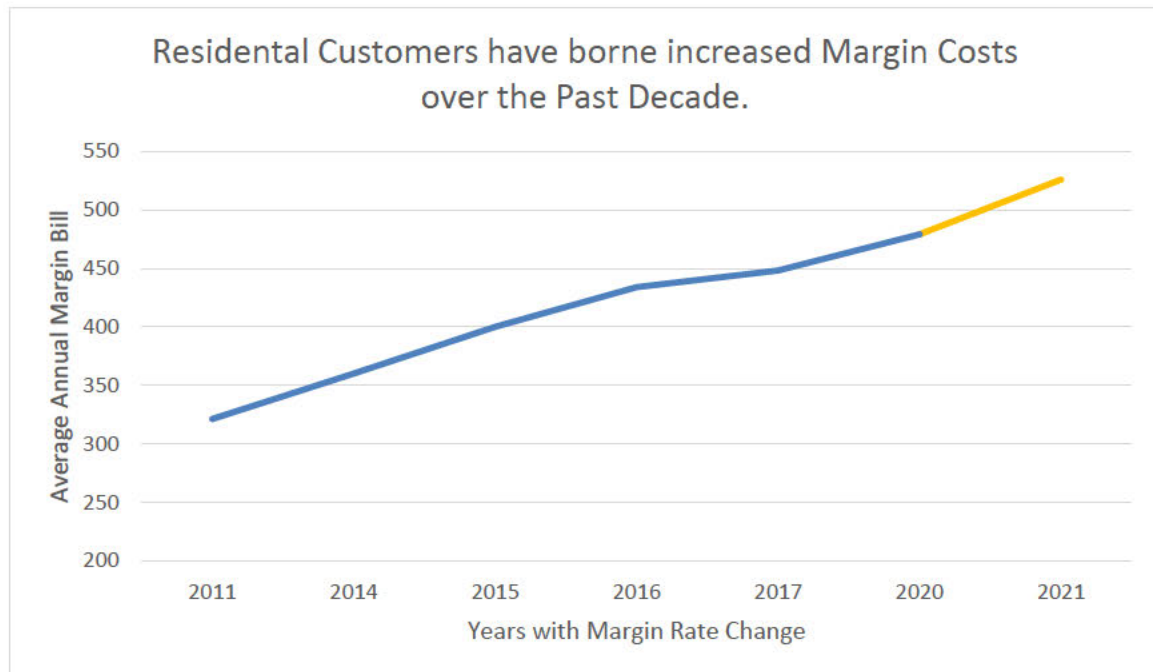
9 **A.** Margin revenue is revenue associated with Avista's ownership and operation of its
10 natural gas distribution operations. It is the revenue associated with the cost related
11 to delivering purchased natural gas to ratepayers. Margin revenue does not include
12 the cost of natural gas, or gas transportation costs. In this general rate case, Avista
13 is seeking to increase its margin revenues in response to capital costs, operations
14 and maintenance costs, and administrative and general costs.

15

16 Total revenue is the revenue needed by the Company to cover the cost of purchased
17 gas, margin revenue and other company expenses. Total revenue is used to
18 determine the total bill impact of a rate increase. To summarize, a 10% increase to
19 margin rates does not increase a customer's bill by 10%, because margin rates are
20 not the only cost component of natural gas rates.

21 **Q. Has CUB reviewed historical margin rate increases as of a result of**
22 **previous rate cases?**

1 A. Yes. CUB reviewed all base rate case compliance filings with since the 2011
2 calendar year. The below chart provides historical average margin annual margin
3 rates for residential (410). For the past decade, Arista's residential customers have
4 borne increased margin rates. The yellow portion of the chart is the projected
5 increase assuming the Company's case is accepted as filled.



6

7 **Q. When was the last time that schedules 440, 444 and 424 have experienced a**
8 **margin rate increase?**

9 A. Interruptible service customers (Rate Schedule 440) and seasonal service customers
10 (Rate Schedule 444) has not experienced a margin rate increase since 2015. Large
11 General Service Customer (Rate Schedule 424) has not experienced a margin rate
12 increase since 2011. This is in stark contrast to the historical rate increases borne by
13 general service and residential customers.

1 **Q. Given historical rate increases in recent rate cases, what is CUB's position**
2 **on the Company's initial proposal for rate spread in this case?**

3 **A.** CUB finds the Company's proposed rate spread approach to be reasonable and
4 makes sufficient movement towards the cost of service for all customers. The
5 Company's rate spread is reasonable due to the relative stability of the margin rates
6 for interruptible service customers, seasonal service customers and large general
7 service customers. According to the Company's LRIC, residential customers and
8 general service customers are close their cost of service. Over the past decade,
9 Avista's distribution system costs have increased and it is appropriate to provide a
10 price signal to all rate schedules that distribution system costs have increased. CUB
11 recommends that the Commission adopt the Company's rate spread methodology,
12 because it is a reasonable movement towards the cost of service for all rate classes.

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

14 **A.** Yes.

WITNESS QUALIFICATION STATEMENT

NAME: William Gehrke

EMPLOYER: Oregon Citizens' Utility Board

TITLE: Economist

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: MS, Applied Economics
Florida State University, Tallahassee, FL

BS, Economics
Florida State University, Tallahassee, FL

EXPERIENCE: Provided testimony for the Oregon Citizens' Utility Board in UE 335, UE 374, UG 344, UG 347, UG 366, and UG 388. Worked as an Economist for the Florida Department of Revenue. Worked as Utility Analyst at the Florida Public Service Commission, providing advice on electric rate cases. Attended the Institute of Public Utilities Annual Regulatory Studies program in 2018.

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

JURISDICTION:	Oregon	DATE PREPARED:	07/09/2020
CASE NO.:	UG 389	WITNESS:	Jody Morehouse
REQUESTER:	CUB	RESPONDER:	Shawn Bonfield
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB-006	TELEPHONE:	(509) 495-2782
		EMAIL:	shawn.bonfield@avistacorp.com

REQUEST:

Refer to Washington House Bill 1257 and Oregon SB 98, does the Company plan on installing any renewable natural projects to meet gas supply needs during the test year in this case?

RESPONSE:

Avista does not have any commitments for renewable natural gas (RNG) projects at this time. With the pending implementation of Oregon SB 98 and Washington House Bill 1257 Avista is actively evaluating and exploring potential RNG projects. Washington House Bill 1257 requires Avista to offer a voluntary RNG program by the end of 2020. As such, the Company is evaluating voluntary customer programs, as well as RNG projects to be used in the Company's overall natural gas mix for all customers. It is likely that Avista will offer RNG programs in Oregon prior to December 31, 2021.

Calculation of Avista's Apportionment Tax Rate						
Oregon Apportionment Rate	*	Oregon's Tax Rate	*	Natural Gas Portion Of Oregon Operations	=	Oregon's Apportionment Tax Rate
8.977%	*	7.60%	*	75%	=	0.512%

Calculation of CUB's Apportionment Tax Rate						
Oregon Apportionment Rate	*	Oregon's Tax Rate	*	Natural Gas Portion Of Oregon Operations	=	Oregon's Apportionment Tax Rate
8.98%	*	7.60%	*	64%	=	0.437%

Gross up of System Apportionment Tax Rate		
Inputs		
Oregon Share of System Revenues		8.26%
Avista's Calculation of Apportionment Tax Rate		0.512%
CUB's Calculation of Apportionment Tax Rate		0.437%
Apportionment Tax Rate	/	Oregon % of Revenues
0.512%		8.26%
0.437%		8.26%
		"Grossed Up" Apportionment Tax Rate
		6.195%
		5.286%