Oregon
Tina Kotek, Governor

**Public Utility Commission**
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**Mailing Address:** PO Box 1088
Salem, OR 97308-1088
503-373-7394

July 7, 2023

***Via Electronic Filing***

OREGON PUBLIC UTILITY COMMISSION ATTENTION: FILING CENTER
PO BOX: 1088
SALEM OR 97308-1088

**RE:Docket No. UG 461 – In the Matter of AVISTA CORPORATION, dba AVISTA UTILITIES, Request for a General Rate Revision.**

Attached for filing are the following exhibits, certificate of service and service list:

Staff Opening Testimony:
Exhibit 100 - 102 Muldoon
Exhibit 200 - 201 Chipanera
Exhibit 300 - 302 Scala
Exhibit 400 - 403 Stevens
Exhibit 500 - 504 Bolton
Exhibit 600 - 602 Farrell
Exhibit 700 - 703 Jent
Exhibit 800 - 802 Mondragon
Exhibit 900 - 901 Moore
Exhibit 1000 - 1002 Peng
Exhibit 1100 -1102 Zarate
Exhibit 1200 -1205 Ankum_Fischer
Exhibit 1300 - 1302 Nottingham_Shearer_Stevens
Exhibit 1400 -1403 Stevens_Young

/ Kay Barnes
Oregon Public Utility Commission
(971) 375-5079
Kay.barnes@puc.oregon.gov

CERTIFICATE OF SERVICE

UG 461

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 7th day of July, 2023 at Salem, Oregon

Kay Barnes

Kay Barnes
Public Utility Commission
201 High Street SE Suite 100
Salem, Oregon 97301-3612
Telephone: (971) 375-5079

| **AVISTA** | |
|---|---|
| AVISTA CORPORATION | 1411 EAST MISSION<br>PO BOX 3727<br>SPOKANE WA 99220-0500<br>dockets@avistacorp.com |
| PATRICK EHRBAR **(C)**<br>AVISTA UTILITIES | PO BOX 3727<br>SPOKANE WA 99220-3727<br>patrick.ehrbar@avistacorp.com |
| DAVID J MEYER<br>AVISTA CORPORATION | PO BOX 3727<br>SPOKANE WA 99220-3727<br>david.meyer@avistacorp.com |
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| | |
|---|---|
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| JOHANNA RIEMENSCHNEIDER **(C)**<br>Oregon Department of Justice | BUSINESS ACTIVITIES SECTION<br>1162 COURT ST NE<br>SALEM OR 97301-4796<br>johanna.riemenschneider@doj.state.or.us |

CASE: UG 461
WITNESS: Matt Muldoon

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 100

## OPENING TESTIMONY
## Overview, Public Comments, and
## Restated Regulated Deferrals Adjustment

**July 7, 2023**

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

A. My name is Matt Muldoon. I am the Manager of the Accounting and Finance Section of the Rates, Safety, and Utility Performance (RSUP) Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualifications statement is provided in Stipulating Parties/102.

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

A. I introduce Staff-sponsored adjustments and issues regarding the Avista Corporation (Avista, AVA, or Company) request for a general rate revision, docketed as Docket No. UG 461. Please refer to Exhibit No. Staff/200, the testimony of Itayi Chipanera, for additional detail about revenue, expense, and rate base components of Staff's proposed adjustments.

In addition, I articulate some of Staff's overarching concerns and summarize public comments received by the Commission in this rate case, pointing to Staff testimony where these issues are examined.

I next introduce the escalation methodology utilized by Staff to reflect inflation's impact on historical costs in projects for Test Year revenue requirement. Please also refer to Exhibit No. Staff/200, the testimony of Itayi Chipanera, for additional detail and examples of how Staff applies its escalation methodology to specific issues in this general rate case.

Lastly, I address the Company's Restated Regulatory Deferrals Adjustment (Deferrals Adjustment), which eliminates regulatory deferral expenses recorded during the Base Year that are not applicable in the Test Year.[1]

**Q. Where has Staff addressed Cost of Capital and overall Rate of Return (ROR) in this docket?**

A. Avista, Staff and the Alliance of Western Energy Consumers (AWEC), (Settling Parties) on May 8, 2023, entered into a Partial Multiparty Settlement Stipulation (Stipulation) that addressed and resolved each component of Cost of Capital: Return on Equity (ROE), Capital Structure, and Cost of Long-Term Debt; as well as overall ROR. The Oregon Citizens' Utility Board (CUB) and Sierra Club/Climate Solutions did not join the Settlement. Settling Parties provided joint testimony in support of the Stipulation in Stipulating Parties/100, also filed with the Commission on May 8, 2023.[2]

As part of its review of Avista's Cost of Capital, Staff also reviewed Avista's financial hedging policy as applied to the Cost of Long-Term Debt.[3] Note that pension and post-retirement medical expenses and associated Expected Return on Assets (EROA) are not part of the Company's Interest Rate Risk Management Plan. The Stipulation resolved all issues for Staff regarding Avista's financial hedging in this rate case regarding debt issuance.

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1 See Avista/500 Schultz/38-40.

2 Note that Stipulating Parties/100 testimony in support of the Settlement is filed on the Commission's website under the motion to admit same: https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23628.

3 See Avista Corp.'s Interest Rate Risk Management Plan in Avista/202 Thies/1-10. Also see Avista/200 Thies/24-25 for the Company's description of this policy.

**Q. Will other Staff witnesses submit testimony on the same issues described in this testimony's overview?**

A. Yes. Each Staff assigned to Docket No. UE 461 is submitting separate and/or joint testimonies. This testimony introduces the Staff witnesses and their respective assignments and estimate the revenue requirement impact of Staff recommended adjustments to the Company's initial filing. Staff testimony represents issues identified to date. Staff's recommendations and issues may change when informed by new data and after reviewing testimony and analysis by other parties.

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

A. My testimony is organized as follows:



**Q. Did you prepare other supporting exhibits for this docket?**

A. Yes. Attached hereto as Exhibit Staff 101 are the actual written public comments received by the Commission.

## 1. REVENUE REQUIREMENT IMPACT BY STAFF TOPIC

**Q. Please provide a list of the rate case topics that Staff reviewed and introduce the responsible Staff.**

A. See Table 1 below:

### TABLE 1 – STAFF RATE CASE TOPICS

| Incremental Revenue Requirement on Avista's Filed Rate Case, UG 461 with Test Year Ending December 31, 2024. | | | | $ 10,991 |
|---|---|---|---|---|
| **Exh.** | **Opening Testimony Staff Witness** | **Issue** | **Proposed Staff Adjustments** | **Revenue Requirement Effect ($000)** |
| - | **Stipulation** | 1 | **Cost of Capital - First Partial Stipulation** | $ (1,653) |
| 100 | Muldoon | 1 | Revenue Requirement Impact by Staff Topic | - |
| | | 2 | Introduction to Other Staff's Opening Testimony | - |
| | | 3 | Key Concerns | - |
| | | 4 | Summary of Public Comments Received | - |
| | | 5 | Staff Escalation Methodology | - |
| | | 6 | Deferrals Adjustment | - |
| 200 | Chipanera | 1 | Summary of Revenue Requirement | - |
| | | 2 | Overall Rate Base | - |
| | | 3 | Escalations | (61) |
| | | 4 | Income Taxes | - |
| 300 | Scala | 1 | Energy Justice | - |
| 400 | Stevens | 1 | Long-run Incremental Cost (LRIC) Study | - |
| | | 2 | Rate Spread and Rate Design | - |
| 500 | Bolton | 1 | Climate Protection Plan (CPP) Compliance | - |
| | | 2 | Line Extention Allowance | (214) |
| 600 | Farrell | 1 | Uncollectible Expense | (105) |
| 700 | Jent | 1 | Wage, Salary and Full Time Equivalents (FTE) | (159) |
| 800 | Mondragon | 1 | Customer Service Expenses - Operations and Maintenance Non-Labor (NL) | (45) |
| 900 | Moore | 1 | Distribution Operatons and Maintenance (O&M) Non-Labor (NL) | (273) |
| | | 2 | Administrative and General (A&G) Expenses NL | - |
| | | 3 | Incenctives / Compensation | - |
| | | 4 | Affiliated Interest (AI) Charges | - |
| 1000 | Peng | 1 | Depreciation Expense | (572) |
| | | 2 | Amortization Expense | - |
| | | 3 | Depreciation Reserve | - |
| | | 4 | Amortization Reserve | - |
| | | 5 | Allowance for Funds Used Durring Construction (AFUDC) | - |
| 1100 | Zarate | 1 | UM 2267 Non-Contributory Pension Plans | - |
| 1200 | Ankum/Fischer | 1 | Expense Mis-Allocation | (907) |
| | | 2 | Distribution Plant | (599) |
| 1300 | Caswell/Nottingham/ Shearer/Stevens | 1 | Meter Testing Program | (1,343) |
| | | 2 | Installation Constant Program | - |
| 1400 | Stevens/Young | 1 | Change from year end to average of monthly averages in rate base calculation | (962) |
| **Total Staff Proposed Adjustments** | | | | **$ (6,894)** |
| **Total Staff Proposed Revenue Requirements Change** | | | | **$ 4,097** |

## 2. INTRODUCTION TO OTHER STAFF'S OPENING TESTIMONY

**Q. Please describe the opening testimony submitted by other Staff in this rate case.**

A. The following is a brief introduction to Staff's Opening Testimony:

**In Exhibit 200, Itayi Chipanera**, Senior Financial Analyst, discusses revenue requirement, overall rate base, Staff escalation adjustments, and income taxes.

**In Exhibit 300, Michell Scala**, Energy Justice Program Manager, provides an Energy Justice overview for this general rate case and discusses key energy justice foci.

**In Exhibit 400, Dr. Bret Stevens, Ph.D.**, Senior Economist examines the Company's long-run incremental cost (LRIC) and Avista's marginal cost study. In addition, Dr. Stevens analyzes the Company's rate spread and rate design.

**In Exhibit 500, Madison Bolton**, Senior Energy and Policy Analyst, examines Avista's residential line extensions and the Company's renewable natural gas and overall compliance with Oregon's Climate Protection Plan (CPP).

**In Exhibit 600, Bret Farrell**, Senior Utility and Energy Analyst, reviews the Company's uncollectible expense accounts.

**In Exhibit 700, Julie Jent,** Senior Economist, reviews Avista's wages, salaries, and Full Time Equivalents (FTE).

**In Exhibit 800, Luz Mondragon**, Senior Financial Analyst, reviews non-labor (NL) customer service and related information and sales expenses.

**In Exhibit 900, Mitch Moore**, Senior Economist, analyzes Avista's distribution operations and maintenance (O&M) expenses NL, administrative and general expenses (A&G) NL, and incentives and compensation.

**In Exhibit 1000, Ming Peng**, Senior Economist, analyzes depreciation expense, amortization expense, depreciation reserve, amortization reserve, and Avista's depreciation study.

**In Exhibit 1100, Kathy Zarate,** Analyst, recommends the Commission approve Avista's proposed regulatory treatment of certain costs associated with Non-Contributory Defined Benefit Pension Plans as described in the Company's deferral application filed in Docket No. UM 2267.

**In Exhibit 1200, Joint Testimony, August Ankum**, Chief Economist, and **Warren R. Fisher**, Chief Financial Officer (CFO), both with **QSI Consulting, Inc**, discuss Avista's utility plant additions, allocations & multijurisdictional agreements.

**In Exhibit 1300 Joint Testimony, Melissa Nottingham**, Consumer Services and Residential Service Protection Fund (RSPF) Manager, **Scott Shearer**, Analyst, and **Dr. Stevens** discuss Avista's meter changeout program and the installation constant adjustment therein.

**In Exhibit 1400 Joint Testimony, Dr. Stevens,** and **Robert Young**, Managing Director, of economists.com**,** discuss the use of the average of monthly averages in calculations of test year rate base.

## 3. KEY CONCERNS

**Q. Are there any issues that appear in the case that you would like to highlight?**

A. Yes. Staff is concerned that the aggregate rate impacts of this general rate case, deferrals, and power costs may constitute a large rate increase for Avista's Oregon utility customers outpacing Oregon wages. Further, the U.S. Federal Reserve (Fed) is tightening monetary policy to control high inflation. This increases the cost of borrowing for utility rate payers as well as the cost of debt for utilities.

**Q. Please show the approximate impact on residential customer rates were Avista's rate increase to be implemented as requested.**

A. Staff cautions that it is still early in this proceeding and the following depiction reflects a point estimate just prior to this testimony:

**Table 2**

| | | Residential Avg. Total Bill $/Mo. | | |
|---|---|---|---|---|
| | Current | $ 77.01 | | |
| | | Scenario if increase were as requested | | |
| | Jan. 1, 2024 Increase | $/Mo. | Increase $/Mo | % Increase |
| AVA Proposed* | $10.991 Million | $ 83.21 | $ 6.20 | 8.06% |

* Avista estimations are based on average residential customers' total bill given current cost of natural gas in rates.

This information does not yet reflect recommendations offered by Staff and intervenors for Commission consideration, which if adopted, would reduce the impact of Avista's proposed rate increase.

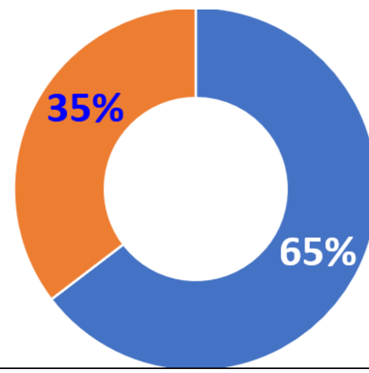
**Q. What does Avista identify as key cost drivers when describing this rate case to investors and analysts?**

A. With the caution that this is at a very general level, Avista indicates that net plant investments represent about 65 percent, or about $7.1 million, and higher operations and maintenance (O&M) costs also represent about 35 percent of the overall increase in this general rate case, or about $3.9 million.

Staff's testimony will go into greater detail.

**Table 3**

| Cost Driver | % |
|---|---|
| Net Plant Investment* | **65%** |
| Operating Expenses (O&M & A&G) | **35%** |




| Driver | Approximate AVA Revenue Requirement Impact (millions) |
|---|---|
| Net Plant Investment* | $ 7.103 |
| Operating Expenses (O&M & A&G) | $ 3.888 |
| Total | $ 10.991 |

*Net Plant Investment includes return on investment, depreciation and taxes, offset by the tax benefit of interest.

**Q. Will Staff be monitoring the aggregate rate impact for this year from all sources, as well as how aggregate Avista Oregon utility customer rates this year compare to aggregate impacts of recent years?**

A. Yes. However, because much of the aggregate rate impact will come from natural gas costs in Avista's 2023 Purchase Gas Adjustment (PGA) that will come to Commission Special Public Meeting in late October for rates effective November 1, 2023, it is still to early for good total aggregate rate impact estimations for this year.

## CALCULATION OF TEST YEAR RATE BASE

**Q. Please describe any concerns Staff has regarding the test year rate base calculations.**

A. Staff is concerned with the change in rate base value from the average-of monthly-test-period-averages to beginning-of-test-period. In Staff/1400, Dr. Stevens and Mr. Young's testimony raises a significant issue that involves nearly $1 million in revenue requirement from a ratemaking change that occurred in a 2014 where rate base value was changed from the average-of monthly-test-period-averages to beginning-of-test-period. The Commission has supported the average-of-monthly-averages for decades, and yet Avista made this substantive change beginning several years ago with no testimony or briefing. The order adopting rate base calculated with a beginning-of-test period method was based on a stipulated resolution of issues, as were each of the orders for Avista's rate cases since that time.

As explained in Exhibit Staff/1400, Staff strongly supports reverting to the average-of-monthly-averages in this general rate case, as it represents the average rate base value over the test period when rates are in effect. Otherwise, customers are paying for depreciation in rates without those payments being reflected in rate base. Consequently, there is no corresponding benefit for having paid for depreciation during the test period.

## 4. SUMMARY OF PUBLIC COMMENTS RECEIVED

**Q. Please summarize the public comments received to date in this rate case.**

A. In addition to public comments received at the Commission's Hearing on the evening of June 7, 2023, the OPUC has received 141 other public comments regarding this general rate case as of May 23, 2023. These comments demonstrate that Avista's residential customers are very concerned about the large size of the increase. Many residential customers who are working and on fixed incomes, or of limited means worry about energy utility increases outpacing their income and express concerns about having to balance paying for utilities, shelter, medications, food, and other essentials.

Some commenters also expressed opposition to expansion and reinforcement of natural gas infrastructure, as well as concern that utility customers may be paying for communications and lobbying supportive of natural gas use. These commenters also still see renewable natural gas as a methane resource, rather than a clean energy alternative to "brown" natural gas.

**TABLE 4 – PRIMARY CONCERNS**

| Impact of Increase on Customers | Cost Allocation of Line Extensions | Moving Away from Methane | Limiting New Natural Gas Infrastructure |
|---|---|---|---|

Certain public comments provided insights into energy justice challenges utility customers are facing. Michelle Scala will address these in her Staff/300 testimony in addition to other Staff looking at these issues as they intersect with issues Staff reviewed.

Many commenters are also concerned about whether current utility customers are picking up risks and costs associated with line extensions to expand natural gas infrastructure. Some of these commenters feel they are subsidizing an increase in carbon related pollution, or otherwise supporting carbon infrastructure that is incompatible with a carbon-controlled future. A subset of these commenters considers increase in North American Wildfires to be closely tied to continued carbon reliance. These commenters question whether natural gas infrastructure investments are compatible with Oregon's climate goals.

For example, Eleanor Ponomareff of the Talent City Council urges the Commission to deny Avista's requested increase to facilitate the transition away from fossil fuel dependence. Another commenter, Wendy Woods, who holds a Ph.D. in Aquatic Ecology shares, "We should not be subsidizing new gas infrastructure during a climate emergency – especially when we'll all be on the hook for those investments for decades to come". Ms. Woods also sees a connection between fossil fuel consumption and frequency and severity of wildfires. Some commenters want a staged "pruning" of the Company away from natural gas.

Commenters also urge the Commission to "reign in Avista's frequency and size of increases, noting that Avista just had an 18 percent increase last year. At the Commission's Public Comment Hearing, similar concerns as described above were raised. The following examples of these comments are paraphrased rather than direct quotes:

Climate changes and health impact concerns about expansion of natural gas systems at the expense of working people, rather than ending reliance on fossil fuels.

Avista should not have higher profit margins for shareholders, increasing the energy burden for low-income communities. Oregon is supposed to be moving away from fossil fuel energy. Ashland for example is a community limiting the role of natural gas in new buildings. Also if every customer's rates increase, then how are we actually addressing environmental justice?

With the proposed increase, people most impacted by this decision will have to make dehumanizing choices.

An Avista customer since 2015 is paying both their and their family's utility bills, making for difficult and emotional challenges.

A North Portland resident expressed concern about global warming. We must quit using methane. Recoverable or renewable natural gas also creates greenhouse gases. We should decrease as rapidly as possible the use of methane in Oregon.

Another commenter also spoke about natural gas and renewable natural gas which are both methane. We already have a climate emergency. The main cause is the burning of fossil fuels. We should not be subsidizing new natural gas investment. Area electrification can save money for customers. This commenter urged the Commission to not approve increases for Avista and NW Natural Gas who want to expand fossil fuel infrastructure. These companies need to phase out use of fossil fuels. The above sample comments from the Commission's Public Comment Hearing are similar to earlier described written comments received.

**Q. Please explain the reasoning behind the inclusion of public comments in Staff's testimony.**

A. Consistent with the Commission's Internal Operating Guidelines adopted in

Order No. 20-065 in Docket No. UM 2055, in order to provide more transparency about the public comments in contested cases, public comments received are now made part of the Staff's Opening Testimony.

Attached hereto as Exhibit Staff 101 are the public comments received by the Commission via email and in writing. The transcript for the Commission's Public Comment Hearing can be accessed through the Commission's website: https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23628 Please see the transcript for Spanish language comments.

Written comments received after preparation of Staff's Opening Testimony will be included in subsequent Staff testimony. However, Staff will not be able to testify regarding comments received after Staff prepares its final round of UG 461 testimony.

Presenting comments at a Commission Informational Hearing or through the Commission's website does not subject the commenting person to cross examination. Any party, though, may respond to Staff's summary of the public comments or the comments themselves in evidentiary testimony.

**Q. Does Staff Opening Testimony address comments received?**

A. Yes.

## 5. STAFF ESCALATION METHODOLOGY

**Q. Please introduce Staff's escalation methodology for this rate case.**

A. First, Staff's escalation methodology excludes wages and salaries, these rely on a different Commission preferred approach. In this rate case, Staff relies on U.S. All Urban Consumer Price Index (CPI) information, using the following three steps.

1. For 2022 Q3 and Q4 combined, Staff uses 0.3% based on U.S. Bureau of Labor Statistics (BLS) (Seasonally Adjusted Monthly Data)
2. Then for January thru December 2023, Staff relies on the 3.9 percent CPI projected by the OR Dept Econ Analysis Pg 44 March 2023 Release.
3. Finally for January through June 2024, Staff uses 1.1 percent CPI, representing half of projected OR Dept Econ Analysis Pg 44 March Release for 2024.

**Q. What is the overall escalation from mid-year 2022 through mid-year 2024?**

A. Staff's aggregate escalation is 5.4 percent.

**Q. Why does Staff escalate to the middle of the 2024 test year?**

A. Avista will make utility purchases and expenditures throughout 2024. Using the midpoint of 2024 avoids over-escalation from presuming that Avista will make all purchases in 2024 on the last day of the calendar year. For example, some of Avista's expenditures will be made in January 2024. In addition, we are basing the overall escalation rate on the amount of inflation from the mid-year of 2022 through the mid-year of 2024 to reflect the average amount over the test period. We note that Avista in most cases bases its 2024 forecasts by taking 2022 budgets and escalating those to 2024 values.

Please see Staff/200 for Itayi Chipanera's examples of Staff escalations.

## 6. DEFERRALS ADJUSTMENTS

**Q. Did you review Kaylene Schultz's Test Year adjustments to remove regulatory deferral expenses recorded in the Base Year that are not applicable in the Test Year.**

A. Yes. These adjustments described in Avista/500 Schultz 38-40 total $1.169 million as shown on Avista/501 Schultz/9. Amounts deferred for the Covid-19 Deferral and addressed in 2020 by Order No. 20-378 in Docket UM-2069; 2021 Corporate Activity Tax (CAT) expense deferral addressed by Order No. 21-007 in UM-2042; Senate Bill (SB) 68 regulatory fee change deferrals reauthorized by Order No. 22-301 in Docket No. UM 2053; and 2021 State Income Tax (SIT) deferral approved by Order No. UG-389 in Docket No. UG 389 would not be recurring expenses in the Test Year.

**Q. Do you agree with Avista that these represent an increase in operating income of $0.885 million and a corresponding reduction of $1,121 million in revenue requirement.**

A. Yes. Staff has no further adjustment now to said reduction in revenue requirement already made as part of Avista's filing in this general rate case. However, Staff's position may change as informed by testimony of intervenors and subsequent data requests responses in this proceeding.

**Q. Does that conclude your testimony?**

A. Yes.

CASE: UG 461
WITNESS: MATT MULDOON

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 101

# Public Comments

# July 7, 2023

**From:** John Culver
**To:** PUC PUC.PublicComments * PUC
**Subject:** AVISTA Rate Increase proposal
**Date:** Wednesday, March 1, 2023 1:52:20 PM

Recently I received an email from Avista informing me that they wish to raise my already high gas bill more, to pay for infrastructure improvements. They propose the need to recover another $11 million from rate payers, all while making a $155 million post tax profit. (2022)

They make such claims as: “The ongoing effort to align the rates customers pay with Avista’s costs to serve is one of the main reasons we file general rate requests. It’s important for the health of the company and an essential part of providing safe and reliable energy,” Vermillion said.

Aligning rates to maximize shareholder profits, not to align costs, or they wouldn't have posted such a high profit. (all while paying 4.53% dividends to stockholders, on the back of ratepayers)

Such rate increases should not be approved when companies are making millions of dollars and Oregon Rate payers are suffering horribly under massive rate increases from just a few months ago.

John Culver
5040 Miller AVE Klamath Falls, OR 97603
john@cpushack.com

**From:** Sara Reuter
**To:** PUC PUC.PublicComments * PUC
**Subject:** Avista Proposed Rate Increase
**Date:** Thursday, March 2, 2023 8:52:26 AM

Just weighing in on Avista request for a rate increase. They had a huge rate increase last year. We are all struggling with increased prices, surely Avista can struggle like the rest of us for another year or so, If they have to cut their dividends or executive salaries I think they should, rather than getting a rate increase due to inflation issues that are plaguing all of us.

**From:** Richard McGregor
**To:** PUC PUC.PublicComments * PUC
**Subject:** Proposed Utility Increase (GAS)/Avista
**Date:** Thursday, March 2, 2023 2:41:36 PM

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To Whom It May Concern: (applicable to everyone)

Please be aware that this request for another increase in the gas base rate by the Avista Gas Company, (second within approx.three years) is totally unacceptable.

The utilities are the basis of our day to day functionality, especially being on a fixed income year after year. As you know, any increases in the base pay we receive from the Federal Government, which apply to the standard of living, are not only 'over-due', but already erased due to these utility companies complaining that their cost are increasing. Once again we are seeing the utility company asking for more flexibility for their company from an outside source, in this case the state, to cover up their mismanagement policies within, rather than the implementation of better management protocols. We have recently seen this same request for the Pacific Power Co. which was granted without any proper investigation by the state.

I urge you to tighten up these request that are creating a very heavy burden on some of us citizens, and have the request from Avista refused until they begin to instill better programs that tighten their expense issues.

Regards,

Richard McGregor, USMC

541-531-4988

Shady Cove, OR

**From:** L Gallo
**To:** PUC PUC.PublicComments * PUC
**Subject:** Comment Regarding Second Avista Rate Increase
**Date:** Wednesday, March 8, 2023 9:22:46 PM
**Attachments:** f34cf08b-14bf-4d67-b7a6-2badf2a2c548.png

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Looking at Avista's request for increases, it's no surprise they have not only just received one approval effective November 2022, but have requested yet another rate increase four months later in March 2023. We only have a small number of appliances (3) where we use natural gas (thankfullly!), but have seen our rates soar from 2022 to 2023 over consecutive winter months. We actually have fewer people living in our house this year, so the rates don't even make numerical sense given the percentages they were to increase.

It appears from online sources the rates were increased as follows:
January 2022 - 1.7% increase
November 2022 1.1% increase

If you look at my increases comparing winter months from 2022 to 2023, they are far over 2.8%. **I understand it is based on therms**, but we don't have any new appliances and have fewer people living with us as some of our adult children have moved. We have no reason for our usage to increase. Perhaps we'll have to look at why these rates are so high and call Avista for an energy assessment.

Dec 2021: $74.42 > Dec 2022: $147.23 = 97%
Jan 2022: $140 > Jan 2023: $166.74 = 15%

**History: Payments** | Switch to: History Bills — Download — Print — Questions?

Sep 01, 2021 - Mar 08, 2023 Change▾ — AVISTA CORPORATION *0000 — Filter — Advanced

| Deliver By | Paid to | Amount | Confirmation# | Paid from | Status | Category |
|---|---|---|---|---|---|---|
| 03/08/2023 | Avista | $163.62 | TRBLQ-TBNSY | CHECKING | Complete | Uncategorized |
| 02/08/2023 | Avista | $164.32 | TN3PB-MSL9M | CHECKING | Complete | Uncategorized |
| 01/18/2023 | Avista | $166.74 | TKSND-3QT3R | CHECKING | Complete | Uncategorized |
| 12/06/2022 | Avista | $147.23 | TFLZJ-H0Z5Z | CHECKING | Complete | Uncategorized |
| 11/04/2022 | Avista | $45.20 | TBCW5-JV06Z | CHECKING | Complete | Uncategorized |
| 10/12/2022 | Avista | $41.42 | T7XNM-QLRDN | CHECKING | Complete | Uncategorized |
| 09/16/2022 | Avista | $40.11 | T59KP-4FXSC | CHECKING | Complete | Uncategorized |
| 08/05/2022 | Avista | $41.66 | T10R9-ZFRRJ | CHECKING | Complete | Uncategorized |
| 07/12/2022 | Avista | $51.65 | SYM1C-68H7H | CHECKING | Complete | Uncategorized |
| 06/03/2022 | Avista | $78.32 | STHGF-S526N | CHECKING | Complete | Uncategorized |
| 06/03/2022 | Avista | $60.23 | STHGK-4YKL0 | CHECKING | Complete | Uncategorized |
| 04/07/2022 | Avista | $85.53 | SMM26-2TJ6V | Classic Checking | Complete | Uncategorized |
| 03/11/2022 | Avista | $126.91 | SJWC2-4CZXN | Classic Checking | Complete | Uncategorized |
| 02/10/2022 | Avista | $146.29 | SFQ2G-3R758 | Classic Checking | Complete | Uncategorized |
| 01/10/2022 | Avista | $140.00 | SBCCF-WGSWJ | Classic Checking | Complete | Uncategorized |
| 12/20/2021 | Avista | $74.42 | S8572-SJP86 | Classic Checking | Complete | Uncategorized |
| 11/02/2021 | Avista | $65.00 | S3HGN-LJD9M | Classic Checking | Complete | Uncategorized |
| 10/26/2021 | Avista | $100.00 | S2SGV-WT1CT | Classic Checking | Complete | Uncategorized |
| | Total | $1,738.65 | | | | |

I understand the commission has ten months to decide whether the rate increase will be approved. I'd respectfully ask that an audit be done prior to any approvals.

Please acknowledge receipt of my comment by emailing me back you've received my email.

Sincerely,

Laura Gallo-Hadley

Medford, OR  97501

**From:** SPENST Carissa * PUC
**To:** PUC PUC.PublicComments * PUC
**Subject:** Bryon Moore - Avista Gas Rate Increase - UG 461
**Date:** Monday, March 13, 2023 1:54:15 PM

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Bryon Moore would like to provide comments regarding the upcoming Avista Gas rate increase of 50¢. He lives at 2312 N Willow St LeGrand Or, 97850 541-60-3246. He said that he doesn't like it that they're doing this when they just had a rate increase two months ago. More people are going to be living on the street. And it's time they gotta start fighting for their rights and stand up for themselves.

Thank you,

*Carissa M. Spenst*

Carissa M. Spenst
Compliance Specialist
Oregon Public Utility Commission
Puc.consumer@puc.oregon.gov
1-800-522-2404/503-378-6600
503-378-5743 (fax)

**From:** papaskip55@everyactioncustom.com on behalf of Clarence Cullop
**To:** PUC PUC.PublicComments * PUC
**Subject:** Public Comments on UG 461
**Date:** Thursday, May 25, 2023 3:10:48 PM

Dear Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

By comparison, NW Natural's version of this subsidy was $2300 in 2022. NW Natural is Oregon's largest gas utility at 688,000 customers. Avista has only 106,000 gas customers in Oregon. Avista's subsidy is not only significantly higher than NW Natural's but also has a much greater impact on each customer. As gas utilities struggle to make plans to meet climate regulations, it is time to end this practice of subsidizing the growth of the gas system.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,
Clarence Cullop
911 Narregan St  Medford, OR 97501-2330
papaskip55@yahoo.com

**From:** threepines@everyactioncustom.com on behalf of Hal Anthony
**To:** PUC PUC.PublicComments * PUC
**Subject:** Public Comments on UG 461
**Date:** Thursday, May 25, 2023 3:56:51 PM

Dear Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I'm old. I don't even have a smart phone, and my SS check is about $1300 bucks after Uncle Sam is done dicing. So of course as a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. My '93 Dodge Dakota gets 17 mpg. Gas costs for heating oil have continued to rise, making it difficult to heat my home to the point of comfort.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

By comparison, NW Natural's version of this subsidy was $2300 in 2022. NW Natural is Oregon's largest gas utility at 688,000 customers. Avista has only 106,000 gas customers in Oregon. Avista's subsidy is not only significantly higher than NW Natural's but also has a much greater impact on each customer. As gas utilities struggle to make plans to meet climate regulations, it is time to end this practice of subsidizing the growth of the gas system.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,
Hal Anthony
3995 Russell Rd  Grants Pass, OR 97526-9781
threepines@centurylink.net

**From:** rhmay7@everyactioncustom.com on behalf of Roger May
**To:** PUC PUC.PublicComments * PUC
**Subject:** Public Comments on UG 461
**Date:** Thursday, May 25, 2023 8:09:05 PM

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Dear Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

By comparison, NW Natural's version of this subsidy was $2300 in 2022. NW Natural is Oregon's largest gas utility at 688,000 customers. Avista has only 106,000 gas customers in Oregon. Avista's subsidy is not only significantly higher than NW Natural's but also has a much greater impact on each customer. As gas utilities struggle to make plans to meet climate regulations, it is time to end this practice of subsidizing the growth of the gas system.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,
Roger May
4509 Wolf Run Dr OR97504 Medford, OR 97504-9673
rhmay7@gmail.com

**From:** R.B. Garden
**To:** PUC PUC.PublicComments * PUC
**Subject:** Avista Gas Rate Increase
**Date:** Saturday, May 27, 2023 2:51:22 PM

---

Please do not approve this 8.1% rate increase for residential customers in Oregon.
If you look at the annual company reports you will see that they have been increasing the
amount they pay their shareholders every year for the last 20 years and now they want more
money to pay even more to the shareholders.
Is methane gas service a utility? Are utilities a public service?
There is no benefit to the public from this requested increase of funds.

What Avista is really trying to do with this rate increase is get the public to fund locking in methane gas infrastructure for the next 20 to 35 years, which could have serious consequences for us all.
The money they are requesting to replace older pipes should come from collected funds over the years instead of squandering those funds on shareholders and then asking the public to pay again for upkeep. Saving for maintenance issues are a part of running a company and they should not be allowed to run to government entities and ask the public to pay again for maintenance.

Please do not grant this rate increase. The methane gas corporations have publicly boasted for years how they are always lowering the price of gas. Let them live with the lower prices they were so happy to offer.

RB Garden
Springfield, OR

**From:** Patty Hine
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Monday, May 29, 2023 1:12:36 PM

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Dear Chair Decker and members of the Commission,

I am writing about my concern about the ever-increasing expansion of Avista's gas infrastructure and rate increases.

We know our world is warming and that use of fossil fuels must drastically decrease in the near several years. Drastically. That means taking strong action now to recognize this fact in our planning and policy.

I also believe we need to ensure low-income ratepayers in Avista's territory are served by energy efficiency and other saving programs, not by permitting risky investments and a business-as-usual expectation of growth on the part of gas utilities. The gas system must shrink.

Your priority should be to support the interest of people and the planet over short-term corporate profits.

Thank you for your consideration.
Patricia Hine

--
To not become discouraged is an act of courage.

**From:** Alexi Lovechio (alexi@kswild.org) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:02:00 AM

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Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Alexi Lovechio
779 Oak St
Ashland, OR 97520
alexi@kswild.org
(413) 330-8425

**From:** Cornelius Matteo (cmatteo@nmicorporation.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:03:49 AM

---

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Cornelius Matteo
853 Hillview drive
Ashland, OR 97520
cmatteo@nmicorporation.com
(917) 693-6475

**From:** Marcel Liberge (dustypuns@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:02:18 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Marcel Liberge
11020 N. Applegate Rd
Grants Pass, OR 97527
dustypuns@gmail.com
(541) 916-2554

**From:** Alexandria Thomas (igoogledmyself@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:07:05 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Alexandria Thomas
1868 E Barnett Rd, #47
Medford, OR 97504
igoogledmyself@yahoo.com
(541) 690-0060

**From:** Allan Peterson (allanpeterson@97520.net) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:10:43 AM

Dear Oregon PUC,

I am one of Avista's rate payers still reeling from last year's rate hike.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Allan Peterson
807 Beach
Ashland, OR 97520
allanpeterson@97520.net
(850) 572-4135

**From:** Sidney Brown (sidney@photoassist.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:22:25 AM

Dear Oregon PUC,

I cancelled my gas service today; no
one should be using methane gas in a home. Please reject Avista?s request for a rate increase today.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Sidney Brown
117 Almond st
Ashland, OR 97520
sidney@photoassist.com
(541) 261-8971

**From:** Kyle Krauss (kckrauss@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:27:17 AM

Dear Oregon PUC,

When will we see big business prioritize people over profits? Until then, we as a species will always struggle.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Kyle Krauss
17537 N Umpqua Hwy
Roseburg, OR 97470
kckrauss@gmail.com
(630) 699-6535

**From:** Petite Resch (plollis2004@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:30:32 AM

---

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Petite Resch
1402 Talent Ave
Talent, OR 97540
plollis2004@yahoo.com
(541) 941-5081

**From:** Robert Phillips (robertphillips47@aol.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:31:15 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Robert Phillips
1659 kings Hwy
Medford, OR 97501
robertphillips47@aol.com
(541) 816-1053

**From:** Lori Kuebler (lorinm1966@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:37:18 AM

---

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Lori Kuebler
490 SE OAKBRIAR AVE
ROSEBURG, OR 97470
lorinm1966@yahoo.com
(541) 670-8075

**From:** Natashja Dewolf (natashjadewolf@yahoo.ca) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:37:58 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Natashja Dewolf
258 A Street PMB 52
Ashland, OR 97520
natashjadewolf@yahoo.ca
(541) 555-1212

**From:** Lisa Odegaard (l.odegaard@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:42:13 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Lisa Odegaard
2664 , Anderson Creek Rd
Talent, OR 97540
l.odegaard@yahoo.com
(541) 535-8314

**From:** Josh Capehart (capehart_josh@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:43:54 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Josh Capehart
3272 Ford Drive
Medford, OR 97504
capehart_josh@hotmail.com
(541) 821-0872

**From:** John Hawksley (golihawk@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:52:36 AM

---

Dear Oregon PUC,

We are decades behind on efforts to slow global climate catastrophe. The Almeda fire went by just down hill from us. There should be no question about denying this request.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

John Hawksley
1330 Ashland Mine
Ashland, OR 97520
golihawk@yahoo.com
(541) 488-4513

**From:** Robin Anderson (corobinj@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 9:59:26 AM

Dear Oregon PUC,

Avista, like many other utilities are making more money than prior to the pandemic. Do not allow them to continue to overcharge Oregonians.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Robin Anderson
1802 NE FAIRVIEW AVE, APT B
GRANTS PASS, OR 97526
corobinj@hotmail.com
(303) 555-1212

**From:** Alma Alvarez (alvarez@sou.edu) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:11:38 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Alma Alvarez
491 Normal Ave.
Ashland, OR 97520
alvarez@sou.edu
(541) 488-4516

**From:** Brian Tingle (btingle@ashlandoregon.org) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 1:43:21 PM

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Dear Oregon PUC,

We DO NOT need to expand use of fossil fuels for us. PLEASE do not approve Avista's second consecutive annual rate increase to further pollute our state and perpetuate our dependency on fossil fuels.

Thank you.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Brian Tingle
483 Tulipan Way
Talent, OR 97540
btingle@ashlandoregon.org
(541) 555-1212

**From:** Tom Kerlinger (tkerlinger@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 2:42:15 PM

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Dear Oregon PUC,

Please stop funding fossil fuel polluters......start scaling them back!!!

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Tom Kerlinger
1224 N Modoc unit 48
Medford, OR 97504
tkerlinger@hotmail.com
(541) 772-5692

**From:** Diane Newell Meyer (meyer.dn42@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:15:27 AM

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Dear Oregon PUC,

It is too much

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Diane Newell Meyer
190 lincoln st apt 1
Ashland, OR 97520
meyer.dn42@gmail.com
(541) 488-2646

**From:** Steve Sheehy (sheehy.s@charter.net) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:19:32 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Steve Sheehy
4727 Alpine Dr
Klamath Falls, OR 97603
sheehy.s@charter.net
(541) 555-5555

**From:** Debbie Lehwalder (deblehwalder@aol.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:24:27 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Debbie Lehwalder
1304 SE Elm Ln
Grants Pass, OR 97526
deblehwalder@aol.com
(541) 226-9813

**From:** Karen Pedersen (flexmaiden1@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:46:01 AM

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Dear Oregon PUC,

JUST ANOTHER FASCIST CORPORATION STEALING FROM THE PEOPLE!!!!!

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Karen Pedersen
140 Elberta Street, Grants Pass, OR, USA
Grants Pass, Oregon 97526, OR 97526
flexmaiden1@hotmail.com
(707) 338-0078

This message was sent by KnowWho, as a service provider, on behalf of an individual associated with Sierra Club. If you need more information, please contact Member Care at Sierra Club at member.care@sierraclub.org or (415) 977-5673.

**From:** Tiffany Kerlinger (alexiskerlinger@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:52:31 AM

Dear Oregon PUC,

As a disabled newly paralyzed person having to deal with rent increases every year on my fixed income having to also deal with gas increase will be very much a hardship.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Tiffany Kerlinger
1224 n modoc ave unit 48
Medford, OR 97504
alexiskerlinger@gmail.com
(541) 531-9977

**From:** Esther Goldberg (efgoldberg@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 11:34:02 AM

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Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Esther Goldberg
487 Walnut St
Ashland, OR 97520
efgoldberg@yahoo.com
(541) 482-0258

**From:** Tom Kerlinger (tkerlinger@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 11:34:08 AM

Dear Oregon PUC,

On fixed income please reconsider

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Tom Kerlinger
1224 n modoc ave unit 48
Medford, OR 97504
tkerlinger@hotmail.com
(541) 772-5692

| | |
|---|---|
| **From:** | Melanie E Mock (melanieelizamock@yahoo.com) Sent You a Personal Message |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 2, 2023 12:05:55 PM |

Dear Oregon PUC,

Especially as the trend is to reduce residential gas usage, subsidizing and soliciting new customers, at the expense of established ones, is short sighted, not to mention unethical.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Melanie E Mock
910 Glendower St
Ashland, OR 97520
melanieelizamock@yahoo.com
(541) 488-6045

| | |
|---|---|
| **From:** | Christine Brautigam (christinebrautigam@icloud.com) Sent You a Personal Message |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 2, 2023 1:17:27 PM |

Dear Oregon PUC,

What is going on??? It is hard enough to make ends meet. Please do what is right for all of us regular people dealing with a broken system.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Christine Brautigam
1467 Siskiyou Blvd #337
Ashland, OR 97520
christinebrautigam@icloud.com
(541) 622-1891

**From:** Joanna Poague (joannapoague36@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 2:46:14 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Joanna Poague
325 Engle St #201
Ashland, OR 97520
joannapoague36@gmail.com
(541) 625-3652

**From:** Marilyn Costamagna (gypsywind55@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 2:57:51 PM

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Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Marilyn Costamagna
2401 Acorn Way
Medford, OR 97504
gypsywind55@gmail.com
(541) 245-3965

**From:** Tatiana Bredikin (tatiana@meetingmastery.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 3:07:57 PM

Dear Oregon PUC,

I am against the climate impacts and cost to customers of expanding natural gas.
Tatiana Bredikin

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Tatiana Bredikin
2355 Ranch Rd
Ashland, OR 97520
tatiana@meetingmastery.com
(541) 488-1158

**From:** Joan Kalvelage (danjoan@ccountry.net) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 3:38:32 PM

---

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Joan Kalvelage
810 Faith Avenue
Ashland, OR 97520
danjoan@ccountry.net
(541) 821-2117

**From:** elden and barbara parchim (bozeman6@frontiernet.net) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 6:32:18 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

elden and barbara parchim
331 Mona Way
Cave Junction, OR 97523
bozeman6@frontiernet.net
(541) 592-3016

This message was sent by KnowWho, as a service provider, on behalf of an individual associated with Sierra Club. If you need more information, please contact Member Care at Sierra Club at member.care@sierraclub.org or (415) 977-5673.

**From:** Mary Lyda (cere7email@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 7:05:26 PM

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Dear Oregon PUC,

I'm 78 on S.S. and a frugal energy user. P.P. already charged me just under $300/mo. during winter months. I can barely afford this, let alone another rate increase!! Do you want to put me on the "poor list" needing financial assistance?

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Mary Lyda
495 Glendon Rd. #558
Kerby, OR 97531
cere7email@gmail.com
(541) 415-0767

**From:** Mike Prinslow (ekimwolsnirp@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 7:10:23 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Mike Prinslow
440 Ambrose St
Gold Hill, OR 97525
ekimwolsnirp@gmail.com
(541) 855-4069

**From:** Teresa Benson (anerter@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 7:27:30 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Teresa Benson
P.O. Box 1689
Grants Pass, OR 97528
anerter@yahoo.com
(530) 519-7686

**From:** Douglas Peterson (hdtvwiz@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 10:11:34 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Douglas Peterson
1701 Louise Ave
Medford, OR 97501
hdtvwiz@gmail.com
(541) 608-7220

**From:** Elizabeth Cosslett (elizcoss@yahoo.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 2, 2023 11:35:25 PM

Dear Oregon PUC,

Our gas bill is killing us. That, combined with inflation and higher interest rates, are pushing us into poverty. Please don't do this.

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Elizabeth Cosslett
309 Woodoak Drive
Roseburg, OR 97471
elizcoss@yahoo.com
(541) 672-5294

**From:** patricia vigil (trshvigil@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 3, 2023 5:29:38 AM

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Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

patricia vigil
1903 Layla Dr
Medford, OR 97501
trshvigil@gmail.com
(541) 999-9999

**From:** caroline cunningham (dianacunningham62@gmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 3, 2023 8:07:37 AM

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Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

caroline cunningham
1467 Siskiyou Blvd.  Box 313
Ashland, OR 97520
dianacunningham62@gmail.com
(831) 295-7565

**From:** Michael Golden (glowball222@outlook.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 3, 2023 8:30:00 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Michael Golden
777 Missouri Flat Rd
Grants Pass, OR 97527
glowball222@outlook.com
(541) 441-1118

**From:** LARRY COLE (coleld@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 3, 2023 9:18:27 AM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

LARRY COLE
250 HORSESHOE DR
GRANTS PASS, OR 97526
coleld@hotmail.com
(541) 787-8777

**From:** Ann DiSalvo (hubcake@hotmail.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 4, 2023 12:26:16 AM

---

Dear Oregon PUC,

I'm getting pressure from my community to cancel our gas use and go all electric. You certainly give me another reason to do so as you raise rates. Your original selling point was the affordability of gas for heating and cooking. What happened to that?

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Ann DiSalvo
113 Deborah Drive
Talent, OR 97540
hubcake@hotmail.com
(541) 482-2253

**From:** Allan Lowe (lowea47@charter.net) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 4, 2023 1:17:18 PM

---

Dear Oregon PUC,

Our gas bill is already higher than we want.  You will just be driving us to replace our gas appliances with electric!

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Allan Lowe
8880 Tingley Ln
Klamath Falls, OR 97603
lowea47@charter.net
(541) 882-6509

**From:** Ellen Read
**To:** PUC PUC.PublicComments * PUC
**Subject:** Rate Hike
**Date:** Monday, June 5, 2023 9:38:05 AM

I'm a little confused here. Several months ago, my Avista bill was considerably higher than "normal", or what I had expected. I called Avista and a representative compared my usage from the same month one year ago, and it was very similar. She told me that Oregon saw an 18% rate hike just recently. So now we are getting more rate hikes? 18% is a BIG increase already!!

Sent from Mail for Windows

| | |
|---|---|
| **From:** | Veronica Davis (masternaviguessor@gmail.com) Sent You a Personal Message |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Monday, June 5, 2023 2:44:07 PM |

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Veronica Davis
2000 Brookhurst St #30
Medford, OR 97504
masternaviguessor@gmail.com
(408) 348-2765

**From:** Anthony Albert
**To:** PUC PUC.PublicComments * PUC
**Subject:** Rate Hike
**Date:** Tuesday, June 6, 2023 2:39:28 PM

Oregon has climate goals requiring gas utilities to slash pollution by 90% by 2050. However, Avista, a gas utility that operates widely in Southern Oregon, is in front of the Oregon Public Utility Commission (OPUC), seeking to raise an additional $10.9 million a year, resulting in an average **8.1% increase in residential gas bills**.

This comes on the heels of an **18% increase just last year**. They are proposing that for gas customers to foot the bill for, among other things, continued spending on expanding the gas system and paying subsidies for new customers to hook up to the system when we know that the gas pipeline system must shrink to meet Oregon's climate goals.

**From:** Caitlin Howard
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Tuesday, June 6, 2023 3:47:03 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

As an Oregonian who cares deeply about my fellow citizens and our collective climate, I am writing to strongly encourage you to reject this rate increase. This is a time to be dismantling fossil fuel infrastructure, not expanding it or enabling our dependence on it.

Please end the line extension allowance for Avista customers.

Best,
Caitlin

Caitlin Howard
caitlin@breachcollective.org
2566 Monroe St.
Eugene, Oregon 97405

**From:** Heather Heatlie
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Tuesday, June 6, 2023 4:19:14 PM

---

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Heather Heatlie
heather.heatlie@gmail.com
1205 NE Holman St
Portland, Oregon 97211

**From:** NESSA M MUNTER
**To:** PUC PUC.PublicComments * PUC
**Subject:** We need to move towards using less natural gas
**Date:** Tuesday, June 6, 2023 9:07:16 PM

Hello PUC,
Vista should not be expanding their natural gas business or asking for large rate hikes . Sadly , industries and technologies change over time and business need to change with those demands in order to survive.
Fossil fuel consumption must shrink fast . Cleaner replacements must be substituted .
Yes there will be financial losers and winners .
The golden age of fossil fuels is over . The time for political and personal will to act responsibly is now .

In all governing, encourage climate responsibly .
Thank you Nessa Munter

**From:** Carol Valentine
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Wednesday, June 7, 2023 7:09:43 AM

---

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

This rate increase should be rejected as it is likely to haves negative impact on households and our climate.

Expanding the gas system will put customers at risk. I recently learned that last year, each new gas hookup cost customers $6409! And that was for a single building. This added up to approximately $6.9 million last year. This amount does not include Avista's profit on the new infrastructure, which is in addition to the subsidy from customers.

Please do not allow energy bills to be increased for customers in order to pay for the expansion of Avista's climate-polluting methane gas system. Subsidizing new customer connections and other expenses are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of Oregonians' livelihoods and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely. This is necessary for Oregon to reach our climate emission reduction goals.

I urge the Commission to end the line extension allowance for Avista customers. Thank you for considering my comments.

Carol Valentine
valentine@cavenet.com
6545 Lakeshore Dr.
Selma, Oregon 97538

**From:** Eleanor Ponomareff
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461 - Opposition to Avista's proposed rate increase from elected official of Talent, Oregon
**Date:** Wednesday, June 7, 2023 11:07:13 AM

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Chair Decker and Members of the Commission,

I am an elected member of the Talent City Council, writing on behalf of myself and my constituents. I urge you to reject Avista's proposed rate increase.

In September 2020, our small, rural town in Southern Oregon was nearly destroyed by climate catastrophe in the form of the Labor Day Fires, which wiped out a third of our homes and sixty percent of our local businesses.

Recovery is slow, and although we have the heart to rebuild, there is the threat that soon we will no longer be able to insure our homes and businesses, because of continually worsening climate change, and the resulting economic uncertainty and risk to our health and safety.

At a time when we as policy makers finally understand how critical it is that we transition away from our dependence on fossil fuels, the fossil fuel industry is asking us for the means to perpetuate and expand the very thing that is creating havoc in our lives.

We have the moral obligation to stand up to the fossil fuel industry and say no.

On behalf of my constituents, hundreds of whom have lost their homes and their livelihoods to a disaster brought about by climate change, I urge you to deny this proposed rate increase.

Sincerely,

**Eleanor Ponomareff**
**Talent City Council, Position 5**
Talent, Oregon

| | |
|---|---|
| **From:** | Sue Craig |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Wednesday, June 7, 2023 5:57:05 PM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

We need so much help from all people, and especially YOU who have so much power to help us find every way possible to decrease our Carbon use. This plan by Avista will, of course INCREASE our carbon footprint.

Thank you. Sue Craig

Sue Craig
sueacraig@gmail.com
5229 Glenn Ellen Dr.
Eugene, Oregon 97402

**From:** Jane Stackhouse
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461 - PUC re Avista
**Date:** Thursday, June 8, 2023 10:02:31 AM

Dear Chair Decker and members of the Commission. My name is Jane Stackhouse. I am a resident of Portland and I am very concerned about climate change. I am a trained Climate Reality Project Leader and a volunteer climate pollution reduction activist.

As you have heard many times before, methane gas is 80 times more potent than carbon dioxide as a greenhouse gas. The IPCC issued a report stating that ending use of methane will be the fastest way for us to decrease greenhouse gases because of its shorter half life. This might mean we can reach our greenhouse gas reduction goals and keep global warming within 1.5°C. https://www.youtube.com/watch?v=kpKlGQ2xZx0

How can a responsible corporation be asking its customers for an increase in the amount they pay for the destruction of a livable climate? The answer is a responsible corporation cannot. A responsible corporation would find a new business plan and stop marketing new hook ups. A responsible corporation would end the use of methane gas for home heating as soon as possible.
https://www.ipcc.ch/site/assets/uploads/2023/03/Doc5_Adopted_AR6_SYR_Longer_Report.pdf

I am in opposition to Avista's request for a rate increase and I am in opposition to Avista and other gas companies continuing their current operations. They have viable options that do not include fossil fuel methane, so called renewable methane, or hydrogen. Eastern Oregon gets cold in the winter. Eastern Oregon can benefit from in-ground heat pumps. The same people who put in gas pipelines have the skills to install in ground heat pump systems. Vermont can do it. Oregon can do it. https://www.youtube.com/watch?v=8i_QnOiy1eA

I want to thank the PUC for its efforts to make our large utilities accountable and to become responsible corporations. It is not inexpensive to convert to electricity and it is imperative that we do so immediately. Please do not approve this rate increase or new hook ups. Ask Avista and other gas companies in Oregon to develop a business plan that promotes our clean energy future, not increase greenhouse gas emissions.

Jane Stackhouse
Former NW Gas customer
All clean electric at 2133 NE Brazee Street
Portland, OR 97212
503.284.1049

**From:** Mark and Susan Rochester (mrock@q.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Thursday, June 8, 2023 9:27:14 PM

---

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Mark and Susan Rochester
PO Box 736
Sutherlin, OR 97479
mrock@q.com
(541) 459-9479

**From:** Karen Jacobson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Reject.: UG 461
**Date:** Friday, June 9, 2023 6:22:58 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Karen Jacobson
kajacobson@gmail.com
7445 SW 52nd Ave
Portland , Oregon 97219

**From:** Mike Farrell
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:24:00 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Mike Farrell
mff47025@gmail.com
334 se 83rd ave
Portland, Oregon 97216

**From:** John Fritzen
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:24:22 AM

---

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

John Fritzen
jfritzen68@gmail.com
5839 Bull Hill Road
La Fayette, New York 13084

**From:** Jan Zuckerman
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:32:14 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Jan Zuckerman
janzuckie@gmail.com
Janzuckie@gmail.com
Portland , Oregon 97212

| | |
|---|---|
| **From:** | Marian Drake |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 9, 2023 6:35:13 AM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Marian Drake
mariandrake1942@gmail.com
5800 NE Center Commons Way, Apt. 213
PORTLAND, Oregon 97213

**From:** Morgan Pepper
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:49:33 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Morgan Pepper
morganjpepper@gmail.com
2211 NE Holman St
Portland, Oregon 97211

**From:** Tania Neubauer
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:55:50 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Growing the gas system will only put us all at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from the public.

I do not want power bills increased for customers to pay to expand Avista's polluting methane gas system, including paying for new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working people's pockets, and our climate. It's time for gas utilities to pay their fair share, and to begin planning to wean off of fossil fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Tania Neubauer
tanianeu@yahoo.com
9245 NW Skyline Blvd.
Portland, Oregon 97231

**From:** Anthony Albert
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:56:47 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Anthony Albert
albert2910@msn.com
285 NW 35th St
Corvallis, Oregon 97330

**From:** Molly Arbogast
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:05:19 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

In summary, gas, you stink. You, too can profit by transitioning to clean energy.

Molly Arbogast
gollymiss@gmail.com
6537 Charing Cross Ln C
Middleton, Wisconsin 53562

**From:** James Neu
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:07:58 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

James Neu
jjneusies2@gmail.com
3072 Webster St
Eugene, Oregon 97404

**From:** Erika Leaf
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:11:01 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Erika Leaf
leaf@peak.org
1927 Lincoln St
Eugene, Oregon 97405

| | |
|---|---|
| **From:** | Bridget Wyatt |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 9, 2023 7:15:14 AM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Bridget Wyatt
bridgetmichelle07@gmail.com
783 NW Naito PKWY, Apt 409
Portland, Oregon 97209

**From:** Dylan Plummer
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:24:13 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Dylan Plummer
dylan@breachcollective.org
2633 Harris St
Eugene, Łódź Voivodeship 97405

**From:** Jon Wood
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:28:22 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Jon Wood
jonxwood@earthlink.net
1220 SW 12th Avenue, Apt. 805
Portland, Oregon 97205

**From:** Sidney Brown
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:24:42 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers. I cancelled my methane gas service in protest over this newest rate hike. Avista needs to find a better way of doing business. Thank you for your consideration. Sidney Brown

Sidney Brown
sidney@photoassist.com
117 Almond st
Ashland, Oregon 97520

**From:** Kayla Starr
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:31:46 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kayla Starr
starrkm@gmail.com
355 Colver Rd Unit 16
Talent, Oregon 97540

**From:** annie capestany
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:34:09 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case. I urge the Commission to end the line extension allowance for Avista customers.

Expanding the gas system will only continue to put customers at risk. Besides gas fumes in homes, we are in earthquake country and should not be building more explosive infrastructure.

Do not increase customer's energy bills to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

End the line extension allowance for Avista customers.

annie capestany
cabeckstany@gmail.com
5
Portland, Oregon 97202

**From:** Derek Gendvil
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:36:26 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Derek Gendvil
dgendvil@gmail.com
9030 W Sahara Ave PMB 360
Las Vegas, Nevada 89117-5744

Docket No: UG 461

**From:** Michelle Graas
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:40:40 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact Oregonians -- both in utility bills and in overall health.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include either the profit Avista will make from the new infrastructure or the subsidies its current customers will be forced to pay.

It's unreasonable and irrational for existing customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest.

Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition away from polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Michelle Graas
amgraas@efn.org
7624 N Albina Ave
Portland , Oregon 97217

**From:** Jessica Foster
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:52:43 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Jessica Foster
jessica303foster@gmail.com
123 Street St
North Bend, Oregon 97459

**From:** Ann Rasmussen
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:04:27 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Ann Rasmussen
ann.inbox@gmail.com
8414 SE Clinton St
Portland, Oregon 97266

**From:** Kelsey Baker
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:09:38 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kelsey Baker
klsbkr777@gmail.com
4127 SE Cesar Chavez Blvd
Portland, Oregon 97202

**From:** Gloria Guerra
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:24:25 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Gloria Guerra
gloria.guerra920@gmail.com
9034 North Portsmouth Avenue,
Portland, Oregon 97203

**From:** Carol Wagner
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:32:18 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Carol Wagner
carol@craftedbycarol.com
350 Timber Ridge St NE , Apt 232
Albany, Oregon 97322

**From:** Rosalie McDougall.
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:33:26 AM

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Commissioners Oregon Public Utility Commission,

Hi Commissioners,

This tax payer is writing to let you know how I feel about Avista's general rate case or UG 461,

Are we hearing about smoke in eastern USA from forest fires from Canada? Oh how well we in the PNW know about smoke. I am SUPER concerned about how this rate increase impacts households and all our lives! due to fossil fuels impact on our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 !!! - for 1 single building. That's approx $6.9 million last year. And that's not including include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I DO NOT want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest.

Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate.

Gas utilities should pay their fair share, and RIGHT NOW start planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers. We should not subsidize or pay for their profit margin.

Thanks.

Rosalie McDougall.
rosalie.mcdougall@gmail.com
6321 SE Reed College Pl
Portland, Oregon 97202

**From:** Kylie Hyde
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:37:17 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am incredibly concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kylie Hyde
kylien.hyde27@gmail.com
7740 SE 62nd Ave
Portland , Oregon 97206

**From:** Kateri Morton
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:44:59 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kateri Morton
leavesofglass@gmail.com
1834 SW 5th Ave #202
Portland, Oregon 97201

**From:** Marv & Melissa Jackson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:51:47 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Marv & Melissa Jackson
mdpjackso@gmail.com
2196 nw brownly hgts dr
Corvallis , Oregon 97330

**From:** P Horter
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:55:08 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

Private energy interests--such as natural gas companies like Avista--are doing their best to gouge their customers while they still can. Instead of putting their energy towards a greener future, they are pedaling backwards. I am also concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

P Horter
lacengh@gmail.com
17827 NW Sauvie Is. Rd.
Portland, Oregon 97231

**From:** Michael Graney
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:56:52 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista’s general rate case.

I am concerned about how this rate increase could impact households in Oregon like my southern Oregon neighbors, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista’s polluting "unatural" methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians’ livelihoods, and our climate. It’s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Michael Graney
trillium@centurylink.net
115 Arbor Drive
Eugene, Oregon 97404

**From:** Teresa McFarland
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:01:38 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I urge you NOT to allow Avista's general rate case, UG 461.

This rate increase could impact households like mine, and our climate--negatively!

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Teresa McFarland
terefar@mykolab.com
10740 SW 11th Dr.
Portland, Oregon 97219

| | |
|---|---|
| **From:** | Anne Ackley |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 9, 2023 9:05:37 AM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista’s general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista’s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians’ livelihoods, and our climate. It’s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Anne Ackley
bsmfc@gmx.com
1068 Park Avenue NE - 304
Salem, Oregon 97301

**From:** Susanna Askins
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:10:26 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Susanna Askins
tlknkr@gmail.com
14640 NE Russell Ct
Portland , Oregon 97230

**From:** Eileene Gillson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:17:00 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Eileene Gillson
egillson3@gmail.com
23225 SW Orchard Heights Pl
Sherwood, Oregon 97140

**From:** stephen katz
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:20:26 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

stephen katz
katzerino@gmail.com
6835 SW 60TH AVE
PORTLAND, Oregon 97219-1103

**From:** E. Darby
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:33:03 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

E. Darby
elizabethdarby137@gmail.com
1020 NW 9th Ave
Portland, Oregon 97209

**From:** Linda Kelley
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:39:19 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

At this point in time it is unconscionable to support requests for rate increases that will both effect bill payers and also the rest of us who know that any gas expansion is nonsensical with what we now know about methane's climate effects.

I urge the Commission to end the line extension allowance for Avista customers.

Linda Kelley
lmkelley405@gmail.com
1830 Arthur st
Eugene, Oregon 97405

**From:** Sara Pascoe
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:43:13 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sara Pascoe
pascoes55@gmail.com
13070 NW westlawn Terrace
Portland, Oregon 97229

**From:** Lenny Dee
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:43:34 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Lenny Dee
ldeepdx@yahoo.com
2580 NE 31 Ave
Portland , Oregon 97212

**From:** BC Shelby
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 9:59:39 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

BC Shelby
bcshelby@gmail.com
1040 NW 10th Ave 525
Portland, Oregon 97209

**From:** Dean Moberg
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 10:05:57 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to oppose UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact Oregon's effort to expand sustainable energy systems and reduce the emission of greenhouse gases.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Dean Moberg
deanpmoberg@gmail.com
13070 NW Westlawn Ter
Portland, Oregon 97229

| | |
|---|---|
| **From:** | Vickie SkellCerf |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 9, 2023 10:23:44 AM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Vickie SkellCerf
vicaske@gmail.com
1814 Suncatcher Way
Eugene, Oregon 97405

**From:** Theodora Tsongas
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 10:32:24 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, the elderly and people on fixed, low income, and all of us with the degradation of our climate.

Expanding the gas system will only continue to put customers at risk financially, and at risk to health and survival due to pollution and failing to meet our climate goals.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Theodora Tsongas
ttsongas@gmail.com
7324 SE Madison St
Portland, Oregon 97215

**From:** Melanie Liu
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 10:48:58 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Melanie Liu
melliu02@gmail.com
6523 SE Scott Dr
Portland, Oregon 97215-2017

**From:** Maureen O"Neal
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 12:31:16 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Maureen O'Neal
momoneal77@gmail.com
9100 s.w. 80th ave.,
Tigard, Oregon 97223

| | |
|---|---|
| **From:** | Nancy Ahnert |
| **To:** | PUC PUC.PublicComments * PUC |
| **Subject:** | Attn.: UG 461 |
| **Date:** | Friday, June 9, 2023 12:48:16 PM |

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Nancy Ahnert
nancy4875@comcast.net
4875 E. Amazon Drive
Eugene, Oregon 97405

**From:** Lyle Funderburk
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 12:59:43 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Lyle Funderburk
lyle.funderburk@gmail.com
10003 SE Foster
Portland OR, Oregon 97266

**From:** SHEILA GOLDEN
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 1:54:46 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

SHEILA GOLDEN
goldensheila6@gmail.com
1411 NE 16th AveApt 324
Portland, Oregon 97232-4411

**From:** Joseph Herbert
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 2:06:23 PM

Commissioners Oregon Public Utility Commission,

To each and every Public Commissioner:

I'm writing to comment on UG 461, Avista's general rate case/proposal.

I am concerned about how this rate increase could impact households like mine, which uses natural gas for cooking, and baking, and of course heating.

Contrary to what Avista may claim, the fact is clear:
Approving this case would RAISE EVERYONE's BILLS.
"What's past, is prologue."
In 2022, each new gas hookup per one building cost customers $6,409…. for a Subtotal cost of roughly $6.9 million in 2022.

N.B.:
Why Subtotal?
Because the above is NOT INCLUDING the profit Avista makes from the selfsame new infrastructure*
(which it can then use to reinvest & lobby, e.g., yourselves, dearest commissioners, to make lots of powerpoint slides — i.e. hand-waving and nice gesturing — to distract from our bottom line (the public, and its trust in you)) * (on top of its increased per-unit rates from its customers).

I do not want energy bills increased for customers to pay for the continued expansion of Avista's methane, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and further gas leaks which cause health problems, and more headaches (figuratively and literally). It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of so-called "clean" (but still damaging and polluting) energy entirely.

One solution?
Invest in LEED Platinum,
and high-insulated buildings (mitigating the need for gas-heat hookups).

I urge the Commission to end the line extension allowance for Avista customers.

P.S.
Tell Avista:
If they want to expand, then they must FIRST have DEMONSTRATED THEIR ROCK-SOLID

IMPLEMENTATION OF 10%
(ten percent) GREEN HYDROGEN IN THEIR GRID,
in order to avoid mere propaganda (nice-sounding words) in their FAQ here:
https://www.myavista.com/-/media/myavista/content-documents/about-us/natural-gas-emission-reduction-goal-faq.pdf

Again, they should have proven a minimum 10% of their existing public-gas-for-consumers to use “GREEN HYDROGEN” {*}

{*} defined as using 100% solar-, wind-, or hydro-powered electricity, to induce Electrolysis of Water (h2o) which splits it into both pure 100% Hydrogen gas and pure 100% Oxygen gas; the former gas produced from this process, Hydrogen, can then be correctly stated to be “Green Hydrogen”— this is a well-defined term with abundant precedent.

(n.b.
Green Hydrogen is distinct from, and entirely different than
e.g. “Blue Hydrogen”;
Blue Hydrogen uses methane-gas to create the initial electricity needed, so Blue Hydrogen isn’t an improvement… where Green Hydrogen *is* a clear improvement for energy storage.)

Many thanks for your time in reading this,
Joseph
resident of Oregon and seriously concerned about setting a biased PRECEDENT that is counter to public utilities’ ratepayers’ interest.

Joseph Herbert
jwmh.analyst@gmail.com
929 SW Salmon
Portland, Oregon 97205

**From:** Robin Bloomgarden
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 2:18:01 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I'm involved because NW Natural Gas is trying to do the very same thing in Eugene! NW Natural is also spending millions of dollars to put an anti-electrification petition on the November ballot, and calling it a grassroots initiative. WE, also will be expected to pay for all the new upgrades, plus our new higher rates!

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Robin Bloomgarden
missrb1969@riseup.net
3690 Wood Ave
Eugene, Oregon 97402

**From:** Llewyn Whipps
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 3:06:30 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Llewyn Whipps
lbwhipps@gmail.com
1834 NE Hancock St, apt 4
Portland, Oregon 97212

**From:** Norah Renken
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 3:12:13 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Norah Renken
rennor@gmail.com
5603 N Syracuse St
Portland, Oregon 97203

**From:** Marissa Wolfheart
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 4:18:51 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Marissa Wolfheart
marissawolfheart@gmail.com
4409 SE 66th Ave
Portland, Oregon 97206

**From:** Ann Nowicki
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 6:18:33 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Ann Nowicki
tazzannie975@gmail.com
3355 N Delta Hwy Unit 170, Eugene, OR 97408, Unit 170
Eugene, Oregon 97408

**From:** Zane Woods
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 7:31:52 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Zane Woods
bobbymcroberts81@gmail.com
3635 s e 16th ave
PORTLAND, Oregon 97202

**From:** Susan Heath
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 8:38:54 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista’s general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista’s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians’ livelihoods, and our climate. It’s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Susan Heath
forbux@hotmail.com
2552 Mt Vernon St SE
Albany, Oregon 97322

**From:** Reverend Nathan Jimenez National Congressional Scholar
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 9, 2023 11:07:29 PM



Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.There is no reason why we should even be using petrol or fossil fuel products we can run cars, trucks, on solid hydrogen as demonstrated by Stan Ovshinsky. We can run trains and fly planes on biodiesel, we can even make plastic-like products from biomass cellulose products so there is no reason why we should be using petrol products at all. By not using biofuels you are hurting American Farmers. So please stop allowing drilling for oil, fracking for gas, which pollutes the atmosphere and destabilizes the earth's crust by drilling and fracking. We need to move toward a sustainable and renewable future. In addition, there are biofuels which would help American Farmers make money that are also available to be used for fuel so there is no reason for us to be using petrol at all. Fundamentally the use of petrol is old world moronic thinking. Are you a wise person or a moron, be a wise person and oppose such horrible environmental damage. We all live on this planet and we only have one planet we have to be as the bible says good stewards of the earth. Do not give into greed or for the lust of power, greed and the lust for power leads to perdition. If we do not invest in a green infrastructure then the United States of America will fall behind in these technologies. All new cars should be biodiesel hybrids this would go far to eliminate pollution. Countries like China will gain market share in these areas of business. If we have sustainable green energy we will always eternally have sustainable green energy. This is a wise decision to switch to clean energy so we will always have energy. With the recent computer hack on the Colonial Company pipeline I think that need for biofuels are even more prevalent please support such legislation and business practices. It is a SIN to engage in such business practices do the good and decent thing don't participate in the destruction of the Earth. It's a SIN to fund the destruction of the Earth we are supposed to be good stewards of the Earth, so invest in biofuels, and solid hydrogen technology. I worry about the state of your soul if you can be consumed by such greed rather than the common good of humanity, do what is good and decent choose the sanctity of the common good.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Reverend Nathan Jimenez National Congressional Scholar
congressionalscholar@consultant.com
2438 SE 41st Ave Apt 209
Portland, Oregon 97214

**From:** Kris N.
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 7:47:46 AM



Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kris N.
prin@phoenixfi.com
633 NE 68th Ave.
Portland, Oregon 97213

**From:** Jessica Diaz
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 8:18:09 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Jessica Diaz
jessdiaz.13@gmail.com
3380 Jackson st se
Albany , Oregon 97322

**From:** Anne Vincent (dranne@applegatewellness.com) Sent You a Personal Message
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 12:57:35 PM

Dear Oregon PUC,

Dear Commissioners,

I am writing today to comment on UG 461, Avista?s general rate case.

As a Southern Oregonian, I am concerned about how this rate increase could impact my household and my community. Gas costs have continued to rise, making it difficult to heat my home affordably.

Expanding the gas system will only continue to put customers like me at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want my energy bill increased to pay for the continued expansion of Avista?s polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians? livelihoods, and our climate. It?s time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sincerely,

Anne Vincent
PO Box 9
Jacksonville, OR 97530
dranne@applegatewellness.com
(541) 899-7467

**From:** C R
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 2:56:55 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

We are already too far into into our climate emergency for any expansion of fossil fuel systems and our children need to maintain hope for their future.

C R
2awrylyx@gmail.com
13010 Westlawn
Portland, Oregon 97229

**From:** Lina Sylvae
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 3:28:55 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Lina Sylvae
towardstheverdantlight@gmail.com
15855 S Neibur Rd
Oregon city , Oregon 97045

**From:** Dena Turner
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 3:40:32 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Dena Turner
denaturn62@gmail.com
1122 SE 60th Ave
Portland, Oregon 97215

**From:** Ellen Haney
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 3:58:48 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Ellen Haney
ellenhaney15@gmail.com
1831 SW Dolph Street
Portland, Oregon 97219

**From:** Mollie Greenough
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 7:19:35 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Mollie Greenough
novacrystalcat@gmail.com
16 E. 1st Ave.
Kennewick, Washington 99336

**From:** Kelly OHanley
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Saturday, June 10, 2023 8:51:51 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Kelly OHanley
kohanley@gmail.com
6134 NE Alameda St
Portland, Oregon 97213

**From:** Claire Rivers
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 11, 2023 2:16:37 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact the necessary shift to renewable energy.

Evidently in 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million in 2022. Having invested in this, and probably being on the hook for years to pay this off, makes it impossible for a homeowner to invest in alternative energy unless they are very rich. In addition, becoming "unhooked" also costs money.

We all need to have houses that are a liveable temperature in winter, but we need not to rely on fossil fuels to do this. It's past time to begin planning for a managed transistion off fossil fuels.

I therefore urge the Commission to end the line extension allowance for Avista customers.

Claire Rivers
rivers.pdx@gmail.com
700 N Stafford St.
Portland, Oregon 97217

**From:** Sarah Lasoff
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 11, 2023 4:27:41 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Sarah Lasoff
sarahlasoff@gmail.com
4842 NE Mallory Ave
Portland, Oregon 97211

**From:** Reuben Peterson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 11, 2023 6:16:25 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Reuben Peterson
rjpeterson71@gmail.com
7278 NE Shaleen St
Hillsboro, Oregon 97124

**From:** Ben Stevenson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 11, 2023 7:38:33 PM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

I do not want energy bills increased for customers to pay for the continued expansion of Avista's polluting methane gas system, including subsidizing new customers to connect to it, and other expenses that are counter to the public interest. Please ensure that Avista is not able to increase rates at the expense of working Oregonians' livelihoods, and our climate. It's time for gas utilities to pay their fair share, and to begin planning for a managed transition off of polluting fuels entirely.

I urge the Commission to end the line extension allowance for Avista customers.

Ben Stevenson
bstev1864@gmail.com
1150 se sellwood blvd
1150 SE Sellwood Blvd, Oregon 97202

**From:** Valerie Snyder
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Sunday, June 11, 2023 8:32:51 PM

---

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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Valerie Snyder
mvensnyder@yahoo.com
3311 Valley Crest Way
Forest Grove, Oregon 97116

**From:** Evan Ingle
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Monday, June 12, 2023 9:38:08 AM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

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Evan Ingle
caduceus3@gmail.com
401 NE 127th Ave
Portland, Oregon 97230

**From:** Masayo Simon
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Monday, June 12, 2023 10:15:34 AM

You don't often get email from masayo@rogueclimate.org. Learn why this is important

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

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Masayo Simon
masayo@rogueclimate.org
1025 Almaden St.
Eugene, Oregon OR

**From:** theresa noble
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Monday, June 12, 2023 10:49:33 PM

Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

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I urge the Commission to end the line extension allowance for Avista customers.

theresa noble
tnoble0210@gmail.com
22185 SW Riggs Rd
Aloha, Oregon 97078

**From:** George Hutchinson
**To:** PUC PUC.PublicComments * PUC
**Subject:** Attn.: UG 461
**Date:** Friday, June 16, 2023 12:21:33 AM

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Commissioners Oregon Public Utility Commission,

Dear Commissioners,

I am writing today to comment on UG 461, Avista's general rate case.

I am concerned about how this rate increase could impact households like mine, and our climate.

Expanding the gas system will only continue to put customers at risk. In 2022, each new gas hookup cost customers $6409 - for one single building. This added up to approximately $6.9 million last year. And that does not include the profit Avista is allowed to make on the new infrastructure on top of the subsidy from customers.

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I urge the Commission to end the line extension allowance for Avista customers.

George Hutchinson
gbhutch@outlook.com
305 SE Park Avenue Corvallis, OR 97333
Corvallis 97333, Oregon 97333

OPUC TESTIMONY 6.7.23

Chair Decker and members of the Commission, thank you for the opportunity to testify against the rate increase for Avista.

My name is Wendy Woods. I am a retiree with a PhD in Aquatic Ecology, a background that is helpful for understanding the science leading to our current climate crisis and its solutions.

The Oregon Global Warming Commission's recent report shows that Oregon is failing to reduce greenhouse gas emissions, indeed emissions are increasing steeply. At least a third of that problem results from the use of natural gas to heat and power buildings and because of emissions from pipelines in the gas distribution system.

Natural gas is a fossil fuel that is just as problematic for climate as other types of fossil fuels.

Natural gas (and renewable natural gas) are both methane, a gas which is more than 80 times more effective than carbon dioxide at trapping heat in our atmosphere. Furthermore, when burned, methane produces carbon dioxide. This means that methane increases global warming both before and after it is burned.

Increases in energy bills to pay for expansion of the gas system have to stop. How much more wildfire, excessive heat and drought do you think we can tolerate? One insurance company has stopped insuring new homes in California because of too many wildfires. The climate emergency is already costing too much! We cannot afford to continue the main cause of the climate emergency--- that cause is the burning of fossil fuels like natural gas. Instead of expanding it, we should be phasing out all fossil fuel use as rapidly as possible.

We should not be subsidizing new gas infrastructure during a climate emergency – especially when we'll all be on the hook for those investments for decades to come.

Please stop rate increases for companies that burn fossil fuels, companies like Avista and NW Natural. Thank you for your consideration.

Wendy Woods

PS. I am pasting an article from *Sightline* that discusses pruning existing gas infrastructure.

https://www.sightline.org/2023/06/07/its-time-for-cascadia-to-start-pruning-the-gas-system-and-electrifying-whole-neighborhoods/

**It's Time for Cascadia to Start Pruning the Gas System and Electrifying Whole Neighborhoods - Sightline Institute** Emily Moore June 7, 2023

Cascadians are swapping gas furnaces for heat pumps, gas stoves for induction cooktops, and gas dryers for electric ones. The "electrify everything" movement is accelerating, spurred by new federal, state, and local incentives.

But when and how are we going to start pruning the gas system accordingly? Without shutting down gas infrastructure in tandem with electrification, an ever-shrinking number of gas customers will face ever-ratcheting costs to maintain a bloated gas system. Renters and low-income people who face the greatest hurdles to electrify are at the most risk of this so-called "death spiral."

Thankfully, there is a better way: strategic gas decommissioning paired with neighborhood electrification. In this world, all the buildings in a neighborhood or area electrify, as opposed to today's scattershot approach. Then, the gas utility shuts off that part of the system, rightsizing its infrastructure to fit the new, smaller number of gas customers.

Cascadia has yet to start decommissioning gas infrastructure or electrifying whole neighborhoods, but early work underway in California, Colorado, and New York offer some insights to get going. At a minimum, leaders in Cascadia who are committed to clean, healthy buildings and an equitable transition off of gas would be smart to:

1. Clarify or eliminate gas utilities' "obligation to serve,"
2. Require gas utilities to propose areas ripe for decommissioning and neighborhood electrification instead of replacing gas pipes,
3. Incentivize decommissioning and neighborhood electrification while protecting ratepayers, and
4. Shield gas customers from future stranded gas assets.

Let's take these steps in turn.

**1. Clarify or eliminate gas utilities' "obligation to serve"**

All states and provinces of Cascadia (and all 50 US states) require gas utilities to provide service to any customer in their territory who wants it.1Alaska statute (42.05.291); British Columbia; Idaho code (61-302); Montana code (69-3-201); Oregon (75.020); Washington revised code (80.28.110).
These "obligation to serve" laws used to make sense. They prevented monopoly utilities from

discriminating against customers who were not profitable to serve, like people in low-density areas or those who use only small amounts of gas. And they helped lower gas customers' bills by spreading fixed infrastructure costs over more households over decades, a model possible for a gas system that exists in perpetuity.

But we no longer live in a world where the gas system can last forever. And electric alternatives abound for every residential need currently met by gas. The obligation to serve—or, at least, regulators' interpretation of it—is getting in the way of strategic gas decommissioning.

"A single customer can tank a project," explained David Sawaya, Senior Manager of Decarbonization Strategies at Pacific Gas & Electric (PG&E), California's largest utility, at a 2021 webinar organized by the California Energy Commission (CEC). CEC is funding a roughly $2 million, two-year body of research to identify potential pilot sites in northern and southern California for strategic gas decommissioning and neighborhood electrification.2See grant proposals from the two grant awardees, E3 and RAND Corporation.
Given the obligation to serve, "every single customer has to agree to electrify" for decommissioning at the neighborhood scale to be possible, Sawaya continued. With recent uproar over an imaginary US ban on gas stoves, it's not hard to conceive of a single gas system hold-out.

Obligation-to-serve laws are nebulous enough that the issue could be resolved through regulation alone, Professor Heather Payne, an expert on regulatory policy at Seton Hall University School of Law, told Sightline. Payne argues that a state's Public Utility Commission (PUC) could do away with the obligation to serve simply by shrinking gas utilities' service territory once the PUC identifies an area ripe for strategic decommissioning and neighborhood electrification. "Regulators gave service territories and they can take them away," she emphasized.

But legal challenges from utilities or consumers could follow. This risk of lawsuits might warrant proactive clarification from state legislators that a utility's obligation to serve is not equivalent to the right to gas, Claire Halbrook, Director at the decarbonization nonprofit Gridworks, told Sightline. (Gridworks is one of the CEC-funded groups researching potential strategic gas decommissioning pilots in Northern California.) Instead, legislators could clarify that the obligation to serve means the right to energy.

The 2023 New York legislature considered a bill that would get rid of that state's obligation to serve, noting that it is "a major obstacle to utilities developing neighborhood-scale building decarbonization projects." Washington legislators, too, have attempted to revise gas utilities' obligation to serve at least twice (in 2021 and 2023), to no avail. Legislators in the Evergreen State would be smart to reconsider similar bills next legislative session, as would their peers across Cascadia.

**2. Electrify neighborhoods instead of replacing gas pipes**

Gas utilities across Cascadia are spending billions of dollars to replace hundreds of miles of aging or leaky pipes. Avista, Cascade, Intermountain Gas, and Puget Sound Energy (PSE) combined plan to spend more than $1 billion of ratepayer money to install more than 1,300 miles

of replacement gas pipes in Oregon, Washington, and Idaho alone over the next decade, as shown by the chart below.3See appendix for utility-by-utility breakdown and full methodology. Montana, Alaska, and British Columbia do not require gas utilities to provide forward-looking information about pipeline replacement plans.
That's the distance from Seattle to Portland, almost four times over.

These replacement pipes will last more than 50 years, decades past when Cascadia needs to wean itself off of gas. Part of what drives this massive spending, which gas customers pay for through their utility bills, is federal and state safety regulations. But regulators also financially motivate utilities to spend massive sums on new infrastructure projects—capital spending is the only way utilities turn a profit.

Traditionally, regulators have not required utilities to analyze "non-pipeline alternatives" (NPAs) such as neighborhood electrification that could mitigate the need for replacement gas infrastructure. That's even the case in Washington and Oregon, where regulators require gas utilities to file long-term plans detailing how many miles of aging pipes they plan to replace and by when. (Regulators in Montana, Alaska, Idaho, and British Columbia do not require utilities to file pipeline replacement plans.)

But the status quo is starting to change in a few places, and Cascadian regulators could take note.

For example, the New York Public Service Commission adopted new gas planning rules in May 2022 that require gas utilities to file long-term plans every three years.4 See Order issued by the Commission on May 12, 2022, under case number 20-G-0131.
As part of the rules, utilities must annually identify "the locations of specific segments of LPP [leak-prone pipes] that could be abandoned in favor of NPAs." Similarly, the Colorado PUC issued new rules in December 2022 that require utilities to analyze non-pipeline alternatives for any new business and capacity expansion projects, though they unfortunately face no such requirements for replacement or repair projects. And staff at the California PUC recently put forward a draft gas decommissioning framework recommending that regulators in that state require gas utilities to analyze NPAs for any non-urgent repair or replacement projects. The Commission has not yet adopted final rules.

Cascadian leaders will need to figure out the right regulatory venue for following and, better yet, building on other states' efforts. Regulators could require gas utilities to propose high-potential areas for decommissioning and neighborhood electrification as part of utilities' regularly filed Integrated Resource Plans.5Integrated Resource Plans (IRPs) are plans PUCs require utilities to file every two to three years that propose resource portfolios for the subsequent 10–20 years. Regulators "acknowledge" the plans, which makes it more likely the utility will be able to recover the costs they spend in a subsequent rate case. Acknowledgement does not mean pre-approval, however.
Or they could require the same analysis in new, separate, long-term gas infrastructure proceedings. The former has the benefit of not piling more processes onto already busy regulators, but the latter may make it easier for both regulators and the public to evaluate specific gas infrastructure projects against non-pipeline alternatives.

In the absence of proactive regulatory changes, lawmakers could require new, forward-looking gas system planning that would promote strategic decommissioning and neighborhood electrification. In Colorado, the 2021 legislature's "clean heat plan" law catalyzed the Commission there to issue that state's new gas planning rules.

### 3. Incentivize decommissioning and neighborhood electrification while protecting ratepayers

Even with state and federal discounts on climate-friendly stoves, dryers, and heaters and on upgraded electric panels, neighborhood electrification will be expensive. Households that make more than 150 percent of an area's median income are ineligible for the Inflation Reduction Act's (IRA) electrification rebates, for example, but still may not be able to afford a full suite of upgrades. (These higher-income households can still take advantage of the IRA's tax refunds.)

A consensus is lacking for who should front the costs for neighborhood electrification and whether they should be able to make money doing so. Below are three potential options (though not mutually exclusive or exhaustive) and Sightline's initial perspectives on the pros and cons of each. Ultimately, Cascadian leaders will need to balance decommissioning gas pipes and electrifying neighborhoods at the urgent pace and scale that climate change demands with protecting ratepayers from inequitable and unjust energy costs.

**Option A: Gas utilities pay (via their ratepayers), with or without a profit incentive**

Gas utilities could use the money that they otherwise would have spent on new or replacement pipes to pay for neighborhood electrification instead. This is an idea some groups like the think tank Rocky Mountain Institute (RMI) have suggested in response to the California PUC's staff proposal on strategic decommissioning. (Remember, anything utilities spend is ultimately passed on to their customers through energy bills, if regulators approve it.)

And RMI and others go a step further: to stimulate gas utility action, they suggest regulators consider allowing gas utilities to count electrification costs as "regulatory assets." This treatment would enable the utility to earn a rate of return on these projects that normally they would not. In line with this idea, the New York PUC recently approved a request by ConEdison, the combination gas and electric utility serving New York City and Westchester County, to earn a rate of return on its non-pipeline alternative programs. ConEd identified 21 gas mains serving 320 households that could be retired in favor of electrification. (ConEd did not reply to Sightline's request for information on the current status of these projects.)

Following in ConEd's footsteps, in December 2022 Pacific Gas & Electric (PG&E) proposed a pilot to electrify 391 buildings on the California State University Monterey Bay campus. The utility says it would otherwise need to replace aging gas infrastructure on the campus, for which it would turn a profit. Thus, PG&E has asked the California PUC to treat the $17.224 million it plans to spend on electrification and decommissioning as regulatory assets. If the California PUC approves PG&E's proposal, the utility would profit roughly $12 million from the project; PG&E's gas customers would pay the utility back through their gas bills. PG&E estimates the project would still save its customers about $1 million compared to replacing the gas infrastructure. As of May 2023, the project is on hold following new leadership at CSU Monterey Bay.

Allowing gas utilities to get into the business of neighborhood electrification and to line their pockets doing so could galvanize them to use their scale and access to capital for good. In this world, gas utilities could act similarly to green banks, helping to finance the energy transition. Regulators and policymakers could also spur utility action in ways other than treating electrification costs as regulatory assets. For example, Washington House Bill 1589, which the 2023 legislature did not pass, included several possible sweeteners for Washington's biggest utility, Puget Sound Energy (PSE), in exchange for the wind-down of the company's gas business. The carrots included allowing the utility to earn a rate of return on power purchase agreements and upping the profit the utility could make on electric assets.

But offering gas utilities financial upsides for electrification from ratepayers' wallets comes with risks. "You need savings from the strategic decommissioning projects to offset some of the gas rate increases we're seeing," explained Claire Halbrook of Gridworks. She worries about scenarios in which a neighborhood electrification project costs the same as a gas pipeline replacement project would have, and the utility passes on those equivalent costs to gas customers. Doing so would obliviate one of the biggest reasons for gas decommissioning: rightsizing gas system costs to a shrinking number of gas customers. (Note: GeoNetworks, which Sightline has written about previously, as a neighborhood electrification option may avoid this problem because the electrifying households would remain customers of the former gas, now "thermal," utility. But, depending on the cost of installing GeoNetworks, which is not yet known, unsustainably high rates to gas/thermal customers could still be a risk.)

If regulators choose to financially motivate gas utilities to embark on decommissioning and neighborhood electrification, they can still mitigate the risk of unjust and inequitable gas rates. For example, regulators could allow gas utilities to earn a lower profit (but still something) than they would have on the gas infrastructure project and/or shorten the payback period for the electrification costs compared to traditional gas infrastructure. This latter option would save customers money compared to a traditional gas infrastructure investment because the costs would be spread over more customers upfront (before they leave the gas system) and the investment would accrue fewer years of interest. (A similar concept is the lower total cost of a 15-year versus a 30-year mortgage.) Indeed, several groups, including the Sierra Club, are pushing the California PUC to lower how much financial gain PG&E proposes collecting from its proposed California State University Monterey Bay pilot.

**Option B: Electric utilities pay (via their ratepayers), with or without a profit incentive**

Alternatively, or perhaps in addition, the same model as option A could apply to electric utilities instead of gas ones. Under current regulatory frameworks, investor-owned electric utilities will already recover with profit any "front-of-the meter" infrastructure upgrades associated with neighborhood electrification.6"Front-of-the-meter" costs fall on the utility's side of the electricity meter, like upgrades to the electricity distribution or transmission grid. By contrast, "behind-the-meter" costs occur on the customer's side of a electricity meter, such as any home

appliances or electricity panel upgrades.
But just like gas utilities, they couldn't today profit on anything regulators don't count as a regulatory asset.

As they could with gas utilities, regulators could decide to keep the current ratemaking model and still require electric utilities to pursue neighborhood electrification with no financial incentive. This was the approach California regulators took to a pilot converting homes from wood or propane to gas or electricity in the San Joaquin Valley.

But just as in the case of gas utilities, allowing electric utilities to turn a profit could encourage them to prioritize and pursue neighborhood electrification projects. The big risk to doing this is it could cause electricity rates to rise, potentially undermining electrification writ large.

"Especially in California, where we have really high electric rates, rates are sending a signal that is discouraging electrification," Kiki Velez, Equitable Gas Transition Advocate at NRDC, told Sightline. She worries that any additional costs on the electricity side will be both inequitable and self-defeating. That may be somewhat less of a concern in Cascadia, where retail electricity rates are roughly half what they are in California. Still, energy inequity is a concern here; in Washington, for example, a quarter of households are energy-burdened, meaning they spend more than 6 percent of their household income on energy bills. Regulators would need to carefully design any utility incentives in a way that avoids worsening these inequities, and better yet, alleviates them.

**Option C: The public pays by geographically targeting incentives**

Finally, the cost for neighborhood electrification could be fully removed from utility rates, which are a notoriously regressive system. Instead, a new progressive tax or geographically targeted existing incentives could foot the bill. "We should focus electrification dollars on targeted electrification and not on scattershot electrification," Claire Halbrook of Gridworks told Sightline.

And indeed, a lot of money is already on the table. US states in Cascadia will collectively receive more than $250 million from the IRA to distribute for home electrification. And both Oregon and Washington offer millions of dollars for heat pumps and other clean appliances. Individual utilities in Cascadia, too, offer incentive programs (see here, for example).

But to date, legislators and state agencies have not targeted this funding toward areas with a high potential for strategic decommissioning and neighborhood electrification. (Most states haven't figured yet out how they will disburse the new IRA money.) Doing so would require collaboration between the state agencies receiving and distributing these funds and the utilities pursuing the neighborhood electrification projects. What's more, leaders will need to grapple with how to maintain a focus on helping low-income customers electrify while also targeting neighborhoods with high potential for strategic gas decommissioning, which may not be one and the same.

**4. Draw a "bright line" to shield ratepayers from stranded assets**

Decommissioning aging pipes instead of replacing them is the most straightforward opportunity facing utilities to shrink the gas system. But soon enough regulators and utilities will need to reckon with shutting down gas pipes that have not yet reached the end of their expected lifespan.

Who bears the cost of these "stranded assets" is ultimately up to regulators and whether they decide utilities made infrastructure investments "prudently." 7>Stranded assets are infrastructure that cannot be used for the duration of their anticipated economic lifetime and thus become a liability.
Regulators can allow utilities and their shareholders to fully get paid back (i.e., "recover") from ratepayers the value of stranded assets, either with or without a rate of return. Alternatively, they can decide that utility shareholders should eat the cost of imprudently made investments, absolving ratepayers of responsibility. Regulators have pursued each of these options in other cases, including for canceled nuclear plants or other types of power plants.

Arguably, most, if not all, recent utility investment in new gas infrastructure could be considered "imprudent" given widespread global acknowledgement of the need to rapidly transition off of fossil fuels, including gas. But regulators continue to acknowledge utilities' plans to spend more on gas and allow them to incorporate gas infrastructure spending in their rate base. These regulatory actions would give weight to any utility's demand that it be fully repaid on its investments.

Thus, Cascadian regulators could make explicit a "bright line"—a time after which utilities should not expect to be paid back by gas customers for installing new, polluting infrastructure. A conservative bright line would be after a state or province passed an economy-wide climate policy. That would mean utilities and their investors would be on the hook for any gas infrastructure spending made after 2007 in British Columbia, after 2020 in Washington, and after 2021 in Oregon that wasn't necessary to resolve an urgent safety or reliability issue.

Still, that would leave billions of dollars of assets in a gray zone. Who should pay for the assets that utilities installed after climate change was widely understood but before the states where the companies operate passed policies to do anything about it? And what should regulators do in the parts of Cascadia where lawmakers haven't passed economy-wide climate policies?

As an illustrative example of the continually worsening stranded asset risk, gas utilities across Cascadia *increased* the value of their undepreciated gas distribution system assets by more than $4 billion between 2013 and 2021, from about $7 billion to $11.2 billion. Gas distribution system assets, – such as gas pipelines, – lose value over the course of their useful life—that is, they i.e., depreciate. When gas companies install *new* infrastructure, the total value of the company's assets that have not yet depreciated grows, since that infrastructure is at the very beginning of its useful life. Thus, a growing undepreciated asset value means more new pipes and other gas infrastructure. (The breakdown by utility is shown by the chart below, with red bars representing undepreciated assets in 2013 and blue representing them in 2021.) This means the amount that gas ratepayers may be on the hook to pay back to utilities and their investors is now billions of dollars *higher* than it was a decade ago. That's exactly opposite the trend we would see if gas utilities were winding down their infrastructure in line with climate science.

So, in addition to drawing a "bright line," regulators in Cascadia could immediately initiate proceedings to estimate the likely scale of future stranded assets in the region and develop rules and procedures to protect ratepayers. (Some financial mechanisms that could partially protect ratepayers from eating the full cost of stranded assets include "accelerated depreciation" and "securitization."8"Accelerated depreciation" is a financial mechanism that would shorten the amortizations period of a gas infrastructure investment to reflect the reality of how long it will be used and useful in the context of climate change and climate policies. It results in higher upfront costs to ratepayers to pay back more of the investment in a shorter period of time, but these costs are spread out over more customers before many have left the gas system, ultimately saving customers money.
"Securitization" is another financial mechanism in which the legislature issues a ratepayer backed bond, the proceeds of which are used to buy back the stranded assets and remove them from the rate base. Customers are still on the hook for paying back the stranded asset, but without a rate of return for utilities. See the Environmental Defense Fund's discussion of these ideas in its report on stranded gas assets in California.)

Ultimately, fully dealing with the stranded asset challenge may require additional public funding from state legislators, if regulators decide it is neither fair to deny utilities and their shareholders repayment nor just or reasonable to lay the cost on ratepayers.

**Scattershot electrification is no longer enough**

Cascadia is electrifying. Its gas infrastructure now needs to shrink accordingly. Strategic gas decommissioning and neighborhood electrification are the way of the future and will require new, sometimes untested strategies by regulators and legislators. Early work in California, Colorado, and New York can give Cascadia a running start. Smart first steps would be removing gas utilities' "obligation to serve," requiring gas utilities to identify neighborhood electrification and decommissioning projects that can avoid the need for new and replacement gas pipes, galvanizing neighborhood electrification through new and more targeted financing mechanisms, and shielding ratepayers from ballooning stranded assets.

Above all, Cascadian leaders will need to follow principles of accelerating action to combat climate change through potentially new and innovative policies and regulations, as well as minimizing burdens on low-income households.

Building and incentivizing clean appliances and infrastructure for individual homes—Cascadia's approach to date—is necessary but not sufficient to meet today's climate challenge. It's time now for a step-change to electrify entire neighborhoods and start the even harder work of untangling communities from dirty infrastructure.

**APPENDIX**

**TABLE 1: NORTHWEST UTILITIES PLAN TO SPEND MORE THAN $1 BILLION TO REPLACE AGING PIPES OVER THE NEXT DECADE**

| | **Estimated miles still to be replaced** | | | | **Estimated pipe replacement cost** | | | |
|---|---|---|---|---|---|---|---|---|
| | *Oregon* | *Washington* | *Idaho* | *Total* | *Oregon* | *Washington* | *Idaho* | *Total* |
| **Avista** | 145 | 177 | 63 | 385 | $173,318,455 | $128,598,534 | $41,635,539 | $343,552,528 |
| **PSE** | - | 228 | - | 228 | - | $588,400,000 | - | $588,400,000 |
| **NW Natural** | - | - | - | - | - | - | - | - |
| **Cascade Natural** | 75 | 107 | - | 181 | $86,310,686 | $126,341,012 | - | $212,651,698 |
| **Intermountain Gas** | - | - | 565 | 565 | - | - | $149,160,000 | $149,160,000 |
| **Total** | 219 | 511 | 628 | **1359 miles** | $259,629,141 | $843,339,546 | $190,795,539 | **$1,293,764,226** |

***Sources:*** Pipeline Replacement Program (PRP) documents filed with the Oregon PUC and Washington UTC by Avista, PSE, and Cascade Natural; Case No. INT-G-17-07 filed with the Idaho PUC by Intermountain Gas.

***Methodology:*** PSE and Avista provide information on the miles they have already replaced in Oregon and Washington as part of the PRP and totals that they plan to replace. Sightline found the difference to estimate the number of miles still to be replaced and used average historical costs per mile to estimate remaining costs. Avista also provides total priority pipes to be replaced across Idaho, Oregon, and Washington; Sightline calculated Idaho figures by subtracting the Oregon and Washington totals from the total for all three states. Cascade does not provide information on total miles it plans to replace, so Sightline estimated the remaining miles to be replaced and costs per mile based on the company's historical averages. Intermountain Gas figures are based on a 2018 filing the company made to the Idaho PUC stating that it had 580 miles of pipes to replace and was replacing them at a rate of 5 miles per year.

CASE: UG 461
WITNESS: Itayi Chipanera

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 200

# OPENING TESTIMONY

## Revenue Requirement Detail, Rate Base, Escalations and Income Taxes

**July 7, 2023**

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

A. My name is Itayi Chipanera. I am a Senior Financial Analyst employed in the Accounting and Finance Section of the Rates, Safety, and Utility Performance (RSUP) program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualifications statement is found in Exhibit Staff/201.

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

A. I am the summary revenue requirements witness. I summarize the adjustments proposed by other Staff to Avista Corporation's (Avista or Company) test year expense, rate base, and the revenue requirement effect. I also discuss my own review of test year expense for income taxes, and the rates Avista uses for expense escalation.

**Q. Did you prepare any exhibits for your testimony?**

A. No.

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

A. My testimony is organized as follows:

## INTRODUCTION

**Q. What is the revenue requirement increase proposed by Avista in this docket?**

A. Avista proposes an overall increase of $10.991 million, or a base increase of 14.4 percent.[1]

**Q. What is the adjustment in revenue requirement recommended by Staff?**

A. Staff proposes to reduce the Company's requested revenue requirement increase from $10.991 million to $4.097 million. This is inclusive of the effects of the stipulated decrease to Avista's proposed authorized rate of return, as well as additional reductions proposed by Staff.

**Q. What adjustments are you proposing to the Company's revenue requirement?**

A. I am proposing to adjust the Company's escalation on underground storage expense, advertising and marketing, insurance, and miscellaneous general expenses.

**Q. Are additional adjustments for other issues proposed by other Staff?**

A. Yes. The Company's filing is complex, and a thorough review can involve multiple Staff members looking at the different issues. Individual Staff are reviewing additions to different categories of utility plant, test

[1] Avista/500 Schultz/ 7.

year operating expenses, revenues, and the effects of escalation on individual accounts.

## SUMMARY OF REVENUE REQUIREMENT

**Q. Please provide background on how the Commission reviews a utility's general rate case filing.**

A. The rates charged by a utility are based on the utility's "revenue requirement." To determine a utility's revenue requirement, the Commission determines for a specified test year:

1. The utility's forecasted gross revenues;
2. The utility's operating expenses to provide utility service;
3. The rate base on which a return should be earned; and
4. The rate of return to be applied to the rate base.[2]

Once a utility's revenue requirement is established, the Commission determines the rates the utility must charge different classes of customers to collect that revenue requirement, considering the costs each of the different costs different classes of customers impose on the utility's system.

**Q. Have the parties agreed to adjust certain components of the $10.991 million overall increase?**

A. Yes. The parties have agreed to reduce the cost of equity from 10.25 percent to 9.5 percent, and to increase the cost of debt from 4.920 percent to 4.969 percent. The changes to the cost of equity and cost of debt result in overall Rate of Return (ROR) decreasing from

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2 *Pacific Power* and *Light*, UE 116, Order No. 01-787, pp.5-6 (September 7, 2001).

7.590 percent to 7.235 percent. The decrease in the rate of return reduces the Company's revenue requirement by $1.6 million.

**Q. What is the overall adjustment to the Company's revenue requirement proposed by Staff and what specific topics are involved?**

A. Staff proposes to reduce the Company's initially filed revenue requirement by $6.894 million. The specific rate case topics, responsible Staff and proposed changes in revenue requirement are summarized in the following table:

| Incremental Revenue Requirement on the Company's Filed Rate Case | | | | | | $10,991 |
|---|---|---|---|---|---|---|
| **Opening Testimony Exhibit No.** | **Staff Witness** | **Proposed Staff Adjustments** | **Revenue** | **Expense** | **Rate Base** | **Revenue Requirement Effect** |
| Stipulation 1 | - | Cost of Capital - All party stipulation | $ - | $ - | $ - | $ (1,653) |
| 200 | Chipanera | Escalation on Misc Accounts | - | (59) | - | (61) |
| 500 | Bolton | Distribution Plant - Line Extension Allowance | - | - | (2,440) | (214) |
| 600 | Farrell | Uncollectible Accounts | - | (102) | - | (105) |
| 700 | Jent | Wage and Salary | - | (146) | (89) | (159) |
| 800 | Mondragon | Customer Assistance | - | (44) | - | (45) |
| 900 | Moore | Non-Labor O&M | - | (265) | - | (273) |
| 1000 | Peng | Depreciation/Amortization | - | (519) | (418) | (572) |
| 1200 | Ankum/Fischer | Expense Mis-Allocation | - | (879) | - | (907) |
| 1200 | Ankum/Fischer | Distribution Plant | - | - | (6,830) | (599) |
| 1300 | Caswell/Nottingham/ Shearer/Stevens | Meter Testing Adjustment | - | (1,302) | - | (1,343) |
| 1400 | Stevens/Young | Change from year end to average of monthly averages in rate base calculation | - | - | - | (962) |
| **Total Staff Proposed Adjustments** | | | | | | **$ (6,894)** |
| **Total Staff Proposed Revenue Requirements Change** | | | | | | **$ 4,097** |

## OVERALL RATE BASE

**Q. Please summarize the Company's rate base filing.**

A. The Company provides Exhibit 502 showing how rate base has changed compared to the amounts in the company's 2022 results of operations.

- Plant in service increased by $45.152 million.
- Net utility plant increased by $52.954 million (net of accumulated depreciation and deferred taxes).
- Net rate base increased by $35.326 million, from $315.957 million to $351.283 million.

The Company also testifies that the increase in rate base is because it "continues to maintain, upgrade, and expand its natural gas distribution facilities to meet reliability requirements and capacity needs."[3]

**Q. Please discuss Staff's overall approach to review plant additions.**

A. To determine the inclusion of new capital investment in rate base, a utility must make two showings. "First, it must show that the investment is presently used for providing utility service. Second it must show that the investments were prudently made, based on the information that it knew or should have known at the time."[4]

**Q. What is the Oregon law requiring utility plant to be presently used before it may be included in rates?**

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3 Avista/100, Vermillion/Page 18.

4 See e.g., *In the Matter of PacifiCorp, dba Pacific Power's, Request for a General Rate Revision,* UE 246, Order No. 12-493.

A. ORS 757.355 requires utility plant to be presently used for providing utility service to customers and creates what is generally referred to as a “used and useful” standard, requiring the property to be placed into service prior to the effective date of the rates. ORS 757.355 provides:

> (1) Except as provided in subsection (2) of this section, a public utility may not, directly or indirectly, by any device, charge, demand, collect or receive from any customer rates that include the costs of construction, building, installation or real or personal property not presently used for providing utility service to the customer.
>
> (2) The Public Utility Commission may allow rates for a water utility that include the costs of a specific capital improvement if the water utility is required to use the additional revenues solely for the purpose of completing the capital improvement. [1979 c.3 §2; 2003 c.202 §2]

**Q. Does Staff recommend recognizing the costs of customer-growth plant additions that occur during the test-year?**

A. Yes. This is consistent treatment for Avista and not a change in policy.

**Q. Please discuss the Commission’s standard of review for prudence.**

A. The purpose of the prudence review has been succinctly stated by the Commission in prior rate cases:

> [W]e take this opportunity to clarify the prudence standard in ratemaking. Parties have raised questions about how the Commission applies the prudence standard, particularly with regard to the relevance of the decision-making process that a utility uses to make an investment.
>
> The prudence standard is traditionally used to address the proper valuation of utility investment in rate base. Any investment found to be unreasonable is deemed imprudent and subject to partial or full disallowance. An example of a modern articulation of the prudence standard is as follows:

> A prudence review must determine whether the company's actions, based on all that it knew or should have known at the time, were reasonable and prudent in light of the circumstances which then existed. It is clear that such a determination may not properly be made on the basis of hindsight judgments, nor is it appropriate for the [commission] to merely substitute its best judgment for the judgments made by the company's managers. The company's conduct should be judged by asking whether the conduct was reasonable at the time, under all circumstances, considering that the company had to solve its problems prospectively rather than in reliance on hindsight. In effect, our responsibility is to determine how reasonable people would have performed the task that confronted the company.
>
> Although the Oregon courts have not expressly discussed the applicability of the prudence standard in this state, this Commission has long used the standard when examining utility investments. Through various orders, the Commission has confirmed that prudence of an investment is measured from the point of time of the utility's actions and decisions without the advantage of hindsight, that the standard does not require optimal results, and the review uses an objective standard of reasonableness.[5]

**Q. Please explain the Commission's application of the used and useful standard.**

A. The application of the used and useful standard supports the inclusion in rate base only of capital investment in facilities that will be used and useful in providing utility services to customers on or after the rate effective date.

**Q. Is Staff proposing adjustments to utility plant in service based on the used and useful standard?**

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[5] Id.

A. Yes. Several Staff are reviewing additions to different categories of utility plant. Adjustments resulting from those reviews are presented in their respective testimonies.

## ESCALATIONS

**Q. Why is it necessary to evaluate the effects of escalation for particular accounts?**

A. The Company adjusted the fourth quarter of its year 2022 results with a 2.03 percent escalation factor and applied a 4.2 percent escalation factor for 2023 and 2.5 percent for 2024. Therefore, the test year expenses reflect a 9.0 percent composite escalation factor from base year 2022. The choice of escalation factors and method of escalation have a significant impact on expenses projected in the test year.

**Q. What is the source of Staff's escalation factor?**

A. Staff developed an escalation factor based on the Bureau of Labor Statistics' seasonally adjusted, "All items in the US City Average All Consumers" (All Urban CPI) consumer price index for 2022 and the Oregon Department of Economic Analysis[6] inflation forecast for years 2023 and 2024. The All-Urban CPI measures price changes in a fixed market basket of goods and services in categories, generally including housing, apparel, transportation, medical care, recreation, education, and others to urban consumers.

**Q. Why is it important to know that the CPI measures price changes for a fixed basket of goods?**

6 Oregon Economic and Revenue Forecast, March 2023 publication.

A. While the CPI is typically used for escalations, it is important to note that since the basket of goods is fixed, the CPI tends to overstate experienced inflation and hence, the escalation.

**Q. Please explain.**

A. Assume the basket of goods assumes you will buy ten pounds of grapes, apples, and oranges at current prices. If the price of oranges triples due to hard frost or crop failure, then a rational consumer will cut back on oranges and substitute in more apples and grapes to get their daily fruit requirements at a lower price than simply buying 10 pounds of oranges no matter what the price. So, the "experienced inflation" is lower than the CPI estimates because people and businesses can and do make substitutions in response to price changes. While the BLS tries to correct for this bias, many argue it still exists.

**Q. What is Staff's proposal regarding the escalation of costs?**

A. Staff proposes using an escalation factor based on inflation measured in the fourth quarter of 2022, January to December of 2023 and January to June of 2024. Using this approach, Staff estimates an escalation factor of 5.4 percent for the period covering the fourth quarter of 2022 through to the second quarter of 2024. Rather than taking the annual inflation of 8.1 percent and dividing it by four to arrive at an estimate of fourth quarter of 2022 inflation, Staff calculated the actual change in the CPI to be 0.3 percent for the fourth quarter of 2022. The Company's approach to estimating fourth quarter inflation overestimates inflation in the fourth quarter with high rates of inflation observed earlier in the year.

## INCOME TAXES

**Q. Please summarize the Company's filing related to income taxes.**

A. The company presented calculated income tax expense of $3.73 million for the test year on Exhibit 501.

**Q. What are the requirements of Oregon law regarding the inclusion of income taxes in utility rates?**

A. Income taxes in utility rates are subject to the requirements of ORS 757.269.

**Q. Please summarize Staff's review of income taxes in this case.**

A. Staff initially reviewed tax information in the Company's filing and reviewed the Company's responses to data requests issued by intervening parties. Staff concludes that the Company's provision for tax appears to be correctly calculated for rate making purposes. Staff's examination and discovery included confirming the federal and state tax rates, apportionment calculations, calculation of current and deferred income tax expense, application of federal and state tax credits.

**Q. Is Staff proposing adjustments to income tax expense other than those necessary to finalize the Company's revenue requirement?**

A. Not at this time.

## CONCLUSION

**Q. What are your total proposed adjustments?**

A. I am proposing to adjust escalation on the accounts displayed in the table below. The result of applying Staff's 5.4 percent escalation factor results in an aggregate reduction of $59 thousand to those accounts.

**Proposed escalation adjustment (Values in thousands)**

| Category | Base as of 12/31/2022 | Avista Test Year Expense | Staff Proposed | Proposed Adjustment |
|---|---|---|---|---|
| Underground Storage Expense | $ 460 | $ 502 | $ 485 | $ (17) |
| Advertising & marketing | $ 288 | $ 311 | $ 304 | $ (7) |
| Insurance | $ 1,645 | $ 1,800 | $ 1,734 | $ (66) |
| Misc General Expenses | $ 683 | $ 688 | $ 720 | $ 32 |
| **Total/Average** | **$ 3,076** | **$ 3,301** | **$ 3,242** | **$ (59)** |

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

A. Yes.

CASE: UG 461
WITNESS: Itayi Chipanera

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 201

# Witness Qualifications Statement

**July 7, 2023**

**WITNESS QUALIFICATIONS STATEMENT**

**NAME:** Itayi Chipanera

**EMPLOYER:** Public Utility Commission of Oregon

**TITLE:** Senior Financial Analyst
Accounting and Finance Section

**ADDRESS:** 201 High Street SE. Suite 100
Salem, OR. 97301

**EDUCATION:** B.S., Economics
Idaho State University

M.S., Mathematics
University of Nevada – Reno

M.S., Accounting
Indiana University – Bloomington

**EXPERIENCE:** I have been employed by the OPUC in the Safety, Rates and Utility Performance Program since April of 2023. Prior to my employment with the OPUC I was employed in various finance roles in the insurance and banking industries including Advantis Credit Union where I was employed as a Senior Risk and Financial Analyst; City of Salem, Oregon, where I was a Finance Management Analyst; and, SAIF Corporation where I was an Actuarial Research Analyst.

CASE: UG 461
WITNESS: Michelle Scala

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 300

# OPENING TESTIMONY
# Energy Justice

**July 7, 2023**

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

A. My name is Michelle Scala. I am the Energy Justice Program Manager employed in the Utility Strategy and Integration Division of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/301.

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

A. The purpose of Staff's testimony is to provide and validate energy justice considerations as they intersect with the proposals and potential impacts of Avista Utilities' general rate case.

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

A. Yes. I prepared the following supporting exhibits:

Exhibit Staff/301. .......................... Scala Witness Qualifications Statement

Exhibit Staff/302. ............... Non-Confidential Responses to Data Requests

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

A. My testimony is organized as follows:

## ISSUE 1. ENERGY JUSTICE IN RATEMAKING

**Q. Can you begin by explaining what energy justice is and its role in natural gas utility regulation?**

A. Energy justice is a concept that frames energy systems and policies in terms of their fairness and equity. It emphasizes the equitable distribution of both the benefits and burdens of energy production and consumption, and it recognizes that access to affordable, reliable, and sustainable energy is a critical aspect of social justice. Energy justice implies ensuring fair pricing, affordable services, and equitable access to resources for all customers.

Additionally, energy justice requires transparent and inclusive decision making. This involves ensuring that all communities have access to clear, understandable information about the cost and quality of natural gas services, and they have the opportunity to participate in decision-making process related to the regulation and provision of these services.

**Q. How do these concepts impact a rate making proceeding?**

A. The outcomes of the utility rate case will, at its highest level, determine the rates paid by customers. But these prices are informed by a myriad of assumptions, cost inputs, and procedure that all stand to benefit from an equity lens. For example, the cost-of-service study is a key component in determining utility rates. It analyzes the costs associated with providing the utility service and then distributes these costs across different customer classes.

However, without consideration for heterogeneity within customer classes, social marginal cost components, and system benefits, the cost-of-service study can serve to maintain and exacerbate inequitable structures. When endeavoring to incorporate energy justice and equity into the rate case, it is useful to approach discrete issues and the proceeding as a whole through the various dimensions of equity, namely: structural, procedural, distributive, recognition, and transgenerational.

**Q. What is the relevance of those considerations in this rate case?**

A. "Achieving energy equity requires intentionally designing systems, technology, procedures, and policies that lead to the fair and just distribution of benefits in the energy system."[1] In Docket No. UG 461, Avista has requested a general rate revision that would increase residential customer bills for over 100,000 Oregon households by 8.1 percent. Of these households, roughly 18,000 are believed to be low-income and thus, more vulnerable to high energy burden and rate pressure.

Additionally, as a result of historical and systemic marginalization, environmental justice communities, including low-income households, are more likely to bear a disproportionate burden of pollution, underinvestment in clean energy infrastructure, and lack of access to energy-efficient housing and transportation.[2] To the extent the results of this case will result in higher

1 https://www.pnnl.gov/projects/energy-equity.
2 US Department of Energy, Office of Energy Efficiency and Renewable Energy.

customer bills and new allocations of system burdens and benefits, an energy justice lens must be applied in order to ensure equity in decision-making.

**Q. Does the Company provide any information to show it has applied such a lens in its proposal?**

A. Not significantly. The Company asserts that the requested increase is intended to cover higher costs associated with inflation, higher interest rates, system safety improvements, and expansion of the gas system. Avista claims that it has considered customer affordability and rate pressure in its UG 461 proposal by, for example, limiting its capital budget to $475 million and deferring projects its own internal subject matter experts would otherwise justify. Avista also describes that much of the recovery in the case is related to customer reliability and safety investments via the replacement of aging infrastructure.

However, these “justifications” are not clearly accompanied by an analysis or demonstration of how the investments and system growth equitably distribute costs and benefits across customers. Further, as continues to be the norm in many utility rate proceedings, affordability considerations, cost allocation, and rate pressure valves are set to a general assumption of a homogenous residential class and thus do not capture the nuance required for energy justice. The Company’s requests do not contemplate the effects of the rate increase across different energy burdens in its service territory or offer any analysis or opinion on the potential disparate impacts of the UG 461 proposal on high energy burden households and other environmental justice communities.[3] Additionally, from a structural equity perspective, the proposal does not include any considerations for mitigating problematic modeling assumptions or pursuing more equitable system outcomes in the context of energy justice or community feedback.

Outside the sideboards of UG 461, Avista administers a number of customer support programs that provide bill assistance, weatherization, and incorporate needs-based and tiered eligibility components. These include the lower barrier and data informed income-qualified bill discount program and arrearage management plans through the Company's Low-Income Rate Assistance Program (LIRAP),[4] Project Share, payment options, and customer centered engagement that support unique and disparate needs across its customer base.

**Q. Does Staff find the Company's customer support programs sufficiently address energy justice concerns despite the Company's approach in UG 461?**

A. Not entirely. Staff finds that Avista's customer support programs are commendable and provide some of the most significant bill assistance provisions available in the state. Additionally, Avista actively engages community and stakeholders through continuous programmatic improvement

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3 "Environmental justice communities" include communities of color, communities experiencing lower incomes, communities experiencing health inequities, tribal communities, rural communities, remote communities, coastal communities, communities with limited infrastructure, and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth, and persons with disabilities.

4 Staff Exhibit 300 Scala/28 Figure 2.

dialogues, which are indicative of procedural equity, transparency, and inclusivity. Further, the robust discounts provided by the Company can also be said to offer some level of distributive equity by reducing the energy burden of income-qualified households and mitigating disparities in the affordability of natural gas across customer segments.

That said, Staff is concerned that absent intentional action driven by relevant energy justice considerations and equity dimensions specific to the Company's system investments and rate proposal, the outcomes of UG 461 are likely to maintain status quos that exclude relevant perspectives, disproportionately impact environmental justice communities, and exacerbate system inequities. These concerns are particularly sensitive in this proceeding given future rate and system pressures relative to the Company's upcoming Climate Protection Plan (CPP) compliance obligations and the proposal's inclusion of growing costs for *new* natural gas infrastructure despite aggressive decarbonization targets.

Assistance programs, while important and necessary, are not sufficient in achieving systemic energy justice. These "equity appendages" tend to be reactive rather than proactive, addressing the symptoms of inequity rather than the root causes. To this end, they often do not fully address the systemic issues that cause energy poverty and inequity in the first place and operate outside business as usual.

**Q. What can Avista do in this rate proceeding to advance energy justice?**

A. Staff believes that Commission decisions in UG 461 are best informed to the extent Avista can demonstrate the following:

- System approach to proposals impacting customer rates: Addressing energy justice at the system level requires considering the impacts of energy decisions on different social groups during the planning and decision-making process rather than after the fact.
- Incorporation of externalities: Traditional cost-of-service models do not fully account for the external costs and benefits associated with different energy sources and infrastructure, such as health impacts or climate change. Energy justice requires recognizing and incorporating these externalities into cost modeling.
- Fair cost allocation: Equitable cost allocation is crucial to distributive justice. While traditional modeling is described as being based on the principle of ‘cost causation’ where those who cause the costs should bear them, there are varying degrees of subjectivity and bias in how this framework is applied. To the extent possible, Avista should strive to be transparent about where these biases may disproportionately burden environmental justice communities and reassess traditional cost allocation methods.
- Inclusive decision-making: Procedural justice requires utilities to involve all stakeholders, especially those who are often marginalized. The general rate proceeding is a particularly high barrier process that limits the capacity for diverse and inclusive engagement. To the extent

possible, Avista should ensure that diverse perspectives have been solicited and considered in their proposal.

- Long-term sustainability: Building energy justice into utility planning is key for the long-term sustainability of the energy system. It ensures that the energy system is not only economically viable but also socially acceptable and equitable.

## ISSUE 2. ENERGY JUSTICE IN RATE DESIGN

**Q. Please summarize Staff's testimony relative to rate design in this proceeding.**

A. Please refer to Staff Exhibit 400 for discussion, analysis, and recommendations on rate design in this proceeding. For the purposes of this testimony, Staff will offer a limited discussion on the implications of:

- Avista's proposal to increase the residential basic charge to $12.00; and
- Bifurcation of the residential basic charge between single- and multi-family households.

Staff will touch lightly on the affordability considerations to be made in increases to the basic charge and how these increases tend to disproportionately impact higher energy burden households followed by a discussion on Staff's position that the residential basic charge should be bifurcated to the extent it more accurately reflects cost-causation and enhances equity.

**Q. Please describe Staff's concerns regarding Avista's proposal to increase the residential basic charge.**

A. An increase in the basic charge can have significant affordability implications, particularly for energy burdened households, which tend to be disproportionately represented by environmental justice groups. Because basic charges are fixed costs that customers must pay regardless of their energy consumption, when these changes increase, it tends to disproportionately burden low-income customers who typically use less energy than higher-income customers. This is an example of a regressive cost structure, where the cost as a percentage of income is higher for low-income individuals.

**Q. Does the proposed basic charge reflect the customer's embedded cost?**

A. Not entirely. The term embedded cost refers to the historical costs of infrastructure and other investments that a utility has made over time. The use of the basic charge to capture these costs is not exact, and typically only a certain portion of fixed costs have been recovered in the basic charge. One of the challenges in recovering these costs in the basic charge is that the cost allocation does not consider the distribution of benefits relative to the customer base. The charge is spread across all customers, regardless of their ability to pay or their actual utilization of the energy system investments being recovered. This can result in inequities, particularly when the utility's customer base is not homogeneous, as is the case.

**Q. How does the assumption of a homogenous customer class contribute to these inequities?**

A. The assumption of a homogenous customer class often underlies traditional utility rate structures. It assumes that all customers in a class have similar characteristics that result in a similar cost to serve, such as energy needs and usage patterns, and therefore should pay the same rates. However, this assumption overlooks the diversity and disparities among customers in terms of income, energy usage, access, and ability to pay.

**Q. Please explain why Avista's bill discount does not sufficiently address these issues.**

A. While the LIRAP discounts are income-based and informed from the energy burden assessment for Avista's service territory, they are not a panacea. These programs rely on participation and not all eligible customers may be aware of them or able to navigate the enrollment process. For example, Avista estimates approximately 18,000 residential customers are eligible for their LIRAP but have only enrolled about a third as of the last update.[5] To this end, the effects of this proposal fail to account for the differential energy burdens of at least 6,000 households.

Additionally, these programs are a percentage-based discount on the monthly bill and therefore, while they move in tandem with rate increases, they still cannot fully offset the regressive impacts of an increase in rates and energy burden. Lastly, while these programs may provide important relief for individual customers, as noted earlier in testimony, these programs do not address the underlying systemic issues that create energy affordability challenges in the first place. Therefore, from an energy justice perspective, the Company needs to strive for more comprehensive solutions that consider equity and affordability at the system and rate design level, rather than relying on reactive programs that inadvertently distract from inequitable designs.

**Q. What does Staff recommend in terms of this proposed increase?**

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5 RG 100.

A. Staff defers to Staff Exhibit 400 for specific actions, and notes that it has rejected the proposed increase as the Company has not demonstrated sufficient cost-based justification for the higher basic charge. That said, Staff notes that for the purposes of this testimony, the recommendation is that the Commission consider that the regressive effects of the charge will disproportionately impact energy burdened households regardless of additional cost-based justification from the utility. Staff proposes that the Commission should approve the requested increase only to the extent it finds that the most vulnerable segments of the residential class are better situated to manage these costs than through any other cost recovery design.

**Q. Please discuss Staff's position regarding the bifurcation of the residential basic charge for single- and multi-family dwellings.**

A. Bifurcating the residential basic charge between single-family and multi-family households is a step towards aligning the cost of service more accurately with the charges customers pay. Multi-family dwellings, by their nature tend to have lower costs of service due to economies of scale. These economies could be in terms of infrastructure, maintenance, or other energy system costs. When this lower cost of service is not reflected in the rates, multi-family households essentially subsidize single family homes. This dwelling-specific inequity exacerbates environmental justice associated disparities to the extent that low-income customers tend to represent a larger portion of multi-family accounts in general.

**Q. The Company's multi-family study shows a nominal cost differential associated with the bifurcation. Why does Staff still want to pursue this change?**

A. As discussed in Staff Exhibit 400, the results of the Company's multi-family study are vulnerable due to several assumptions it made and other limitations. The Company does not currently track which accounts are associated with multi-family dwellings and utilized a general query of accounts to approximate a rough percentage of multi-family accounts. This approximation is based on the results of a query the Company ran in the customer billing system searching for key words in the address. Specifically, words such as Apartment, unit, Apt, Number, that would indicate a multiple unit building were flagged as multi-family (results were 7.56 percent rounded to 8 percent).[6]

It also assumed that there were no cost differentials between dwelling types for: Gas Management scheduling and planning; Distribution Planning; Meter Reading; Billing and Customer Service; Meter Investment; and Underground Storage Investment.[7] Using these assumptions, the Company modified its cost estimates to separately calculate cost of service for multi-family dwellings. In order to inform the inputs where the Company did provide a cost differential for the modified LRIC, the Company used 2022 line-extension costs and selected a single location that was assumed to be a group

[6] Exhibit 302, Avista Response to OPUC Staff DR 216 Attachment A.
[7] Exhibit 302, Avista Response to OPUC Staff DR 215.

of multi-family dwellings and extrapolated the difference in per foot costs for the line extension as a proxy for the group.[8]

Staff recognizes the results of this methodology and input assumptions resulted in a nominal cost differential that would likely not warrant a bifurcation of the basic charge; however, Staff is concerned that the assumptions are too generic to properly inform a decision. To this end, Staff recommends the Commission require the Company to pursue a more robust analysis of cost differentials and inventory multi-family dwellings within this proceeding.

**Q. What if the Company is reluctant to bifurcate the charge because it does not track which customers are single- versus multi-family?**

A. Staff has spoken with the utility and finds it appears willing to pursue a more robust analysis. At this time, the resources Avista requires to achieve this have not been confirmed, but Staff is aware that the Company has reached out internally and to peer utilities that are engaging in similar work streams based on Staff's request.

**Q. Could this potentially lead to single-family households bearing a greater burden of the costs?**

A. Yes, but it is important to remember that the goal is not to shift the burden, but to ensure that the burden is distributed fairly based on the cost of serving each customer. Single-family households, which often have higher incomes and energy usage should not be subsidized by multi-family households that often have lower incomes and energy usage. A more robust analysis and cost of

[8] Exhibit 302, Avista Response to OPUC Staff DR 213 Attachment A.

service study that includes a comprehensive look at cost components and customer usage profiles will likely provide insights on how to best achieve equitable outcomes in this context.

**Q. Has the Commission decided on this issue in other utility proceedings?**

A. Yes. Currently, PacifiCorp and Portland General Electric have bifurcated basic charges that reflect single- and multi-family cost of service differences. Additionally, Northwest Natural Gas Company is in the process of a multi-family cost of service study that will be used to inform this same line of inquiry in its next rate proceeding.

**Q. What does Staff recommend in terms of the bifurcation of the residential basic charge?**

A. At this point in time, from a policy perspective, Staff recommends the Commission pursue the bifurcation of the basic charge to reflect single- and multi-family cost differentials unless the Company can satisfactorily evidence that such a design is not warranted in their service territory.

## ISSUE 3. ENERGY JUSTICE IN DECARBONIZATION

**Q. Please summarize Staff's testimony relative to the issue of decarbonization in Avista's UG 461 proposal.**

A. Please refer to Staff Exhibit 500 for discussion, analysis, and Staff's recommendation on Climate Protection Plan (CPP) compliance in this rate case. For the purposes of this testimony, Staff will offer a limited discussion on the implications of Avista's proposals as they relate to decarbonization and CPP compliance from an energy justice perspective. Specifically, this testimony will touch briefly on the need to center environmental justice communities in utility planning for a clean energy future and remain cognizant of cost implications and growing rate pressures.

**Q. What are some of the challenges Avista customers are facing with CPP compliance and decarbonization targets?**

A. From an energy justice standpoint, it is important that the transition to a low-carbon future is fair and equitable. One significant challenge in this respect is the issue of stranded costs and stranded customers. To the extent utilities transition away from natural gas, they risk leaving behind assets that are still financially valuable but are no longer useful or viable due to changes in technology or policy. It is expected that as these stranded costs and CPP compliance result in greater rate pressure on customers, there will be some migration off the system.

The reality is that some customer segments are situated with greater means to leave the natural gas system or invest in alternative energy sources.

Without intervention, customers less able to modify their energy source or consumption levels will tend to be low-income households, renters, and those living in multi-family or older housing units, and will disproportionately bear the costs of these changes, potentially exacerbating energy poverty.

**Q. What strategies can the Commission consider to mitigate these challenges?**

A. A transition to new and different technologies, including electrification, can initially come with significant costs due to the need for new infrastructure and upgrades to existing energy systems. At this time, Avista has said that it has not outlined any specific prioritization for environmental justice communities related to CPP compliance as it asserts it must first ensure compliance across all customers and is simply pursing the least cost pathway to do so. Staff notes that the least cost analysis should include consideration of equity or the framework risks leaving environmental justice communities behind.

Staff recommends that the Commission direct Avista to proactively assess the risk of stranded costs and develop mechanisms to recover these costs in a way that doesn't disproportionately burden environmental justice communities. This might involve such concepts as exit fees, a review of cost causation model assumptions to include sensitivities for migration, and/or recovery from shareholders. Additionally, the Commission should require Avista to engage stakeholders, particularly marginalized and impacted communities, in decision-making processes related to CPP compliance. These actions may occur outside of the UG 461 venue and may better align with the Company's Integrated Resource Planning engagement. Nevertheless, these costs are likely to end up in rates and it is essential to recognize the impacts CPP compliance has on end-users as the Commission makes decisions on how these costs are recovered.

## ISSUE 4. ENERGY JUSTICE IN LINE EXTENSION ALLOWANCES

**Q. How does the topic of energy justice relate to natural gas utility line extension allowances?**

A. Line extension allowances, which involve the cost of extending natural gas infrastructure to new customers, inherently intersect with principles of energy justice. As discussed in Staff Exhibit 500, the cost of these extensions is spread across all customers under the premise that a larger customer base will lower rates for everyone. If the cost of this extension does not exceed a threshold (in Avista's case, three times the estimated annual revenue from the new customer), the extension is free for the customer as the line extension allowance. Thus, as said, in this context, the overall cost of expanding the gas network is shared among all Avista's customers. If customers are added without considering these added costs or disparate benefits of infrastructure growth, the existing customers may end up shouldering a larger burden of new and/or stranded costs.

For example, in a scenario where the number of natural gas customers is declining due to a shift to electrification, the costs of line extensions is then collected disproportionately on remaining customers, many of whom may be unable to afford the transition to electric alternatives. This exacerbates structural inequities, particularly if the remaining customers belong to marginalized or lower-income communities.

**Q. How can different dimensions of energy equity be used to inform line extension allowance proposals?**

A. In the context of line extension allowances, energy equity is most relevant through the dimensions of distributive equity; recognition equity; and transgenerational equity. Distributive equity refers to fair allocation of costs and benefits. This would entail implementing policies or safeguards to ensure that line extension allowance costs are not disproportionately shouldered by certain groups, particularly those that are economically disadvantaged or unable to transition to cleaner energy sources.

Recognition equity refers to the acknowledgement and consideration of the diverse needs, experiences, and capacities of different social groups. When it comes to line extensions, this might mean acknowledging that some communities may be more reliant on natural gas due to factors like housing age, access to capital, and other socioeconomic factors. Recognition equity would involve not just understanding these differences but incorporating them into policy and decision-making processes. This could include tailored assistance programs for communities vulnerable to stranded costs or efforts to help these communities transition to clean energy sources.

Transgenerational equity concerns the fairness of impacts across generations. Current decisions about line extension allowances will affect not only today's customers, but future ones as well. For instance, continued expansion of natural gas infrastructure today could lead to a future burden of stranded assets (i.e., facilities that become obsolete and can't pay for themselves). These costs might be passed on to future customers. Transgenerational equity would involve making decisions that avoid burdening future generations with the costs of our actions today. This might mean slowing the expansion of natural gas infrastructure and prioritizing the transition to renewable alternatives.

**Q. How could Avista make line extension allowances more equitable?**

A. One approach Avista could consider is factoring in the costs associated with carbon emissions, as well as the additional costs of CPP compliance, into their calculations for line extension allowances. This would essentially raise the bar for what constitutes a 'free' line extension, potentially slowing the growth of the gas network, and reducing the extra costs that are passed on to existing customers, including EJ communities. Please refer to Staff Exhibit 500 for specific recommendations relative to Avista's proposed recovery for line extension allowances in UG 461.

## ISSUE 5. ENERGY JUSTICE IN CUSTOMER PROGRAMS

**Q. Please summarize Staff's analysis of Avista's customer programs relative to energy Justice.**

A. This section of testimony will discuss generally, Staff's findings relative to observations and opportunities for energy justice in Avista's customer programs as well as potential equity issues for future review.

**Q. What data has Staff reviewed in the context of energy justice in Avista's residential customer base?**

A. As an initial exploration in the context of energy justice, Staff reviewed United States Census Bureau data in counties where Avista serves and compared them to Oregon overall. This review was intended to understand the unique challenges Avista customers may face and identify any obvious subsets that would benefit from targeted analysis or assistance through the Company's customer support programs. Staff found that Avista counties report lower median household incomes and a greater percentage of persons in poverty than Oregon overall (Table 1).

**Table 1. United States Census Bureau- Quick Facts (Avista Counties)**

| Fact | Oregon | Josephine County | Jackson County | Douglas County | Union County | Klamath County |
|---|---|---|---|---|---|---|
| Population Estimates, July 1, 2022, (V2022) | 4,240,137 | 87,730 | 221,644 | 112,297 | 26,177 | 70,212 |
| White alone, percent | 86.20% | 92.40% | 91.40% | 92.20% | 92.30% | 88.00% |
| Black or African American alone, percent | 2.30% | 0.70% | 1.00% | 0.50% | 0.80% | 0.90% |
| American Indian and Alaska Native alone, percent | 1.90% | 1.70% | 1.70% | 2.10% | 1.30% | 5.00% |
| Asian alone, percent | 5.00% | 1.10% | 1.70% | 1.20% | 1.20% | 1.20% |
| Native Hawaiian and Other Pacific Islander alone, percent | 0.50% | 0.30% | 0.40% | 0.20% | 1.50% | 0.20% |
| Two or More Races, percent | 4.20% | 3.70% | 3.80% | 3.70% | 2.90% | 4.60% |
| Hispanic or Latino, percent | 14.00% | 8.30% | 14.30% | 6.50% | 5.40% | 14.50% |
| White alone, not Hispanic or Latino, percent | 74.10% | 85.60% | 79.10% | 86.70% | 87.80% | 76.30% |
| Foreign born persons, percent, 2017-2021 | 9.80% | 4.00% | 6.10% | 2.70% | 2.90% | 5.00% |
| Housing units, July 1, 2022, (V2022) | 1,859,387 | 39,550 | 97,772 | 50,666 | 11,891 | 33,200 |
| Owner-occupied housing unit rate, 2017-2021 | 63.20% | 69.50% | 64.60% | 70.70% | 67.30% | 65.90% |
| Median value of owner-occupied housing units, 2017-2021 | $362,200 | $303,500 | $322,100 | $224,400 | $206,200 | $200,000 |
| Median selected monthly owner costs -with a mortgage, 2017-2021 | $1,840 | $1,533 | $1,675 | $1,367 | $1,324 | $1,313 |
| Median selected monthly owner costs -without a mortgage, 2017-2021 | $587 | $419 | $544 | $444 | $467 | $370 |
| Median gross rent, 2017-2021 | $1,250 | $989 | $1,116 | $899 | $888 | $841 |
| Households, 2017-2021 | 1,658,091 | 36,148 | 89,467 | 45,663 | 10,536 | 28,027 |
| Persons per household, 2017-2021 | 2.49 | 2.4 | 2.44 | 2.39 | 2.42 | 2.42 |
| High school graduate or higher, percent of persons age 25 years+, 2017-2021 | 91.50% | 90.80% | 90.90% | 90.50% | 92.70% | 88.40% |
| Bachelor's degree or higher, percent of persons age 25 years+, 2017-2021 | 35.00% | 18.10% | 30.00% | 18.80% | 24.20% | 21.10% |
| With a disability, under age 65 years, percent, 2017-2021 | 10.20% | 14.50% | 10.70% | 14.20% | 11.90% | 13.70% |
| Persons without health insurance, under age 65 years, percent | 7.30% | 8.60% | 8.70% | 8.10% | 8.20% | 9.80% |
| ****Median household income (in 2021 dollars), 2017-2021** | **$70,084** | **$51,733** | **$61,020** | **$52,479** | **$55,227** | **$50,790** |
| ****Per capita income in past 12 months (in 2021 dollars), 2017-2021** | **$37,816** | **$29,260** | **$33,346** | **$28,293** | **$28,596** | **$27,701** |
| ****Persons in poverty, percent** | **12.20%** | **16.80%** | **13.50%** | **16.50%** | **17.50%** | **19.10%** |

In addition to the census data, Staff also reviewed the Company's 2022 Energy Burden Assessment[9] (EBA). Avista commissioned Empower Dataworks, a third-party consultant, to perform the EBA, a Low-Income Needs Assessment (LINA) for Avista's Oregon service territory. The study sought to identify the gas energy burden of Avista's Oregon customers and make recommendations on how to design energy burden assistance programs for the greatest impact. The study estimated that the average gas burden of Avista Oregon customers is 1.2 percent, a metric largely driven by the concentration of households below 2 percent.

[9] Exhibit 302, Avista Response to OPUC Staff DR 181 Attachment A.

In addition, the study found that roughly 17,000[10] of Avista's customers are under 60 percent State Median Income (SMI) and of that subset 6,400 are classified as high energy burden households (households with a gas energy burden of 3 percent[11] or greater). Table 2 shows the most recent SMI Low-Income Home Energy Assistance Program (LIHEAP) eligibility table for Oregon.

**Table 2. Oregon SMI by Household Size for Optional Use in Federal Fiscal Year (FFY) 2022 and Mandatory Use in LIHEAP for FFY 2023[12]**

| | SMI for 4-Person Family | 60% SMI for 1-Person Household | 60% SMI for 2-Person Household | 60% SMI for 3-Person Household | 60% SMI for 4-Person Household | 60% SMI for 5-Person Household | 60% SMI for 6-Person Household |
|---|---|---|---|---|---|---|---|
| **Oregon** | $ 100,210 | $ 31,265 | $ 40,885 | $ 50,505 | $ 60,126 | $ 69,746 | $ 79,366 |

The EBA also examined key customer segments and analyzed areas of Avista's service territory at the census block level to identify localized challenges and provide specific recommendations for these communities' issues. The study presented the following high-level takeaways:

- The total energy assistance need for Avista customers in Oregon is approximately $1.8 million, meaning that it would require $1.8 million to

10 This number was generated in 2022 for EBA and has since been updated to 18,000 in content presented by the Company. Similarly, the total residential customer base has grown since the publication of the EBA.

11 Per the Company's EBA, the basis of the 3 percent value is as follows: "The state of New Jersey uses a split high burden threshold by fuel: for customers with natural gas and electric services from different utilities, no more than 3 percent of income should be devoted to each." Staff supports this approach recognizing that a 6 percent energy burden targets is intended to reflect a reasonable threshold for *total* energy burden of the household.

12 U.S. Department of Health & Human Services, Office of Community Services.

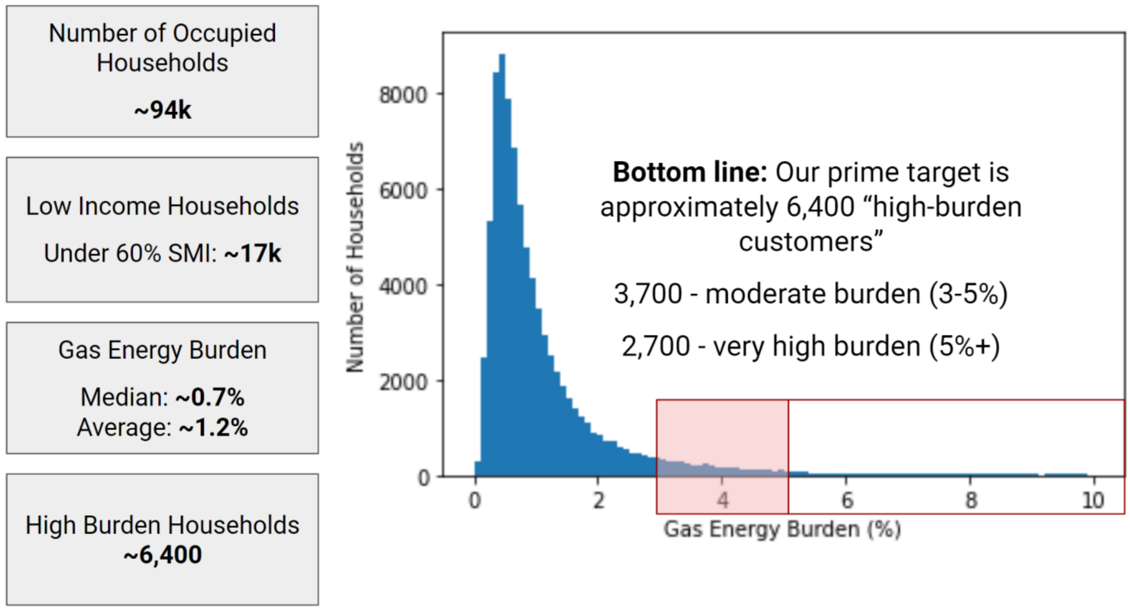
bring energy burdened households in Avista's service territory down to a 3 percent energy burden.

- Between 2019-2021, total program funding appeared to cover a large portion of the need, but only 35 percent was directed at high-burden household customers.
- LIRAP redesign in 2022 is expected to target benefits at high-burden customers.

Also in the EBA, Avista published gas energy burden[13] across their service territory counties, displayed here in Figure 1.

[13] Gas burden for a household is calculated by dividing annual gas expenses by annual gross household income.

**Figure 1. Distribution of Avista Oregon Energy Burden** [14]




As can be observed and was noted earlier, energy burden associated with gas is largely below the 3 percent target for most Avista customers, however, approximately 7 percent of customers face a moderate to very high energy burden. While this report was published in 2022, it is likely still relevant in terms of providing an energy burden baseline from which Staff can consider approximate household impacts across differential energy burdens in the service territory. For example, the impact of a household with a gas energy burden of approximately 2 percent is likely to see in increase in their energy burden of 0.2 percent, while a household facing a gas energy burden of 10 percent will see a full percentage increase in their energy burden as a result of the Company's proposal as currently filed. This hypothetical highlights the

[14] Empower Dataworks.

reality of disparate impacts in a rate design structure that assumes a homogenous residential class.

**Q. Does Avista plan to update the Energy Burden Assessment in the future?**

A. That is unclear at this time. Staff is very appreciative of the proactive efforts and transparency that went into Avista's procurement of a service territory specific low-income needs assessment. This was a valuable tool for the utility, Staff, and stakeholders alike to reference in engagement and program design. Avista specifically used the learnings from this assessment to determine what level of discount was necessary to mitigate energy burden for the most vulnerable households and ultimately implemented one of the most targeted tier structure across the utility programs. Recognizing this value, Staff would encourage the utility and the Commission to standardize low-income needs assessments in Oregon and data collection on environmental justice metrics to better inform decision making.

**Q. Are there other databases available that could be used in lieu of a utility specific or segmented customer needs assessment?**

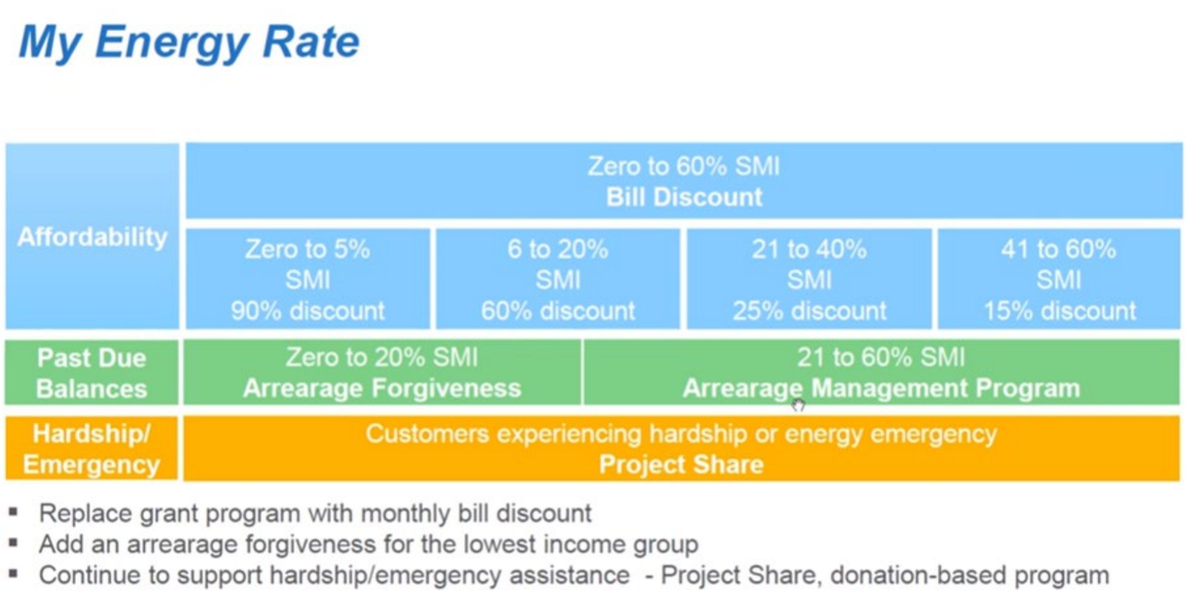
A. There are external databases, such as the U.S. Census Bureau and the Environmental Protection Agency Environmental Justice Toolkit, that provide mapping tools and insights on certain equity indices which can inform utility work. There is also an ongoing effort in DEQ through the Environmental Justice Council to develop an Oregon specific environmental justice mapping tool that can be accessed by agencies like the Commission as well as the public to view environmental justice data locally.

That said, there is value to having access to utility specific data, which in many instances is best poised to inform the work the Commission regulates and implements. Utilities should work collaboratively to scope what data streams and processes align with the State and agency's data strategies. From there, Staff and others can determine, what, if any, processes can be pursued in the near term to provide consistent and up to date data on customer usage, energy needs, demographics, and other environmental justice indices in the pursuit of equitable system outcomes.

**Q. Staff mentioned that Avista's data-informed LIRAP bill discount was one of the better models offered in the State. Can you please elaborate?**

A. Figure 2 shows the various discount tiers and eligibility tiers available in Avista's LIRAP, otherwise referred to as "My Energy Rate".

**Figure 2. Avista's LIRAP**



As described in the graphic, there are four tiers with a discount up to 90 percent of the customer's bill for households in facing severe financial burden as a result of little to no income. The program also offers arrearage forgiveness and management for income-qualified households and a unique hardship or emergency assistance offered for households that do not meet the standard income eligibility thresholds. This design does more to recognize the actual energy insecurity faced in Avista's service territory than other programs that have come before the Commission. The reality is that in households facing extreme energy poverty, discounts that do not result in affordable monthly bills are not effective tools against energy burden. Staff appreciates Avista's efforts to implement a model that is responsive to its customers' needs and encourages efforts to work with stakeholders and community on how to reach households that have not enrolled.

Staff understands that the Company has faced some challenges in growing participation rates, including in some instances as a result of unwillingness on the part of the customer. To this end, Staff suggests exploring other system level rate designs and customer segmentation strategies that might achieve more equitable rates across the residential class without pinning the efficacy to participation rates. Staff believes an exploration of more equitable rate designs and cost allocations are crucial to a just transition and equitable energy system. For example, establishing a separate class of customers based on characteristics that contribute to higher energy insecurity could help tailor rates and services to the specific needs of these households.

In any rate design targeted based on differential energy burden, it is important to avoid the risks associated with deficit framing[15] and calling out other[16] community groups. These negative actions stigmatize households and provide a framework that paints them as inferior, thus exacerbating social prejudices and in some cases, a reluctance to be associated with equity-based programs and rate designs. Utilizing community perspectives and environmental justice feedback may help to inform how to best implement effective energy burden mitigation and system equity strategies.

**Q. Does Avista engage any equity focused advisory groups to inform its operational decisions or programs with an environmental justice perspective?**

A. Not formally. According to the Company, Avista does not have any formalized advisory groups in Oregon. For its Low-Income Rate Assistance Program (LIRAP), Avista does regularly engage with the Community Action Agencies that partner in implementing LIRAP on program design elements and overall program offerings, including its bill discount program, My Energy Rate. Also, the Company has an Integrated Resource Plan Technical Advisory Committee (TAC), that provides input on the Company’s long term resource plan. While

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15 Trabian Shorters, “Deficit-framing is “defining people by their challenges, ignoring their aspirations or contributions, then remediating them to be less burdensome on society.”

16 Othering also involves attributing negative characteristics to people or groups that differentiate them from the perceived normative social group.

not focused on environmental justice specifically, the TAC does provide input on a wide range of topics that may touch on environmental justice issues for the Company to consider.[17]

**Q. Please describe how this differs in other states Avista serves.**

A. According to the Company, in Washington, Avista is required to have multiple advisory groups by Commission rule or order, including, an Energy Efficiency Advisory Group (EEAG), Energy Assistance Advisory Group (EAAG), Equity Advisory Group (EAG), and Distribution Planning Advisory Group (DPAG). The Company's Integrated Resource Plan Technical Advisory Committee (TAC) is the same across all of the Company's jurisdictions. There are some key differences between the Company's Washington and Oregon jurisdictions that lead the difference in advisory groups, including but not limited to the administration of energy efficiency programs, legal requirements, and the size and scope of assistance programs in Washington, where the Company's customer base is much larger and includes electric service.[18]

**Q. Does Staff believe Avista could benefit from the implementation of an equity or environmental justice focused advisory group in Oregon?**

A. Yes. In the interest of a multi-dimensional approach to equity and energy justice. An advisory group that serves to inform the utility on planning and decision-making can function to create a holistic approach to equity at the system level and provide a source of accountability that can be shared more

[17] Exhibit 302, Avista Response to OPUC Staff DR 234.
[18] Exhibit 302, Avista Response to OPUC Staff DR 235.

broadly. In House Bill 2021, electric utilities PacifiCorp and Portland General Electric were required to establish Community Benefits and Impacts Advisory groups. These groups have provided a venue for representative members of environmental justice communities across their service territories to dialogue and inform utility planning and process. Although required by the clean energy legislation, they are intended to function beyond that work stream and may weigh in on a variety of issues, including the utilities' Integrated Resource Plans, Distribution System Planning, risk-based community resiliency analyses, and more.

At this time, Staff does not have a specific model in mind from which Avista should establish such an entity but encourages the Commission to pursue an action for the utility that advances a deliberate and official group that centers environmental justice perspectives across Avista's Oregon system.

**Q. Are there any other issues that Staff wishes to raise at this time relative to energy justice?**

A. Yes. Staff notes that the extent to which energy justice is relevant in this proceeding is significant. That said, the breadth of issues from which it can be applied is extensive enough to pose challenges when it comes to providing comprehensive testimony in this rate case. It would be a tremendous step in the interest of energy justice if utilities filing rate cases with the Commission should endeavor to proactively address the considerations for and intersections of energy and environmental justice prior to and within a general rate revision. Demonstrating that the utility has done more to engage the community on these upcoming issues and rate pressures than a notice would allow for a more diverse and inclusive dialogue that is not limited to Staff and intervenor's capacity to ferret out obvious and discrete opportunities for energy justice in ratemaking.

Beyond that broader point, Staff notes that it is continuing to investigate and inquire on issues that may require additional recommendations including but not limited to:

- Residential fee free bank card payment options that may inadvertently result in intraclass subsidization at the expense of low-income households; and
- Residential class load profile and customer billing data analyses that may have implications for achieving more equitable rate designs and payment options.

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

A. Yes.

CASE: UG 461
WITNESS: MICHELLE SCALA

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 301

## Witness Qualifications Statement

**July 7, 2023**

**WITNESS QUALIFICATIONS STATEMENT**

**NAME:** Michelle Scala

**EMPLOYER:** Public Utility Commission of Oregon

**TITLE:** Energy Justice Program Manager
Strategy and Integration Division

**ADDRESS:** 201 High Street SE. Suite 100
Salem, OR. 97301

**EDUCATION:** BA Economics, University of Hawaii, Manoa; Honolulu, Hawaii
BA Political Science, University of Hawaii, Manoa; Honolulu, Hawaii

**EXPERIENCE:** I have been employed by the Public Utility Commission of Oregon since July 2020 as a Senior Utility Analyst. I initially began work at the Commission in the Energy Rates, Finance and Audit Division and later transitioned to the Strategy and Integration Division upon its inception. In May of 2022, I was made Energy Justice Program Manager to the Utility Division. I have provided expert testimony as Commission Staff in general rate cases UE 394, UG 433, and UG 435, and have consulted on others. I have over eight years of experience in policy analysis and program evaluation for state and local government. My work prior to the Commission included serving as a Senior Fiscal Analyst at the Oregon Department of Human Services and Economist at the Oregon Employment Department. Prior to that I was employed at the Hawaii State Legislature as the Senior Analyst to the Senate Committee on Ways and Means.

CASE: UG 461
WITNESS: MICHELLE SCALA

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 302

## Non-Confidential Responses to Data Responses
## Exhibit in Support
## Of Opening Testimony

**July 7, 2023**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 04/11/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Jaime Majure |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 181 | TELEPHONE: | (509) 495-7839 |
| | | EMAIL: | jaime.majure@avistacorp.com |

**REQUEST:**

Please provide Avista's Oregon originally filed under Docket UM 2211.

**RESPONSE:**

The requested Avista Oregon Energy Burden Assessment has been provided as Staff_DR_181 Attachment A.

AVISTA

# OREGON ENERGY BURDEN ASSESSMENT

empower dataworks

# AVISTA OREGON ENERGY BURDEN ASSESSMENT

JUNE 2022


## PREPARED FOR

Lisa McGarity and Ana Mathews

Avista

## PREPARED BY

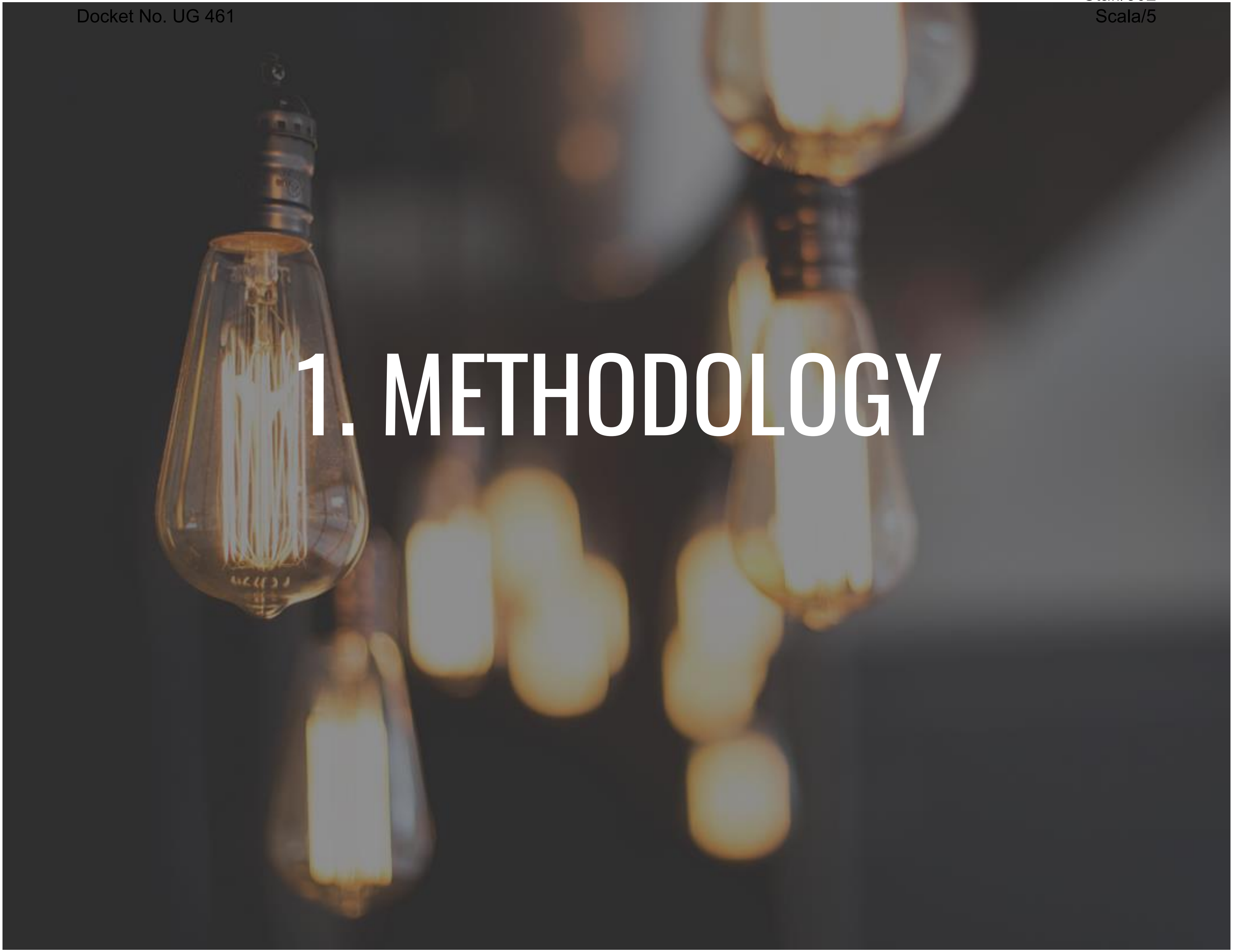
Hassan Shaban, Ph.D.

Empower Dataworks

# INTRODUCTION

This brief report presents the methodology and findings from Avista's 2022 Oregon energy burden assessment. The results of the assessment are contained in the web dashboard at https://avista-or.empowerdataworks.com.

# CONTENTS


1. METHODOLOGY

# 1.1 GENERAL APPROACH

This energy burden assessment relies on collecting customer-level data, modeling missing attributes, then aggregating key metrics by geographic, demographic or building variables for analysis. The customer data comes from various sources as described in the rest of Section 1. Some demographic attributes were modeled or inferred using statistical techniques due to lack of primary data in the Customer Information System (CIS) or other sources. American Community Survey data was mainly used to sanity check aggregate statistics of customer-level data at the census tract level.

Three types of metrics were calculated:

- Metrics related to energy burden based on demographic and geographic characteristics
- Participation and funding in Energy Assistance Programs
- Customer energy use characteristics

The final dataset and results were packaged in a web dashboard for Avista staff.

# 1.2 DATA SOURCES

The data sources leveraged for the analysis are described in this section.

## DATA PROVIDED BY AVISTA

**Customer Information System (CIS):** This data included monthly electricity bills for 36 months in 2019-21, account numbers and service addresses. A separate data extract included the dates and customer accounts that received late payment notices, allowing us to calculate the on-time payment rate for different customer segments.

**Direct Assistance Program Data:** We received a list of participating accounts in LIHEAP and the Low Income Rate Assistance Program (LIRAP) program in 2019-21, along with discount amounts and dates. This allowed us to calculate the total assistance funding at the household level.

**Energy Efficiency Program Data:** We received a list of participating accounts in the low income weatherization program in 2019-21, along with installed measures, estimated therm savings and funding. The deemed therm savings were used to estimate the annual bill impact based on average bill savings of $0.98/therm.

**Agency Profiles:** Avista provided demographic and program participation profiles for the four community action agencies in its service territory.

# DATA OBTAINED FROM OTHER SOURCES

**Geocoding:** All customer addresses were geocoded to a latitude/longitude pair to facilitate geographic analysis. In addition, we mapped the latitude/longitude pairs to census tracts, block groups and blocks in order to pull additional aggregate statistics.

**County Assessor Data:** We obtained publicly available assessor data from Douglas, Jackson, Josephine, Klamath and Union counties. The assessor data included appraised values for homes, square footage, building year built, building use codes (residential, mobile homes, commercial and industrial), number of buildings on a land parcel, and other minor data points that were useful for performing general QA.

The addresses in this dataset were standardized to US Postal Service format, then matched with addresses in the CIS data. Some addresses existed in the CIS data but not in the assessor data (typically happens when multiple buildings occupy the same land parcel).

**Customer Demographics:** Data was purchased from a third-party data compiler that aggregates data from public sources and credit bureaus. This data was mapped to the CIS dataset using customer addresses and included total household income, age of occupants, and homeownership status for a little over 77% of residential households. Demographic attributes for some customers were modeled due to lack of primary data in CIS or other sources. The modeling approaches are described in the next section.

**American Community Survey (ACS):** ACS data (2019 5 year estimates) was primarily used for QA to ensure that aggregate counts for various demographic attributes match the expected distributions from ACS.

# 1.3 FINAL ATTRIBUTES AND METRICS

The calculation methods for the metrics and attributes used in this report are described in this section. For all attributes, we also captured metadata related to the source of data and the confidence in the value (for example, data from primary sources has a high confidence, while modeled data has lower confidence). All of the data is robust for aggregate analysis, while high confidence data is better suited to customer-level marketing and program targeting.

**Household Income:** Income data was only available for 77% of households in Avista's Oregon service territory. To estimate the incomes for the remaining 23%, we used an iterative procedure.

Starting from the households for which we had income data, we applied an imputation model – this is a statistical method for filling in missing data by using the home's location, home value and building type. In other words, each household is assigned an income range based on the incomes of similar households in their area. This is the initial guess for that household's total annual income. Then, an iterative calibration procedure uses those initial guesses and adjusts them to ensure that the overall income distribution within a census tract is similar to the overall income distribution from the ACS. The calibration iteratively takes a small sample of households (under 10%) and bumps them up or down by one income level within certain bounds until the modeled income distribution resembles the ACS income distribution.

*Validation:* From prior validation analysis, this modeling procedure yields fairly good results - it is able to reproduce the incomes accurately for a hold-out set of data from the original dataset, with errors under $5k/year in household income for 85% of the test set and errors under $20k/year in household income for the other 15%. Larger errors tend to happen for households with a larger income, which are not the focus of this study anyway. More importantly, the aggregate metrics related to energy burden (e.g. energy assistance need and overall burden) are very robust to errors in individual results because we are ensuring that overall distribution of income is as accurate as possible, while the energy use does not change dramatically among similar households.

**Poverty Status:** The number of people living in a household cannot be easily obtained from any public data sources. This makes it difficult to identify a household's poverty status compared to the Federal Poverty Limit or the Area Median Income, both of which are defined by household size. The median household size in the five Avista counties in Oregon varies from 2.3 to 2.4 and household size for income thresholds is a configurable parameter in the data dashboard (for sensitivity analysis).

**Building type:** Meters were classified into one of five building types: single family, mobile homes, multifamily apartments, commercial or master metered and unoccupied. Commercial meters were those tagged with a specific commercial use by the county assessor or that were on a commercial rate class (unless they were clearly apartments). Additionally, we filtered out meters using in excess of 2,000 therms/year as those are likely associated with commercial uses or are master metered. Meters that showed energy consumption less than 20 therms/year were flagged as potentially unoccupied.

Overall, the number of household meters excluding commercial and unoccupied meters was approximately 94,000. Addresses with multiple units or tagged as multifamily properties by the county assessor were flagged as apartments. Mobile homes were either labelled as such by the county assessor or were sited in a mobile home park. Non-multifamily homes with addresses but without an identified land parcel are usually accessory dwelling units, trailers or mobile homes – these were all included in the "mobile home/other" category.

*Validation:* The aggregate housing type counts (91% single family, 6% multifamily and 3% mobile/ ADU homes) are similar to data from the DOE's LEAD tool for gas-heated homes in the five Avista counties (87% single family, 8% multifamily and 5% mobile/manufactured/ADU homes), although the LEAD tool only accounts for 67,000 gas-heated households, greatly underestimating the 94,000 actual residential customers in Avista's CIS system.

**Homeownership Status:** Homeownership status (rent vs. own) was determined using two methods. The demographic dataset included homeownership for approximately 77% of customers. For the other 23%, households in multifamily apartments were tagged as "Likely Renters", and households without any account changes during the two year analysis period were tagged as "Likely Homeowners". Households with an account change and an accompanying sales record were also tagged as "Likely Homeowners". This approach can potentially undercount long-term renters and tag them as homeowners. However, the accuracy of the approach seems sufficient for the purposes of large-scale aggregate analysis as in this study.

*Validation:* The owner-occupied housing rate for gas-heated homes in the DOE LEAD tool is approximately 71% in the five Avista counties. The homeownership rate from this analysis is up to 80% (56% confirmed and up to an additional 24% of either homeowners or long-term renters), so the two estimates fall within each other's margin of error.

**Gas Burden and Energy Efficiency Potential thresholds:** These thresholds were set as follows:

- High-burden threshold: Greater than 3%[1]
- High efficiency potential threshold: Greater than 0.4 therms/sq.ft/yr.

**Gas Burden:** Gas burden for a household is calculated simply by dividing annual gas expenses by gross household income.

$$Gas\ Energy\ Burden = \frac{Annual\ Gas\ Expenses}{Annual\ Household\ Income}$$

**Excess Burden:** Excess burden is the portion of a household's energy burden in excess of the 3% threshold.

$$\begin{aligned} Excess\ Burden \\ &= \max(0, Gas\ Energy\ Burden \\ &- High\ Burden\ Threshold) \\ &\times Annual\ Household\ Income \end{aligned}$$

**On-Time Payment Rate:** This is the proportion of all energy bills that did not require a late payment or disconnect notice to be sent out.

**Energy Assistance Funding:** The dollar amount of funding flowing through energy assistance programs (including discount, donation and weatherization programs) through discounts or rebates.

**Customer Bill Reductions (Avoided Burden):** The total bill impact from energy assistance programs. This is the same as the assistance funding for direct assistance programs and is based on measure savings for energy efficiency programs as described in Section 1.2.

[1] The state of New Jersey uses a split high burden threshold by fuel: for customers with natural gas and electric service from different utilities, no more than 3% of income should be devoted to each. We use this as a high-burden guideline for gas heated homes in this assessment, recognizing that there could be different interpretations or methods for designating customers as "high-burden". The dashboard allows for adjusting the gas burden thresholds, in order to test different reasonable thresholds.

**Avoided Need:** The total bill impact specifically for customers flagged as "high-burden".

**Census Tract Statistics:** Since each customer has been mapped to a census tract and block group, we are also able to match customers to census tract average statistics (e.g. highly impacted communities, presence of children, non-English speakers, education level, environmental pollution etc.).

**Energy Assistance Need:** This is the sum of excess burden across all customers.

**DOE Disadvantaged Community Score:** The number of community vulnerability criteria (social, health and environmental) that are exceeded in a census tract. This data comes from the Department of Energy's Climate and Environmental Justice Screening Tool.

# 1.4 SOURCES OF UNCERTAINTY

- **Household income** is a dynamic piece of data as residents move in and out of homes and income data can become outdated within a year or two.

- **Poverty status.** Since household size cannot be reliably captured through any available data source, household poverty status is subject to uncertainty. The Federal Poverty Limit and Area Median Income both use household size as a scaling factor. So, for any analysis, it is recommended to perform a sensitivity analysis with the household size assumption (this is facilitated through the web dashboard). In general, using 2 and 3 person household assumptions has been found comparable to statistics from income-verified programs.

- **Individual vs. aggregate data usage.** The underlying dataset has customer-level flags for data quality – data from primary sources is considered high quality while modeled data is considered medium or low quality, depending on the availability of supporting sources of information (example, home values and location). Higher quality data can be used for individual program targeting, lower quality data can be used for program design and aggregate reporting.

- **Building types.** There is some uncertainty in the classification of building types as described in Section 1.3. This could results in misclassifying non-residential meters as occupied households or vice versa.

- **Achievable reductions in energy assistance need.** This analysis presents a *technical* energy assistance need based on energy burden. However, in our experience due to a variety of barriers like access to information, application process difficulties, stigma and lack of trust, many customers may not be willing to participate in programs, regardless of program design or available benefits. Understanding the *economically achievable* reduction in energy assistance need through utility programs would require a qualitative research of non-participants in a utility's service area.

# 2. AVISTA'S ENERGY BURDEN BASELINE

# 2.1 AVISTA'S OREGON RESIDENTIAL SECTOR PROFILE

Avista's service territory in Oregon state was composed of approximately **94,000 occupied households** (with a detectable energy use and not designated as shops, garages or commercial properties).

**Ethnicity:** According to the U.S. Census Bureau, approximately 83% of residents in Avista's service area are non-Hispanic white. Hispanic residents comprise 11% of the population, mostly concentrated in Klamath county.

**Household Income:** The median household income for residents in Avista's service area is approximately $52,000, well below the state average of $66,000. Approximately **14%** of all households would fall under 100% of the federal poverty limit.

**Energy Bills:** Avista residential natural gas rates are about average for the region. Annual energy bills in 2019-21 averaged **approximately $670/year with an average annual consumption of 550 therms**. Figure 1 shows the distribution of annual natural gas bills; with about half of households paying more than $640/year on their bills. Customers on the east side of the Cascades (Klamath and Union counties) generally have higher bills ($740 on average) compared to the west side ($650 on average).

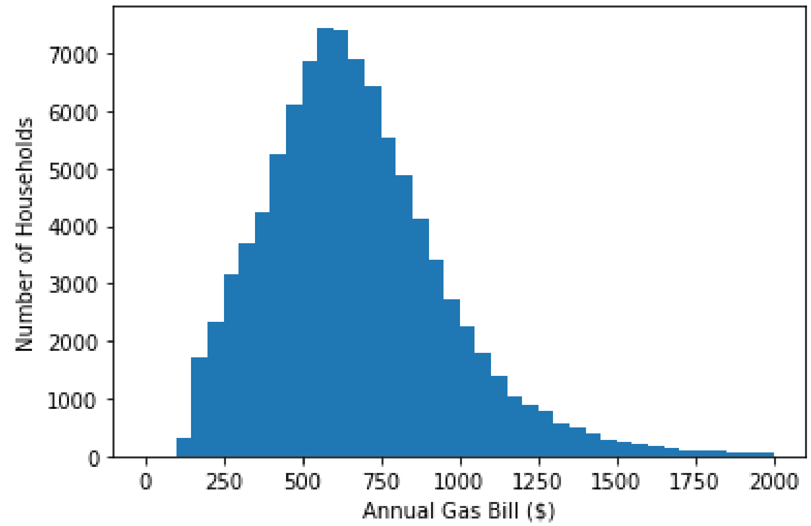



**Figure 1. Household natural gas bill distribution for Avista's Oregon residential customers**

# 2.2 ENERGY BURDEN

Avista customers have an **average and median gas energy burden of 1.2% and 0.7%**, respectively. Figure 2 shows various gas energy burden metrics in the five Avista counties. The proportion of customers who have a high energy burden is relatively low in the Western counties (4-7% of customers) vs. the Eastern counties (9-14% of customers).

The average household paid $670/year in natural gas bills in 2019-21. Of 94,000 identified households, **6,400 were deemed to have a high energy burden**, meaning that annual natural gas bills exceeded 3% of their income. These high-burden customers paid an average of $740 in annual natural gas bills; the higher bill average reflects their higher likelihood to live in less efficient or older homes. The **total energy assistance need for Avista's Oregon customers is approximately $1.8M**—the total reduction that would bring all customer natural gas bills below the 3% high burden threshold.

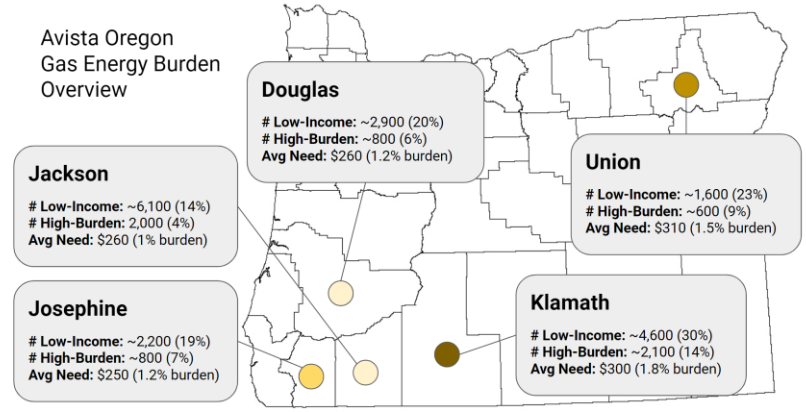



**Figure 2. Energy burden benchmarking**

Although averages and medians give a general indication of energy burden across a service territory, the reality is that **energy burden is a customer-level metric** and its distribution is a better indicator of the burden that customers experience. The distribution of energy burden among Avista customers is shown in Figure 3.

The goal of an effective energy assistance portfolio should be to prioritize the customers who most need the assistance, i.e. the customers to the right of the 3% threshold.

Approximately 67% of the energy assistance need is borne by single family households, with 16% in mobile homes and the remainder in multifamily homes. The highest concentration of need is in mobile homes, requiring more than $316/household in assistance on average, compared to $283/household for single family and $234/household multifamily households.

Approximately 48% of the energy assistance need for Avista customers is among renters, indicating that conservation programs targeted at high-burden customers will need to grapple with the split incentive problem between landlords and tenants, but energy burden among homeowners is equally significant. Other customer segments can be investigated in more detail in the data dashboard.

Number of Occupied Households

**~94k**

Low Income Households

Under 60% SMI: **~17k**

Gas Energy Burden

Median: **~0.7%**
Average: **~1.2%**

High Burden Households
**~6,400**

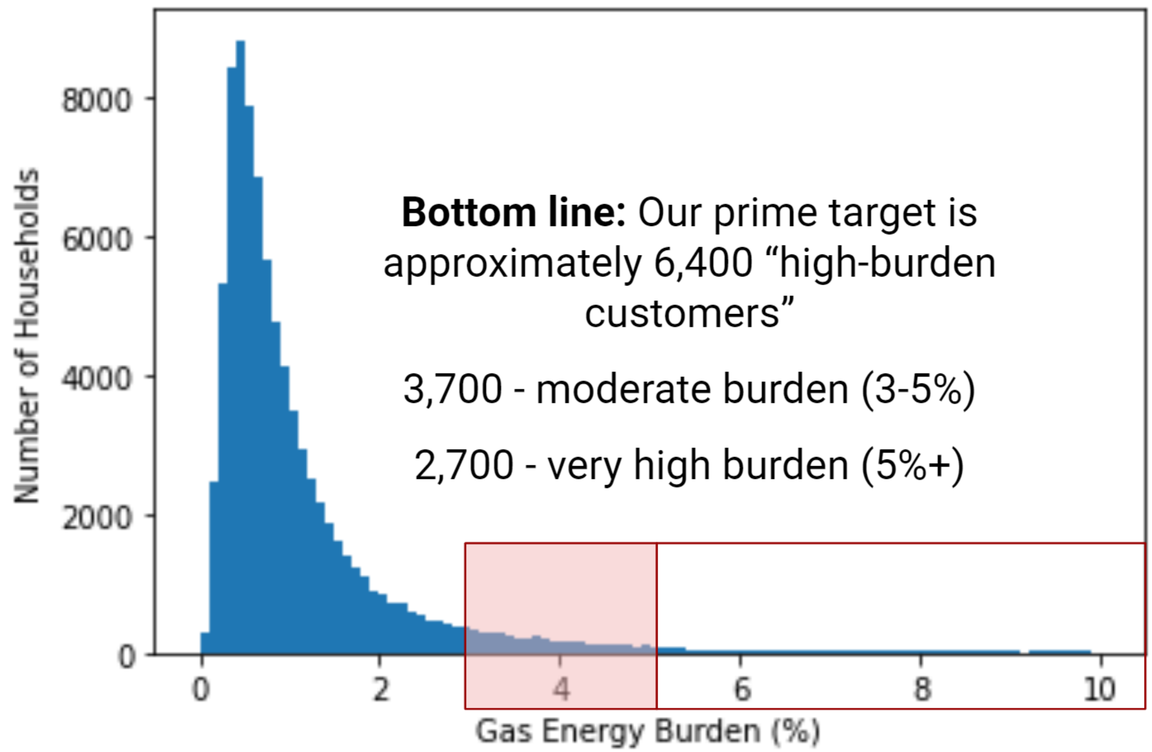



**Figure 3. Distribution of energy burden among Avista's Oregon customers.**

# 2.3 CONSERVATION VS DIRECT ASSISTANCE

Figure 4 shows the distribution of energy burden and energy efficiency potential (defined through Energy Use Intensity thresholds) across all low-income residential customers. In a perfect world, the energy assistance portfolio would match these customer segments. For example:

- Conservation programs should primarily serve **high burden, high potential** households
- Direct assistance programs should primarily serve **high burden, low potential** households
- Crisis/emergency programs should primarily serve **low burden, low potential** households
- Traditional conservation programs with financing should serve **low burden, high potential** households

Aligning targeted customers with program strengths results are the most cost-effective pathway to energy burden reduction.

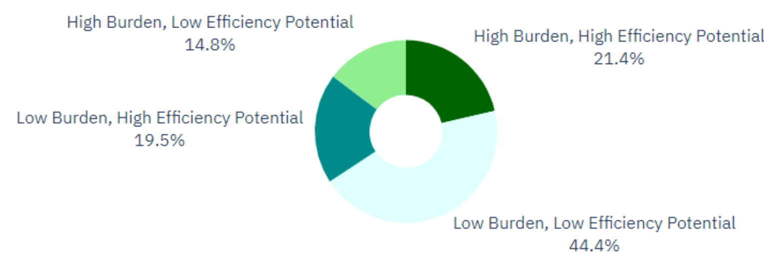



**Figure 4. Avista's Oregon low-income customer segments by energy burden and energy efficiency potential.**

Approximately 44% of Avista's low-income customers are low-burden and low-efficiency potential. These customers' energy bills may not be a huge expense relative to housing, medical and education expenses, and they should not be prioritized in the more intensive programs, such as weatherization.

21% of high burden customers also have a high efficiency potential indicating that the energy assistance program mix should equally prioritize sustained energy burden reductions through energy efficiency and weatherization.

# 3. KEY CUSTOMER SEGMENTS

# 3.1 OVERVIEW

This section presents statistics and profiles related to key customer segments in Avista's Oregon service area. These customer segments were selected for a combination of reasons:

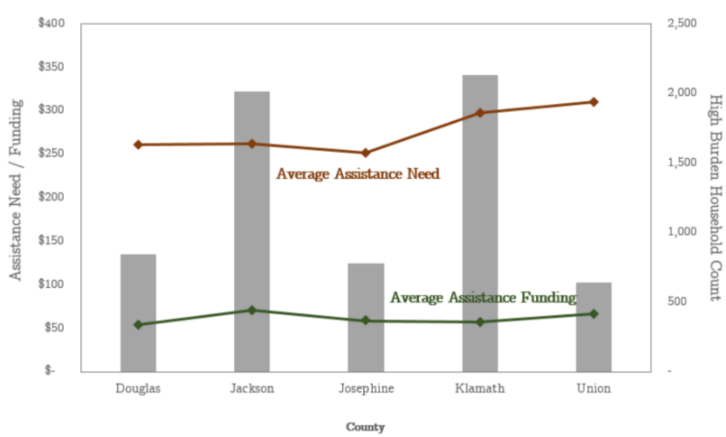
1. Flagged in this assessment as having high overall burden or high prevalence of energy burden
2. Meets the Department of Energy criteria for vulnerable communities
3. Identified as high priority through interviews with agencies

This analysis is primarily geographic, focusing on specific neighborhoods. The maps in the following sections display the level of energy assistance need in these areas as well as locations of social services for potential outreach.

These customer segments represent a big portion, but not the entirety of the high energy burden among Avista's customers, so they should be targeted for any new programs or initiatives in the future using lists of customers who live in the block groups identified below.

# 3.2 EASTERN COUNTIES

**PROFILE:** The figure below shows the energy assistance need and average energy assistance funding in the five counties in Avista's Oregon service area. In general, the energy assistance need is about 30% higher in Klamath and Union counties, east of the Cascades, while the average level of funding is almost equal in all counties. The difference in average need can mostly be explained by the difference in climate. Figure 5 shoes the seasonal average temperatures in Medford and Klamath Falls (which are only 80 miles apart) – areas east of the Cascades experience colder temperatures in winter and the shoulder seasons, resulting in higher gas bills and burden.



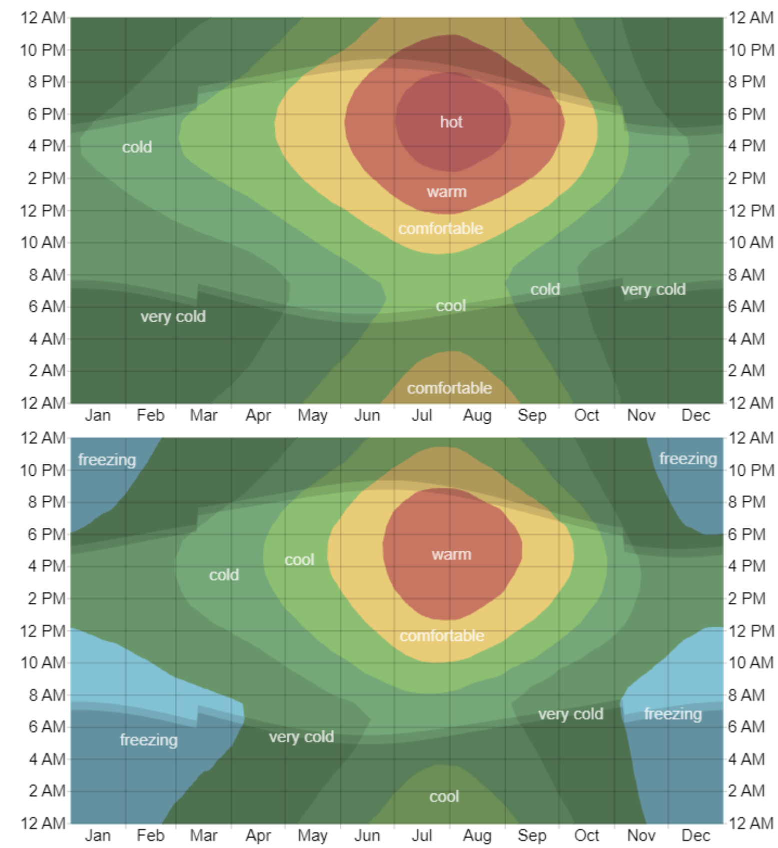




**Figure 5. Seasonal average temperatures in Medford (top) and Klamath Falls (bottom) – from [WeatherSpark.com](WeatherSpark.com).**

**RECOMMENDATIONS:** We recommend adding the level of gas assistance need or gas burden as an additional consideration when apportioning program budgets among Avista's partner agencies. Relying on customer counts alone misses the fact that gas energy burden is not evenly distributed among the different counties. This would roughly imply a budget breakdown as follows: a third in Jackson county, a third in Klamath county and the remaining third split evenly between Douglas, Josephine and Union counties. The following table shows that three quarters of Avista's customers are located west of the cascades, but they only shoulder about half of the gas burden.

| County | Proportion of gas assistance need | Proportion of current program spending | Proportion of Avista customers |
|---|---|---|---|
| Douglas | 12% | 11% | 16% |
| Jackson | 30% | **43%** | **48%** |
| Josephine | 11% | 9% | 12% |
| Klamath | **36%** | 28% | 17% |
| Union | 11% | 9% | 7% |

# 3.3 DOWNTOWN KLAMATH FALLS

Census block groups: **410359718001, 410359718002, 410359718003, 410359719005**

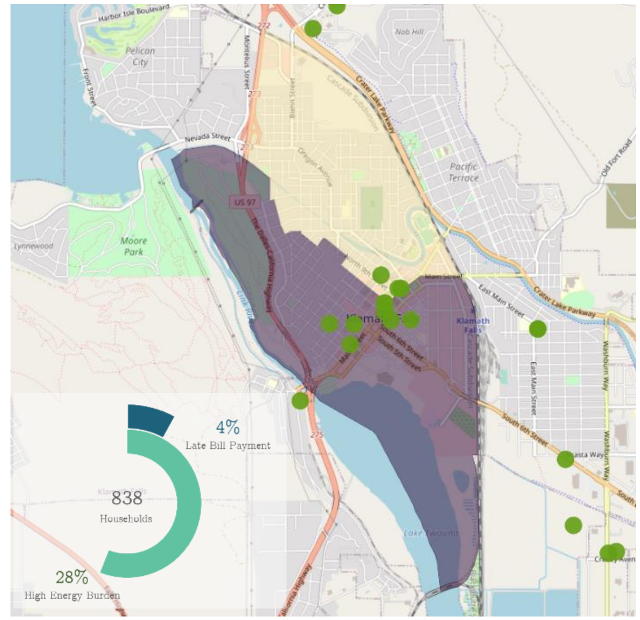
Total Assistance Need: **$68k (4% of total)**

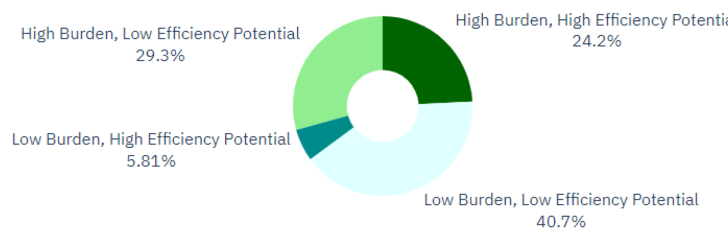
Total Assistance Funding: **$18k (2% of total)**

DOE Disadvantaged Community Score: **2.6**

**PROFILE:** Customers in downtown Klamath Falls tend to live in older single family homes – about a third of these customers rent their homes. Although 20% of the local population are considered people of color (Hispanic), most customers are bilingual. The area has some light industrial activity and has historically had relatively high rates of unemployment and poverty.

**RECOMMENDATIONS:** This customer segment is urban but dispersed. KLCAS has primarily relied on word of mouth to recruit program participants. There are numerous social services organizations in the area, which introduces an opportunity to build partnerships with local community organizations.



# 3.4 ALTAMONT

Census block groups: **410359712001, 410359715002, 410359716003**

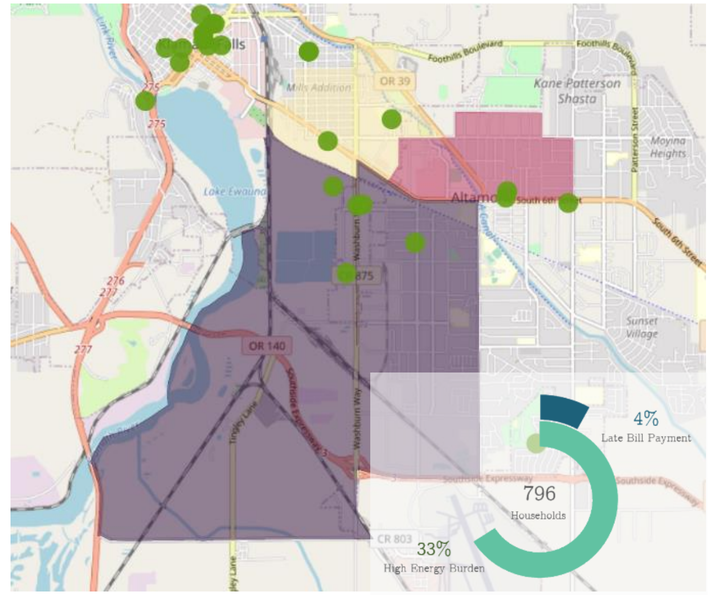
Total Assistance Need: **$88k** (**5% of total**)

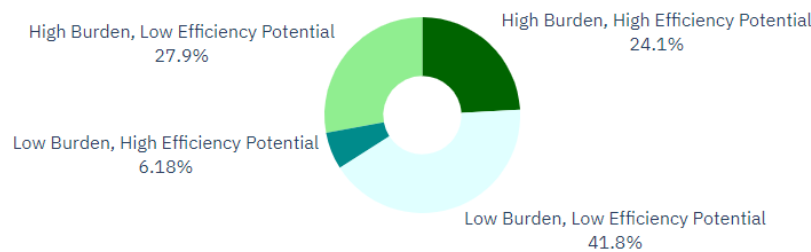
Total Assistance Funding: **$40k** (**3% of total**)

DOE Disadvantaged Community Score: **4.7**

**PROFILE:** Altamont is an unincorporated community just south of Klamath Falls. Most homes in the area are smaller, older, stick-built on concrete slabs – more than 90% of homes were built prior to 1980. Almost a third of customers in the area have a gas energy burden higher than 3%, but on-time bill payment rates are still reasonably high. There is a large proportion of senior customers in the area. The area appears to be slightly underserved by existing programs, but the local agency is moving to a new location in summer 2022, which should be more accessible by public transit.

**RECOMMENDATIONS:** This customer segment is more dispersed than Klamath Falls and physical access to services may be harder. Consider targeted mail campaigns to the area informing customers of programs. KLCAS is introducing a new online application system that could improve program access for these customers.



# 3.5 OLD MEDFORD

Census block groups: **410290003002, 410290001001**

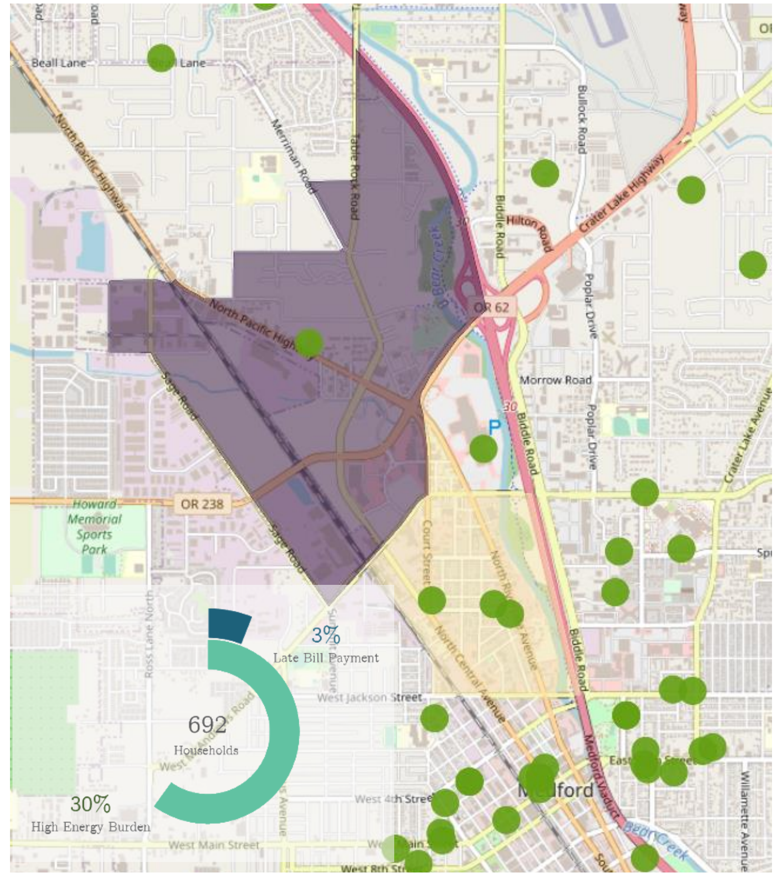
Total Assistance Need: **$66k (4% of total)**

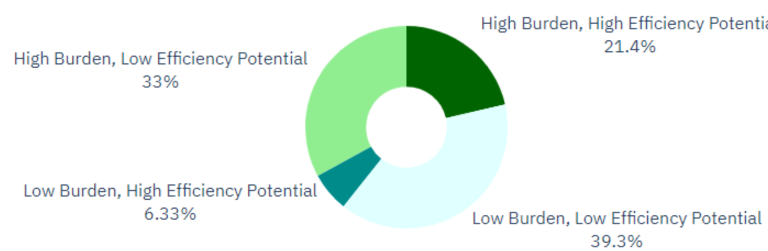
Total Assistance Funding: **$18k (1% of total)**

DOE Disadvantaged Community Score: **2.6**

**PROFILE:** The area surrounding Northwest Medford is an older part of town and includes several gas-heated mobile home parks that were flagged as having a high gas energy burden. The area has a high rate of property crime and appears to be somewhat underserved by existing programs.

**RECOMMENDATIONS:** Outreach to trailer park managers can be very effective at recruiting program participants who reside in mobile homes. The area should be prioritized for weatherization or lighter touch energy efficiency (e.g. energy savings kits, thermostats and air sealing), as more than half of customers have a high gas savings potential.



# 3.6 NORTHEAST LA GRANDE

Census block groups: **410619704002, 410619704003, 410619705002, 410619707001, 410619707003, 410619708001, 410619708002**

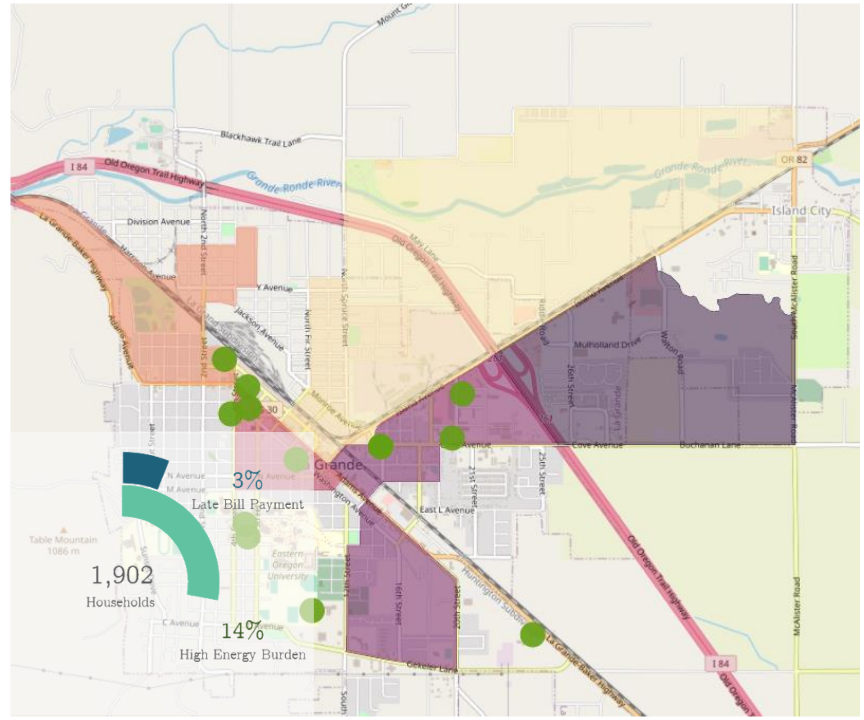
Total Assistance Need: **$82k (5% of total)**

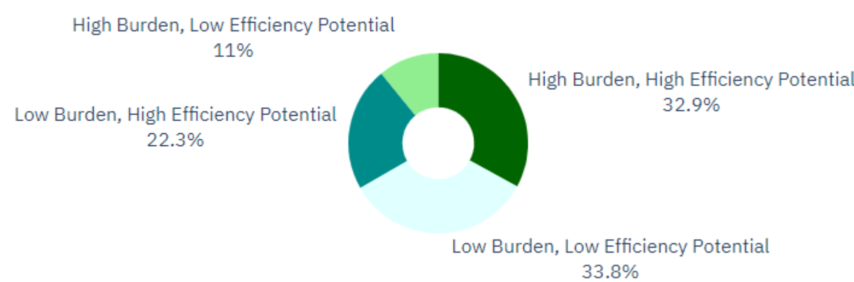
Total Assistance Funding: **$37k (3% of total)**

DOE Disadvantaged Community Score: **0**

**PROFILE:** The high priority areas in La Grande have predominantly older housing and a relatively large senior/fixed income population. Northeast La Grande is surrounded by agricultural land.

**RECOMMENDATIONS:** As rural areas, traditional mass communications may not be effective at reaching this customer segment. Collaborating with local schools, churches or community organizations (like Union County Casa) will be more effective. Door-to-door canvassing may also be feasible in collaboration with the local agency.



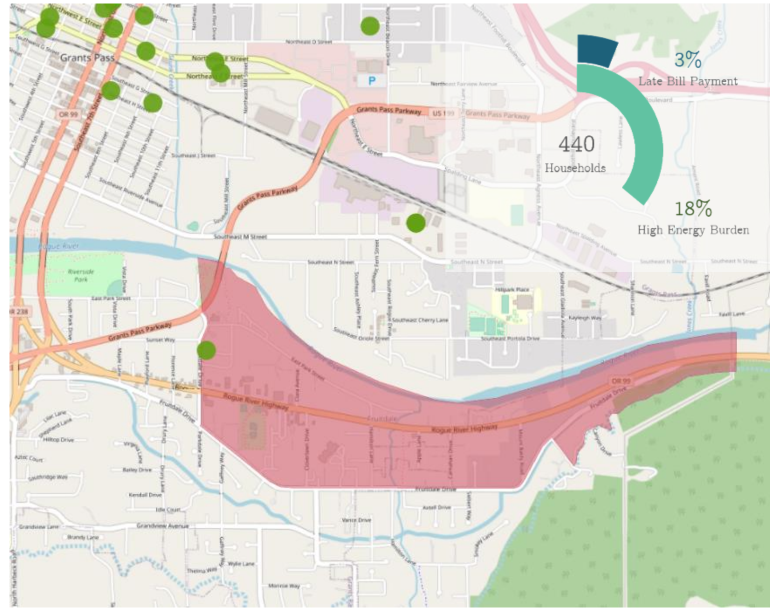
# 3.7 SOUTH GRANTS PASS

Census block groups: **410333612001**

Total Assistance Need: **$22k (1.2% of total)**

Total Assistance Funding: **$5k (0.4% of total)**

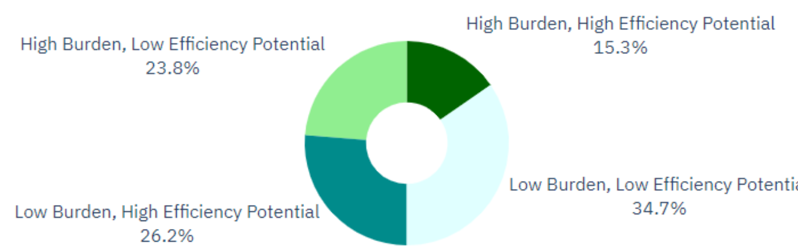
DOE Disadvantaged Community Score: **1**




**PROFILE:** The area south of Grants Pass has various neighborhoods composed of mobile homes and ADUs. Some of these were affected by wildfires in the past few years.

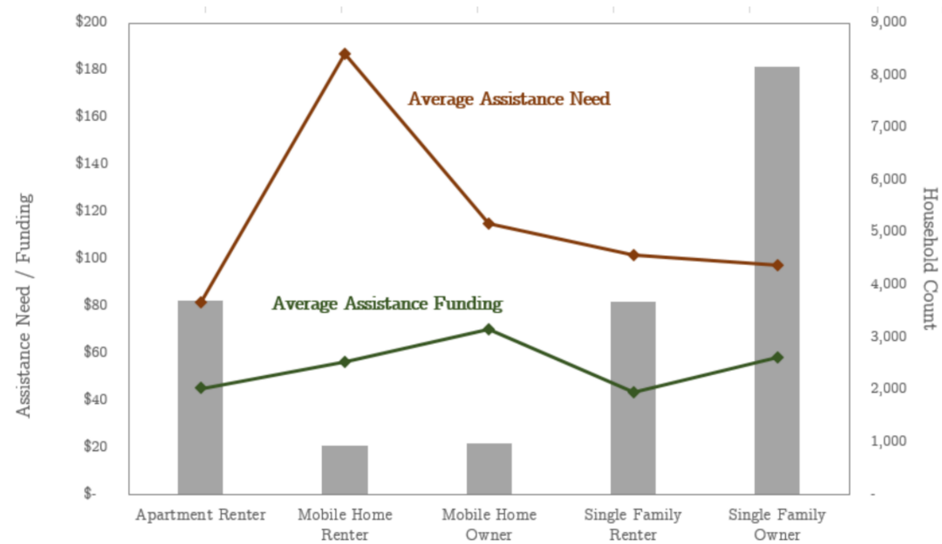
Old Town Roseburg (410191300001) is also an area of older manufactured homes, with a high level of homelessness due to the availability of social services.

**RECOMMENDATIONS:** UCANCAP already has a satellite office in Grants Pass that accepts and processes program applicants. Targeted marketing campaigns to these block groups as well as trust building through local partnerships will be essential to reach this customer segment.



# 3.8 MOBILE HOME RENTERS

**PROFILE:** The figure to the right shows the energy assistance need and average energy assistance funding for all low-income customers in Avista's Oregon service area, categorized by housing type and homeownership. In general, it appears that apartment dwellers are relatively well-served by existing programs as the gap between average need and average funding is very small. On the other hand, the least well-served segment appears to be renters living in mobile homes.




**RECOMMENDATIONS:** Mobile home dwellers can be best reached through outreach to trailer park managers. In addition to building partnerships with local schools, churches and community organizations, it is recommended to develop targeted energy assistance marketing campaigns (direct mail and email) for these customers through the dataset developed in this assessment. Onerous program application requirements are also a big barrier to participation for this customer segment.

empower dataworks
www.empowerdataworks.com

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/21/2023 |
| CASE NO.: | UG-461 | WITNESS: | Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 213 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Referring to Avista/900, Anderson/Page 10. Please provide all relevant original data and information that "suggests the length of an incremental line extension to serve a multi-family residence is likely less than that to a serve a single-family residence", and from which Avista bases its assumption that the multi-family line extension is equivalent to 50% of the single-family residence historical average length for the purposes of the study.

**RESPONSE:**

Please see Staff_DR_213 Attachment A for the requested information. Line 13 on this worksheet shows the installation cost per foot ($12.89) for a group of multi-family dwellings. Also, this sheet shows the average cost per foot ($21.24) of a single-family dwelling. Based on this available data, multi-family installation costs were approximately 60% of single-family installation costs and was rounded to 50% for purposes of the multi-family study. This data is based on 2022 line extension costs.

# 2022 NEW DEVELOPMENTS

| ADDRESS | CITY | FOOTAGE | LOTS | COST | cost per unit | units | | foot per customer | Cost per foot | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2827 CALDERA | MEDFORD | 858 | 15 | $ 9,900 | $ 659.99 | 15 | | 57.20 | $ 11.54 | |
| 1205 SPRINGBROOK | MEDFORD | 1027 | 22 | $ 14,496 | $ 658.90 | 22 | | 46.68 | $ 14.11 | |
| 3387 LONE PINE | MEDFORD | 516 | 6 | $ 8,691 | $ 1,448.50 | 6 | | 86.00 | $ 16.84 | |
| 300 LUMAN | PHOENIX | 4534 | 219 | $ 56,128 | $ 256.29 | 219 | | 20.70 | $ 12.38 | |
| 1727 THOMAS | MEDFORD | 341 | 42 | $ 25,339 | $ 603.31 | 42 | | 8.12 | $ 74.31 | |
| 866 TRINITY | MEDFORD | 200 | 8 | $ 4,631 | $ 578.88 | 8 | | 25.00 | $ 23.16 | |
| 2956 NAPLES | GRANTS PASS | 715 | 11 | $ 8,056 | $ 732.36 | 11 | | 65.00 | $ 11.27 | |
| 3205 SKY WAY | MEDFORD | 1927 | 18 | $ 23,388 | $ 1,299.33 | 18 | | 107.06 | $ 12.14 | |
| 301 DANO | PHOENIX | 367 | 5 | $ 4,730 | $ 946.00 | 10 | $ 473.00 | 36.70 | $ 12.89 | these are believed to be a group of duplexes |
| 5659 AUTUMN PARK | MEDFORD | 2099 | 23 | $ 25,032 | $ 1,088.35 | 23 | | 91.26 | $ 11.93 | |
| 1504 NE 9TH | GRANTS PASS | 1054 | 20 | $ 18,092 | $ 904.60 | 20 | | 52.70 | $ 17.17 | |
| 1833 CANYON | MEDFORD | 1579 | 25 | $ 19,978 | $ 799.12 | 25 | | 63.16 | $ 12.65 | |
| 2417 LILLIAN | MEDFORD | 3200 | 62 | $ 41,911 | $ 675.98 | 62 | | 51.61 | $ 13.10 | |
| 3214 MC CLOUD | MEDFORD | 2706 | 45 | $ 34,124 | $ 758.31 | 45 | | 60.13 | $ 12.61 | |
| 1051 DE JERRINE | GRANTS PASS | 140 | 3 | $ 1,201 | $ 400.33 | 3 | | 46.67 | $ 8.58 | |
| 2956 FAIRFAX | MEDFORD | 1026 | 25 | $ 11,708 | $ 468.32 | 25 | | 41.04 | $ 11.41 | |
| 3417 LONE PINE | MEDFORD | 333 | 5 | $ 8,848 | $ 1,769.60 | 5 | | 66.60 | $ 26.57 | |
| 1665 NW WILLIAMSBURG | GRANTS PASS | 870 | 13 | $ 18,559 | $ 1,427.62 | 13 | | 66.92 | $ 21.33 | |
| 2902 TABLE ROCK | MEDFORD | 1344 | 65 | $ 25,649 | $ 394.60 | 65 | | 20.68 | $ 19.08 | |
| 1408 MAPLE | GRANTS PASS | 157 | 4 | $ 7,471 | $ 1,867.75 | 4 | | 39.25 | $ 47.59 | |
| 175 JEFFERSON | GRANTS PASS | 318 | 5 | $ 8,465 | $ 1,693.00 | 5 | | 63.60 | $ 26.62 | |
| 1981 YELLOWTAIL | GRANTS PASS | 360 | 7 | $ 7,377 | $ 1,053.86 | 7 | | 51.43 | $ 20.49 | |
| 682 NOTTINGHAM | EAGLE POINT | 720 | 9 | $ 12,838 | $ 1,426.44 | 9 | | 80.00 | $ 17.83 | |
| 1412 TALENT | TALENT | 304 | 3 | $ 8,328 | $ 2,776.00 | 3 | | 101.33 | $ 27.39 | |
| 139 JEFFERSON | GRANTS PASS | 176 | 7 | $ 5,972 | $ 853.14 | 7 | | 25.14 | $ 33.93 | |
| 3664 GRANT | CENTRAL POINT | 900 | 12 | $ 24,252 | $ 2,021.00 | 12 | | 75.00 | $ 26.95 | |
| | | | | | | | Average | 56.49 | 21.24 | |
| | | | | | $ 1,060.06 | | | | | |
| | | | | | | | | | $ 0.61 | |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/21/2023 |
| CASE NO.: | UG-461 | WITNESS: | Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 215 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Referring to Avista/900, Anderson/Page 11. Please list all “other costs” Avista estimated to be the same between multi-family and single-family residences for the purposes of this study.

**RESPONSE:**

The “other costs” referred to in Avista/900, Anderson/Page11 are costs associated with:

Gas Management scheduling and planning.
Distribution Planning.
Meter Reading.
Billing and Customer Service.
Meter Investment.
Underground Storage Investment.

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/21/2023 |
| CASE NO.: | UG-461 | WITNESS: | Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 216 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Referring to Avista/900, Anderson/Page 11. Please provide the results of the query referenced in footnote 8 which produced the eight percent value Avista has used as an approximation of the multi-family population. Query results should be anonymized as needed.

**RESPONSE:**

Please see Staff_DR_216 Attachment A for the worksheet used to calculate the percentage of multi-family dwellings in Oregon. (Cell J50) shows the average percentage of multi-family dwellings was 7.56% in Oregon during 2021. This number was rounded to 8% for use in the multi-family study.

| COUNT(DISTINCTUSG.SP_ID) | RATE_SCH | DWELL_TYPE | BILL_MONTH | BILL_YEAR | SUM(USG_AMT) | Per customer Usage | ratio | multi-family ratio | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 6641 | O410 | MULTI | 1 | 2021 | 393602.2886 | 59.27 | | 7.92% | | |
| 3 | O420 | MULTI | 1 | 2021 | 111.078 | 37.03 | | | | |
| 77255 | O410 | SINGLE | 1 | 2021 | 7593298.075 | 98.29 | 1.658363448 | | | |
| 19 | O420 | SINGLE | 1 | 2021 | 2606.70903 | 137.20 | | | | |
| 7022 | O410 | MULTI | 2 | 2021 | 384416.867 | 54.74 | | 7.56% | | |
| 4 | O420 | MULTI | 2 | 2021 | 142.628 | 35.66 | | | | |
| 85832 | O410 | SINGLE | 2 | 2021 | 7846672.352 | 91.42 | 1.669916195 | | | |
| 21 | O420 | SINGLE | 2 | 2021 | 2019.96525 | 96.19 | | | | |
| 7072 | O410 | MULTI | 3 | 2021 | 365226.0068 | 51.64 | | 7.59% | | |
| 4 | O420 | MULTI | 3 | 2021 | 143.27086 | 35.82 | | | | |
| 86155 | O410 | SINGLE | 3 | 2021 | 7519986.512 | 87.28 | 1.690118408 | | | |
| 20 | O420 | SINGLE | 3 | 2021 | 1542.13055 | 77.11 | | | | |
| 7056 | O410 | MULTI | 4 | 2021 | 240705.1147 | 34.11 | | 7.57% | | |
| 4 | O420 | MULTI | 4 | 2021 | 52.84814 | 13.21 | | | | |
| 86192 | O410 | SINGLE | 4 | 2021 | 4607679.224 | 53.46 | 1.56707049 | | | |
| 19 | O420 | SINGLE | 4 | 2021 | 899.7368 | 47.35 | | | | |
| 7033 | O410 | MULTI | 5 | 2021 | 140773.543 | 20.02 | | 7.56% | | |
| 4 | O420 | MULTI | 5 | 2021 | 32.00722 | 8.00 | | | | |
| 86042 | O410 | SINGLE | 5 | 2021 | 2524670.352 | 29.34 | 1.465931778 | | | |
| 19 | O420 | SINGLE | 5 | 2021 | 467.78757 | 24.62 | | | | |
| 7016 | O410 | MULTI | 6 | 2021 | 104154.5393 | 14.85 | | 7.53% | | |
| 4 | O420 | MULTI | 6 | 2021 | 29.38255 | 7.35 | | | | |
| 86199 | O410 | SINGLE | 6 | 2021 | 1733816.684 | 20.11 | 1.354915865 | | | |
| 14 | O420 | SINGLE | 6 | 2021 | 289.76966 | 20.70 | | | ave customers | annual therms |
| 7006 | O410 | MULTI | 7 | 2021 | 66254.24122 | 9.46 | | 7.52% | 6,978 | 2,481,413 |
| 4 | O420 | MULTI | 7 | 2021 | 15.53962 | 3.88 | | | | |
| 86131 | O410 | SINGLE | 7 | 2021 | 1034810.875 | 12.01 | 1.270451069 | | per customer | 355.61 |
| 15 | O420 | SINGLE | 7 | 2021 | 165.21784 | 11.01 | | | | |
| 7002 | O410 | MULTI | 8 | 2021 | 58680.47128 | 8.38 | | 7.52% | | |
| 4 | O420 | MULTI | 8 | 2021 | 14.3327 | 3.58 | | | | |
| 86161 | O410 | SINGLE | 8 | 2021 | 916689.4256 | 10.64 | 1.269521336 | | | |
| 15 | O420 | SINGLE | 8 | 2021 | 183.05475 | 12.20 | | | | |
| 6983 | O410 | MULTI | 9 | 2021 | 68643.95624 | 9.83 | | 7.50% | | |
| 4 | O420 | MULTI | 9 | 2021 | 16.45958 | 4.11 | | | | |
| 86100 | O410 | SINGLE | 9 | 2021 | 1076847.185 | 12.51 | 1.272303325 | | | |
| 11 | O420 | SINGLE | 9 | 2021 | 153.93355 | 13.99 | | | | |
| 6960 | O410 | MULTI | 10 | 2021 | 112398.8988 | 16.15 | | 7.48% | | |
| 3 | O420 | MULTI | 10 | 2021 | 28.71978 | 9.57 | | | | |
| 86134 | O410 | SINGLE | 10 | 2021 | 2031403.883 | 23.58 | 1.460389984 | | | |
| 12 | O420 | SINGLE | 10 | 2021 | 161.86331 | 13.49 | | | | |
| 6915 | O410 | MULTI | 11 | 2021 | 198916.7968 | 28.77 | | 7.53% | | |
| 4 | O420 | MULTI | 11 | 2021 | 52.40492 | 13.10 | | | | |
| 84893 | O410 | SINGLE | 11 | 2021 | 3992227.022 | 47.03 | 1.634797918 | | | |
| 9 | O420 | SINGLE | 11 | 2021 | 359.8299 | 39.98 | | | rate per therm | |
| 7029 | O410 | MULTI | 12 | 2021 | 347640.0093 | 49.46 | | 7.51% | 1.415 | |
| 3 | O420 | MULTI | 12 | 2021 | 87.65239 | 29.22 | | | | |
| 86620 | O410 | SINGLE | 12 | 2021 | 7186079.123 | 82.96 | 1.677403735 | | | |
| 5 | O420 | SINGLE | 12 | 2021 | 264.65303 | 52.93 | | | | |
| | | | | | | | | 7.56% | Average | |
| | | | 410 total | | 50,545,593.44 | | | | | |
| | | | Multi-family | | 3,511,199.02 | 6.95% | | | | |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 04/19/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Shawn Bonfield |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 234 | TELEPHONE: | (509) 495-2782 |
| | | EMAIL: | shawn.bonfield@avistacorp.com |

**REQUEST:**

Please describe any formalized internal and/or external advisory groups Avista engages to inform its operational decisions from an environmental justice perspective. In the description, please specify, at a minimum: membership; compensation; specific areas/issues in which the entity is engaged; the level of accountability Avista has to the entity's guidance, and definition of "environmental justice" applied.

**RESPONSE:**

Avista does not have any formalized advisory groups in Oregon that inform its operation decisions from an environmental justice perspective. For its Low-Income Rate Assistance Program (LIRAP), Avista does regularly engage with the Community Action Agencies that partner in implementing LIRAP on program design elements and overall program offerings, including its bill discount program, My Energy Rate. Also, the Company has an Integrated Resource Plan Technical Advisory Committee (TAC), that provides input on the Company's long term resource plan. While not focused on environmental justice specifically, the TAC does provide input on a wide range of topics that may touch on environmental justice issues for the Company to consider.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 04/18/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Shawn Bonfield |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 235 | TELEPHONE: | (509) 495-2782 |
| | | EMAIL: | shawn.bonfield@avistacorp.com |

**REQUEST:**

Regarding Avista's response to the above request; please explain how this differs from Avista's Washington practices, if at all, and why?

**RESPONSE:**

In Washington, Avista is required to have multiple advisory groups by Commission rule or order, including, an Energy Efficiency Advisory Group (EEAG), Energy Assistance Advisory Group (EAAG), Equity Advisory Group (EAG), and Distribution Planning Advisory Group (DPAG). The Company's Integrated Resource Plan Technical Advisory Committee (TAC) is the same across all of the Company's jurisdictions. There are some key differences between the Company's Washington and Oregon jurisdictions that lead the difference in advisory groups.

As noted, Avista was required to develop its EEAG, EAAG, and EAG by the Washington Commission. For purposes of the EEAG, Avista implements all of its energy efficiency programs with its own Staff. The EEAG helps provide input on program design and implementation efforts to achieve the Company's energy efficiency goals. Energy efficiency in Oregon is much different, as the Energy Trust of Oregon is responsible for delivery of energy efficiency programs.

Regarding the EAAG, the Company's energy assistance programs in Washington are significantly larger than Oregon, with available funding for the most recent program year (October 2022-September 2023) reaching approximately $15.7 million in direct service funding alone (this does not include dollars allocated for conservation education or administration and support of the program, but only the funding that goes directly to customers) and increasing each year; comparatively, funding for Oregon's LIRAP has historically been less than $250k annually. The size of the program in Washington, paired with these various state-level and Commission requirements, necessitate the need for the Company's EAAG. In Oregon, as noted in the response to Staff_DR_234, Avista does regularly engage with the Community Action Agencies that partner in implementing LIRAP on program design elements and overall program offerings, including its bill discount program, My Energy Rate.

The Company's EAG was required to be established following the passage of Washington's Clean Energy Transformation Act (CETA) and associated requirement to file the Company's first Clean Energy Implementation Plan (CEIP) in 2021. The EAG's role is to advise the Company on equity matters as it relates the development and implementation of the Company's CEIP.

Lastly, the Company's newest advisory group in Washington, the DPAG, was required to be formed as part of the Company's CEIP. The role of the DPAG is specific to the electric distribution system and to provide input on the Company’s distribution system planning. This group was recently initiated with its first meeting held the end of Q1 2023.

CASE: UG 461
WITNESS: BRET STEVENS

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 400

## Opening Testimony

## July 7, 2023

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

A. My name is Dr. Bret Stevens, Ph.D. I am a Senior Economist employed in the Rates and Telecommunications Section of the Rates, Safety and Utility Performance Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/401.

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

A. I present Staff's analysis on Avista's long-run incremental cost (LRIC) study and proposed rate spread and design. Staff makes some recommendations to the company's rate spread. My recommendations may change based on further review and the testimonies offered by other parties.

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

A. Yes. I prepared the following supporting exhibits. My Witness Qualification Statement is in Exhibit Staff/401. The Non-Confidential Data Request (DR) Responses are in Exhibit Staff/402. Staff's workpapers are in Exhibit/Staff 403.

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

A. My testimony is organized as follows:

## ISSUE 1. LONG-RUN INCREMENTAL COST (LRIC) STUDY

**Q. What is the LRIC study?**

A. The Long Run Incremental Cost Study (LRIC) estimates the incremental annual cost of providing natural gas service to customers segregated into groups by rate schedule. The study includes incremental plant investment and incremental operating and maintenance expenses, and these costs are calculated on a per-customer or a per-therm basis and allocated to the rate schedules based on either the forecasted total number of customers or total therm usage for the Company's test year.[1]

**Q. Why does Avista use the LRIC study?**

A. These projected costs inform Avista's rate design—the cost to serve each schedule is compared to the present revenue provided by each schedule and indicates whether each schedule is paying its proportional share of costs. Avista's allocation of revenue requirement to each rate schedule (the rate spread discussed in Issue 2, Rate Spread and Rate Design) is determined based on the LRIC study.

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[1] The test year is the twelve-month period ending December 21, 2024.

**Q. What are the results of the Company's LRIC study?**

A. Avista/900, Anderson/13 provide the summary results and the relative margin-to-cost ratio for each rate schedule:

**Table 1. Long Run Incremental Cost Study**

| Customer Class | Margin-to-Cost At Present Rates |
|---|---|
| Residential Service Schedule 410 | 0.99 |
| General Service Schedule 420 | 0.97 |
| Large General Service Schedule 424 | 1.15 |
| Interruptible Service Schedule 440 | 1.83 |
| Seasonal Service Schedule 444 | 1.54 |
| Transportation Service Schedule 456 | 1.13 |
| **Total Oregon Natural Gas** | **1.00** |

**Q. Please explain what margin-to-cost at present rates are.**

A. The margin-to-cost ratios for each schedule show, at present rates, whether each schedule is paying its proportional share of costs (through revenues collected from them) *when compared* to each class. It can tell us whether relative to Avista's cost of providing services, a large or low amount of revenues at present rates are collected. A number closer to unity indicates that revenues collected from each group are appropriate when compared to the cost of serving them and also when compared to other classes.[2]

**Q. Please explain what these numbers indicate and how they relate to the LRIC study.**

[2] Current distribution margin revenue to proposed cost for each schedule is calculated first, which is an absolute measure and looks at each class in isolation to see if they are aligned to cost of service. The margin to cost at present rates tells us whether each schedule is paying its proportional share of costs, *relative* to each class.

A. The margin-to-cost ratios indicate that residential and general service schedule customers on Schedules 410 and 420 are paying less than their relative cost of service. This means that relative to Avista's cost of providing services, fewer revenues at present rates are collected from these groups. Large general service, interruptible, seasonal, and transportation service customers are paying more than their relative cost of service. Relatively more revenues at present rates are collected from these schedules.

**Q. As per the Settlement Stipulation in Docket No. UG 433, did the Company include a study to determine if it is less costly to serve multi-family residential customers than single-family residential customers?**

A. Yes. Avista provided an analysis of the cost to serve customers who live in multi-family dwellings compared to customers who live in single-family residences. It was noted in Avista/900, Anderson/10 that the study was based on limited information as Avista's billing system does not distinguish between single-family and multi-family residences, making it difficult to collect data on line extension costs or therm usage.

Using limited data for a small group of multi-family dwellings, Avista determined that the multi-family line extension was 50 percent of single-family line extension[3] and the average percentage of multi-family dwellings was 7.56 percent as of 2021. This number was rounded to 8.0 percent.[4] Avista finds using these assumptions that the multi-family customer class in its

---

3 See Staff/402, Avista Response to DR 175.
4 See Staff/402, Avista Response to DR 176.

entirety would be around $3,800 more than their relative cost of service, equating to 54 cents per customer per year.

**Q. What is Staff's LRIC study recommendation?**

A. Staff has no concerns with the LRIC methodology, and it generally seems appropriate. However, Staff would like to restate the recommendation made in UG 433 to determine more conclusively whether it is less costly to serve multifamily residential customers than single-family residential customers. Staff's testimony in UG 433 highlighted the marginal cost studies in both PacifiCorp and Portland General Electric's most recent general rate cases finding lower costs per residential customer for multifamily than for single-family.[5] Staff has noted the fact that the Company can only infer and make estimations of the cost to serve this class of customers because the billing system does not distinguish between single-family and multi-family residences to obtain billing grade data, and therefore Avista must rely on a very limited sample.[6] Avista making inferences on cost based on an insufficient sample may lead to wrong conclusions.

Although imperfect, one approach that can be considered is if an estimate of multi-family homes can be obtained from billing data based on whether there

[5] In the Matter of Avista Corporation Request for General Rate Revision, Docket UG 433 Exhibit Staff/1400. St. Brown/4 (March 3, 2022).

[6] See Staff/402, Avista Response to DR 284.

are multiple dwellings associated with a particular zip code.[7] See Exhibit 300 for additional discussion on Staff's position.

7 It should also be noted that there will also be commercial dwellings like malls associated with a particular zip code. In this case, distinctions have to be made between commercial and residential dwellings.

## ISSUE 2. RATE SPREAD AND RATE DESIGN

**Q. How does the Company propose to spread the proposed base margin revenue increase among its various service schedules?**

A. Avista is seeking an overall percentage increase in margin revenue of 14.4 percent. The Company proposes to increase Schedule 410 (residential customers) rates by the same amount as the overall percentage increase in margin revenue (14.4 percent) and apply one-half of the overall percentage increase in margin revenue for Schedules 424 (large industrial customers) and 456 (transportation customers) of 7.2 percent. They recommend no increase in margin revenue for Schedules 440 (interruptible customers) and 444 (seasonal service customers). The remaining revenue requirement was applied to Schedule 420 (commercial customers) resulting in a 17 percent increase.

Table 2 summarizes the increase in margin revenue and total revenue.[8]

**Table 2. Proposed % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue | |
|---|---|---|---|
| Residential Schedule 410 | 14.4% | 8.1% | |
| General Service Schedule 420 | 17.0% | 8.8% | |
| Large General Service Schedule 424 | 7.2% | 1.3% | |
| Interruptible Service Schedule 440 | 0.0% | 0.0% | |
| Seasonal Service Schedule 444 | 0.0% | 0.0% | |
| Transportation Service Schedule 456 | 7.2% | 7.4% | 1 |
| **Overall** | **14.4%** | **7.4%** | |

[8] Avista/1000, Miller/8, footnote omitted.

**Q. What is the Company's justification for designing this particular rate spread?**

A. The Company uses the results of the LRIC study as a guide to spread the proposed margin revenue increase by class. Table 3 provides the proposed margin-to-cost ratios (in the right column) using the LRIC-based present ratios (in the left column) as a guide.[9]

**Table 3. Present and Proposed Margin to Cost**

| | Margin-to-Cost at Present Rates | Margin-to-Cost at Proposed Rates |
|---|---|---|
| Residential Schedule 410 | 0.99 | 0.99 |
| General Service Schedule 420 | 0.97 | 0.99 |
| Large General Service Schedule 424 | 1.14 | 1.07 |
| Interruptible Service Schedule 440 | 1.82 | 1.59 |
| Seasonal Service Schedule 444 | 1.54 | 1.35 |
| Transportation Service Schedule 456 | 1.14 | 1.07 |
| **Overall** | **1.00** | **1.00** |

The left column shows the current margin-to-cost ratios at present rates from the LRIC study and also discussed in Issue 1 above. The current margin-to-cost ratio of Schedule 410 is near unity, while for Schedule 420, the ratio is farther away from unity. This means that the margin revenues collected from commercial customers are below the full cost of serving these customers and commercial customers are in essence being subsidized by other customer classes. Schedules 424, 440, 444, and 456 are above the cost of service.

The right column shows the ratios after implementing the suggested rate spread discussed earlier. Since Schedule 420 is paying less than its LRIC

[9] Avista/1000, Miller/9.

implied cost, the Company has proposed to use the remainder approach to spread revenues over commercial customers. All schedules have now moved closer to their relative cost of service and since the margin-to-cost ratios for each schedule have moved closer to 1.00, and in Avista's view, the proposed rate spread is reasonable.[10]

**Q. Why is the LRIC study not used in its entirety for rate spread and rate design?**

A. It should be noted that the LRIC study is not followed strictly; adhering to the LRIC recommended margins can result in rate shock where one schedule receives either a very large increase or a decrease in rates relative to other schedules. Therefore, Avista uses the results of the LRIC study as described in Issue 1 and in Avista/900, Anderson as a guide to spread the proposed base margin revenue increase of $10,991,000 by each service schedule. In other words, they use the LRIC study and make progress towards unity rather than adopt the results.

**Q. How does Avista propose to spread rates if there is a lower-than-requested revenue requirement awarded?**

A. In response to Staff DR 150, Avista provided its hypothetical rate spread if its awarded revenue requirement is lower in three different scenarios in Table 4:[11]

---

10 See Avista/1000, Miller/9.
11 See Staff/402, Avista Response to DR 150.

## Table 4. Rate Increase by Class Under Various Scenarios

a) reduced by a fourth ($8,243,250)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 10.8% | 6.0% |
| General Service Schedule 420 | 12.8% | 6.6% |
| Large General Service Schedule 424 | 5.4% | 1.0% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 5.4% | 5.5% |
| **Overall** | **10.8%** | **5.6%** |

b) reduced by half ($5,495,500)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 7.2% | 4.0% |
| General Service Schedule 420 | 8.5% | 4.4% |
| Large General Service Schedule 424 | 3.6% | 0.7% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 3.6% | 3.7% |
| **Overall** | **7.2%** | **3.7%** |

c) reduced by three fourths ($2,747,750)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 3.6% | 2.0% |
| General Service Schedule 420 | 4.3% | 2.2% |
| Large General Service Schedule 424 | 1.8% | 0.3% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 1.8% | 1.8% |
| **Overall** | **3.6%** | **1.9%** |

**Q. The Company did not suggest any rate increase to interruptible and seasonal service customers. What is Staff's view on this?**

A. Staff requested a rate spread for schedules 447, 440, 420, and 424 facing a one-tenth increase of the proposed increase of the residential customer class of 14.4 percent.[12] Avista did not include the increase to the special contract customers on Schedule 447 indicating that such customers on special long-term contracts have separately negotiated agreements that need to be modified should there be changes to the negotiated rates. The rate spread is shown in Table 5 with Schedules 424, 444, and 440 facing a 1.4 percent increase in margin revenue, with the remainder being allocated to Schedule 420:

**Table 5. Rate Spread Including Increase for Interruptible Service Customers**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential 410 | 14.4% | 8.1% |
| General Service 420 | 17.1% | 8.8% |
| Large General Service 424 | 1.4% | 0.3% |
| Interruptible Service 440 | 1.4% | 0.3% |
| Seasonal Service 444 | 1.4% | 0.3% |
| Transportation Service 456 | 7.2% | 7.4% |
| Special Contract 447 | 0.0% | 0.0% |
| **Overall** | **14.4%** | **7.4%** |

**Q. Does Staff have any recommendations for the Company's rate spread proposal?**

[12] See Staff/402, Avista Response to DR 153.

A. Staff recommends the above scenario with a one-tenth increase to the specified schedules with some modifications in Table 6 below. Staff recommendations are in the right column. Staff suggests Schedule 456 customers (transportation customers) face an increase in margin revenue of about 60 percent of the overall percentage increase in margin revenue. The Company originally proposed a one-half of the overall percentage increase in margin revenue for transportation customers. This would amount to an increase in margin revenue of 8.6 percent—as opposed to a 7.2 percent increase in the original proposal and in the Staff-requested rate spread scenario presented in DR 153 above.

Transportation customers would still be strongly aligned to their cost of service as reflected by the very little movement in the margin-to-cost ratio with Staff's proposal shown in Table 6. Using the remainder approach, the reduction in margin revenues for the large general service schedule – from a 7.2 percent increase to a 1.4 percent increase—has been allocated equally to the residential, commercial, and interruptible customers.

**Table 6. Staff Rate Spread Proposal**

| | DR 153 Scenario | | Staff Proposal | |
|---|---|---|---|---|
| | **Revenues ($)** | **Increase in Margin Revenue** | **Revenues ($)** | **Increase in Margin Revenue** |
| Residential 410 | 7,087,703 | 14.4% | 7,075,252 | 14.3% |
| General Service 420 | 3,674,870 | 17.1% | 3,662,419 | 17.0% |
| Large General Service 424 | 10,977 | 1.4% | 10,977 | 1.4% |
| Interruptible Service 440 | 301,82 | 1.4% | 177,31 | 0.8% |
| Seasonal Service 444 | 494 | 1.4% | 494 | 1.4% |
| Transportation Service 456 | 186,772 | 7.2% | 224,127 | 8.6% |
| **Total** | 10,991,000 | | 10,991,000 | |

**Table 7. Margin-to-Cost at Proposed Rates**

| | DR 153 Scenario | Staff Proposal |
|---|---|---|
| Residential 410 | 0.99 | 0.99 |
| General Service 420 | 0.99 | 0.99 |
| Large General Service 424 | 1.01 | 1.01 |
| Interruptible Service 440 | 1.62 | 1.61 |
| Seasonal Service 444 | 1.37 | 1.37 |
| Transportation Service 456 | 1.07 | 1.08 |

**Q. Why does Staff think their proposal is preferable?**

A. There are a couple of reasons for adopting Staff's proposal. First, movement towards unity would still be preserved for the classes with this proposal.

Second, large general service (Schedule 424) would face a 1.44 percent increase as opposed to an original 7.18 percent increase. This would also move them closer to unity and more aligned with their cost of service—

margin-to-cost ratios are at 1.01 with Staff proposal compared to 1.07 as per company proposal.

Finally, transportation customers would still be strongly aligned to their cost of service as reflected by the very little movement in the margin-to-cost ratio. Furthermore, if history is any guide, Commission had not authorized any revenue increases for this class in UG 433, and tax credits dollars offsets *reduced* billed revenue percentage by 2.9 percent.[13]

**Q. What is the Company's proposal regarding the basic charge?**

A. The Company proposes to increase the basic charge for Schedules 410, 420 and 424 from $10.50, $17.00, and $55.00 to $12.00, $19.00, and $60.00, respectively. The Company indicates that the basic charge increases were informed by billing, meter reading, meters, and services costs and that the current basic charges are recovering approximately half of these costs. Avista argues that the proposed basic charge increases for the schedules enable the Company to recover a sufficient level of fixed costs through the basic charge.[14]

**Q. Does Staff agree with this proposal?**

A. No. Staff is opposed to increase in basic charge at this time because Staff does not find it to be cost based given the information provided to date by the Company. Staff is still open to an adjustment to the basic charge if Avista can sufficiently prove that it is justified on a cost basis. Staff issued DRs asking how Avista arrived at the proposed basic charge numbers with workbooks and

[13] See Staff/402, Avista Response to DR 152.
[14] See Staff/402, Avista Response to DR 283.

cell formulae intact.[15] Avista's rationale for increasing the basic charges is to recover a certain level of fixed costs but the suggested numbers appear arbitrary. It is unclear how the proposed numbers amount to Avista recovering a certain portion of fixed costs. Staff cannot agree with the proposed increases without any coherent principle or reasoning guiding the numbers.

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

A. Yes.

[15] Ibid.

CASE: UG 461
WITNESS: BRET STEVENS

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 401

## Witness Qualifications Statement

## July 7, 2023

**WITNESS QUALIFICATIONS STATEMENT**

| | |
|---|---|
| **NAME:** | Dr. Bret Stevens |
| **EMPLOYER:** | Public Utility Commission of Oregon |
| **TITLE:** | Senior Economist<br>Rates, Safety, and Utility Performance |
| **ADDRESS:** | 201 High Street SE. Suite 100<br>Salem, OR. 97301 |
| **EDUCATION:** | Ph.D., Agricultural & Resource Economics<br>University of California, Davis<br><br>M.S., Agricultural & Resource Economics<br>University of California, Davis<br><br>B.A., Economics/Environmental Studies<br>Western Washington University |
| **EXPERIENCE:** | I have been employed at the Public Utility Commission of Oregon since September of 2022. My primary responsibilities revolve around providing research and analysis on rate spread and rate design. I have been a staff witness in UE 407, UE 410, UE 412, UE 414, and UE 416. Prior to working for the Commission, I was employed by the University of California, Davis as a graduate student researcher, associate instructor, and teaching assistant. I taught courses on econometrics, finance, and microeconomics. |

CASE: UG 461
WITNESS: BRET STEVENS

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 402

## Data Responses in Support
## Of Opening Testimony

## July 7, 2023

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 03/24/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Joe Miller |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 150 | TELEPHONE: | (509) 495-4546 |
| | | EMAIL: | joe.miller@avistacorp.com |

**REQUEST:**

See Avista/1000, Miller/Page 8, Table No. 3. Please provide Table No. 3 in three hypothetical scenarios where the proposed annual revenue increase is: a) reduced by a fourth, b) is reduced by half, and c) reduced by three fourths.

**RESPONSE:**

a) reduced by a fourth ($8,243,250)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 10.8% | 6.0% |
| General Service Schedule 420 | 12.8% | 6.6% |
| Large General Service Schedule 424 | 5.4% | 1.0% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 5.4% | 5.5% |
| **Overall** | **10.8%** | **5.6%** |

b) reduced by half ($5,495,500)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 7.2% | 4.0% |
| General Service Schedule 420 | 8.5% | 4.4% |
| Large General Service Schedule 424 | 3.6% | 0.7% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 3.6% | 3.7% |
| **Overall** | **7.2%** | **3.7%** |

c) reduced by three fourths ($2,747,750)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 3.6% | 2.0% |
| General Service Schedule 420 | 4.3% | 2.2% |
| Large General Service Schedule 424 | 1.8% | 0.3% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 1.8% | 1.8% |
| **Overall** | **3.6%** | **1.9%** |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 03/24/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Joe Miller |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 152 | TELEPHONE: | (509) 495-4546 |
| | | EMAIL: | joe.miller@avistacorp.com |

**REQUEST:**

Please fill in the numbers in Attachment 1 for each service schedule.

**RESPONSE:**

See the attachment labeled Staff_DR_152 Attachment A. Please note, historically the Commission has approved Settlements where the rate spread component is a negotiated amount as a result of the give and take process of Settlement negotiations. The Parties to prior proceedings have not conducted a final agreed upon cost of service study showing the "Margin-cost ratio for each schedule adopted by Commission" as requested in this data request. Therefore, the Company in unable to provide this portion of the request.

a) reduced by a fourth ($8,243,250)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 10.8% | 6.0% |
| General Service Schedule 420 | 12.8% | 6.6% |
| Large General Service Schedule 424 | 5.4% | 1.0% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 5.4% | 5.5% |
| **Overall** | **10.8%** | **5.6%** |

b) reduced by half ($5,495,500)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 7.2% | 4.0% |
| General Service Schedule 420 | 8.5% | 4.4% |
| Large General Service Schedule 424 | 3.6% | 0.7% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 3.6% | 3.7% |
| **Overall** | **7.2%** | **3.7%** |

c) reduced by three fourths ($2,747,750)

**Hypothetical % Natural Gas Increase by Schedule**

| | Increase in Margin Revenue | Increase in Total Revenue |
|---|---|---|
| Residential Schedule 410 | 3.6% | 2.0% |
| General Service Schedule 420 | 4.3% | 2.2% |
| Large General Service Schedule 424 | 1.8% | 0.3% |
| Interruptible Service Schedule 440 | 0.0% | 0.0% |
| Seasonal Service Schedule 444 | 0.0% | 0.0% |
| Transportation Service Schedule 456 | 1.8% | 1.8% |
| **Overall** | **3.6%** | **1.9%** |

**AVA Attachment “Staff_DR_152_Attachment A” is filed in electronic format only.**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 03/24/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Joe Miller |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 153 | TELEPHONE: | (509) 495-4546 |
| | | EMAIL: | joe.miller@avistacorp.com |

**REQUEST:**

Using the cost of service study, please show the rate spread for these schedules – 447, 440, 420 and 424 – having a $1/10^{th}$ increase of the proposed increase of the residential customer class. Please provide workbooks with all cell references and formulae intact.

**RESPONSE:**

See the attachment labeled "Staff_DR_153 Attachment A". For purposes of this data request the Company has not included an increase to the special contract customers on Schedule 447. Schedule 447 represents long-term special contract customers who have separately negotiated agreements that would need to be modified and approved by the individual customers and the Company should there be changes to the negotiated rates. The total amount of revenue change contemplated in this data request, at the Company's full revenue requirement, is approximately $2,500 annually for these special contract customers. In the Company's view, this is not a material amount of revenue requirement worth the administrative complexity of attempting to open up and amend these contracts.

**AVA Attachment “Staff_DR_153_Attachment A” is filed in electronic format only.**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/5/2023 |
| CASE NO.: | UG-461 | WITNESS: | Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 175 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | |
| | | joel.anderson@avistacorp.com | |

**REQUEST:**

Regarding the discussion on the costs involved in serving multi-family residential customers on Anderson/10:

a. The Company indicated that they have limited data availability to show the length of an incremental line extension to serve multi-family residences. Is there a limitation with respect to years for which data is available, or with challenges in measuring the extension? Please describe what limitations are meant in this context, the extent of limitations, and if and how it constrains the multi-family study.

b. Company has assumed a multi-family line extension to be equivalent to 50 percent of the single-family residence historical average length. Please explain in detail the basis of the 50 percent number and how the Company arrived at this number.

   i. Please provide workbooks supporting the 50 percent number with all cell references and formulae intact.

**RESPONSE:**

A. The Company does not track or differentiate customers based on if they are part of a multi-family dwelling. Because of this, it is difficult to determine the length of extensions to these customers. The limitation is not being able to collect length and size data for multi-family dwellings, because the Company does not have accurate data showing which dwellings are single-family and which ones are multi-family.

B. The Company did have a very limited amount of data for a small group of multi-family dwellings. With this limited data it was determined that 50 percent was a fair estimate of the average length of an extension as compared to the total residential class. Please see Staff_DR_175 Attachment A. This attachment is a worksheet showing how the length of extension for a multi-family customer was calculated.

**AVA Attachment “Staff_DR_175_Attachment A” is filed in electronic format only.**

**RESPONSE TO REQUEST FOR INFORMATION**

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/5/2023 |
| CASE NO.: | UG-461 | WITNESS: | Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 176 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Company estimates that the level of multi-family annual customers and annual usage is eight percent of total residential billing determinants. Staff understands that the eight percent figure is based on customers who have multiple addresses at the same location, thereby concluding that these customers are residing in a multi-family dwelling.

b. From the workpaper – Exhibit 901 and 902 Anderson Multi-Family – the test year annual therm deliveries (Cell G13) and test year customers (Cell G14) for multi-family customers are not eight percent of the total residential test year therm deliveries and test year customers respectively. Staff estimates the percentages to be 4.6 percent and 7.3 percent respectively. Please confirm whether this interpretation is correct. If not, please explain why not.
    i. Please clarify how the Company arrived at the eight percent figure in detail.
    ii. Please provide all relevant numbers supporting the eight percent figure in a workbook with all cell references and formulae intact.

c. At the same premise locations that the Company discusses, please provide the number of customers that have:
    i. Master meters.
    ii. Individual meters.

**RESPONSE:**

A. For purposes of estimating the percentage of multi-family customers, the Company used 2021 calendar year actual data. Please see Staff-DR-176 Attachment A for the worksheet used to calculate the percentage of multi-family dwellings in Oregon. (Cell J50) shows the average percentage of multi-family dwellings was 7.56% in Oregon during 2021. This number was rounded to 8% for use in the multi-family study.

B. The Company has one customer (Schedule 420) with a master meter in Oregon currently.

**AVA Attachment "Staff_DR_176_Attachment A" is filed in electronic format only.**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/18/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller/Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joe Miller |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 283 | TELEPHONE: | (509) 495-4546 |
| | | EMAIL: | Joe.miller@avistacorp.com |

**REQUEST:**

Please explain the basis for the basic charge increase for all classes.

a. How did the Company arrive at each number?
b. Please provide relevant workbooks with cell formulae intact.

**RESPONSE:**

a. As discussed in testimony, the basic charge increases were informed by the costs associated with billing, meter reading, meters and services as shown in Company witness Mr. Andersons Exhibit 901, page 1, line 30. The current basic charge levels for Schedules 410, 420 and 424 are currently recovering approximately half of the costs represented in the Exhibit. The Company has proposed basic charge increases for these schedules that gradually moves closer to recovering a sufficient level of these fixed costs in the basic Charge.
b. See Company witness Andersons Exhibit 901, page 1, line 30

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/18/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller/Joel Anderson |
| REQUESTER: | PUC Staff | RESPONDER: | Joe Miller |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 284 | TELEPHONE: | (509) 495-4546 |
| | | EMAIL: | Joe.miller@avistacorp.com |

**REQUEST:**

What would the Company propose the basic charge to be for a hypothetical multi-family? Please explain in detail and provide the workbooks with all cell references and formulae intact.

**RESPONSE:**

As discussed by Mr. Anderson the Company relied on very limited information related to the costs associated with serving multi-family dwellings because the Company's billing system does not distinguish between single-family and multi-family residences. Until such time that the Company were to undertake the process of validating and analyzing this type of customer class to ensure billing grade data, the Company can only make broad estimations of the cost to serve this class of customers, resulting in less reliable results than that of other rate classes whose results are based on actual customer data. Mr. Anderson provided a study, based on limited data and historical information in the workpapers supporting this filing. That study is provided as "Staff_DR_284 Attachment A" to this data request. This study shows that the average costs of meter reading, billing, meters and services are approximately $17.53 per month for a hypothetical multi-family dwelling, well above the current basic charge level of $10.50 per month.

**AVA Attachment “Staff_DR_284_Attachment A” is filed in electronic format only.**

CASE: UG 461
WITNESS: BRET STEVENS

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 403

## Workpapers in Support
## Of Opening Testimony

**July 7, 2023**

**Staff's Workpaper UG 461 Exhibit 403 Rate Spread-Rate Design is available in electronic spreadsheet format only.**

CASE: UG 461
WITNESS: Madison Bolton

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 500

# OPENING TESTIMONY
## Climate Protection Program Compliance and Line Extension Allowance

**July 7, 2023**

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

A. My name is Madison Bolton. I am a Senior Energy and Policy Analyst employed in the Utility Strategy and Integration Division of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/501.

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

A. I provide recommendations on the Company's line extension allowance calculation and Climate Protection Program compliance expenses forecasted in UG 461, Avista's Request for a General Rate Revision.

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

A. Yes. I prepared the following supporting exhibits: Exhibit Staff/502, Avista Responses to Data Requests; Exhibit Staff/503, Avista Response to Staff Data Request 288; and Exhibit Staff/504, Analysis of CPP Compliance Costs and Line Extension Costs.

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

A. My testimony is organized as follows:

## ISSUE 1. CPP COMPLIANCE

**Q. What is the Climate Protection Program?**

A. The Climate Protection Program (CPP) is a greenhouse gas emission reduction policy administered by the Oregon Department of Environmental Quality (DEQ). The CPP sets a cap on emissions emitted by certain fuel suppliers in the state of Oregon. In 2035, the cap equals a 50 percent reduction in emissions from stationary sources that are the result of combustion of solid or gaseous fuels. The cap moves to a 90 percent reduction in 2050. As a utility that supplies natural gas, Avista is subject to CPP requirements as outlined in the Oregon Administrative Rules (OAR) Chapter 340, Division 271.

For purposes of compliance, Staff's understanding is that fuel suppliers like Avista are allowed to utilize biomass-derived fuels such as renewable natural gas (RNG) towards compliance. A supplier is also able to make community climate investments (CCIs) by funding a project that reduces emissions in transportation, residential structures, or commercial and industrial structures. An eligible CCI generates a CCI credit for each metric ton of carbon dioxide equivalent (MTCO2e) that the project eliminates. Given that a CCI's purpose is to fund a project that directly reduces emissions, CCI credits can be used as a compliance instrument through 2050 and beyond for a fuel supplier to remain under the CPP cap as provided under the CPP rules. However, CCIs can only cover 10 percent of the compliance obligation from 2022 through 2024, 15 percent from 2025 through 2027, and 20 percent from 2028 onward. While the CCI's allowable percentage towards compliance increases over time, the emission cap decreases. Due to the trajectory of the emissions cap, the actual amount of allowed CCI's per year begins to decrease after 2028.

**Q. How is Avista preparing to meet the CPP requirements and what costs are associated with compliance?**

A. In the response to Staff DR 288, the Company provides CPP cost projections broken down by compliance method. Avista projects costs for supply side resources such as RNG and synthetic methane, as well as costs for CCIs and some demand side management measures. The Company explains that CCIs and RNG are considered the least cost options until synthetic methane is added to the resource mix in 2030.[1] Avista estimates that compliance-related costs for 2024 will be over $41 million, increasing to $107 million in 2041.[2] According to the Company, only the costs of an energy efficiency program for Avista's interruptible customers have been incurred for CPP compliance at this time. The Company's long-term planning scenarios and CPP compliance paths are described in further detail in Docket No. LC 81, Avista's 2023 Integrated Resource Plan (IRP), which is currently pending before the Commission.

**Q. Has the Company provided a breakdown of how new customer additions increase CPP compliance costs for all customers?**

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1 Staff/502, Bolton/1, Avista Response to AWEC DR 006.
2 Staff/503, Avista Response to Staff DR 288, Attachment A.

A. Yes. Avista performed an analysis that compared the projected costs for CPP compliance with a zero-customer growth case to determine the incremental costs a new residential customer would add for CPP compliance in each year until 2045.[3] In 2035, when Avista must reduce 50 percent of its baseline emissions, the projected costs that a new service addition creates is $2,347 per customer. Staff discusses the significance of cost increases from new customer additions later in testimony.

**Q. Did the Company outline any specific prioritization for environmental justice communities related to CPP compliance.**

A. Not specifically. The Company explained that CPP compliance applies to all customers therefore Avista selected the least cost pathway for its entire customer base.[4] Because of this, the Company's least cost approach to compliance does not actively prioritize specific groups' equity differences on the system.

The Company is attempting to expand its energy efficiency programs with Energy Trust of Oregon and expects that those conversations could lead to additional opportunities for those in environmental justice communities. The Company noted that for low-income customers in environmental justice communities, the Company's bill discount program will help alleviate impacts of increased costs due to CPP compliance.

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[3] Id.
[4] Staff/502, Bolton/2, Avista Reply to Staff DR 195.

Staff feels that Avista's response on prioritizing environmental justice groups does not fully acknowledge the CPP rules' intended impact. OAR 340-271-0010(3) explicitly states that the purpose of the CPP includes, "enhancing public welfare for Oregon communities, particularly environmental justice communities disproportionately burdened by the effects of climate change and air contamination." Subsection (e) of this rule clearly states that compliance with the CPP should support projects that, "reduce greenhouse gas emissions and prioritizes benefits in environmental justice communities."

In this context, Avista's description of CPP compliance includes minimal actionable efforts that adequately reflect the purposeful inclusion of environmental justice considerations in rules. Staff notes that sections of Avista's 2023 IRP align with the sentiment in the Company's reply to Staff DR 195, and mainly center equity and climate justice conversation on the potential for energy efficiency offerings for energy-burdened groups.[5]

In Staff Exhibit 300, Staff witness Michelle Scala provides a more detailed discussion of potential environmental justice perspectives with regards to CPP compliance strategy.

[5] *In the Matter of Avista Corporation, dba Avista Utilities, 2023 Natural Gas Integrated Resource Plan*, 2023 Natural Gas IRP, Chapter 3, p. 7-9.

## ISSUE 2. LINE EXTENSION ALLOWANCES

**Q. Please describe Avista's practices for connecting new residential customers to the gas system.**

A. Avista provides a line extension allowance[6] to connect new customers to distribution mains[7] as governed by the Company's tariff rules No. 15 and No. 16.[8] The extension is free to the customer provided that the cost of extending from the existing distribution mains to the property does not exceed three times the estimated annual gross revenue generated by that customer. Any costs of an extension that exceeds three times the customer's annual gross revenue must be paid in advance by the customer. The annual gross revenue is determined by estimating on the customer's therm usage, which requires calculating a residence's space heating per square foot, water heating, fireplace heating, and appliance use.[9]

**Q. How did Staff calculate the average line extension allowance projected for 2024?**

A. Based on the declining rate of total residential connects and the Company's forecasted residential and development cost for extensions in 2024, Staff calculated an estimated average line extension allowance of $6,126 per connect for the test year. Table 1 shows Staff's projected average line

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6 A "line extension allowance" refers to the maximum amount the Company will pay to connect a new customer to the existing distribution gas lines.

7 "Distribution mains" refer to the pipes that distribute gas to individual residences throughout a neighborhood or subdivision. Core mains transport gas to the subdivision itself.

8 https://www.myavista.com/about-us/our-rates-and-tariffs/oregon-natural-gas.

9 Staff/502, Bolton/3, Avista Reply to CUB DR 001 Attachment A.

extension allowance for 2024 and includes the average line extension costs for the previous five years.

**Table 1**[10]

| Year | Total Residential Connects | Residential and Development Cost | Average extension per customer |
|---|---|---|---|
| 2018 | 1,350 | $ 5,982,883.00 | $ 4,431.77 |
| 2019 | 1,251 | $ 6,559,017.00 | $ 5,243.02 |
| 2020 | 1,242 | $ 7,283,386.00 | $ 5,864.24 |
| 2021 | 1,113 | $ 6,282,097.00 | $ 5,644.29 |
| 2022 | 1,081 | $ 6,928,564.00 | $ 6,409.40 |
| 2024 Projection | 1,014 | $ 6,211,749.00 | $ 6,125.99 |

Staff notes that Avista's line extension allowance is more than 2.5 times NW Natural's allowance included in its Schedule X tariff.[11] For a customer using 531 therms annually, NW Natural provides a line extension allowance of $2,300. NW Natural's line extension calculation differs from Avista's as it's derived used five times the annual margin in base rates instead of using three times the customer's annual gross revenue.

**Q. What are Staff's concerns regarding line extensions?**

A. The Company's line extension calculations do not take the added costs of CPP compliance into account. In a time when climate policy such as the CPP did not exist, all customers typically benefitted from growing the natural gas system. The more connects the Company made, the more customers were available to share system costs, which would produce lower rates. However, this assumption has traditionally relied on customers remaining on

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10 Staff/502, Bolton/4, Avista reply to Staff DR 285.
11 https://www.nwnatural.com/about-us/rates-and-regulations/oregon-tariff-book.

the natural gas system for 30 to 40 years until the costs of the line extension can be recovered. With additional CPP compliance costs from every new customer connect, it takes longer to recover the cost of the line extension investment, if at all. This puts a considerable amount of risk on all system customers, especially as some customers may be expected to depart the gas system entirely by switching to heat pumps and other electric technologies. If a customer leaves the gas system before the line extension investment can be recovered, it results in stranded costs and assets that can no longer generate revenue. As a result, the remaining customers on the system are likely to shoulder increased costs.

From an equity perspective, this may exacerbate the disproportionate impacts that energy-burdened groups already face on the gas system. Staff Exhibit 300 provides further discussion of the equity concerns related to these types of stranded costs and assets.

**Q. How much does CPP compliance increase the cost of line extensions?**

A. As stated previously, Avista calculated the added cost of CPP compliance for a new customer at $2,347. This would result in an average line extension cost of $8,473, essentially pushing the line extension amount beyond four times the annual gross revenue of the customer.

Staff did not receive a breakdown of assumptions Avista used when calculating the incremental cost of CPP compliance associated with a new customer and is unable to verify the accuracy of the projection at this time;

however, Staff calculated a separate analysis based on the Company's CO2e reduction requirements for 2035.

Assuming that the dollar amount per CCI credit as outlined in OAR 340-271-9000, Table 7 represents a reasonable estimate for the cost of eliminating one MTCO2e, Staff found that a new customer in 2035 that remains on the system for 20 years would create an additional $6,134 of CPP compliance costs. Adding this cost to a line extension at $6,126 effectively doubles the cost of the initial investment to $12,260. Using the Company's rate of margin revenue, Staff calculated that this investment would require 25 years to pay off.[12] Given the rise in heat pump adoption and other electrification technologies, it is not as reasonable to assume that a customer will continue to use the gas system after 20 years as it was decades ago when Tariff Rule No. 15 was established. Staff is concerned that the current line extension allowance increases risk of stranded assets to current customers and runs contrary to the intended policy direction in the CPP.

Additionally, with Avista planning to use energy efficiency for portions of compliance with the CPP, the Company is requiring customers to pay for growth of the natural gas system while reducing consumption at the same time. Staff questions whether it is fair for customers to be paying for both of these concepts in the current policy environment. This poses the question, why should the Company continue to take on costs for line extensions of a

[12] Staff Exhibit 504, Analysis of CPP Compliance Costs and Line Extension Costs.

natural gas system when the CPP calls for emission reductions from that same gas network?

**Q. Has the Commission made a determination on line extension allowances for other gas utilities?**

A. Yes. In Northwest Natural Gas Company's (NW Natural) 2022 general rate case, Docket No. UG 435, the Commission sided with arguments from Oregon Citizens' Utility Board (CUB) and The Coalition of Communities of Color, Climate Solutions, Verde, Columbia Riverkeeper, Oregon Environmental Council, Community Energy Project and Sierra Club (The Coalition) that NW Natural should reduce its line extension allowance and revise the allowance amount downward each subsequent year.[13] The Commission determined that the line extension allowance should consider CPP compliance costs going forward, and that NW Natural's assumptions for the length of time a customer remains on the gas system were unreasonable.

Similar to Staff's analysis above, CUB demonstrated that NW Natural's line extension allowance and CPP compliance costs would result in investments that would require 23 to 26 years of margin to pay off, increasing the risk of stranded assets should a customer.

Staff believes that aspects of the Commission's determination in UG 435 are relevant to the issues in this preceding and also support reducing the line extension allowance for Avista customers.

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[13] *In the matter of Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision*, UG 435, Order No. 22-388 at 51 (October 24, 2022).

**Q. If the Company includes CPP compliance costs in rates, does Staff's analysis result in "double counting" of the CPP compliance costs?**

A. No. Staff's analysis only demonstrates that a new customer's addition to the gas system increases compliance costs for all existing customers. For double counting to occur, a new customer would have to pay for their entire cost of compliance with the CPP and not impact existing customers. Staff does not interpret that Avista plans to charge new customers in such a way that they pay for the entire incremental cost of compliance that they bring to the system.

Regardless of whether a new customer pays for its own cost of compliance in rates, Staff's analysis shows that the years of margin required to pay for compliance plus a line extension allowance are unreasonable when considering the reduced amount of time customers will remain on the gas system going forward.

**Q. What are your adjustments?**

A. Staff recommends that Avista adjust its line extension allowance methodology for 2024 to use five times the annual margin in a customer's base rate multiplied by the annual estimated therm usage for the customer. For 2024, assuming 561 therms for the average residential customer and the Company's 0.87 margin factor, the average line extension allowance would equal $2,440.[14] Staff recommends that for 2025, the Company reduce the line extension to four times margin and reduce again to three times margin in 2026.

[14] Staff Exhibit 504, Analysis of CPP Compliance Costs and Line Extension Allowance.

By implementing this graduated decline in the line extension calculation instead of reducing to three times margin immediately, Staff believes that any potential impacts to new customers, developers, and the housing industry will be less abrupt and can minimize disruption.

Staff prefers using a margin-based line extension allowance as it relates to contribution to common costs above the costs of natural gas. Staff does not support using a total revenues-based approach as it contains the cost of gas, so if the cost of natural gas goes up, all else being equal, the line extension allowance would go up and yet the customer is not contributing any additional revenue to the company net of natural gas cost.

Staff also recommends that if Avista requests to modify the line extension allowance method in the future, that the Company provide its best estimate of present and future CPP compliance costs with an analysis of how new customer connections change the costs of CPP compliance for all customers.

Lastly, Staff notes that the Commission could consider a separate investigation into line extension allowances and CPP compliance costs for gas utilities could more fully inform the Commission on this issue and regarding future line extension changes.

Staff may revisit its initial recommendations after reviewing other parties' testimony.

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

A. Yes.

CASE: UG 461
WITNESS: MADISON BOLTON

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 501

## Witness Qualifications Statement

**July 7, 2023**

**WITNESS QUALIFICATIONS STATEMENT**

| | |
|---|---|
| NAME: | Madison Bolton |
| EMPLOYER: | Public Utility Commission of Oregon |
| TITLE: | Utility Analyst<br>Utility Strategy & Integration Division |
| ADDRESS: | 201 High Street SE, Suite 100<br>Salem, OR 97301 |
| EDUCATION: | B.A. Carroll College, Helena, Montana<br>Major: Biology, 2017<br><br>M.ENV. University of Colorado, Boulder, Colorado<br>Specialization: Renewable and Sustainable Energy, 2020 |
| EXPERIENCE: | Since September 2021, I have been employed by the Oregon Public Utility Commission. I currently hold the position of Utility Analyst 3 in the Utility Strategy and Integration Division, where I've evaluated utility voluntary renewable energy products and direct access issues.<br><br>I have provided witness testimony on multiple general rate case and power cost dockets, including: UG 433, UG 435, UE 399, UE 400, UE 402, and UE 416.<br><br>From 2019 to 2020, I worked as a graduate research analyst at E Source where I conducted research for utility clientele on large non-residential energy consumers.<br><br>Additionally, in 2020 I assisted Camus Energy in researching the feasibility of electric grid management software. |

CASE: UG 461
WITNESS: MADISON BOLTON

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 502

## Avista Responses to Data Requests

## July 7, 2023

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 04/25/2023 |
| CASE NO: | UG 461 | WITNESS: | Kevin Holland |
| REQUESTER: | AWEC | RESPONDER: | Tom Pardee |
| TYPE: | Data Request | DEPT: | Gas Supply |
| REQUEST NO.: | AWEC – 006 | TELEPHONE: | (509) 495-2159 |
| | | EMAIL: | tom.pardee@avistacorp.com |

**REQUEST:**

Please discuss Avista's plans for CPP compliance and describe all costs that Avista has incurred to date with respect to CPP compliance?

**RESPONSE:**

Avista's plans for CPP compliance, as outlined in its 2023 Natural Gas Integrated Resource Plan, include procuring a least cost compliance mechanism for CPP program goals. In 2023, compliance instruments include Community Climate Investments (CCI) and renewable natural gas until 2030, when synthetic methane is added to the resource mix for compliance. Additionally, Avista has contracted with the Energy Trust of Oregon (ETO) for a Carbon Compliance Energy Efficiency Program for the Company's Schedule 440 Interruptible customers. Offerings include measures such as shell insulation, equipment upgrades, strategic energy management and custom projects. Expenses through March 2023 were $56,364 and will continue to accrue at $28,182 monthly for this program. A program similar to the interruptible program will be proposed for Transport Schedule 447 and 456 around mid-year. Only the costs associated with the interruptible program have been incurred to date for CPP compliance.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 03/30/2023 |
| CASE NO: | UG 461 | WITNESS: | Holland, Kevin |
| REQUESTER: | PUC Staff | RESPONDER: | Pardee, Tom |
| TYPE: | Data Request | DEPT: | Gas Supply |
| REQUEST NO.: | Staff – 195 | TELEPHONE: | (509) 495-2159 |
| | | EMAIL: | tom.pardee@avistacorp.com |

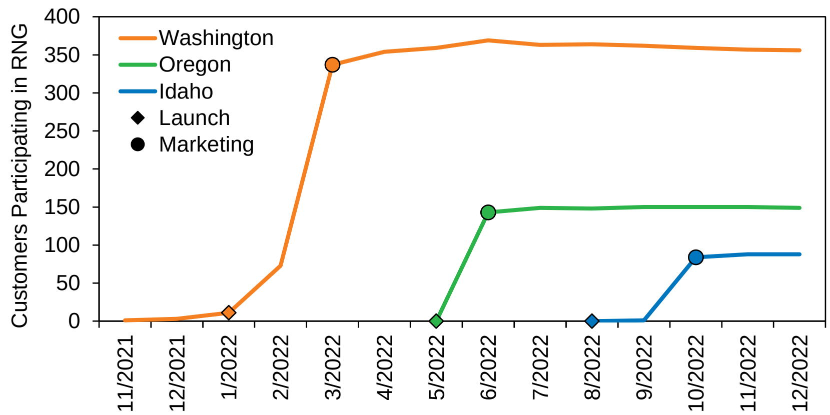
**REQUEST:**

Please summarize any initiatives that the Company plans to enact for CPP compliance. Please explain how environmental justice communities are prioritized in these plans.

**RESPONSE:**

As described in Staff 194, Avista considered additional energy efficiency programs to new classes of customers including low-income residential, interruptible, and transportation customers. Avista also added the voluntary RNG service, adding 600 customers in 2022, roughly 150 customers from our Oregon service territory. Additional efforts are being considered to help advertise voluntary RNG to customers in Oregon. Figure 1 illustrates the voluntary RNG program for each Avista jurisdiction.

**Figure 1: Voluntary RNG Program # of Participants**




The Company has not prioritized environmental justice communities with its CPP compliance plans as it must comply with the CPP for all customers and must consider all potential compliance options under the CPP for all customer groups. The 2023 Natural Gas IRP selected the lowest cost pathway for compliance with the CPP, which has a benefit for affordability of customers residing in environmental justice communities. Further, the Company continues to have discussion with the Energy Trust of Oregon on ways to expand the reach of its energy efficiency programs, including for low-income customers. These discussions may lead to additional opportunities within environmental justice communities. Lastly, the Company is well aware that the cost impacts from CPP compliance may be significant for all customers. For low-income customers residing in environmental communities, however, the Company's bill discount program (My Energy Rate) will help alleviate the impacts of increased costs.

Avista Reply to CUB DR 001 Attachment A

# Avista "Estimated Annual Revenue" Calculations
## For Residential Main Extensions

Change the **BOLD & RED** numbers and the Spreadsheet will calculate Allowance for Main Extension
(Use One SpreadSheet per Home on potiential Main Extensions)
Based on State of Oregon Approved Avista Tarriff, Rule 15, Subsection B

**Customers Name------**
Address:--------------------
City------------ Phone #----

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **SPACE HEATING** | | | | | | | | |
| | | | | Current | Annual | 3 Year | | **Main Ext** |
| Sq Ft of House | X | T/SqFt/Yr | X | 410 Rate | Revenue | Revenue | | **Allowance** |
| **0** | X | 0.366 | X | **$0.000000** | $0.00 | $0.00 | | **$0.00** |
| **Monthly Meter Charge** | | | | | Annual | 3 Year | | |
| # of Meters | | Months/Yr | | Monthly Charge | Revenue | Revenue | | |
| **1** | | 12 | | **$0.00** | $0 | $0 | | **$0** |
| **WATER HEATING** | | | | | | | | |
| No. of People | | Therms | | Current | Annual | 3 Year | | |
| in Residence | X | Per Person | X | 410 Rate | Revenue | Revenue | | |
| **0** | X | 150 | X | $0.000000 | $0.00 | $0.00 | | **$0.0** |
| **COOKING / LAUNDRY** | | | | | | | | |
| | | | | | Annual | 3 Year | | |
| No. of Appliances | | Therms | | 410 Rate | Revenue | Revenue | | |
| **0** | | 36 | | $0.000000 | $0.00 | $0.00 | | **$0.00** |
| **0** | | 36 | | $0.000000 | $0.00 | $0.00 | | **$0.00** |
| **FIREPLACE HEATERS** | | | | | | | | |
| as Secondary Heat Source | | | | | | | | |
| | | | | | Annual | 3 Year | | |
| Sq Ft of House | | T/Sq Ft/Yr | | 410 Rate | Revenue | Revenue | | |
| **0** | | 0.19 | | $0.000000 | $0.000000 | $0.00 | | **$0.00** |
| as Primary Heat Source | | | | | | | | |
| | | | | | Annual | 3 Year | | |
| Sq Ft of House | | T/Sq Ft/Yr | | 410 Rate | Revenue | Revenue | | |
| **0** | | 0.366 | | $0.000000 | $0.000000 | $0.00 | | **$0.00** |
| **SWIMMING POOLS (4 MONTHS USAGE PER YEAR)** | | | | | | | | |
| | | | | | Annual | 3 Year | | |
| No. of Appliances | | Therms | | 410 Rate | Revenue | Revenue | | |
| **0** | | 200 | | $0.000000 | $0.00 | $0.00 | | **$0.00** |
| **SPAS/HOT TUBS (YEAR ROUND USAGE)** | | | | | | | | |
| | | | | | Annual | 3 Year | | |
| No. of Appliances | | Therms | | 410 Rate | Revenue | Revenue | | |
| **0** | | 150 | | $0.000000 | $0.00 | $0.00 | | **$0.00** |
| **MISC** | | **BBQ / GAS LIGHTS** | | | | | | |
| | | | | | **Grand TOTAL** | | | **$0.00** |

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

JURISDICTION: Oregon
CASE NO: UG 461
REQUESTER: PUC Staff
TYPE: Data Request
REQUEST NO.: Staff – 285

DATE PREPARED: 06/15/2023
WITNESS: Joe Miller/Grant Forsyth
RESPONDER: Jeremiah Webster
DEPT: FP&A
TELEPHONE: (509) 495-2764
EMAIL: jeremiah.webster@avistacorp.com

**REQUEST:**

Please add the following information to the table that was included in the Company's response to Staff DR 182:

a) The Company's forecasted residential line extension costs for each year and the test year.
b) The forecasted amount of line extension costs paid by customers for each year and the test year.

**RESPONSE:**

a. & b.
Please see the below table, originally included in Staff DR 182, with forecasted residential line extension costs for each year from Staff DR 182 and the test year.

| Year | Total Residential Connects | Residential & Development Cost | # of Customer Payments | Customer Payment Amounts | % of Customers paying $0 | Cost Forecast |
|---|---|---|---|---|---|---|
| 2018 | 1,350 | 5,982,883 | 87 | 140,671 | 94% | 3,962,500 |
| 2019 | 1,251 | 6,559,017 | 88 | 218,027 | 93% | 4,018,407 |
| 2020 | 1,242 | 7,283,386 | 95 | 172,965 | 92% | 4,965,646 |
| 2021 | 1,113 | 6,282,097 | 116 | 174,231 | 90% | 4,993,806 |
| 2022 | 1,081 | 6,928,564 | 108 | 196,581 | 90% | 6,881,812 |
| 2024 | | | | | | 6,211,749 |

CASE: UG 461
WITNESS: MADISON BOLTON

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 503
## STAFF EXHIBIT 503 IS IN ELECTRONIC SPREADSHEET FORMAT ONLY

## Avista Response to Staff Data Request 288, Attachment A

## July 7, 2023

CASE: UG 461
WITNESS: MADISON BOLTON

# PUBLIC UTILITY COMMISSION OF OREGON

# STAFF EXHIBIT 504
# STAFF EXHIBIT 504 IS IN ELECTRONIC SPREADSHEET FORMAT ONLY

## Analysis of CPP Compliance Costs and Line Extension Costs

**July 7, 2023**

CASE: UG 461
WITNESS: Bret Farrell

# PUBLIC UTILITY COMMISSION OF OREGON

# STAFF EXHIBIT 600

# OPENING TESTIMONY
## Uncollectible Expenses

**July 7, 2023**

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

A. My name is Bret Farrell. I am a Senior Utility and Energy Analyst employed in the Utility Strategy and Integration Division of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualifications statement is found in Exhibit Staff/601.

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

A. I provide background, analysis, and recommendations regarding the Company's proposal for Uncollectible Expenses.

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

A. Yes. I prepared the following exhibits:

- Staff Exhibit 601 – Witness Qualifications
- Staff Exhibit 602 – Avista Response to OPUC Data Request 211

## ISSUE 1. UNCOLLECTIBLE EXPENSE

**Q. Please provide a summary of the Commission's historical treatment of uncollectible expense.**

A. It is a long-standing policy of the Commission Staff to apply a three-year average methodology to determine the Test Year uncollectible expense for a utility's revenue requirement.[1] Commission Staff also examines other evidence to determine whether this approach results in a reasonable forecasted Test Year result. The amount included in a utility's revenue requirement for uncollectible expense is revenue sensitive because it depends on the amount of forecasted revenue. That is, the total uncollectible expense included in the revenue requirement is a function of the Test Year revenue and the uncollectible rate.

**Q. Describe the Company's proposal for Test Year uncollectible expense.**

A. The Company's Uncollectible Expense Adjustment as put forth in Avista Exhibit 501[2] revises the twelve-months ended September 30, 2022, Base Year level of accrued expense included within the Company's Results of Operations, to the historical three-year average of actual net write-offs. The effect of this

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[1] *See, e.g., In the Matter of Avista Corporation*, UG 246, Order No. 14-015 at 3 (January 21, 2014) and *In the Matter of Avista Corporation*, Docket UG 186, Order No. 09-422, Appendix A at 4 (October 26, 2009) (adopting stipulations for Avista general rate increase with uncollectible expense in revenue requirement based on three-year average); *but see In the Matter of Idaho Power Company*, UE 167, Order No. 05-871 (January 28, 2005) (adopting stipulation for Idaho Power Company general rate increase with uncollectible expense based on four-year average) and *In the Matter of Cascade Natural Gas Corporation*, UG 287, Order No. 15-412 (December 28, 2015) (adopting stipulation for Cascade Natural Gas general rate increase with uncollectible expense based on three-year average, removing an anomalous year).

[2] Avista/501, Schultz/1.

adjustment on Oregon net operating income is a decrease of $156,000 and an increase in the revenue requirement of $203,000.[3]

**Q. Please explain the Company's process for deriving the Test Year uncollectible rate.**

A. The Company calculates the uncollectible rate using a three-year average process. First, the Company takes the net write-offs and operating revenues[4] for the twelve-month periods ending on September 30, 2020, 2021, and 2022. Next, the Company calculates the average of net write-offs and operating revenues for these three years. Finally, the Company divides the three-year average of net write-offs by the three-year average of operating revenue, resulting in an uncollectible rate of 0.36% for the Test Year. Figure 1 displays the Company's calculation in Exhibit 501.

**Figure 1.**

| | Ending | Net Write-Offs | Operating Revenue (1) | % of Revenue |
|---|---|---|---|---|
| Actual Net Write-Offs | | | | |
| Three Year Average Calculation | 12ME 09.2020 | 169,666 | 93,593,386 | 0.18% |
| | 12ME 09.2021 | 299,892 | 106,073,223 | 0.28% |
| | 12ME 09.2022 | 699,505 | 122,095,268 | 0.57% |
| Three Year Average Uncollectible as Percent of Revenue | | $389,688 | $107,253,959 | 0.36333% |

**Q. Please describe Staff's analysis of the Company's proposal for Test Year uncollectible expense.**

A. Staff reviewed the Company's calculations in Exhibit 501, as well as historic write-offs and uncollectible expense. In addition, Staff investigated other

3 Avista/500, Schultz/40.
4 Excluding sales for resale.

factors which have the potential to impact the Company's Test Year uncollectible rate.

**Q. Does Staff believe that there is other evidence to consider when calculating the Test Year uncollectible rate?**

A. Yes. Staff believes that the Company's establishment of the Low-Income Rate Assistance Program (LIRAP) Bill Discount and Arrearage Assistance offerings in August 2022 will likely have a material impact on the Test Year uncollectible rate.[5]

**Q. Please describe the Company's LIRAP Bill Discount.**

A. The Company's LIRAP Bill Discount, which was approved in Docket No. ADV 1410, is a bill discount program for all self-attested income-qualifying residential customers. The discount structure includes four distinct income tiers as shown in Figure 2.

**Figure 2.**

| Income Range | Discount | Arrearage Assistance |
|---|---|---|
| 0-5% SMI | 90% | Arrearage Forgiveness |
| 6-20% SMI | 60% | |
| 21-40% SMI | 25% | Arrearage Management Program |
| 41-60% SMI | 15% | |

The level of relief provided to enrolled customers ranges from 15 percent to 90 percent, with the deepest discounts afforded to those in the lowest income bracket. The Company's LIRAP also includes arrearage assistance for

5 Docket No. ADV 1410 / Advice No. 22-03-G.

enrolled customers. Customers between 21-60 percent of the state median income (SMI) are able to participate in the Company's LIRAP Arrearage Management Program (AMP), which forgives 90% of a customer's past due balance over the course of 12 months as an incentive for on-time monthly payments towards the customer's current bill. For customers between 0-20 percent SMI, customers have the opportunity to have their past-due balances forgiven up to $1,000, without the need for matching payments.[6]

**Q. Does the Company believe that this LIRAP Bill Discount will have an impact on the uncollectible rate?**

A. Yes. In response to OPUC Data Request 211 the Company stated "Avista believes that the recent transformation of its LIRAP – from a grant-based program to a bill discount with corresponding arrearage assistance offerings - will have a positive impact on the Company's uncollectible rate over time."[7]

**Q. Does the Company incorporate the effect of the LIRAP Bill Discount into the Test Year uncollectible rate?**

A. No. In response to OPUC Data Request 211 the Company stated, "While the increased utilization of LIRAP may help to improve the uncollectible rate of the population served, that reduction will be limited to, at best, only that percentage of residential customers that are eligible to participate."[8]

**Q. Does Staff agree with the Company's proposal to not incorporate the effect of the LIRAP Bill Discount into the uncollectible rate?**

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6 Docket No. ADV 1410 / Advice No. 22-03-G.
7 Staff/602, Avista Response to OPUC Data Request 211.
8 Staff/602, Avista Response to OPUC Data Request 211.

A. No. In response to OPUC Data Request 211 the Company estimated that by the Test Year there will be 10,463 customers enrolled into the LIRAP Bill Discount, or roughly 11 percent of the Company's Oregon residential customers.[9] Staff believes this represents a significant portion of the Company's customer base and will therefore have a meaningful impact on the Test Year uncollectible rate.

**Q. What is Staff's proposal to incorporate the effect of the LIRAP Bill Discount into the Test Year uncollectible rate?**

A. Staff believes that the similarities between the Company's LIRAP Bill Discount and the Company's Arrearage Management Program (AMP) in effect between March 2021 and September 2021 warrant the use of the Company's uncollectible rate for the twelve months ending September 30, 2021 (0.28 percent).[10] Staff believes this uncollectible rate will more accurately reflect the impact of the LIRAP Bill Discount, as residential customers during that time period were receiving similar arrearage management assistance.

**Q. Please describe the Company's previous AMP.**

A. In 2021, the Commission approved the Company's first AMP in Docket No. ADV 1237. This AMP was developed in response to the increase in arrearage balances during the COVID-19 pandemic. The program had two components: an automatic grant, which was a one-time grant intended to forgive arrearage balances, not to exceed $1,500, for customers with a proven history of low-

9 Staff/602, Avista Response to OPUC Data Request 211.
10 Avista/501, Schultz/1.

income program eligibility; and, an arrearage forgiveness grant which was a one-time grant intended to forgive arrearage balances, not to exceed $1,000, for customers that had not received energy assistance in the previous 24 months but were experiencing financial hardship due to COVID-19.[11] The Company provided these grants from March 2021 to September 2021.[12]

**Q. What is Staff's proposed adjustment for the uncollectible rate?**

A. Staff proposes using the uncollectible rate recorded by the Company for the twelve months ending September 30, 2021 (0.28 percent). Staff proposes applying this rate to the final agreed-upon general revenues to calculate the appropriate level of uncollectible expense to be included in the 2024 Test Year. At this time, based on the Company's proposed general revenues in Exhibit 501, Staff proposes a decrease to the revenue requirement of $102,000.

**Q. Is this adjustment meant to effect a change in Staff's methodology moving forward?**

A. No. Historically, Staff has always examined alternative evidence when applying the three-year average methodology to determine whether deviations from the three-average are appropriate. Sometimes Staff concludes deviations are appropriate and sometimes Staff does not. In this case, Staff believes that the introduction of the Company's LIRAP program and its potential impact on the uncollectible rate warrants an adjustment to the three-year average approach. Staff does not propose a permanent change to how Test Year Uncollectible

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[11] Docket No. ADV 1237 / Advice No. 21-01-G.
[12] Docket No. RG 92.

Expense is determined. However, Staff believes that the impact of LIRAP on the uncollectible rate should be evaluated further in future proceedings when more data is available.

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

A. Yes.

CASE: UG 461
WITNESS: BRET FARRELL

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 601

## Witness Qualification Statement

**July 7, 2023**

## WITNESS QUALIFICATIONS STATEMENT

| | |
|---|---|
| NAME: | Bret Farrell |
| EMPLOYER: | Public Utility Commission of Oregon |
| TITLE: | Senior Utility Analyst<br>Strategy Integration Division |
| ADDRESS: | 201 High Street SE. Suite 100<br>Salem, OR. 97301 |
| EDUCATION: | BA Economics, Illinois State University, Normal, IL<br><br>MS Applied Economics, Illinois State University, Normal, IL |
| EXPERIENCE: | I have been employed by the Oregon Public Utility Commission since April 2019. My responsibilities include research, statistical analysis, and recommendations on a range of regulatory issues.<br><br>I have provided testimony before the Commission in several general rates case proceedings and performed numerous analyses including economic, financial, and statistical with regard to public utilities. |

CASE: UG 461
WITNESS: BRET FARRELL

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 602

## Avista Response to OPUC Data Request 211

## July 7, 2023

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 04/17/2023 |
| CASE NO.: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Jaime Majure |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 211 | TELEPHONE: | (509) 495-7839 |
| | | EMAIL: | jaime.majure@avistacorp.com |

**REQUEST:**

As it pertains to Avista's Low-Income Rate Assistance Program (LIRAP):

a. Please explain whether Avista believes the implementation of the LIRAP will impact the uncollectible rate.
b. Provide an estimate of the number of customers Avista believes will be enrolled into the LIRAP by the end of the calendar year 2023 and 2024, by discount tier.
c. Provide the total dollar amount provided through LIRAP bill discounts for the calendar year 2022 and 2023.

**RESPONSE:**

a. Yes, Avista believes that the recent transformation of its LIRAP – from a grant-based program to a bill discount with corresponding arrearage assistance offerings[1] - will have a positive impact on the Company's uncollectible rate over time. The overall purpose of Avista's LIRAP is to reduce the energy cost burden among those customers least able to pay energy bills. By offering LIRAP components that specifically target the income range or arrearage status of its participants, customers should be able to more comfortably afford their energy bills and, therefore, remain current on such bills. This will, ideally, over time, reduce the number of customers maintaining unpaid balances on their Avista accounts or being disconnected for nonpayment. The overall reach and influence of LIRAP, however, will proportionally impact the reduction in uncollectibles, as not all customers that are past due or disconnected necessarily qualify for low-income programs. Based on eligibility data from the Company's most recent Energy Burden Assessment,[2] Avista estimates that approximately 17% of its residential natural gas customers in Oregon may be eligible for LIRAP. Prior to the October 1, 2022 implementation of Avista's new LIRAP bill discount, "My Energy Rate", only about 14% of those eligible were receiving bill assistance. As of March 31, 2023, however, nearly one-third of that potentially eligible population was enrolled in My Energy Rate. This increase in saturation is due, in part, to the ease in access being provided by joint administration of this program (i.e. both Avista and Community

[1] See Docket No. ADV 1410.
[2] https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAH&FileName=um2211hah135626.pdf&DocketID=23122&numSequence=66

Action Agencies (CAA) can enroll customers, rather than the CAA-only approach previously utilized), as well as the ability for customers to self-attest their income over a variety of channels, instead of the laborious proof-of-income required for all prior energy assistance applicants. While the increased utilization of LIRAP may help to improve the uncollectible rate of the population served, that reduction will be limited to, at best, only that percentage of residential customers that are eligible to participate.

b. The table below provides an estimate of the number of customers Avista believes will be enrolled into the LIRAP by the end of the calendar year 2023 and 2024, by discount tier.

| **My Energy Rate Enrollments (Estimated)** | | |
|---|---|---|
| **Discount Tier** | **2023** | **2024** |
| 90% | 579 | 853 |
| 60% | 1,417 | 2,081 |
| 25% | 2,987 | 4,592 |
| 15% | 2,071 | 2,938 |
| **Total** | **7,054** | **10,463** |

a. The table below provides the total dollar amount provided through LIRAP bill discounts for the calendar year 2022 and 2023, by tier.

| **My Energy Rate Discount Totals** | | |
|---|---|---|
| **Discount Tier** | **2022 (Oct. 1- Dec. 31)** | **2023 (Jan. 1-Mar. 31)** |
| 90% | $ 50,245 | $ 117,132 |
| 60% | $ 13,351 | $ 73,385 |
| 25% | $ 16,736 | $ 82,673 |
| 15% | $ 9,771 | $ 51,673 |
| **Total** | **$ 90,103** | **$ 324,862** |

CASE: UG 461
WITNESS: JULIE JENT

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 700

# OPENING TESTIMONY
# Wages, Salaries and FTE

## July 7, 2023

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

A. My name is Julie Jent. I am a Senior Utility Analyst employed in the Energy Costs Section of the Rates, Safety, and Utility Performance (RSUP) Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/701.

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

A. I provide background, analysis, and recommendations regarding the Company's Test Year expense for wages, salary, and full-time equivalents.

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

A. My testimony is organized as follows:

## ISSUE 1. WAGES, SALARY, AND FTE

**Q. Please provide a summary of the Commission's historical method for determining the amount to include in a utility's revenue requirement for wages, salaries, incentives, and overtime expense.**

A. The Commission's methodology has many components. The Commission determines the appropriate level of wages and salaries for employees in the Test Year using its three-year wage and salary (W&S) model to estimate union and non-union payroll levels for energy utilities.[1,2] The model determines an appropriate level Test Year expense and capital investment for wages and salaries by escalating the Company's base year wages and salaries by annual changes to the All Urban CPI and applying a sharing mechanism between the wages and salaries determined by the W&S model and the wages and salaries proposed by the utility.

To determine the appropriate amount to include in revenue requirement for incentives paid to employees, the Commission's policy is to disallow 100 percent of officers' bonuses because they are typically based on increased earnings, which benefits shareholders.[3] It is also Commission policy to disallow 75 percent of performance-based bonuses because they are

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1 *In the Matter of Northwest Natural*, Docket No. UG 132, Order No. 99-697 at 43 (November 12, 1999), *In the Manner of PacifiCorp,* Docket No. UE 374, Order No. 20-473 at 102 (December 18, 2020).

2 See *Pacific Power & Light,* UE 116, Order No. 01-787 at 40; In the Matter of Northwest Natural, Docket No. UG 132, Order No. 99-697 at 43 (November 12, 1999); *In the Matter of PGE*, Docket No. UE 102, Order No. 99-033 at 61 (January 27, 1999); *In the Matter of PGE*, Docket No. UE 88, Order No. 95-322 at 10 (March 29, 1995).

3 See Order No. 99-033 at 62; and *In the Matter of the Application of US West*, Docket No. UT 125, Order No. *97*-171 at 74-76 (May 19, 1997).

generally focused on increased earnings and therefore bring more benefit to shareholders. The Commission disallows 50 percent of merit-based bonuses because they equally benefit shareholders and ratepayers. Union bonuses are treated in the same manner as non-union bonuses.[4]

Finally, the Commission determines the appropriate ratio of expense and capital to apply to the total forecasted compensation and applies it to determine what compensation expense that is included in Test Year expense and what compensation is included rate base.

**Q. Please explain how Staff used the Three-Year W&S model to arrive at its recommendation for wage and salary levels for the Test Year.**

A. As a starting point for determining non-union wages for each employee class, the W&S model uses the utility's actual wage, salary, and overtime levels as they existed three years prior to the Test Year.[5] For example, a 2024 Test Year would require a Base Year of 2021. From there, the Base Year wages and salaries are adjusted by a year-over-year escalation of expenses using the All-Urban CPI for each of the three subsequent years to establish a forecast of Test Year wage and salary levels.[6]

In effect, the model calculates the average salary based on the Company’s actual Base Year calendar payroll (2021), divided by the actual Base Year FTE (2021), then escalates the average by the annual changes to the All-Urban CPI. Once the escalated amount is determined, it is compared to

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4 See Order No. 20-473 at 97; Order No. 99-697 at 44-45; Order No. 99-033 at 62.
5 See Order No. 99-697 at 43.
6 *Ibid.*

the Company's Test Year figures.[7] At this point the sharing principle is applied, wherein Staff adjusts its forecasted amount to allow the Company to share 50/50 the lesser of the difference between the model forecast and the amount the Company has included in its Test Year or a 10 percent band around Staff's projection.[8]

For non-union wages, the W&S model incorporates actual market-based data by using historic wages and adjusting for inflation using the All-Urban CPI index.[9] The Commission has consistently validated the All-Urban CPI to adjust historic wages and salaries as "adjusting payroll levels by changes in inflation provides employees the same real level of compensation as in the base year and provides an incentive to companies to minimize labor costs."[10] Moreover, the All-Urban CPI captures local economic conditions as the Bureau of Labor Statistics includes Oregon prices in its survey.[11] Further, the methodology of equally dividing between ratepayers and shareholders the difference between the utility's Test Year forecast and the forecast obtained by the model allows for some adjustments to reflect changes in market conditions without allowing unchecked escalation.[12]

For union wages, the W&S model again starts with actual wages three years before the Test Year. Rather than escalating the wages using All-Urban

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7 *Ibid*.
8 *Ibid*.
9 *Ibid.*
10 *Ibid.*
11 *Ibid.*
12 Order No. 95-322 at 10.

CPI, wages are escalated using negotiated wage increases as set forth in union contracts and Staff's final adjustment incorporates any sharing between the Company's Test Year forecast and the forecast obtained under the W&S model.[13] In its 2020 order in PacifiCorp's general rate case, the Commission rejected Staff's proposed 50/50 sharing between Staff's Test Year determination of expense for union wages and salaries and the Company's, with the Commission concluding that the arms-length nature of the negotiations regarding wages was sufficient protection for ratepayers.[14]

**Q. Please summarize Company's proposal for wages, salaries, incentives and overtime expense in this case.**

A. The Company's 2024 Test Year includes $12.9 million in wages and salaries (base pay), $733 thousand in overtime, and $306 thousand in incentive compensation.[15] The Company breaks out the O&M/Capital split by employee group[16] as in the following:

**FIGURE 1. O&M/CAPITAL SPLIT**

| (rounded) | Officers | Exempt | Non-Exempt | Union | Total |
|---|---|---|---|---|---|
| O&M % of Labor (System) | 100% | 63% | 71% | 47% | 59% |
| Oregon Allocation Factor | 10% | 6% | 7% | 6% | 6% |

The Company claims to have removed all incentive compensation paid to the executive group as well as 50 percent of non-officer incentives based on the

13 See Order No. 99-697 at 43.
14 Order No. 20-473 at 94.
15 Avista/500 Schultz/Page 14-23.
16 Staff/702, AVA Response to Staff DR 93 (pdf).

2022 base year. The impact is a reduction of $41 thousand in expense or a $45 thousand reduction in revenue requirement.[17]

**FIGURE 2. LABOR AND REVENUE REQUIREMENT**

| Adjustment No. | Oregon Net Operating Income Impact Increase / (Decrease) | Oregon Revenue Requirement Impact |
|---|---|---|
| 2.03 Non-Executive Labor | $ (774,000) | $ 1,010,000 |
| 2.04 Executive Labor | (36,000) | 47,000 |
| 2.11 Incentive Pay Adjustment | 707,000 | (923,000) |
| 3.02 Restate Salaries & Wages | 62,000 | (89,000) |
| **Total** | **$ (41,000)** | **$ 45,000** |

**Q. How does the Company determine the compensation for employees?**

A. Avista testifies that it utilizes third party consulting firms to compare salaries to other organizations in the industry. Salary surveys are part of the determination of salary increases and salary range updates (minimum, mid-point and maximum). Salary recommendations are presented to the Compensation Committee of the Board of Directors which can approve choose to grant higher or lower salary adjustments.[18] The Company describes the following types of incentives offered along with their metrics:

- Short-Term Incentive Plan (STIP): 50 percent O&M Cost-per-Customer, 20 percent Customer Satisfaction, 20 percent Reliability Index, and 10 percent Response time. Both Officers and Employees are eligible.
- Executive Long-Term Incentive Plan (LTIP): Performance shares account for 70 percent of the plan with metrics related to Cumulative Earnings-

17 Avista/500, Schultz/18.
18 Avista/500, Schultz/18-19.

Per-Share (CEPS) and Total Shareholder Return (TSR). Restricted Stock Units account for 30 percent and vesting is based on a continuation of service. Only Executives or Officers are eligible.[19]

**Q. What adjustments did the Company make to its actual 2022 Base Year salaries and wages to forecast the 2023 Test Year?**

A. The Company escalates its 2022 Base Year pay of non-union employees by 4 percent in 2022, 6 percent in 2023, and 3.5 percent in 2024 in response to anticipated and approved raises by the Board of Directors.[20] For union wages, Avista escalates salaries by 4 percent for 2022, and 3.4 percent for 2023 and 2024 based on present contracts and future expectations of current negotiations with IBEW Union 659.[21] See Figure 3 below.

**FIGURE 3. TEST YEAR WAGES AND SALARIES[22]**

| | Officers | Exempt | Non-Exempt | Union | Total Labor |
|---|---|---|---|---|---|
| 09.2022 O&M plus Capital | $ 421,780 | $ 5,115,962 | $ 2,029,036 | $ 4,395,513 | $ 11,962,291 |
| 2023 Forecast Year O&M | $ 32,758 | $ 317,172 | $ 141,498 | $ 189,668 | $ 681,097 |
| YE 12.2023 | $ 454,539 | $ 5,433,134 | $ 2,170,534 | $ 4,585,181 | $ 12,643,388 |
| | | | | | |
| YE 12.2023 | $ 454,539 | $ 5,433,134 | $ 2,170,534 | $ 4,585,181 | $ 12,643,388 |
| 2024 Forecast Year O&M | $ 13,257 | $ 128,361 | $ 57,265 | $ 94,365 | $ 293,247 |
| YE 12.2024 | $ 467,796 | $ 5,561,495 | $ 2,227,798 | $ 4,679,546 | $ 12,936,635 |

**Q. Explain further the company's adjustments to their wages and salaries.**

A. Staff had a meeting with Avista on May 1, 2023, and then sent follow-up emails to discuss the Company's adjustments considering that it unusual for

19 Avista/500, Schultz/23.
20 Avista/500, Schultz/20.
21 *Ibid.*
22 See AVA workpaper, 2.03 Non-Exec Labor and 2.04 Exec Labor Adj (OR 2023).

a Company to replicate Staff's wages and salaries model in their own workpapers as the start of their adjustment. Staff does recommend the Company explain this thoroughly in its reply testimony beyond what was provided in response to DR 161 to confirm Staff's assumptions outlined in this testimony. As you can see from Figure 4 below, the Company makes a final adjustment titled 3.02 Restate Salaries & Wages adjustment. However, the Company used the CPI as was available November 16 of 2022. Staff used updated numbers from March of 2023 to calculate their recommendation below (8 percent for 2022, 3.9 percent for 2023, and 2.2 percent for 2024).

**FIGURE 4. ADJUSTMENT 3.02**

| | | O&M Expense Adj. - OR | Rate Base Adj. - OR |
|---|---|---|---|
| Payroll (excluding overtime) | | ($91,262) | (89,742) |
| Overtime | | $17,024 | 16,231 |
| Payroll Taxes | 7% | ($5,171) | ($5,121) |
| | | ($79,409) | ($78,631) |

**Q. What is Staff's recommendation for Test Year wages and salary?**

A. At this time, Staff moved forward with the W&S model which has been used consistently in previous cases to assess the Company-proposed adjustment to wages and salaries. If the Company's adjustment is already inclusive of the updated CPI, Staff would then provide an updated recommendation that recognizes that Avista already completed what would have been Staff's adjustment. As for now, Staff, consistent with the W&S model, started with a Base Year that is three years prior to the Test Year (2021), and escalated to the

Test Year using All-Urban CPI (CPI) rates, which are 8 percent for 2022, 3.9 percent for 2023, and 2.2 percent for 2024.[23] Staff escalated union salaries and wages in the same manner as the Company, applying a rate of 4 percent for 2022, and 3.5 percent for 2023, and 2024 based on expected collective bargaining increases.[24]

Staff then applied the sharing principle to its and the Company's projected 2022 test year amounts. The sharing principle, which allows the Company to share 50/50 the lesser of the difference between the Company's and Staff's calculated projections, or a 10 percent band around Staff's calculated projection, makes a reduction to Staff's projection.

23 Oregon Economic & Revenue Forecast March 2023, Volume XLIII, No. 1, Table A.4, page 44.
24 Avista/500, Schultz/20.

## FIGURE 5. W&S MODEL ADJUSTMENTS[25]

| | Officers | Exempt | Non Exempt | Union | Total |
|---|---|---|---|---|---|
| Actual Base Payroll (2021) calendar year | $ 365,936 | $ 4,954,463 | $ 1,805,513 | $ 4,277,074 | **$11,402,986** |
| Ave. # of Employees (FTE) (2021) | 1 | 43 | 25 | 48 | **117** |
| Average Salary | $365,936 | $115,220 | $72,221 | $89,106 | |
| Allowable % Increase | 1.1546 [1] | 1.1546 [1] | 1.1546 [1] | 1.1141 [2] | |
| Ave. # of Employees (FTE) (Test Year) | 1 | 43 | 27 | 45 | **116** |
| Projected Payroll | **$422,496** | **$5,720,236** | **$2,251,342** | **$4,467,165** | **$12,861,240** |
| Test Period Payroll | **$ 467,796** | **$5,561,495** | **$2,227,798** | **$4,679,546** | **$12,936,635** |
| Total Difference for Sharing | $45,300 | $0 | $0 | $212,381 | |
| 10% Band - Allowable | $42,250 | $0 | $0 | $446,717 | |
| 50% Sharing of Lesser of Difference or Band | $21,125 | $0 | $0 | $106,190 | |
| Staff Proposed Level | **$443,621** | **$5,561,495** | **$2,227,798** | **$4,573,356** | **$12,806,269** |
| Net Payroll Adjustment | **($24,175)** | **$0** | **$0** | **($106,190)** | **($130,366)** |
| O&M Expense as % of Payroll Exp | 100.0% | 62.7% | 70.7% | 47.3% | |
| O&M Expense Adjustment - System wide | ($24,175) | $0 | $0 | ($50,228) | ($74,403) |
| Oregon Allocation Factor | 1.00 | 1.00 | 1.00 | 1.00 | 100% |
| **O&M Expense Adjustment -Oregon** | **($24,175)** | **$0** | **$0** | **($50,228)** | **($74,403)** |
| Rate Base as % of Payroll Exp | 0.0% | 37.3% | 29.3% | 52.7% | |
| Rate Base Adjustment - System wide | $0 | $0 | $0 | ($55,962) | **($55,962)** |
| **Rate Base Adjustment - Oregon** | **$0** | **$0** | **$0** | **($55,962)** | **($55,962)** |
| | | | | | ($130,366) |
| | | | | ck | ($130,365.66) |

**Q. Does Staff have an adjustment for Overtime?**

A. Staff calculates a $63 thousand difference between Staff's projection ($670 thousand) and the Company's ($733 thousand and therefore has an adjustment as such.[26]

25 See Staff/703 Staff workpaper UG 461 Wage and Salary Model CONF. The adjustments themselves are published as non-confidential although Staff's model is usually published as confidential.

26 See Staff/703, Staff workpaper, UG 461 Wage and Salary Model CONF.xlsx, tab 3-year OT.

## FIGURE 6. OVERTIME ADJUSTMENT

| | Officers | Exempt | Non Exempt | | Union | Total |
|---|---|---|---|---|---|---|
| Actual Overtime (2021) | **$0** | **$0** | **$ 40,413** | | **$ 563,562** | **$603,975** |
| Average No. of FTE (2021) | 1 | 43 | 25 | - | 48 | **117** |
| Average Overtime per FTE | $0 | $0 | $1,617 | | $11,741 | |
| Allowable % Increase | 0 | 0 | 1.1468 | | 1.1141 | |
| Staff Proposed Level FTE for Test Period | 1 | 43 | 27 | | 45 | **116** |
| Projected Overtime | **$0** | **$0** | **$50,053** | | **$588,610** | **$638,663** |
| Test Period Overtime | **$0** | **$0** | **$53,153** | | **$680,373** | **$733,526** |
| Total Difference | $0 | $0 | $3,100 | | $91,763 | |
| 10% Band - Allowable | $0 | $0 | $5,005 | | $58,861 | |
| 50% Sharing of Lesser of Difference or Band | $0 | $0 | $1,550 | | $29,431 | |
| Staff Proposed Level | **$0** | **$0** | **$51,603** | | **$618,041** | **$669,644** |
| Net Payroll Adjustment | **$0** | **$0** | **($1,550)** | | **($62,332)** | **($63,882)** |
| O&M Expense as % of Payroll Exp | 100.00% | 62.70% | 70.70% | | 47.30% | 61.00% |
| O&M Expense Adjustment - System wide | $0 | $0 | ($1,096) | | ($29,483) | ($38,968) |
| Oregon Allocation Factor | 100.000% | 100.000% | 100.000% | | 100.000% | 100.000% |
| **O&M Expense Adjustment - Oregon** | **$0** | **$0** | **($1,096)** | | **($29,483)** | **($30,579)** |
| Rate Base as % of Payroll Exp | 0.000% | 37.300% | 29.300% | | 52.700% | 39.000% |
| Rate Base Adjustment - System wide | $0 | $0 | ($454) | | ($32,849) | **($33,303)** |
| **Rate Base Adjustment - Oregon** | **$0** | **$0** | **($454)** | | **($32,849)** | **($33,303)** |
| | | | | | | (63,882) |

**Q. Does Staff have an adjustment for FTE?**

A. Staff does not have an adjustment as Avista's FTE has remained relatively stable. This is demonstrated by looking at the number of Oregon FTE over time, 117 (2021), 116 (2022), 116 (2023), and 116 (2024).

**Q. Please summarize all of Staff's adjustments to Salaries, Wages, Overtime, and Incentives.**

A. Staff recommends the following adjustments pending a detailed explanation on the restating salaries adjustment from Avista and how much of that captures

Staff's adjustments below. It is clear that both the Company and Staff start with 2021 actual wages before making any adjustments. It is not clear however whether the differences in the date of CPI used account for the differences between the Company's test year and Staff proposed levels (as according to the model). Staff has a $130,366 adjustment to wages and salaries, a $63,882 adjustment to overtime, a $24,813 adjustment to depreciation, and a $13,451 adjustment to payroll taxes, for a total adjustment of $232,512. Incentives are covered in different testimony (See Staff/900, Mitch Moore).

**FIGURE 7. W&S ADJUSTMENTS**

| **Preliminary Adjustment** | | | | | | |
|---|---|---|---|---|---|---|
| | Company-Wide | | | | OR- Allocated | |
| **Description/ Account No.** | **Company Filing** | **Staff** | **O&M Adjustment** | **Capital Adjustment** | **O&M Adjustment** | **Capital Adjustment** |
| Wages & Salaries | $ 12,937 | $ 12,803 | $ (77) | $ (56) | (77) | (56) |
| FTE Adjustment | $ 12,803 | $ 12,803 | $ - | $ - | - | - |
| Incentives | $ - | $ - | $ - | $ - | - | - |
| Overtime | $ 734 | $ 670 | $ (39) | $ (33) | (30.58) | (33.30) |
| **Payroll Taxes** | | | | | **(13.45)** | |
| **Depreciation O&M Adjustment Associated with Capital Adjustment** | | | | | **(24.81)** | |
| **Incentives in Plant** | | | | | | **-** |
| **Total OR - Allocated Adjustments** | | | | | **(146.23)** | **(89.27)** |

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

A. Yes.

CASE: UG 461
WITNESS: JULIE JENT

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 701

# Witness Qualifications Statement

# July 7, 2023

**WITNESS QUALIFICATIONS STATEMENT**

NAME: Julie Jent

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Analyst
Rates, Finance and Audit Division

ADDRESS: 201 High Street SE. Suite 100
Salem, OR. 97301

EDUCATION: I have a Bachelor of Science from Berea College in Political Science where I concentrated on economics and the regions of Eastern Europe and Southeastern Asia. I also hold a Masters of Integral Economic Development Policy specializing in the public sector and econometrics.

EXPERIENCE: I have been employed as a Junior Financial Analyst by the Oregon Public Utility Commission since June 2021 in the Telecommunications and Water division. I transitioned to the Rates, Safety and Utility Performance Division in July of 2022 within the Energy Costs section. Within this division, I currently perform a range of financial analysis duties related to natural gas, electric, and water utilities, with a focus on operations and maintenance. In addition, I assist with Purchased Gas Adjustments, Annual Power Cost filings, and General Rate Cases. Past rate cases include UG 435 and UE 399. I was previously employed as an adjunct professor of Econometrics at the Catholic University of American and as an Analyst in the Office of Management and Budget (OMB) within the Executive Office of the President (EOP), where I worked as part of a team on education funding. Prior to EOP, I was an Economic Consultant for the U.S. Conference of Catholic Bishops.

CASE: UG 461
WITNESS: JULIE JENT

# PUBLIC UTILITY COMMISSION OF OREGON

## STAFF EXHIBIT 702

## Exhibits in Support Of Opening Testimony

## July 7, 2023

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 02/28/2023 |
| CASE NO: | UG 461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 093 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

For the test year, please provide the breakout between O&M and rate base for all labor expense expressed as percentages. If applicable, please also provide the breakout for all labor expense between Total Company and Oregon expressed as a percentage.

**RESPONSE:**

Please see the table below for the O&M and Capital labor expenses by employee group, and the Oregon Allocation factor by group:

| (rounded) | Officers | Exempt | Non-Exempt | Union | Total |
|---|---|---|---|---|---|
| O&M % of Labor (System) | 100% | 63% | 71% | 47% | 59% |
| Oregon Allocation Factor | 10% | 6% | 7% | 6% | 6% |

Total Company labor is approximately 59% O&M and 41% Capital Oregon accounts for approximately 6.2% of total labor expense.  Please refer to Adjustment No. 3.02 – Restate Salary and Wages for calculations.

CASE: UG 461
WITNESS: JULIE JENT

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 703

## Exhibits in Support
## Of Opening Testimony

**July 7, 2023**

**Staff's CONF Workpaper UE 416 Exhibit 703 Wage and Salary Model is available in electronic spreadsheet format only.**

CASE: UG 461
WITNESS: LUZ MONDRAGON

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 800

## OpeningTestimony

## July 7, 2023

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

A. My name is Luz Mondragon. I am a Senior Financial Analyst employed in the Accounting and Finance Section of the Rates, Safety and Utility Performance Program (RSUP) of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE., Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/801.

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

A. My opening testimony discusses Staff's analysis and position on Customer Accounts and Customer Service Information Expenses Operations and Maintenance Non-Labor (O&M NL).

**Q. Please outline your supporting exhibits for this testimony?**

A. My testimony is supported by the following exhibits:

- Staff Exhibit 801: Witness Qualifications
- Staff Exhibit 802: Avista Responses to Staff Data Requests

## ISSUE 1. CUSTOMER SERVICE EXPENSES (O&M NON-LABOR)

**Q. Please describe Customer Service Expenses.**

A. Customer Accounts Expense is recorded in FERC Accounts 901, 902, 903, 904, and 905. These accounts track expenses related to Supervision, Meter Reading, Customer Records and Collection, as well as Miscellaneous Customer Accounts. Account 904 Uncollectibles is analyzed separately in Staff Exhibit 600. Customer Service Information Expense consists of FERC Accounts 907, 908, 909, and 910. These expenses are for Supervision, Customer Assistance, and Miscellaneous Customer Service. FERC Account 909 Advertising is not analyzed in Staff's opening testimony.

**Q. Please describe the Company's Customer Service Expenses in the Base Year and historically.**

A. For Customer Accounts Operating Expense, FERC Accounts 901–905, the Company reported Oregon, Non-Labor, Results of Operation (ROO) for the Base Year of $1.2 million. Account 903 Customer Records and Collection Expenses takes the biggest slice of the pie with $868 thousand and 33 percent growth from 2020. While Account 902 Meter Reading Expenses has had the most growth since 2020, with 120 percent, it makes up only five percent of the ROO amount at $58 thousand. Rising transportation costs have been a major factor in the increases to Accounts 902 and 903. A customer behavioral shift is a second factor to the increase in Account 903. Customers are increasingly using the FISERV payment system, which has higher fees associated with its use.[1] Avista's contract with FISERV is set to expire in 2025. The Company has created a dedicated team to considers measures needed to mitigate the increasing expense. Considerations will include negotiating contracts, seeking alternative providers, optimize efficiency and usage and explore other technology advancement.[2]

Staff analyzed the growth from 2020 to the Base Year of 2022 and finds the overall Customer Accounts O&M NL Expense has decreased by 48 percent. The decrease is brought on by a reduction in both the 904 Uncollectible Account and the 905 Miscellaneous Customer Account Expenses at −84 and −65 percent, respectively.

**Figure 1. Customer Account Expenses**

| ACCOUNT/DESCRIPTION | 2020 | 2021 | 2022 | % of Category | Average | 2020-2022 Growth |
|---|---|---|---|---|---|---|
| 902000 - METER READING EXP | 26,400 | 26,369 | 58,013 | 5% | 36,927 | **120%** |
| 903000 - CUST ACCOUNTS EXP-RECORDS & CO | 653,665 | 751,324 | **868,783** | 74% | 757,924 | 33% |
| 904000 - UNCOLLECT ACCTS | 1,553,869 | 693,069 | 246,844 | 21% | 831,261 | -84% |
| 905000 - MISC CUST AC EX | 10,173 | 2,449 | 3,535 | 0% | 5,386 | -65% |
| CUSTOMER ACCOUNTS OPERATING EXP | 2,244,107 | 1,473,211 | **1,177,175** | | 1,631,498 | **-48%** |
| | | | | | | |
| 908000 - CUST SVC & INFO EXP-CUST ASST | 12,413 | 1,776 | 4,621 | 0% | 6,270 | -63% |
| 908250 - CONSERVATION AMORT | (5,325) | 46,543 | 1,683 | 0% | 14,300 | 132% |
| 908600 - CUST SVC & INFO EXP | 3,395,568 | 3,345,396 | 4,750,130 | **94%** | 3,830,365 | 40% |
| 908690 - AMORT UNBILLED DSM TARIFF RIDE | (22,046) | (683) | (2,458) | 0% | (8,396) | 89% |
| 909000 - INFO AND INSTRUCT ADVERT EXP | 262,728 | 251,095 | 265,246 | 5% | 259,690 | 1% |
| 910000 - CUST SVC & INFO EXP-MISC | 64,161 | 58,295 | 46,247 | 1% | 56,234 | -28% |
| 912000 - SALES EXPENSES-DEMONSTRATING | 260 | - | - | 0% | 87 | -100% |
| 913000 - ADVERTISING EXPENSE | 550 | - | - | 0% | 183 | -100% |
| CUSTOMER SVC & INFO OPERATING EXP | 3,708,309 | 3,702,422 | **5,065,469** | | 4,158,733 | **37%** |

Customer Service and Information Expenses O&M NL, FERC Accounts 908–913, totaled $5 million in the Base Year. Ninety-four percent of the amount

[1] Staff 802. Avista's response to Staff DR 275.
[2] Staff 802. Avista's response to Staff DR 289.

is associated with Account 908, Customer Assistance Expenses, and its sub-accounts. It is also responsible for the most growth in this category since 2020. The primary driver of the increase is a $2.5 million increase to the Energy Trust of Oregon 2022 budget,[3] which is associated with the Adder Schedules Expenses recorded in Account 908. More information about the Adder Schedules and treatment of is provided later in my testimony. Overall growth in the Customer Service and Information Operating Expenses (NL) category from 2020 is 37 percent.

**Q. Please describe the Company's Customer Service Non-Labor Expenses in the Test Year.**

A. Avista is proposing $1 million for Customer Service Account Expenses and Information Expenses (NL) in the Test Year 2024. The dollar figure excludes Uncollectible Accounts 904 and Adverting Account 909.[4]

**Figure 2. Avista Proposed Test Year (NL)**

| | | NON-LABOR | | | | |
|---|---|---|---|---|---|---|
| | | PRESENT RATES | | | WITH PROPOSED RATES | |
| Acct. No. | Description | Per Results of Operations Report | Total Adjustments | Restated 12 ME 12.31.2024 AMA Test Year | Proposed Revenues & Related Exp | Proposed Total (AMA) |
| | CUSTOMER ACCOUNTS EXPENSES: | | | | | |
| 901000 | Supervision | 0 | 0 | 0 | 0 | 0 |
| 902000 | Meter Reading Expenses | 58 | 5 | 63 | 0 | 63 |
| 903XXX | Customer Records & Collection Expenses | 868 | 80 | 948 | 0 | 948 |
| 904000 | Uncollectible Accounts | (197) | 205 | 8 | 0 | 8 |
| | Uncollectible Accounts - Conversion Factor | 444 | (165) | 279 | 40 | 319 |
| 905000 | Misc Customer Accounts | 4 | 0 | 4 | 0 | 4 |
| | CUSTOMER ACCOUNTS OPERATING EXP | 1,177 | 125 | 1,302 | 40 | 1,342 |
| | | | | | | |
| | CUSTOMER SERVICE & INFO EXPENSES: | | | | | |
| 908XXX | Customer Assistance Expenses | 4,754 | (4,749) | 5 | 0 | 5 |
| 909000 | Advertising | 265 | 23 | 288 | 0 | 288 |
| 910000 | Misc Customer Service & Info Exp | 46 | 4 | 50 | 0 | 50 |
| | CUSTOMER SVC & INFO OPERATING EXP | 5,065 | (4,722) | 343 | 0 | 343 |
| | | | | | | |
| | SALES EXPENSES: | | | | | |
| 912000 | Demonstrating & Selling Expenses | 0 | 0 | 0 | 0 | 0 |
| 913000 | Advertising | 0 | 0 | 0 | 0 | 0 |
| 916000 | Miscellaneous Sales Expenses | 0 | 0 | 0 | 0 | 0 |
| | SALES OPERATING EXPENSES | 0 | 0 | 0 | 0 | 0 |
| | Total Customer Service & Information Expenses | 6,242 | -4,597 | 1,645 | 40 | 1,685 |
| | Excluding Uncollectibles (904) & Advertising (909) | 5,730 | (4,660) | 1,070 | 0 | 1,070 |

[3] Staff 802. Avista's response to Staff DR 275.
[4] Avista/502 Schultz/Page 2.

**Q. How did Staff perform its analysis of the Company's Customer Service Expenses?**

A. Staff analyzed the Results of Operations to assess whether expenses were prudently incurred and recorded. Staff also reviewed the adjustments from the ROO to the proposed amounts to check for reasonableness. Finally, Staff compared the Customer Service Expenses,[5] excluding Accounts 904 and 909, in the current rate case, UG 461, to the previous two rate cases, UG 433 and UG 389.

**Q. How did Staff assess whether expenses were reasonably incurred and recorded, and what were the findings?**

A. To assess whether expenses were reasonably incurred and recorded, Staff took a sample of the transactions provided in the Company's response to DR 57 and asked for documentation. In its response the Company provided a narrative of the expense and its purpose as well as supporting documents.[6] Staff found Company's response to be satisfactory.

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[5] Includes labor and non-labor.
[6] Staff 802. Avista's response to Staff DR 274.

## Figure 3. Transactions Sampled

| FERC Accou | FERC Account Description | Vendor Name | Accounting Period | Project Numbe | Project Description | Transaction Description | Gas South Amoun |
|---|---|---|---|---|---|---|---|
| 903000 | CUST ACCOUNTS EXP-RECORDS & CO | | 202204 | 98400712 | Credit and Collections - 984 | | 9,494.75 |
| 903000 | CUST ACCOUNTS EXP-RECORDS & CO | | 202207 | 09900710 | Call Center Operations | Expense for used supplies for Customer Service for the month of July, 2022 | 4572.76 |
| 903000 | CUST ACCOUNTS EXP-RECORDS & CO | REGULUS INTEGRATED SOLUTIONS LLC | 202209 | 09900710 | Call Center Operations | Exela Bill Postage | 18,777.54 |
| 905000 | MISC CUST AC EX | WALTS MAILING SERVICE | 202111 | 09900710 | Call Center Operations | POSTAGE FOR CS PHONE STAND MAILING | 98.3 |
| 905000 | MISC CUST AC EX | CORP CREDIT CARD | 202205 | 09900710 | Call Center Operations | DARRIN BELGARDE-AMAZON.COM 1A9UI0ZV1 | 101.84 |
| 905000 | MISC CUST AC EX | | 202209 | 09900710 | Call Center Operations | SJ109 RICOH inv #8004727796/202209 | 50.95 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | EMPOWER DATAWORKS LLC | 202204 | 06805230 | Energy Affordability Act Defer | Energy Burden Assessent | 9,157.5 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | MDC RESEARCH | 202209 | 06805230 | Energy Affordability Act Defer | Low income research | 3,250 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | | 202209 | 06805230 | Energy Affordability Act Defer | Arrearage Management Program Credit Gas Oregon Avista | 1,259.18 |
| 910000 | CUST SVC & INFO EXP-MISC | WPROMOTE LLC | 202110 | 09900730 | Common Sales and Marketing | SEO Campaign support | 1,162.11 |
| 910000 | CUST SVC & INFO EXP-MISC | | 202111 | 00000000 | Direct GL | Apx Accrual 202111 | 10,747.97 |
| 910000 | CUST SVC & INFO EXP-MISC | VERINT AMERICAS INC | 202111 | 09900730 | Common Sales and Marketing | SALES TAX | 1,257.82 |
| 910000 | CUST SVC & INFO EXP-MISC | VERINT AMERICAS INC | 202111 | 09900730 | Common Sales and Marketing | Foree Web survey | 15,722.8 |
| 910000 | CUST SVC & INFO EXP-MISC | ALIDA US INC | 202112 | 09900730 | Common Sales and Marketing | Alida Advisors online panel | 14,514.2 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202112 | 09900730 | Common Sales and Marketing | MDC Brand Research | 3,896.51 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202112 | 09900730 | Common Sales and Marketing | Q 3 VOC research | 1,196.3 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202206 | 09900730 | Common Sales and Marketing | IRP Research | 2,824.43 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202206 | 09900730 | Common Sales and Marketing | VOC 1st QTLY | 1,188.16 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202209 | 09900730 | Common Sales and Marketing | Q2 VOC | 1,188.16 |

**Q. What adjustments affect the Customer Service categories and what is their effect on the proposed Test Year?**

A The adjustments that affect the Customer Service Expense Accounts (NL) and Customer Service Information Expense Accounts (NL) are Allocation Factor Adjustment, Eliminate Adder Schedule Adjustment, and Test Year Expense Adjustment.

The Allocation Factor Adjustment (1.01 G-AF) restates the actual 12 months ended September 30, 2022, Base Year Oregon Results of Operations allocated expense accounts using updated allocation factors. The most current factors are based on 2022 actual direct costs. For O&M and A&G FERC Accounts 901 (Customer Accounts and Customer Service costs) are allocated using the number of customers as the allocation costs.[7] The allocation percentage of 13.628 percent is calculated based on Oregon customer count to total Avista customers.[8] The percentage is then applied to the Result of Operation of Customer Accounts not directly allocated to Oregon, which results in a $2,000 positive adjustment (NL).

**Figure 4. Allocation Factor Adjustment-Non-Labor**[9]

| FERC/DESCRIPTION | Oregon Results of Operations 12ME 09.2022-NON-LABOR | Allocation Factor 2023 | Allocation Factor Adjustment | Allocation Factor Adjustment ('000s) |
|---|---|---|---|---|
| 901000-SUPERVISION | - | 13.628% | - | - |
| 902000-METER READING EXP | 58,013 | 0% | - | - |
| 903000-CUST ACCOUNTS EXP-RECORDS & CO | 137,103 | 0% | - | - |
| 903000-CUST ACCOUNTS EXP-RECORDS & CO-INDIRECT | 731,680 | 13.628% | 1,540 | 2 |
| 904000-UNCOLLECT ACCTS | 246,844 | 0% | - | - |
| 905000-MISC CUST AC EX | 3,535 | 13.628% | 7 | 0 |
| 908000-CUST SVC & INFO EXP-CUST ASST | 4,621 | 0% | - | - |
| 908250-CONSERVATION AMORT | 1,683 | 0% | - | - |
| 908600-CUST SVC & INFO EXP | 4,750,130 | 0% | - | - |
| 908610-LIHEAP CREDITS | - | 0% | - | - |
| 908690-AMORT UNBILLED DSM TARIFF RIDE | (2,458) | 0% | - | - |
| 909000-INFO AND INSTRUCT ADVERT EXP-Indirect | 11,929 | 13.628% | (2) | (0) |
| 909000-INFO AND INSTRUCT ADVERT EXP | 253,317 | 0% | - | - |
| 910000-CUST SVC & INFO EXP-MISC | 46,247 | 13.628% | (110) | (0) |
| | 6,242,644 | | 1,435 | 2 |

Eliminate Adder Schedule Adjustment (1.03 G-EAS) removes both the revenues and expenses associated with all Adder Schedule rates except current natural costs. The schedules eliminated are:

- Schedule 478 DMS Costs Recovery Amortization

[7] Avista/500 Schultz/Page 9-10.
[8] 500 Schultz WP/1.01 Allocation Factor Adjustment.
[9] Modified from 2023 OR GRC Allocation Factor Adj workbook, tab AF-01.

- Schedule 493 LIRAP Surcharge and Amortization
- Schedule 469 Public Purpose Funding Surcharge and Amortization

The expenses and resulting tariff rates for these Adder schedules are typically handled outside of the general rate case process through separate filings and therefore all of the related revenue and expenses are removed and not "folded into base rates."[10] The resulting adjustment is a $4.7M decrease to the Customer Assistance Expenses, Account 908.

Test Year Expense Adjustment (2.00 G-FE) reflects increases in expenses, excluding all restated or pro-formed expenses, such as labor, and benefit O&M and A&G expenses.[11] The process takes the Base Year's ROO and removes labor, incentives, benefits, and other adjustments already accounted for. After these amounts are removed, the remaining balances are adjusted by the latest allocation factors. The subsequent amounts are then escalated using the Consumer Price Index (CPI) to get the total adjustment amount. The resulting Test Year Expenses Adjustment to ROO that Avista is proposing is an increase of $111K.

[10] Staff 802. Avista's response to Staff DR 253.
[11] Avista/500 Schultz/Page 15.

**Figure 5. Avista Test Period Expense Adjustment**

| Avista calculated | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FERC/DESCRIPTION | ROO NON-LABOR | Minus Other | Plus Reallocated | Subject to Adjustment | 2022 CPI Escalation 8.10% | 2023 CPI Escalation 4.2% | 2024 CPI Escalation 2.5% | Total Adjustment | **Rounded per 1000** |
| 901000-Supervision (Cust Serv Exp) | - | - | 0 | 0 | 0 | 0 | 0 | 0 | - |
| 902000-Meter reading | 58,013 | - | - | 58,013 | 1,175 | 2,486 | 1,542 | 5,202 | **5** |
| 903000-Customer records and collection expenses | 868,783 | - | 2,640 | 871,423 | 17,646 | 37,341 | 23,160 | 78,148 | **78** |
| 903314-Customer records and collection expenses | - | - | - | - | - | - | - | - | - |
| 904000-Uncollectible Expenses | 246,844 | 246,844 | - | (0) | (0) | (0) | (0) | (0) | - |
| 905000-Miscellenous Cust Account Expense | 3,535 | - | 12 | 3,547 | 72 | 152 | 94 | 318 | - |
| 908000-Customer assistance expenses | 4,621 | - | - | 4,621 | 94 | 198 | 123 | 414 | - |
| 908250-Customer assistance expenses | 1,683 | 1,683 | - | (0) | (0) | (0) | (0) | (0) | - |
| 908600-Customer assistance expenses | 4,750,130 | 4,750,130 | - | 0 | 0 | 0 | 0 | 0 | - |
| 908610-Customer assistance expenses | | - | - | - | - | - | - | - | - |
| 908690-Customer assistance expenses | (2,458) | (2,458) | - | 0 | 0 | 0 | 0 | 0 | - |
| 909000-Customer Serv & Info Exp-Advertising | 265,246 | (582) | 135 | 265,964 | 5,386 | 11,397 | 7,069 | 23,851 | **24** |
| 910000-Miscellaneous customer service and informati | 46,247 | - | 524 | 46,771 | 947 | 2,004 | 1,243 | 4,194 | **4** |
| 912000-Sales Expense-Demostrating | - | - | - | - | - | - | - | | - |
| 913000-Sales Expense-Advertising | - | - | - | - | - | - | - | | - |
| - | 6,242,644 | 4,995,617 | 3,312 | 1,250,339 | 25,319 | 53,578 | 33,231 | 112,128 | **111** |

**Q. How does the amount requested in the Test Year differ from historical trends?**

A. Staff compared the Operation and Maintenance Customer Service Expenses,[12] excluding Accounts 904 and 909, in the current rate case, UG 461, to the previous two rate cases, UG 433 and UG 389. There was a decrease in the proposed amount from UG 389 to UG 433 of 22 percent and a small increase of eight percent from UG 433 to the current rate case, UG 461. Overall, the proposal in UG 433 is less than what was proposed in 2020 in general rate case (GRC) UG 389, with a decrease of $563 thousand.

12 Includes labor and non-labor.

**Figure 6. General Rate Case Comparison**

| Acct. No. | Description | Proposed UG 461 | Proposed UG 433 | Proposed UG 389 |
|---|---|---|---|---|
| | CUSTOMER ACCOUNTS EXPENSES: | | | |
| 901000 | Supervision | 193 | 137 | 142 |
| 902000 | Meter Reading Expenses | 205 | 145 | 182 |
| 903XXX | Customer Records & Collection Expenses | 2,447 | 2,066 | 2,843 |
| 904000 | Uncollectible Accounts | 8 | 112 | 80 |
| | Uncollectible Accounts - Conversion Factor | 319 | 149 | 258 |
| 905000 | Misc Customer Accounts | 35 | 40 | 58 |
| | CUSTOMER ACCOUNTS EXPENSES: | 3,206 | 2,649 | 3,563 |
| | | | | |
| | | | | |
| | CUSTOMER SERVICE & INFO EXPENSES: | | | |
| 908XXX | Customer Assistance Expenses | 118 | 353 | 330 |
| 909000 | Advertising | 311 | 291 | 338 |
| 910000 | Misc Customer Service & Info Exp | 68 | 89 | 74 |
| | CUSTOMER SVC & INFO OPERATING EXP | 498 | 733 | 742 |
| | | | | |
| | SALES EXPENSES: | | | |
| 912000 | Demonstrating & Selling Expenses | - | - | - |
| 913000 | Advertising | - | 1 | - |
| 916000 | Miscellaneous Sales Expenses | - | - | - |
| | SALES OPERATING EXPENSES | - | 1 | - |
| | | 3,704 | 3,383 | 4,305 |
| | Excluding Uncollectibles (904) & Advertising (909) | 3,066 | 2,830 | 3,629 |

**Q. Did Staff find any issue with Customer Service Expenses in the Company's application?**

A. Staff disagrees the proposed adjustment in Test Year Expense Adjustment (2.00 G-FE). Staff proposes that an aggregate 5.4 percent CPI escalation be used to escalate the Company's ROO. The resulting adjustment to Test Year Expense being $67 thousand, disallowing $44 thousand. Further explanation on how the Commission calculated the CPI escalations is provided in Staff Exhibit 200.

## Figure 7. Staff Test Period Expense Disallow

| FERC | Subject to Adjustment | AVISTA Adjustment | Rounded Per 1000 | Staff CPI Escalation 5.4% | Staff Adj Per 1000 | Disallowed |
|---|---|---|---|---|---|---|
| 901000-Supervision (Cust Serv Exp) | 0 | 0 | - | 0 | - | - |
| 902000-Meter reading | 58,013 | 5,202 | 5 | 3,133 | 3 | **2** |
| 903000-Customer records and collection expenses | 871,423 | 78,148 | 78 | 47,057 | 47 | **31** |
| 903314-Customer records and collection expenses | - | - | - | - | - | - |
| 904000-Uncollectible Expenses | (0) | (0) | - | (0) | - | - |
| 905000-Miscellenous Cust Account Expense | 3,547 | 318 | - | 192 | - | - |
| 908000-Customer assistance expenses | 4,621 | 414 | - | 250 | - | - |
| 908250-Customer assistance expenses | (0) | (0) | - | (0) | - | - |
| 908600-Customer assistance expenses | 0 | 0 | - | 0 | - | - |
| 908610-Customer assistance expenses | - | - | - | - | - | - |
| 908690-Customer assistance expenses | 0 | 0 | - | 0 | - | - |
| 909000-Customer Serv & Info Exp-Advertising | 265,964 | 23,851 | 24 | 14,362 | 14 | **10** |
| 910000-Miscellaneous customer service and informati | 46,771 | 4,194 | 4 | 2,526 | 3 | **1** |
| 912000-Sales Expense-Demostrating | - | - | - | - | - | - |
| 913000-Sales Expense-Advertising | - | - | - | - | - | - |
| | 1,250,339 | 112,128 | 111 | 67,518 | 67 | **44** |

**Q. Does this conclude your testimony on Customer Service O&M Non-Labor Expense?**

A. Yes

CASE: UG 461
WITNESS: Luz Mondragon

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 801

## Witness Qualifications Statement
## Staff: Mondragon

## July 7, 2023

**WITNESS QUALIFICATIONS STATEMENT**

| | |
|---|---|
| **NAME:** | Luz Mondragon |
| **EMPLOYER:** | Public Utility Commission of Oregon |
| **TITLE:** | Senior Financial Analyst<br>Rates, Safety and Utility Performance Program (RSUP) |
| **ADDRESS:** | 201 High Street SE. Suite 100<br>Salem, OR. 97301 |
| **EDUCATION:** | Western Governors University<br>Bachelors of Science in Accounting |
| **EXPERIENCE:** | I have been employed with the PUC since March of 2023 as a Senior Finance Analyst tasked primarily with research and analysis of utility company filings, including, affiliated interests and rate case dockets.<br>I have over 15 years of accounting/finance experience, most recently working for Northern Wasco County PUD as a Finance Analyst. My duties included financial reporting, internal and external, as well as budgeting. I also worked very closely with the Engineering team on work orders, inventory, capital budgets and Plant assets. |

CASE: UG 461
WITNESS: Luz Mondragon

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 802

## Exhibits in Support
## Of Opening Testimony

**July 7, 2023**

# "AVA Response to OPUC DR 57 Attachment A"

# Is filed in electronic format

# "AVA Response to OPUC DR 58 Attachment B"

# Is filed in electronic format

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/04/2023 |
| CASE NO: | UG 461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Marcus Garbarino |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 253 | TELEPHONE: | (509) 495-2567 |
| | | EMAIL: | marcus.garbarino@avistacorp.com |

**REQUEST:**
Please describe further Adjustment 1.03 Eliminate Adder Schedules (Avista/500 Schultz/Pate 10). Explain, for each adder schedule, is the schedule being folded into base rates or are these costs that have had the funding complete and so the adder schedule is no longer necessary?

**RESPONSE:**
As noted in Schultz testimony, Exhibit 500 pages 10 – 11 (see below), this adjustment removes both the revenues and expenses related to the adder schedules identified in order to restate revenue to only include base rate revenue. The expenses and resulting tariff rates for these adder schedules are typically handled outside of the general rate case process through separate filings with the Commission and therefore all of the related revenues and expenses are removed and not "folded into base rates".

"The adjustment in column (1.03), **Eliminate Adder Schedules**, removes both the revenues and expenses associated with all adder schedule rates except current natural gas costs. The items eliminated include:

- Schedule 460 – Excess Franchise Tax, which is the pass-through of franchise taxes in excess of 3% charged only to customers in the various municipalities;
- Schedule 462 – Prior Gas Cost refund and amortization;
- Schedule 469 – Public Purpose Funding surcharge and amortization;
- Schedule 475 – Decoupling Deferred Revenue surcharge or rebate and amortization;
- Schedule 476 – Intervenor Funding surcharge and amortization;
- Schedule 478 – DSM rebate and amortization;
- Schedule 482 – Regulatory Fee surcharge and amortization;
- Schedule 486 – Tax Customer Credit and amortization;
- Schedule 487 – Deferred Tax Credit and amortization; and
- Schedule 493 – LIRAP surcharge and amortization.

The elimination of surcharge or rebate revenue and their associated amortizations simply restates revenue to base rates with $0 impact to net income (amortization expense plus revenue-related expenses are equal to the surcharge or rebate revenue collected). This adjustment also identifies all the historical Base Year (twelve-months ended September 30, 2022) purchased natural gas costs that are tracked through the Purchase Gas Adjustment (PGA) and consolidates them into the "Gas Purchases" line item. The purpose of the natural gas cost consolidation is to simplify their elimination in the Test Year revenue load adjustment. There is no base revenue requirement impact of this portion of the adjustment; this process facilitates analysis of cost of service and rate design for base rates."

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/16/2023 |
| CASE NO: | UG 461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Jenny Compton |
| TYPE: | Data Request | DEPT: | Customer Service |
| REQUEST NO.: | Staff – 274 | TELEPHONE: | (509) 495-7895 |
| | | EMAIL: | jenny.compton@avistacorp.com |

**REQUEST:**
For the following Customer Service expenses (see Attachment A), please:

a. Identify the line item;
b. Provide a narrative description including the purpose of the expense; and
c. Provide supporting documentation for the expense.

| FERC Accou | FERC Account Description | Vendor Name | Accounting Period | Project Numbe | Project Description | Transaction Description | Gas South Amount |
|---|---|---|---|---|---|---|---|
| 903000 | CUST ACCOUNTS EXP-RECORDS & CO | | 202204 | 98400712 | Credit and Collections - 984 | | 9,494.75 |
| 903000 | CUST ACCOUNTS EXP-RECORDS & CO | | 202207 | 09900710 | Call Center Operations | Expense for used supplies for Customer Service for the month of July, 2022 | 4572.76 |
| 903000 | CUST ACCOUNTS EXP-RECORDS & | REGULUS INTEGRATED SOLUTIONS LLC | 202209 | 09900710 | Call Center Operations | Exela Bill Postage | 18,777.54 |
| 905000 | MISC CUST AC EX | WALTS MAILING SERVICE | 202111 | 09900710 | Call Center Operations | POSTAGE FOR CS PHONE STAND MAILING | 98.3 |
| 905000 | MISC CUST AC EX | CORP CREDIT CARD | 202205 | 09900710 | Call Center Operations | DARRIN BELGARDE-AMAZON.COM 1A9UI0ZV1 | 101.84 |
| 905000 | MISC CUST AC EX | | 202209 | 09900710 | Call Center Operations | SJ109 RICOH inv #8004727796/202209 | 50.95 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | EMPOWER DATAWORKS LLC | 202204 | 06805230 | Energy Affordability Act Defer | Energy Burden Assessent | 9,157.5 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | MDC RESEARCH | 202209 | 06805230 | Energy Affordability Act Defer | Low income research | 3,250 |
| 908000 | CUST SVC & INFO EXP-CUST ASST | | 202209 | 06805230 | Energy Affordability Act Defer | Arrearage Management Program Credit Gas Oregon Avista | 1,259.18 |
| 910000 | CUST SVC & INFO EXP-MISC | WPROMOTE LLC | 202110 | 09900730 | Common Sales and Marketing | SEO Campaign support | 1,162.11 |
| 910000 | CUST SVC & INFO EXP-MISC | | 202111 | 00000000 | Direct GL | Apx Accrual 202111 | 10,747.97 |
| 910000 | CUST SVC & INFO EXP-MISC | VERINT AMERICAS INC | 202111 | 09900730 | Common Sales and Marketing | SALES TAX | 1,257.82 |
| 910000 | CUST SVC & INFO EXP-MISC | VERINT AMERICAS INC | 202111 | 09900730 | Common Sales and Marketing | Foree Web survey | 15,722.8 |
| 910000 | CUST SVC & INFO EXP-MISC | ALIDA US INC | 202112 | 09900730 | Common Sales and Marketing | Alida Advisors online panel | 14,514.2 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202112 | 09900730 | Common Sales and Marketing | MDC Brand Research | 3,896.51 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202112 | 09900730 | Common Sales and Marketing | Q 3 VOC research | 1,196.3 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202206 | 09900730 | Common Sales and Marketing | IRP Research | 2,824.43 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202206 | 09900730 | Common Sales and Marketing | VOC 1st QTLY | 1,188.16 |
| 910000 | CUST SVC & INFO EXP-MISC | MDC RESEARCH | 202209 | 09900730 | Common Sales and Marketing | Q2 VOC | 1,188.16 |

**RESPONSE:**
Please see the Company's response in Staff_DR_274C for the requested information. Staff_DR_274C is **CONFIDENTIAL SUBJECT TO GENERAL PROTECTIVE ORDER**.

a.-b. Please see Staff_DR_274C Confidential Attachment A.
c. See Staff_PR_274 Attachment B4, B5, & B9 and Staff_PR_274C Confidential Attachments B1-B3, B6-B8, & B10-B19.

# “AVA Response to OPUC DR 274C Attachment A”

# CONFIDENTIAL

# Is filed in electronic format

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/19/2023 |
| CASE NO.: | UG-461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 275 Supplemental | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Referencing Company's response in SDR 58-Attachment B, please provide a narrative on the increase in costs for the following:

a. Account 902 from 2021 to 2022. The Company's response to DR 251 shows meter readers per customers has been on the decline.
b. Account 903 from 2020 to 2021 and 2021 to 2022.
c. Account 90860 from 2021 to 2022

**RESPONSE (05/17/2023):**

a. The increase in costs from 2021 to 2022 was mainly due to increases in transportation costs related to small vehicle costs for meter readers in our Oregon territory. SDR 58-Attachment B excludes labor expense, so meter readers per customer would not affect expenses in Attachment B.
b. FERC account 903000 has many different type of charges and the three main increases where the FISERV system, which is the Payment system that our customers use to pay their bills. We have seen a customer behavior shift to using the IVR which has a higher fee associated with this service. Avista is aware of these higher fees and behavior and is working to manage these increased costs. The other increases relate to higher overhead transportation loaded costs, increasing costs in everything from gas to shipping expenses.
c. The Company will need to supplement this response once personnel are available to discuss the increases.

**SUPPLEMNTAL RESPONSE (5/19/2023):**

C. The budget for Energy Trust of Oregon (ETO), who implements our residential and commercial energy efficiency programs, for 2021 was $2,443,292 and 2022 $4,943,292, with the difference being $2,500,000. ETO analyzes the cost-effective achievable conservation potential through the Integrated Resource Plan and further refines estimated savings and delivery costs in the annual budget and action plan that is approved by the ETO Board of Directors.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 06/14/2023 |
| CASE NO: | UG 461 | WITNESS: | Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Andrew Barrington |
| TYPE: | Data Request | DEPT: | Products & Services |
| REQUEST NO.: | Staff – 289 | TELEPHONE: | (509) 495-7330 |
| | | EMAIL: | Andrew.barrington@avistacorp.com |

**REQUEST:**

Referencing Company's response to DR 275 regarding the increased costs in account 903,

d. Please provide a narrative on how the Company plans, or options it is considering, to manage the increasing costs associated with the use of the FISERV system by customers to process payments.

e. Was a Request for Proposals initially issued for the payment system services provided by the FISERV payment system?

**RESPONSE:**

a. Avista closely monitors customer payment methods on a monthly basis and is acutely aware of the rising costs associated with processing payments. As Avista's contract with FISERV is set to expire in March 2025, a dedicated team is actively considering various measures to mitigate the increasing expenses. These considerations include:

   1. Negotiating contracts: Avista may elect to negotiate new contracts or renew existing ones with Fiserv to engage in discussions regarding pricing structures and identify potential cost-saving measures.
   2. Seeking alternative service providers: Avista may explore other payment processing systems or service providers to assess the availability of more cost-effective options in the market. A thorough analysis of different systems' capabilities, costs, and integration requirements will be conducted, ensuring minimal disruption to existing customers.
   3. Increasing efficiency and optimizing usage: Avista is focusing on optimizing its utilization of the Fiserv or future providers by streamlining processes, enhancing workflows, and leveraging automation. These efforts aim to reduce overall costs associated with system usage.
   4. Exploring technology advancements: Avista is actively exploring emerging technologies and alternative solutions that have the potential to decrease costs and enhance efficiency in payment processing.

   By considering these measures, Avista aims to address the increasing costs associated with processing payments while ensuring a seamless experience for customers.

b. Yes, in 2015 a Request For Proposals (RFP) was issued for a payment processing provider and FISERV was selected.

CASE: UG 461
WITNESS: Mitchell Moore

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 900

# Opening Testimony

**July 7, 2023**

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

A. My name is Mitchell Moore. I am a Senior Utility Analyst employed in the Accounting and Finance Section of the Rates, Safety and Utility Performance Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/901.

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

A. The purpose of my testimony is to address Avista Corporation's (Avista) revenue requirement for Non-labor Operations and Maintenance (O&M) expense; Non-labor Administrative and General (A&G) expense; and Executive Compensation Expense.

I recommend the following adjustment: O&M – ($264,000)

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

A. No.

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

A. My testimony is organized as follows:

## ISSUE 1. NON-LABOR OPERATIONS AND MAINTENANCE EXPENSE

**Q. What is the Company's proposal for distribution operations and maintenance expense?**

A. Avista is proposing to increase O&M expense from $4.38 million in the base year to $4.75 million in the test year. This represents an increase of approximately $393,000, or 9 percent.[1] The Company in its filing indicates that, "Except for a few specific cost items, non-labor costs were adjusted using the most current consumer price index (CPI).

**Q. Please describe your review and analysis of Avista's O&M expense**.

A. Staff reviewed the non-labor distribution O&M expenses for the historical years of 2017 through 2022. This review included looking at trends, transactional details, and the Test Period Expense Adjustment workpaper provided by Avista. Staff looked at the annual increase in non-labor distribution O&M expense for the past three years to determine whether the proposed increase in the test year is consistent with historical increases. Staff also reviewed transaction details from the base year expense to ensure expenditures are justifiable for normal utility operations.

**Q. How does Avista explain the increase in non-labor distribution O&M expense?**

[1] Avista work paper – 1)TP Expense Adjustment 02.24.2023

A. In its opening testimony, Avista points to inflationary pressure that results in increasing costs across this category of expense.[2] The Company escalates its general non-labor expense from its Base Year actuals, using the CPI index.

**Q. What does Staff conclude from its review?**

A. Staff concludes that the Test Year forecast is too high. In reviewing Avista's historical costs, Staff notes that costs generally have trended upwards, but can vary significantly from year to year. Figure 1 below illustrates this.

**Figure 1**

| Non-labor O&M Actuals | | | | | |
|---|---|---|---|---|---|
| **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
| $3,755,831 | $4,189,535 | $4,805,207 | $4,087,869 | $4,368,545 | $4,381,641 |
| **% Incr** | 11.55% | 14.70% | -14.93% | 6.87% | 0.30% |

Therefore, Staff believes the most reasonable way to forecast Test Year expense is to normalize the Base Year expense by averaging the Base Year actuals with the two years prior. From there Staff escalated using an aggregate inflation factor of 5.4 percent to arrive at the 2024 Test Year forecast. Escalation factors used by Staff include: 2022 – 0.3 percent, reflecting 4th Q Seasonally Adjusted Monthly Data; 2023 – 3.9 percent, reflecting OR Dept of Economic Analysis, projected inflation in its March release; 2024 – 1.1 percent, reflecting half of projected OR Dept of Economic Analysis

**Q. Does Staff have a recommended adjustment?**

[2] Avista/500, Schultz/5

**A.** Yes. Staff recommends a reduction in forecast Test Year expense by ($234,000), resulting in a forecasted expense of $4,510,437.

## ISSUE 2. ADMINISTRATIVE AND GENERAL EXPENSES

Q. **What is the Company's proposal for non-labor Administrative and General (A&G) expense?**

A. Avista is proposing to increase non-labor A&G expense from $4.96 million in the base year to $5.41 million in the test year. This represents an increase of approximately $445,000, or 9 percent.[3] The Company in its filing indicates that, "Except for a few specific cost items, non-labor costs were adjusted using the most current consumer price index (CPI).

**Q. Please describe your review and analysis of Avista's A&G expense**.

A. Staff reviewed the non-labor A&G expenses for the historical years of 2017 through 2022. This review included looking at trends, transactional details, and the Test Period Expense Adjustment workpaper provided by Avista. Staff looked at the annual increase in non-labor A&G expense for the past three years to determine whether the proposed increase in the test year is consistent with historical increases. Staff also reviewed transaction details from the base year expense to ensure expenditures are justifiable for normal utility operations.

**Q. What does Staff conclude from its review?**

A. Staff concludes that its Test Year forecast is reasonable. Applying a similar analysis for A&G expense to that done for O&M expense by averaging Base Year costs with costs from the two prior years of 2020-2021 yields a normalized Base Year that is higher than Company's filed Base Year. Using

[3] Avista Workpaper – 1)TP Expense Adjustment 02.24.2023

Staff's CPI escalation results in a Test Year forecast that is consistent with Avista's filed case. Staff does not recommend an adjustment for this issue at this time; however Staff will be informed by intervenor testimony and Staff may update its position on issues in this testimony based on new information or analysis.

## ISSUE 3. INCENTIVE COMPENSATION

**Q. What does Avista propose in its filing with regard to Incentive Compensation?**

A. Avista includes approximately $373,000 for non-executive stock awards in the Test Year. Additionally, the Company adjusts the revenue requirement by removing 100 percent of the costs associated with officer's bonus and merit compensation, and 50 percent of merit compensation for non-executive employees.

**Q. How has the Commission historically treated incentive compensation?**

A. The Commission has consistently ordered removal of 100 percent of officers' bonus pay, and 50 percent of non-officer's merit pay, guidance that was most recently upheld in docket UG 288, Order No. 16-109.

**Q. Please describe Staff's review of this issue.**

A. Staff reviewed Avista's filing and expense adjustment workpapers, as well as data request responses. The discovery responses provided the unadjusted historical amount of incentive pay, which enabled Staff to verify that the Test Year expense is consistent with Commission guidelines. Amounts included in the Test Year have not been escalated from the Base Year expense. Staff does not recommend an adjustment for this issue at this time; however Staff will be informed by intervenor testimony and Staff may update its position on issues in this testimony based on new information or analysis.

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

A. Yes.

CASE: UG 461
WITNESS: Mitchell Moore

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 901

## Witness Qualifications Statement

**July 7, 2023**

**WITNESS QUALIFICATIONS STATEMENT**

| | |
|---|---|
| NAME: | Mitchell Moore |
| EMPLOYER: | Public Utility Commission of Oregon |
| TITLE: | Senior Utility Analyst<br>Energy Rates, Finance and Audit Division |
| ADDRESS: | 201 High Street SE. Suite 100<br>Salem Oregon 97301-3612 |
| EDUCATION: | Bachelor of Arts, Journalism and Political Science<br>University of Hawaii at Manoa (1992) |
| EXPERIENCE: | I have been employed by the Public Utility Commission of Oregon since 2009, with my current position being a Senior Utility Analyst in the utility program's Energy Rates, Finance and Audit division. I have provided expert witness testimony on a number of general rate case dockets, including: UE 294, UE 319, UE 335, UG 288, UG 305, UG 325, UG 344, UG 347, UG 366, and UG 388.<br><br>My prior position at the Commission was as a Senior Telecommunications Analyst, where my assignments included reviewing carrier interconnection agreements, wholesale service quality, and resolution of carrier-to-carrier complaints.<br><br>Prior to my utility regulatory career, I worked with AT&T as a loop electronics coordinator, designing and implementing high-speed broadband and fiber optic services in Los Angeles. I have also worked as an outside plant design engineer with Qwest Corporation, and I spent several years as a newspaper reporter with the Honolulu Star-Bulletin. |

CASE: UG 461
WITNESS: MING PENG

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1000

# OPENING TESTIMONY
## Depreciation Expense, Amortization Expense, Depreciate Reserve, Amortization Reserve, and Allowance for Funds Used During Construction

**July 7, 2023**

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

A. My name is Ming Peng. I am a Senior Economist employed in the Accounting and Finance Section of the Rates, Safety and Utility Performance Program (RSUP) of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/1001.

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

A. I discuss my analysis of the depreciation expense and accumulated depreciation, or depreciation reserve, and portions of Avista Corp's (Avista, AVA, or Company) revenue requirement for this rate case as documented by the Company witnesses in Avista/500, Kaylene J. Schultz, Avista/600, Tia C. Benjamin, and Avista/700, John J. Spanos. I also discuss my review of the Allowance for Funds Used During Construction (AFUDC) portion of revenue requirement for this rate case.

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

A. Yes. In addition to my Witness Qualifications Statement, I prepared Exhibit Staff/1002, AVA Responses to Staff Data Requests.

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

A. My testimony is organized as follows:

## ISSUE 1. DEPRECIATION EXPENSE

**Q. What is depreciation?**

A. "Depreciation" is defined by the National Association of Regulatory Utility Commissioners (NARUC) in relevant part as follows:

> As applied to the depreciable plant of utilities, the term depreciation means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast with reasonable accuracy. Among the causes to be considered are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirement of public authorities.[1]

**Q. Why is depreciation important in a revenue requirement?**

A. NARUC in Depreciation Expense and Its Effect On The Utility's Financial Performance - Revenue Requirements, states that:

> Depreciation has a profound effect on the revenue requirement of a utility, and for many utilities, depreciation expense represents a large percentage of total operating expenses. In addition, deferred income taxes, rate base, and cost of capital are all affected by the depreciation practices of a utility.[2]

1. From a valuation perspective, depreciation is the loss in service value not restored by current maintenance.
2. From an accounting perspective, depreciation is the allocation of the cost of fixed assets less net salvage to accounting periods, which is a capital recovery concept.

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[1] NARUC, Public Utility Depreciation Practices, p.318 (1996).
[2] NARUC, Public Utility Depreciation Practices, p.195 (1996).

3. From a ratemaking perspective, both the valuation (rate base) and accounting (capital recovery) concepts of deprecation are important.

**Q. Do Oregon statutes address utility depreciation rates?**

A. Yes. ORS 757.140(1) states:

> Every public utility shall carry a proper and adequate depreciation account. The public utility commission shall ascertain and determine the proper and adequate rates of depreciation of the several classes of property of each public utility. The rates shall be such as will provide the amounts required over and above the expenses of maintenance, to keep such property in a state of efficiency corresponding to the progress of the industry. Each public utility shall conform its depreciation accounts to the rates so ascertained and determined by the commission. The commission may make changes in such rates of depreciation from time to time as the commission may find to be necessary.

**Q. What is the Commission's historical treatment of a depreciation calculation in a revenue requirement?**

A. A utility should use the Commission-authorized depreciation parameters and rates to calculate the depreciation and amortization expense and reserve. A Company's Depreciation Expense is determined by (OPUC-Authorized Depreciation Rate) x (Oregon net plant in service) x (allocation factor).

**Q. How are depreciation rates determined?**

A. Depreciation rates are typically determined separately from general rate cases in dockets specifically opened for the purpose of establishing updated depreciation rates. The dockets are usually initiated by the utility's filing of proposed depreciation rates typically supported by a depreciation study.

To develop depreciation rates, it is necessary to estimate: (1) the combination of Survivor Curve[3]-service life (Curve-Life) of utility property; and, (2) the Net Salvage[4] (Gross Salvage – Cost of Removal) Ratio. Based on these two fundamental Depreciation Parameters (and other required elements such as asset value, asset remaining life, and depreciation method), the depreciation rates are derived.

**Q. Why do we need to use authorized depreciation rates to calculate the revenue requirement?**

A. Depreciation does not have a mechanism to recover itself, it requires the expense to be recovered through a revenue requirement. A revenue requirement is measured by cost of service, and the depreciation expense is fixed cost of service, which is calculated by depreciation rate multiplied by the plant–in–service in a rate base. Therefore, we must have an authorized depreciation rate before we can measure the cost of service and calculate how much revenue is needed in the rate case. This is because "[d]epreciation has a profound effect on the revenue requirement of a utility, and for many utilities, depreciation expense represents a large percentage of total operating expenses."[5]

---

3 "Survivor curves" means a curve that shows the number of units or cost of a given group which is surviving in service at given ages. The survivor curves were developed by the Engineering Research Institute of Iowa State University. These curves are frequently referred to as "Iowa Curves."

4 Net salvage is the difference between gross salvage and cost of removal. Net salvage is positive when gross salvage exceeds the cost of removal and reduces the revenue requirement. Conversely, net salvage is negative when cost of removal exceeds gross salvage and increases the revenue requirement.

5 National Association of Regulatory Utility Commissioners "Public Utility Depreciation Practices" page 195.

**Q. How are the depreciation rates used for the revenue requirement calculation?**

A. To compute the revenue requirement (RR), which is measured by cost-of-service, a basic formula is followed:

**RR = O&M Expense + "Depreciation" + Taxes + Return% x Rate Base**

- Depreciation expense & reserve in UG 461 is derived by (Depreciation rate) x (plant in service) x (allocation factor).
- Depreciation expense represents a large percentage of total operating expenses. The deferred income taxes, rate base, and cost of capital are all affected by the depreciation.

**Q. Has Avista filed a depreciation study for the purpose of determining the depreciation rates to use in UG 461?**

A. Yes. On February 22, 2023, Avista filed a depreciation study (the 2021 Depreciation Study) proposing new depreciation rates, and the filing was docketed as Docket No. UM 2277. Avista serves four counties in southwest Oregon and one county in northeast Oregon, which include the cities of Medford, Klamath Falls, Roseburg, Ashland, Grants Pass, and La Grande, as shown on page 1 of Exhibit No. 101. The Company's Oregon service area includes approximately 82 miles of natural gas distribution mains and 2,000 miles of distribution lines.[6]

[6] Avista/100 Vermillion/Page 3.

In the UM 2277 filing, Avista applied to the Commission for approval of a proposed change to natural gas book depreciation rates with a requested effective date of January 1, 2024. Staff, Avista, and the Association of Western Energy Consumers (AWEC) are the stipulating parties in UM 2277. Proceedings to resolve the contested matters in UM 2277 were settled on May 25, 2023, and the Stipulation and supporting testimony were filed on June 21, 2023.

**Q. What depreciation rates did Avista use in its revenue requirement in the UG 461 filing?**

A. Avista explained in its data response 135 to Staff:

> The Company used current authorized depreciation rates, under OPUC Order No. 18-451, UM 1933, to calculate depreciation and amortization expense up until the proposed effective dates (September 1, 2023 for common/allocated plant and January 1, 2024 for direct Oregon plant). The Company then used the Company-proposed depreciation rates that are currently under Staff review in Docket No. UM 2277 to calculate the depreciation and amortization expense subsequent to the proposed effective dates, resulting in Test Year (12 months ended December 31, 2024) expense based on the proposed depreciation rates.

Further noted by Ms. Benjamin, the Company is requesting from each Commission (Oregon, Washington, and Idaho) to update depreciation rates, with an effective date of September 1, 2023, for common/allocated plant, for consistency across its jurisdictions. The Company has also requested this Commission approve its proposed direct Oregon plant depreciation rates, effective January 1, 2024, consistent with the effective date of this general rate case.

**Q. How did AVA calculate the depreciation expenses?**

A. According to AVA, the Company used the newly proposed depreciation rate update in UM 2277 to calculate the depreciation expense. The stipulating parties in UM 2277 agreed to use the updated depreciation rate, if the Commission authorized it, to calculate the revenue requirement in UG 461.

**Q. Do you and the Company propose an adjustment to update the calculation of depreciation expense in UG 461?**

A. Yes. As a result of the Stipulation in the UM 2277 AVA depreciation rate filing, if approved by the Commission, the net annual difference in Oregon depreciation expense is a reduction of approximately $730,000, reflecting the test year data in 2024. Staff recommends using the updated depreciation rate from the Stipulation in UM 2277 and using that rate to calculate depreciation expense in this docket.

**Q. Please explain if the depreciation expense in this testimony is final.**

A. No. If any adjustments are made to Plant-In-Service (which is being reviewed by other Staff witnesses), the Company's final depreciation expense and accumulated depreciation would be changed accordingly.

**Q. If the natural gas plant was fully depreciated five years earlier, how much would the depreciation expense increase?**

A. Assuming no change to net salvage rate and decommissioning cost, and no change to net plant, the depreciation for gas plant operation, which includes Distribution Plant, General Plant, and Natural Gas Storage and Processing Plant, will increase the annual depreciation expense by roughly $7.35 million, from $34.9 million to $42.1 million (a 21 percent increase), based on Avista's 2021 net gas plant. Please note, cutting the remaining life shorter for existing plants is an acceleration of depreciation, and accelerated depreciation will cause the net salvage rate to increase, and the depreciation expense to increase accordingly.

## ISSUE 2. AMORTIZATION EXPENSE

**Q. What is Amortization?**

A. Amortization is the practice of spreading an Intangible Asset's cost over that asset's useful life. Amortization and depreciation are two methods of calculating the value for industrial assets over time. The formula for calculating the amortization on an intangible asset is similar to the one used for calculating straight-line depreciation: dividing the initial cost of the intangible asset by the estimated useful life of the intangible asset.

**Q. How did you review AVA'S 2024 amortization expense?**

A. My review was focused on the Intangible Assets that are included in FERC Accounts 300s – Detailed Plant Accounts, in *Table 1. Summary Of Estimated Survivor Curves, Net Salvage Percent, Original Cost, Book Depreciation Reserve And Calculated Annual Depreciation Accruals Related To Electric, Gas And Common Plant As Of December 31, 2021.*

**Q. Did Staff make any adjustments to amortization?**

A. No. The intangible assets such as Amortizable and Land – Common Plant, Miscellaneous Intangible Plant – Software are included in the depreciation schedule.[7] FERC states that Account 303 – Miscellaneous Intangible Plant "shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account." Under FERC guidance and

[7] UM 2277, Avista's application: Attachment B - Depreciation Summary Schedule, Table 1. Summary Of Estimated Survivor Curve, Net Salvage Percent, Original Cost, Book Depreciation Reserve And Calculated Annual Depreciation Accruals Related To Electric, Gas And Common Plant As Of December 31, 2021.

based on the UM 2277 Stipulation, I reviewed amortization in the FERC Account 300s and found that the other amortization calculations are reasonable.

**Q. Please explain if the amortization expense in this testimony is final.**

A. No.  If any adjustments are made to Plant-In-Service (which is being reviewed by other Staff witnesses), the Company's final amortization expense and accumulated amortization would be changed accordingly.

## ISSUE 3. DEPRECIATION RESERVE

**Q. What is Depreciation Reserve?**

A. Depreciation Reserve is Accumulated Depreciation at a point in time, which includes the total amount of recorded depreciation, retirements, gross salvage, cost of removal, transfer asset, and other adjustments.

**Q. What is the Commission's historical treatment of this issue?**

A. Depreciation Reserve is also called Accumulated Depreciation Reserve. In a revenue requirement, as an average depreciation reserve increases, the Rate Base decreases. The Rate Base is the value of property/assets of a utility minus the accumulated depreciation of those assets.

**Q. Have you made adjustments to Depreciation Reserve?**

A. Yes. The depreciation reserves are affected by depreciation expenses, asset retirements, sales, transfers, gross salvage, cost of removal, and other adjustments. If depreciation expense is changed, the accumulated depreciation should be changed accordingly. If I make an adjustment to depreciation expense, the accumulated depreciation would be changed. If any adjustments are made to Plant-In-Service (which is being reviewed by other Staff witnesses), the Company's final depreciation expense and accumulated depreciation reserve would be changed accordingly.

## ISSUE 4. AMORTIZATION RESERVE

**Q. Describe Amortization Reserve.**

A. Amortization Reserve is accumulated amortization at a point in time, which includes the total amount of recorded amortization, retirements, gross salvage, cost of removal, transfer asset, and other adjustments.

**Q. What is the Commission's historical treatment of this issue?**

A. Amortization Reserve is also called Accumulated Amortization Reserve. In a revenue requirement, as an amortization reserve increases, the Rate Base decreases. Rate Base is the value of property/assets of a utility minus accumulated amortization of those assets.

**Q. Have you made any adjustments to Amortization Reserve?**

A. No. I did not make an adjustment to Amortization Expense based on the results of the UM 2277 Stipulation; therefore, the corresponding accumulated amortization reserve is not changed.

## ISSUE 5. AFUDC

**Q. What is AFUDC?**

A. The Federal Energy Regulatory Commission's (FERC) Electric (Gas) Plant Instruction No. 3(17) provides a formula for computing rates used to capitalize Allowances for Funds Used During Construction (AFUDC).[8] The formula includes a component for the weighted average cost of long-term debt. The entire issue of the use-restricted long-term debt should be included with other long-term debt used in calculating AFUDC rates. Average balances of the trust or other special funds should be included in the computation of the average balance of Construction Work In Progress (CWIP) used in the formula.

AFUDC assigned to a project should be determined by applying AFUDC rates to the eligible project expenditures and also balances in the trust or special funds. Fund earnings during construction should be credited to the cost of construction of the project facilities.

**Q. What is the purpose of the AFUDC review?**

A. The purpose of this review is to address whether the Company complied with guidance[9] related to AFUDC and the capitalization of assets based on the regulations of both FERC and the OPUC in this filing.

**Q. Please provide more details regarding AFUDC.**

A. AFUDC is a non-cash item that is included in the cost of Utility Group utility plant and represents the cost of borrowed and equity funds used to finance

8 https://www.ferc.gov/enforcement-legal/enforcement/accounting-matters/allowance-funds-used-during-construction.

9 FERC 18 C.F.R. Part 101 (17). https://www.law.cornell.edu/cfr/text/18/part-101.

construction. AFUDC is the cost of both the debt and equity funds used to finance utility plant additions during the construction period for such additions, determined in accordance with Generally Accepted Accounting Principles (GAAP).

FERC has prescribed two formulas for calculating maximum allowable AFUDC rates:[10]

1. DEBT: This formula determines the maximum rate that can be used to capitalize an allowance for borrowed funds (i.e., debt) used for construction purposes.
2. COMMON EQUITY: This formula determines the maximum rate that can be used to capitalize an allowance for other funds (e.g., common equity) used for construction purposes.

FERC has indicated that if the FERC AFUDC rate is different than the state-approved rate, the AFUDC capitalized should be split between utility plant and a regulatory asset. The amount capitalized in utility plant would be based on the FERC AFUDC rate. The amount included in the regulatory asset would be the difference between the State AFUDC rate and the FERC AFUDC rate.

The FERC formula and elements for the computation of the allowance for funds used during construction are:[11]

$\boldsymbol{Ai=s*(S/W)+d*(D/D+P+C)*(1-S/W)}$ = Gross allowance for borrowed funds used during construction rate

[10] FERC 18 C.F.R. Part 101 (17). https://www.law.cornell.edu/cfr/text/18/part-101.
[11] FERC 18 C.F.R. Part 101 (17) Allowance for funds used during construction (a), (b): https://www.law.cornell.edu/cfr/text/18/part-101.

$\boldsymbol{Ae=[1-S/W]*[p*(P/D+P+C)+c*(C/D+P+C)]}$ = Allowance for <u>other</u> funds used during construction rate

- S=Average short-term debt
- s=Short-term debt interest rate
- D=Long-term debt
- d=Long-term debt interest rate
- P=Preferred stock
- p=Preferred stock cost rate
- C=Common equity
- c=Common equity cost rate
- W= Average balance in construction work in progress, less asset retirement costs related to plant under construction

**Q. What is the Commission's historical treatment of the AFUDC calculation in a revenue requirement?**

A. Historically, the Commission's policy for capitalized interest has been:

1. Capitalized interest is the cost of borrowing to acquire or construct a long-term asset. AFUDC is a non-cash reporting item accrued until such time as Construction Work in Progress (CWIP) is closed and transferred to a Plant in Service account.
2. In Oregon, Rate Base excludes CWIP, non-utility property, and plant held for future use (plant that is still under construction and not yet in service).
3. Using the Washington State authorized rate of return, Avista purchased Oregon property in 1991. Ever since, Washington, Oregon, and Idaho have been using the Washington Utilities and Transportation Commission (WUTC) authorized rate of return to calculate AFUDC so that the rate is consistent with Avista's accounting system. Currently, the WUTC-authorized rate of return is 7.21 percent, and Oregon's rate of return is

7.35 percent. In this filing. Avista continues to use WUTC's rate of return of 7.21 percent for AFUDC comparison.

**Q. Did you make any adjustments after the review?**

A. No. Staff proposed no adjustment to AVA's original filing for the following reasons:

1. Compliant AFUDC rates: Avista's revised data response 141 explained their compliant rates in detail bellow:

   - For the year 2018, the Company did not calculate a monthly AFUDC rate. The rate was calculated retrospectively in 2019 as part of our FERC audit. Beginning in 2019, the rate has been monitored monthly and that information is provided in the attachment. The Company has provided the calculated AFUDC rate in Staff_DR_141 Revised Attachment A. However, per FERC requirements (Docket No. RM75-27, Order No. 561, included as Staff_DR_141 Revised Attachment B), the Company is to use the budgeted AFUDC rate and only revise to actual if budget to actual is greater than 25 basis points.
   - CWIP is reported as an average that is adjusted monthly for actual results. As such, for the months that are estimated, CWIP is reported as the average we are forecasting for that year.
   - On June 30, 2020, FERC granted a 12-month waiver to modify the existing AFUDC rate calculation beginning March 2020, in response to the Coronavirus (COVID-19) emergency. The waiver allows

using a methodology to remove distorting effects of temporary increases in the amount of current period short-term debt needed in response to the COVID-19 emergency, by using an average of historical short-term debt balances for the year ended 2019. All other aspects of the calculation remain unchanged. On September 23, 2021, this waiver was extended through March 31, 2022. The Company incorporated this waiver into the AFUDC calculation until its expiration, then resumed the original calculation in compliance with FERC.

2. The filing meets FERC guidelines: Under FERC's AFUDC calculation guide, AVA calculates AFUDC rates in accordance with FERC guidance in 18 C.F.R. Part 101 Electric Plant Instruction and Part 201 – The Provisions of The Natural Gas Act. When construction funding is not met by short-term debt, AVA calculates the maximum allowable AFUDC rates relevant to long-term debt by multiplying the total long-term debt cost rate by the ratio of total long-term debt to total capitalization. The maximum allowable AFUDC rates relevant to other funds (common equity & preferred stock) are calculated by multiplying the current authorized return on equity (ROE) by the ratio of total common equity to total capitalization. Lastly, cost rates for debt and equity sources of financing are each multiplied by one minus the ratio of weighted average short-term debt to CWIP to reflect that short-term debt financing is assumed to be the first source of financing in capital construction.

3. Meets OPUC's rate of return: AVA's AFUDC rates are not higher than the authorized rate of return (Weighted Average Cost of Capital - WACC). Its authorized rate of return is 7.21 percent for the WUTC and 7.35 percent for the OPUC, and AVA's actual AFUDC rate is 7.07 percent (see the table below).

**Staff DR 141 Attachment A 2**

| **AVA 461** | **AFUDC** | **AFUDC** | **AFUDC** | actual | actual | actual |
|---|---|---|---|---|---|---|
| Year | Debt | Equity | Total AFUDC | LT Debt | Common Equity | WACC [*] |
| | Rate | Rate | Rate | Rate | Rate | Rate |
| | (1) | (2) | (3)=(1)+(2) | | | |
| 2018 | 2.75% | 3.12% | 5.87% | 5.34% | 9.50% | 7.40% |
| 2019 | 3.13% | 0.00% | 3.13% | 5.32% | 9.50% | 7.34% |
| 2020 | 1.39% | 0.92% | 2.31% | 5.17% | 9.50% | 7.25% |
| 2021 | 1.44% | 0.70% | 2.14% | 5.06% | 9.40% | 7.21% |
| 2022 | **3.51%** | **0.00%** | 3.51% | **4.95%** | **9.40%** | **7.07%** |
| 2023 | 5.84% | 0.00% | 5.84% | 4.87% | 9.40% | forecast |
| 2024 | 4.48% | 0.00% | 4.48% | 4.92% | 9.40% | forecast |

[*] 2018-2022 WACC are per the Company's annual Oregon Results of Operations Spring Earnings Test Reports.

Currently, the WUTC authorized rate of return is 7.21 percent, and OPUC's rate of return is 7.35 percent.

4. The Company's policy for AFUDC complies with FERC requirements. In the month after it is placed in service, the facility being constructed is excluded from AFUDC base and thus, AFUDC accrual for the facility ceases.

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

A. Yes.

CASE: UG 461
WITNESS: Ming Peng

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 1001

## Witness Qualifications Statement

**July 7, 2023**

## WITNESS QUALIFICATIONS STATEMENT

NAME: Ms. Ming Peng

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Economist
Accounting and Finance Section of the Rates, Safety and Utility Performance Program

ADDRESS: 201 High Street SE, Suite 100
Salem, OR  97301

EDUCATION & TRAINING:

M.S. Applied Economics
University of Idaho, Moscow

B.S. Statistics
People's University of China, Beijing

CRRA Certified Rate of Return Analyst in 2002
Society of Utility and Regulatory Financial Analysts

Depreciation studies – the Society of Depreciation Professionals

NARUC Annual Regulatory Studies Program
Michigan State University, East Lansing

400+ credit hours on 30+ training topics in the public utility industry

EXPERIENCE: 1/11/1999 – Present, Public Utility Commission of Oregon

I have been employed by the Public Utility Commission of Oregon (Commission) for 24 years.  My roles have included:

**Expert Witness, Case Manager, Principal Analyst, Econometrician, Economist, Utility Analyst, and Policy Analyst.**

I have testified in various formal state hearings and performed numerous analyses, including economic, financial, statistical, mathematical, marketing, and policy analyses in the public utility industry.

**Principal Analyst and Case Manager, Settlement Lead/Negotiator for Depreciation Ratemaking:**

I have served as a Principal Analyst and Case Manager for the determination of Energy Property Depreciation Rates (Oregon Revised Statute 757.140) for the past 15 years. In this role, I've had a strong focus on Depreciation Rate Determination (fixed cost allocation, and capital recovery). I was also a Principal Analyst and Case Manager for the determination of Energy Property Depreciation Rates (Oregon Revised Statute 757.140) during this time period.

In this position, I investigated, analyzed, and calculated energy asset retirement cost and impact, as well as power plant decommissioning cost and impact, on customer rates. I reviewed, calculated, and analyzed fixed asset depreciation and proposed depreciation parameters for each of FERC accounts on Generation, Transmission, Distribution, General, and Coal Mining Plants. The energy sources I have worked on Steam/Coal, Hydraulic, Natural Gas, Wind, Solar, and Geothermal.

My analyses of "Power-Plant-Shutdown" activities (accelerated plant retirement, and decommissioning cost recovery) include the following cases:

1. PGE closes Boardman Coal-fired plant (UM 1679 & UE 215).
2. PacifiCorp closes Carbon Coal Plant in Utah (UE 246).
3. Multi-state PacifiCorp Klamath Hydro Dam Removal Cost recovery for (1) J. C. Boyle Dam, (2) Copco 1 Dam, (3) Copco 2 Dam, and (4) Iron Gate Dam removal under ORS 757.734 – Recovery of investment in Klamath River dams in OPUC UE 219.
4. Idaho Power Valmy Coal-fired power plant Shutdown (UE 316).
5. PGE Colstrip Coal-fired power plant Shutdown (UM 1809).

I conduct case investigations and analyses on Utility's filings, make rate adjustments, lead settlement negotiation, prepare testimony, and appear on behalf of the Commission. The energy companies I work with are: (1) PacifiCorp (serves 6 states), (2) PGE, (3) Northwest Natural Gas (NWN), (4) Idaho Power, (5) Avista Corp (Washington), and (6) Cascade Gas (CNG; Montana).

**Lead Analyst and Case Manager on Financial Dockets:**

Prior to my current position, I was a Lead Analyst and Case Manager for cost of debt capital for nine years. I reviewed market risks, derivatives and hedging, debt issuance, and stock flotation. My analysis directly informed utility and energy policy.

I advised the Commission on over 60 financial dockets. The Commission incorporated all of my recommendations into final orders.

I was certified by the Society of Utility and Regulatory Financial Analysts as a Certified Rate of Return Analyst in 2002.

**Public Utility & Policy Analyst:**

Rulemaking: I have formulated energy regulation rules for utility performance incentives and cost-of-service regulation.

Energy Utility Merger & Acquisition: I have testified in formal state hearings involving utility mergers & acquisitions. I conducted Acquisition Premiums & Credit Risk Analysis and testified on behalf of the Commission in MidAmerican Energy Company's application to purchase PacifiCorp. I also reviewed Scottish Power's earlier purchase of PacifiCorp, and PGE's emergence from Enron after the Enron bankruptcy.

Integrated Resource Planning (IRP, Least Cost Planning): I provided comments to the Commission for decision making on Boardman to Hemingway (B2H), a 500-kV transmission power line, which included a cost and benefit list, a pros and cons list, alternatives, and the relevant legal risks. I also provided comments on utility's IRPs, such as total cost for power generation, power capacity (MW) replacement cost, avoided cost for free fuel, and emission trading cost.

Clean Energy – Dollar Impact on Customer Rates: I analyzed and calculated the rate impact and comparative advantage of clean energy. I built the portfolio optimization models to analyze the coal-fired generating capacity replacement.

General Rate Cases: I have been a part of *almost every energy rate case* since I joined the Oregon PUC on January 11, 1999. Historically, my reviews included fuel price forecasting, property sales, load forecasting, weather normalizations, cost of debt, and capital structures. Currently, my reviews are focused on depreciation and reserve, and AFUDC Capitalization Policy.

Survey Sampling Design: Results of my statistical sampling design and sampling procedures are incorporated into my revenue requirement testimony in Commission Docket No. UM 1288.

Auditing, Interest Rate, Late Payment: I audited cost of capital and financial components. My survey report and analyses are published annually for Oregon (UM 779).

Survey for Market Competition & Economic Policy: I conducted and wrote the report on Telecommunications, "Market Competition and Economic Policy Survey Analysis" for House Bill 2577. This report has been published on the OPUC web annually for 15 years.

<u>Mentor in the ICER - International Confederation of Energy Regulators</u>: I was selected to act as a mentor in the ICER (International Confederation of Energy Regulators) Women in Energy (ICER WIE) pilot mentoring program.  My mentoring topics focus on Incentive Regulation; Rate and Economic Impacts of "Cost-of-Service" regulation in the U.S.; "Price-Cap Performance Based Regulation" in UK; Cost of Capital, Energy Demand and Price Forecasting Modeling; Least Cost Planning; Regulatory Policy; and Renewable Energy issues within regulated rate structures.

CASE: UG 461
WITNESS: Ming Peng

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1002

## Exhibits in Support
## Of Opening Testimony

**July 7, 2023**

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 03/20/2023 |
| CASE NO: | UG 461 | WITNESS: | T. Benjamin/J. Spanos |
| REQUESTER: | PUC Staff (Peng) | RESPONDER: | Kaylene Schultz |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 135 | TELEPHONE: | (509) 495-2482 |
| | | EMAIL: | kaylene.schultz@avistacorp.com |

**REQUEST:**
In this filing, what depreciation rates did you use to calculate the Depreciation and Amortization Expenses? Did you use:

a. The Company-proposed depreciation rate that is currently under Staff review in Docket No. UM 2277? Or,
b. The authorized depreciation rate under OPUC Order No.18-451, UM 1933?

**RESPONSE:**
As discussed by Company witness Ms. Benjamin in her direct testimony (Exhibit 600, starting at page 44 line 12) and included in Company witness Ms. Schultz's Natural Gas Pro Forma Study, Adjustment 2.09 – Depreciation Study incorporates the Company's proposed depreciation rates for Oregon natural gas operations per the Depreciation Study (Spanos Exhibit 702). This adjustment reflects the impact to the overall depreciation/amortization expense as of the twelve-months ended December 31, 2024 Test Year, updated for the proposed depreciation rates effective September 1, 2023 (allocated plant) and January 1, 2024 (Oregon direct plant). It also reflects the impact of the reserve amortization on depreciation expense.

Further noted by Ms. Benjamin, the Company is requesting from each Commission (Oregon, Washington and Idaho) to update depreciation rates, with an effective date of September 1, 2023, for common/allocated plant, for consistency across its jurisdictions. The Company has also requested this Commission approve its proposed direct Oregon plant depreciation rates, effective January 1, 2024, consistent with the effective date of this general rate case.

The Company used current authorized depreciation rates, under OPUC Order No. 18-451, UM 1933, to calculate depreciation and amortization expense up until the proposed effective dates (September 1, 2023 for common/allocated plant and January 1, 2024 for direct Oregon plant). The Company then used the Company-proposed depreciation rates that are currently under Staff review in Docket No. UM 2277 to calculate the depreciation and amortization expense subsequent to the proposed effective dates, resulting in Test Year (12 months ended December 31, 2024) expense based on the proposed depreciation rates. Company witness Mr. Spanos sponsors the Depreciation Study in his direct testimony (Exhibits 700 and 702) and explains the methods used for determining the appropriate depreciation rates.

The effect of Adjustment 2.09 increases overall depreciation expense by $678,000 for Oregon natural gas. The impact of changing depreciation rates for plant-in-service from October 1, 2022 through December 31, 2023 and incremental new customer growth investment during the 2024 Test Period, are embedded within subsequent pro forma capital adjustments (2.08 and 2.10). This assumes that the Commission approves Avista's separate Depreciation Application in Docket UM 2277, as well as receipt of Orders from the other two affected Washington and Idaho Commissions.

CASE: UG 461
WITNESS: KATHY ZARATE

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1100

## Opening Testimony

## July 7, 2023

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

A. My name is Kathy Zarate. I am a Utility Economist employed in the Rates, Safety and Utility Performance Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/1101.

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

A. The purpose of my testimony is to respond to specific issues in Avista Corporation's (Avista or Company) request for general rate revision. I respond to the issues of UM 2267 Non-Contributory Pension Plans.

**Q. Did you prepare any other exhibits?**

A. Yes, Exhibit Staff/1102, which includes Company responses to Staff Data Requests Nos. 293 and 294.

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

A. My testimony is organized as follows:

## ISSUE 1. UM 2267 NON-CONTRIBUTORY PENSION PLANS

**Q. What did Avista file in Docket UM 2267?**

A. On December 21, 2022, Avista filed an application to defer pension settlement losses expected to occur in 2022. The filing also includes a request from Avista to amortize the impact of the pension settlement loss to expense over the same period used to amortize the underlying net pension regulatory asset. The filing was docketed as UM 2267.[1]

**Q. Is the Company's application in UM 2267 still pending?**

A. Yes.

**Q. What was the basis for Avista's request in UM 2267?**

A. Avista explains that it typically records pension-related costs and credits as a regulatory asset or liability in order to amortize the balance over the actuarial remaining life expectancy of plan participants. However, accelerated recognition of a gain or loss within the year is required for a pension settlement event under Accounting Standards Codification (ASC) 715-30, the Financial Accounting Standards Board (FASB) accounting standard governing defined benefit pension plans.[2]

**Q. Did Avista experience a pension settlement event?**

A. Yes. Avista states that due to interest rate increases by the Federal Reserve in 2022, and associated changes in the discount rate, there was an increase in

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[1] *In the Matter of Application of Avista Corporation for an Order Authorizing Deferral Accounting and Accounting Order related to Non-contributory Defined Benefit Pension Plans*, Docket UM 2267 (December 21, 2022).

[2] Docket *UM* 2267, Application at 3-6.

the number of eligible employees retiring and selecting a lump sum distribution benefit, rather than an annuity.

**Q. What was the estimated amount of Avista's settlement loss?**

A. Avista states in UM 2267 that its 2022 settlement loss is estimated to be approximately $11 million on a Company-wide basis.[3]

**Q. What amount did Avista recognize as a settlement loss?**

A. After final actuarial calculations, the actual loss can vary from the estimated amount. Avista stated in its UM 2267 filing that if the deferral is approved, and once the actual loss is known, it will notify Commission Staff of the final amount of the settlement loss. Based on informal discussion with the Company, Staff's understanding is that the actual loss is slightly higher than $11 million, with the Oregon allocation approximately $1 million.

**Q. Has the Commission addressed the deferral of pension settlement. losses?**

A. Yes. Since the Commission reaffirmed its pension cost policy in Docket No. UM 1633, the Commission has declined to authorize deferral authorization requests for pension losses in Docket Nos. UM 1623, UM 1992, and UE 374. A deferral authorization request for pension settlement losses by PacifiCorp was approved as part of a stipulated resolution of revenue requirement in Docket No. UE 399.

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3 Docket UM 2267, *Application* at 7.

**Q. How did the Commission address this issue in Docket UM 1623?**

A. The Commission declined to grant PGE's deferral request and found it did not meet the statutory basis for deferral under ORS 757.259(2)(e). The Commission further reasoned that if the request had met the statutory standard, it still did not merit the Commission's exercise of discretion because the overall financial impact of the losses would not support a finding of substantial harm to justify a deferral.[4] The Commission explained that the impact of the excess pension expense on the utility's earnings was 18 basis points in 2012 and 86 basis points in 2013, less than one percent of the utility's annual revenues and within the range of acceptable risk between rate cases.[5]

**Q. How did the Commission address this issue in Docket UM 1992?**

A. In Docket No. UM 1992, the Commission denied PacifiCorp's deferral authorization request based on a $21 million net actuarial loss following a year—2018—in which a significant number of employees chose to retire and take a lump sum distribution.[6] The Commission explained that a higher number of retirees taking lump sum distributions in a given year is a foreseeable event, and even it were not, the utility's loss failed to meet a minimum standard of harm, given the adverse impact of the losses on the Company's 2018 rate of return.[7]

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4 *In the Matter of Portland General Electric Application for Deferred Accounting of Excess Pension Costs and Carrying Costs on Cash Contributions*, Docket UM 1623, Order 16-257 at 4-5 (July 7, 2016).

5 Docket UM *1623*, Order 16-257 at 7.

6 *In the Matter of PacifiCorp dba Pacific Power's Application for Approval of Deferred Accounting and Accounting Order Related to Non-contributory Defined Benefit Pension Plans*, Docket UM 1992, Order 20-004 at 2-3 (January 8, 2020).

7 Docket UM 1992, Order 20-004 at 8-9.

**Q. How did the Commission address this issue in Docket UE 374?**

A. The Commission declined to grant PacifiCorp's request for a deferral for the Company's expected pension settlement losses.[8]

**Q. Did the Commission express a concern regarding the potential for double recovery of settlement losses, in PacifiCorp's UE 374 proceeding?**

A. Yes. The Commission expressed concern with PacifiCorp's suggested alternative to placing settlement losses in base rates, to allow deferral of all future pension settlement loss expenses, and to amortize them over the time period that such costs would have otherwise been amortized absent the settlement loss.

**Q. Did the Commission address a process by which PacifiCorp might recover a pension settlement loss?**

A. Yes. The Commission stated that PacifiCorp would first have to address its concern for double recovery. Additionally, the Company should detail how to account for the changes to ongoing pension expenses due to any pension settlement losses.[9]

**Q. Did the Commission include additional direction regarding settlement losses?**

A. Yes. The Commission stated:[10]

> Finally, we note that our openness to a deferral is tied closely with the fact that the company raised the issue of cost recovery for a pension settlement loss within the context of a

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8 *In the Matter of PacifiCorp dba Pacific Power, Request for a General Rate Revision*, Docket UE 374, Order No. 20-473 at 94 (*December* 18, 2020).

9 Docket UE 374, Order No. *20*-473 at 95-96.

10 Docket UE 374, Order No. *20*-473 at 96.

> rate case, and for a settlement that was expected to occur during the test year for which rates are being set. Using a deferral, carefully tailored to address the considerations above, would provide a more appropriate ratemaking treatment than building into base rates an expense that is still somewhat uncertain and would be unlikely to recur in the future. We would evaluate any other deferral applications related to pension settlement losses within their own specific context, and reserve our authorities to determine whether such amounts are significant enough to warrant deferral and tailored to address the various relevant concerns.

**Q. How did the Commission address this issue in Docket UE 399?**

A. PacifiCorp's deferral application for pension settlement losses in Docket No. UM 2185 was consolidated with the general rate case in Docket No. UE 399. The deferral was approved as part of a stipulated resolution of issues.[11]

**Q. Did the Company address the UM 2267 request in its general rate case filing in Docket UG 461?**

A. No.

**Q. Why does Staff belief the UM 2267 deferral request should be addressed in this rate case?**

A. Pending deferral requests and related amortizations may be addressed as relevant within a general rate case, whether or not the deferral docket has been formally consolidated with the rate case docket.

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[11] *In the Matter of PacifiCorp dba Pacific Power, Request for General Rate Revision*, Docket UE 399, Order No. 22-491, Appendix C, page 5 (December 16, 2022).

**Q. How does Avista propose to address the concerns outlined by the Commission in Docket UE 374 in its UM 2267 request?**

A. Avista proposes to amortize the deferred amount over the same period—12 years—used to amortize the underlying net regulatory asset and states that this will result in no impact to customers because it will closely approximate the amortization that would have continued if not for the accelerated recognition of the settlement event.[12]

**Q. Does Staff believe this is sufficient?**

A. It was unclear, so Staff issued data requests No. 263 and No. 264 to further understand the issue

**Q. Has Staff received Company responses to those two data requests?**

A. Yes. Copies of the Company responses are attached in Exhibit Staff/1102.

**Q. After reviewing the Company responses, what does Staff recommend regarding this issue?**

A. Staff recommends the Commission approve the deferral requests. A portion of the Company response to DR No. 293 is provided below:

> *Approval by this Commission of the proposed deferral treatment of the settlement losses as described in the application, as well as approval to amortize the deferred settlement loss balance over approximately 12-years would result in no impact to customers and continue to allow recovery of these costs consistent with recovery in rates today.*
>
> *Absent approval by the Commission would result in an immediate recognition of $1.074 million to expense within the Company's income statement and earnings, rather than continuing to be amortized to expense over the requested 12-year amortization period, consistent with recovery today.*

[12] Docket UM 2267, *Application* at 8, 12-13.

It appears to Staff that the deferral request affects whether a loss must be recorded, while recovery of the costs is already present in current rates. It is the latter portion of the Company's response to the data request that causes Staff to support the deferral request as it is not negatively impacting customers.

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

A. Yes.

CASE: UG 461
WITNESS: KATHY ZARATE

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## STAFF EXHIBIT 1101

## Witness Qualifications Statement

**July 7, 2023**

**WITNESS QUALIFICATION STATEMENT**

| | |
|---|---|
| NAME: | Kathy Zarate |
| EMPLOYER: | Public Utility Commission of Oregon |
| TITLE: | Utility Economist<br>Energy Rates, Finance and Audit Division |
| ADDRESS: | 201 High Street SE., Suite 100<br>Salem, OR. 97301 |
| EDUCATION: | Bachelor of Arts, Economics<br>Oregon State University, Corvallis, Oregon<br><br>Bachelor Degree in Law<br>Republic University, Santiago, Chile |
| EXPERIENCE: | I have been employed by the Public Utility Commission of Oregon (OPUC) since April 2016, with my current position being a Utility Analyst, in the Rates and Telecommunications Section of the Rates, Safety and Utility Performance Program. My responsibilities include research, analysis, and recommendations on a range of regulatory issues such as review of affiliated interest filings, property sales applications while focusing primarily on reviewing deferred accounting filings.<br><br>I have approximately 10 years of professional experience in contracting and audit review work, including: |

I spent six years as a contract specialist for 3 Com, Santiago, Chile, with responsibilities including coordinating and preparing contracts with resellers, reviewing company books and records, coordinating logistics in business.

I have testified in various formal state hearings and performed numerous analyses including economic, financial, statistical, mathematical, marketing, and policy analyses in public utility industry.

I have served as a Principal Analyst at the OPUC for the determination of energy property sales (Oregon Revised Statute 757.480).

I have also previously supported work related to power costs, plant, and associated impact on customer rates. I have reviewed, calculated, and analyzed QFs, wheeling, forced outage rates and Scheduled maintenance outages, PURPA, Solar forecast, wind forecast (UE 366); as well as, projections of Other Revenue and property sales accounts (UE 394).

I have worked on power cost issues in the below representative cases:

1. UE 366 Idaho Power.
2. UE 375 PacifiCorp
3. UE 377 Portland General Electric PGE

I generally conduct case investigation and analysis on Utility's filings, make rate adjustments, lead settlement negotiation, prepare testimony, and appear on behalf of the Commission. The energy companies I work with are:

- PacifiCorp
- PGE
- Northwest Natural Gas
- Idaho Power
- Avista Corp
- Cascade Gas

<u>General Rate Cases</u>: I have been a part of <u>almost every energy rate case</u> since I joined the Oregon PUC in 2016. Historically, my review has included property sales, material and supply, donations, and marketing cost. My work is generally represented in the last four General Rate cases, as examples:

- UG 388 NW Natural
- UE 374 PacifiCorp
- UG 389 Avista
- UG 390 Cascade

<u>Rulemaking</u>: I have formulated energy regulation rules for utility performance incentives and cost-of-service regulation.

<u>Low-Income:</u> Results of my statistical sampling design and sampling procedures are incorporated into my revenue requirement testimony in Commission Docket No. UM 2058.

<u>Auditing, Interest Rate, Affiliated Interest</u>: I audited cost of capital and financial components (IU 437)

CASE: UG 461
WITNESS: KATHY ZARATE

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1102
# Company Responses to Selected
# Staff Data Requests

**July 7, 2023**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 07/05/2023 |
| CASE NO: | UG 461 | WITNESS: | Kaylene Schultz / K. Christie |
| REQUESTER: | PUC Staff | RESPONDER: | Liz Andrews |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 293 | TELEPHONE: | (509) 495-8601 |
| | | EMAIL: | liz.andrews@avistacorp.com |

**REQUEST:**
**Topic or Keyword:** UM 2267 Non-Contributory Pension Plans

Please explain if the amortization of this deferral is included in UG 461 revenue requirements?

**RESPONSE:**

Yes, current Oregon base rates reflect the amortization expense of the Company's pension plan, including Oregon's share of referenced pension amounts discussed in Docket UM 2267.

The application filed with the Commission in UM 2267, requests an order authorizing Avista to defer Oregon's share ($1.074 million) of the pension settlement loss of $11.828 million recorded at year-end December 2022. The referenced settlement losses are not a new cost, but merely an acceleration of a portion of the Company's existing net pension regulatory asset. Included in customers rates today is a pension amortization expense of approximately $90,000, reflecting a 12-year amortization of this portion ($1.074 million) of Avista's pension plan assets. 12-years is the actuarial assumption of the remaining life expectancy of plan participants.

Approval by this Commission of the proposed deferral treatment of the settlement losses as described in the application, as well as approval to amortize the deferred settlement loss balance over approximately 12-years would result in no impact to customers and continue to allow recovery of these costs consistent with recovery in rates today.

Absent approval by the Commission would result in an immediate recognition of $1.074 million to expense within the Company's income statement and earnings, rather than continuing to be amortized to expense over the requested 12-year amortization period, consistent with recovery today.

The Company filed similar deferral requests in Washington (Dockets UE-220898 and UG-220899) and Idaho (AVU-E-22-16 and AVU-G-22-08). Both states have authorized the requested deferral treatment and 12-year amortization in Washington Order 01, dated March 23, 2023, and Idaho Order 35696, dated March 7, 2023.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 07/05/2023 |
| CASE NO: | UG 461 | WITNESS: | Kevin Christie |
| REQUESTER: | PUC Staff | RESPONDER: | Karrie Wilson |
| TYPE: | Data Request | DEPT: | Finance |
| REQUEST NO.: | Staff – 294 | TELEPHONE: | (509) 495-2345 |
| | | EMAIL: | karrie.wilson@avistacorp.com |

**REQUEST:**
**Topic or Keyword:** UM 2267 Non-Contributory Pension Plans

If the deferral application is not approved by the Commission, does the loss discussed in the UM 2267 filing result in the Company having to make a capital contribution? If not, why not? Please explain.

**RESPONSE:**
No.

The application filed with the Commission in UM 2267 requests an order authorizing Avista to defer the pension settlement losses is not a new cost. The referenced settlement losses are merely an acceleration of the recognition of the cost in earnings. In other words, a portion of the net regulatory asset (or AOCI) is triggered for immediate recognition rather than continuing to be amortized to expense over time (the actuarial life expectancy of plan participants).

Approval by this Commission of the proposed deferral treatment of the settlement losses as described in the application, as well as approval to amortize the deferred settlement loss balance over approximately 12 years (the actuarial assumption of the remaining life expectancy of plan participants) **would result in no impact to customers and continue to allow recovery of these costs consistent with recovery in rates today.**

Absent the ability to defer and amortize over the average remaining lives of plan participants (12 years), would require an immediate recognition on the Company's income statement of Oregon's share of the $11.828 million pension settlement loss, or $1.074 million, and is not related to contributions to the pension plan.

CASE: UG 461
WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1200

# OPENING TESTIMONY

# Cost Allocations, Multijurisdictional Agreements, and Utility Plant

**July 7, 2023**

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

A. My name is August Ankum, Ph.D. I am the Chief Economist and a founding partner of QSI Consulting, Inc., a consulting firm engaged in this proceeding by the Public Utility Commission of Oregon (OPUC). My business address is 626 Avenue B, Trevose/Feasterville, Pennsylvania 19053.

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

A. My witness qualifications statement is found in Exhibit Staff/1201.

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

A. My name is Warren R. Fischer, C.P.A., C.G.M.A. I am a Certified Public Accountant, and I serve as the Chief Financial Officer of, and partner in, QSI Consulting, Inc., a consulting firm engaged in this proceeding by OPUC. My business address is 2500 E. Cherry Creek South Drive, Suite 319, Denver, Colorado, 80209-3279.

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

A. My witness qualifications statement is found in Exhibit Staff/1202.

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

A. The purpose of our testimony is as follows: [1]

1. Review Avista Corporation's ("Avista") cost allocations & its multijurisdictional agreements.

[1] Dr. Ankum discusses allocations & multijurisdictional agreements in Issue 1. Mr. Fischer discusses Avista's plant balances and capital additions in Issue 2.

2. Evaluate Avista's Plant-in-Service balances from the end of its prior General Rate Case ("GRC") in Docket No. UG 433 and its proposed capital additions in the current case.

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

A. Yes. We prepared the following supporting exhibits:

Exhibit Staff/1203. ... Avista Non-Confidential Responses to Data Requests
Exhibit Staff/1204. ............Staff Adjustments to Avista Allocations by FERC Account
Exhibit Staff/1205. .....Revisions to Avista's Supplemental Capital Additions Analysis

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

A. Our testimony is organized as follows:



**Q. Please summarize your recommendations.**

A. For the issues discussed herein, we make the following recommendations:

**<u>Issue 1. Allocations & Multijurisdictional Agreements</u>**

1. We recommend that the Commission *confirm*, as it and other commissions have in past proceedings, that Avista's cost allocation methodology—*as a methodology*—is appropriate.
2. We also recommend corrections to Avista's numeric cost allocations. Specifically, we recommend that the Commission correct a *grand total of $879,215 in misallocations*. The total sum of corrections by FERC account are found in Table 5, below. The individual transactions, of

which those totals by FERC account are comprised, can be found in Exhibit 1205.

**Issue 2. Utility Plant Balances and Capital Additions**

1. The New Revenue Growth capital additions in Avista's Customer Request investment driver have not been substantiated as its underlying new connects forecast and Cost per Service connection cannot be verified. Consequently, we recommend a $7.26 million reduction in Avista's capital additions for the period October 1, 2022, through December 31, 2023, and its Test Year capital additions for new customer connections in 2024.
2. Avista should produce Business Case Governance Meeting minutes, Business Case Funds Change request forms, and monthly Capital Budget Summary reports for the New Revenue – Growth Budget Items and Expenditure Requests.
3. Avista needs to provide officer attestations for its capital additions for the period October 1, 2022, through December 31, 2023, to confirm the additions were placed in service before Avista's proposed January 1, 2024, rate effective date.

## ISSUE 1. ALLOCATIONS AND MULTIJURISDICTIONAL AGREEMENTS

**Q. What is the purpose of this section?**

A. In this section, we discuss Avista's (1) cost allocation *methodology* and (2) cost allocation *results* and multijurisdictional agreements.

**Q. Do you recommend any changes to Avista's cost allocation methodology?**

A. No. We do not.

**Q. Did you find instances, however, in which Avista seems to have misallocated costs, to services and jurisdictions?**

A. Yes. We found a *grand total of $879,215 in misallocations*. (See Staff/1204).

### Avista's Cost Allocation Methodology

**Q. What is the main purpose of cost allocation?**

A. The main purpose of cost allocation is to help organizations determine the true cost of products and services for rational pricing decisions and profitability analyses. This determination of the true cost of products and services is achieved, in part, through properly assigning/allocating costs to specific cost objects—e.g., products, services, projects, departments, or jurisdictions—on a *cost-causative basis*: that is, assigning costs to a cost object *only* when they come about in association with the cost object.

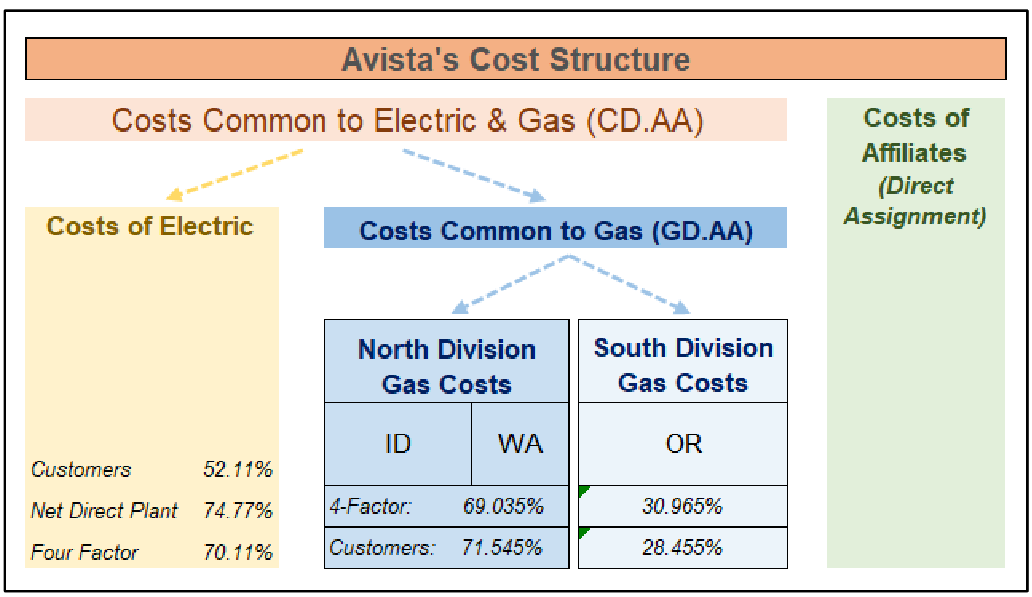
Cost allocations also allow organizations to comply with financial reporting requirements, whether for tax or regulatory purposes.

**Q. Please provide a high-level overview of the Commission's cost allocation challenge for Avista in this proceeding.**

A. In this proceeding, the allocation of Avista's costs is necessary to establish a revenue requirement that accurately reflects the Company's costs associated with providing rate payers with gas services *in Oregon*. No other costs—not causally related—should be included. The cost allocations are complicated, however, by the fact that Avista: (1) is both an electric and gas company, and (2) operates in three jurisdictions (Washington, Idaho, and Oregon).

The cost allocation challenge is seen in the figure below, which shows the relationship between Avista's electric and gas operations in its three jurisdictions.

**<u>Figure 1. Cost Allocation Challenge</u>**



Avista identifies the hierarchy of common/shared costs to be allocated as in the table below.[2]

**Table 1. Hierarchy of Common/Shared Costs**

| Factor | Description | Purpose |
|---|---|---|
| 7 | Allocate CD AA | Common Costs for all services and Jurisdictions |
| 8 | Allocate GD AA | Common Gas costs for all 3 jurisdictions |
| 9 | Allocate CD AN, ID, WA | Common Costs for both services for the North Division |

**Q. Using the above figure, please describe Avista's cost allocation methodology.**

A. Avista's cost allocation methodology consists of the following principles. First, where possible, revenues and costs are *directly* assigned. To the extent that costs cannot be exclusively identified and assigned to a specific jurisdiction, or to its electric and/or gas affiliates/subsidiaries, they are allocated with a *four-factor allocation* method. This involves a two-step process.

The first four factor allocator is used to allocate costs (CD.AA)[3] in the above figure) that are common among Avista's electric and gas operations (e.g., shared customer service and property insurance expenses).

The second four factor allocator is used to allocate shared costs (GD.AA)[4] between jurisdictions that are specific to gas operations (e.g., miscellaneous other gas revenue, and gas mains and services expenses).

2 UG 461 / Avista / 500 Schultz / page 45.

3 Avista response to Staff DR No. 280. CD = Common Direct work that benefits all customers; AA = Allocated All, meaning all jurisdictions receive benefit of an investment.

4 Id. GD = Gas Direct for directly served natural gas customers.

Specifically, as seen in the table below, O&M and A&G FERC Accounts 901 (customer accounts and customer service costs) are allocated based on the *number* of customers. FERC accounts 920 through 935, are allocated based on the four-factor allocator. Revenues, Other Costs, and Rate Base that are not directly assigned are also allocated based on the four-factor allocator.[5]

**Table 2. Avista's Allocators**

| Costs | Allocator |
|---|---|
| O&M and A&G FERC accounts 901 | *Customer accounts and Customer Service Costs* |
| FERC 920 - 935 | *4-Factor allocator* |
| Revenues, Other Costs and Rate Base not directly assigned | *4-Factor allocator* |

**Q. Please explain how Avista calculates the four-factor allocators.**

A. As previously approved by this and other commissions (see discussion below), Avista calculates its four-factor allocators with the use of four factors:

1. Direct Non-Labor (in FERC Accounts 500-894, 901-935);
2. Direct Labor (in FERC Accounts 500-894, 901-935);
3. Year End Customers; and
4. Net Direct Plant.

The above four components are weighted equally, each at *25 percent,* and the resulting allocators are then used to allocate the *Common Costs to All* (CD.AA), and *Common Costs to Gas* (GD.AA).

[5] UG 461 / Avista/500 / Schultz / page 45.

**Q. How does Avista allocate costs to affiliates?**

A. It depends. First, in its Cost Allocation Manual, Avista notes that there are *no* "non-regulated affiliate activities": i.e., the issue is, as Avista notes, "not applicable."[6]

However, Avista does provide Avista Corporation corporate support for its regulated affiliates. Those costs are directly assigned; and so there is no need for allocations. As the Company notes:

> On a regular basis, general office employees of Avista Corporation spend time on corporate service support, such as accounting, federal income tax filing, planning, graphic services, etc. for affiliates. Their time is charged directly to suspense accounts (Deferred Debit 186), loaded for benefits and then established as receivable (Account 146) when billed to the affiliate. If other resources are expended during the course of this work such as travel or consulting services, these costs are also charged to suspense accounts and billed to the affiliate.
>
> All corporate support provided, and costs incurred, are billed to affiliates at cost. No additional margin or profit is included and no assets are allocated.[7]

**Q. Please discuss the Commission's historical treatment of cost allocation among an energy company and its affiliates.**

A. This very question was informatively and succinctly answered by Staff witness Moya Enright in Docket No. UG 433:

> The Commission's historical treatment of cost allocation among affiliates is pursuant to OAR 860-027-0048 (Allocation of Costs by an Energy Utility). This OAR addresses the allocation of costs between an energy utility and its affiliates, outlining how transactions should be recorded. It also states that an energy utility must keep a current Cost Allocation

[6] UG 461 / Avista / 500 Schultz / Attachment 6 - Cost Allocation Manual-2021 Oregon. Page 2.

[7] UG 461 / Avista / 500 Schultz / Attachment 6 - Cost Allocation Manual-2021 Oregon. Page 3.

> Manual (Allocation Manual), with detailed methodology on how costs are allocated between affiliates on file with the Commission, and requires the Allocation Manual to be "filed yearly as an appendix to the Affiliated Interest Report required under OAR 860-027-0100."[8]

**Q. Has Avista's methodology for allocating costs been previously reviewed and approved by this Commission?**

A. Yes. While each year, these factors are updated based on current costs, customers and net plant, the *methodology* used by Avista in this proceeding goes back to 1993; importantly, it has previously been evaluated and adopted by the Commission.

A comprehensive tally of all reviews was provided by Avista in UG 389, in response to a Staff data request.[9] The dockets are listed below:

**Table 3. Dockets in which Avista's Methodology Has Been Reviewed**

| Case | Filed | Effective | Order Number |
|---|---|---|---|
| | | | |
| **Oregon Gas** | | | |
| UG-153 | 4/10/2003 | 10/1/2003 | 03-570 |
| UG-181 | 10/12/2007 | 4/1/2008 | 08-185 |
| UG-186 | 6/24/2009 | 11/1/2009 | 09-422 |
| UG-201 | 9/30/2010 | 3/15/2011 | 11-080 |
| UG-246 | 8/15/2013 | 2/1/2014 | 14-015,14-026 |
| UG-284 | 9/2/2014 | 4/16/2015 | 15-054,15-109 |
| UG-288 | 5/1/2015 | 3/1/2016 | 16-109 |
| UG-325 | 11/30/2016 | 10/1/2017 | 17-344 |
| UG-366 | 3/15/2019 | 1/15/2020 | 19-331 |

**Q. The long list of proceedings approving Avista's methodology notwithstanding, have you reviewed the Company's methodology *de***

8 Docket No: UG 433 Staff / 1300 / Enright/ 12.

9 Docket No. UG 389 / Staff/403 / Fox/30 of 44 / Avista response to Staff DR No. 225.

***novo* in light of Oregon's own OAR requirements, NARUC's cost allocation principles, and standard economic theory regarding cost allocations?**

A. Yes; we have reviewed Avista's methodology in light of OAR 860-027-0048, Allocation of Costs by an Energy Utility, NARUC's *Guidelines for Cost Allocations and Affiliate Transactions*,[10] and my understanding as an economist of economic theory, especially in regard to cost allocations.

**Q. What are your conclusions?**

A. We believe that Avista's methodology, as approved by this Commission, is sound and consistent with OAR 860-027-0048, NARUC guidelines and economic theory. The methodology is correctly represented by Avista as meeting the following set of sound principles:[11]

1. The method must be acceptable to all regulators to prevent any stranded costs or investment;
2. The number of cost allocation methods should be minimized;
3. The method needs to be transparent and as simple as possible;
4. The method needs to have a sound, rational basis;
5. Allocations under the method should be automated; and
6. The method needs to produce reasonable results.

[10] https://pubs.naruc.org/pub.cfm?id=539BF2CD-2354-D714-51C4-0D70A5A95C65

[11] UG 461 / Avista / 500 / Schultz / page 46.

**Q. Has Avista made any changes to the methodology that was previously approved by the Commission?**

A. No.[12] The methodology is identical to that approved by this Commission in Docket UG 433.

**Q. Do you recommend any changes to Avista's cost allocation methodology?**

A. No, not to its methodology. However, we do recommend certain corrections to Avista's cost allocations, as we explain below.

**Q. Did Avista update its allocators from Docket No. UG 433?**

A. Yes. While the methodology has remained the same, Avista has updated the inputs into its methodology.

**Q. Are the updated allocators in line with what one would intuitively expect, given the growth and other changes in the Company's operations?**

A. Yes. The figures below show historic trends of the allocators used by Avista over the last 11 years. As one would expect, they show a relatively steady proportionality of how costs are allocated across services and jurisdictions, which is in line with the underlying drivers of the allocators, such as net direct-plant balances and the number of customer accounts.

The change in those net direct-plant balances and the number of customer accounts from 2021 to 2022 are seen in the table below.

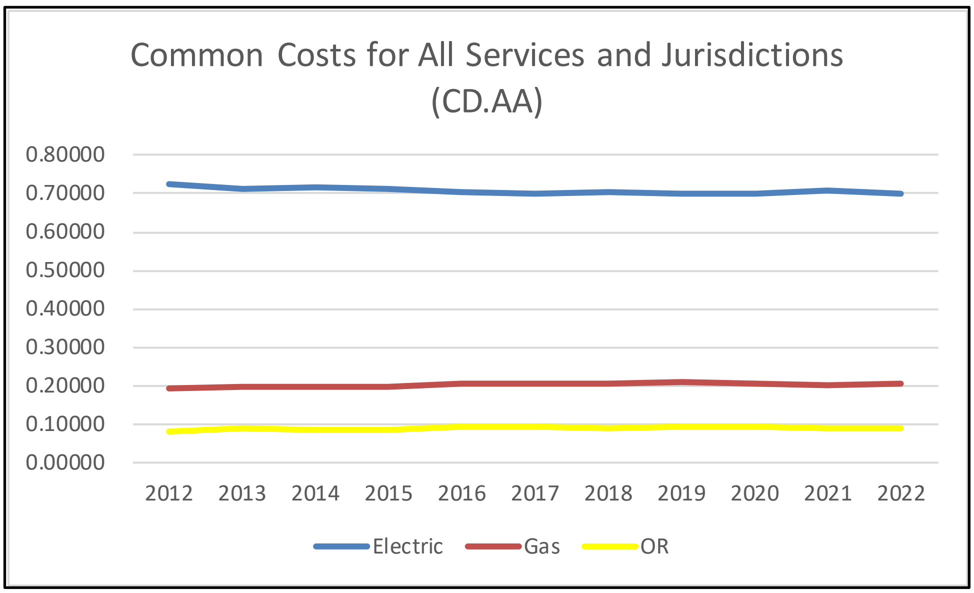
[12] UG 461 / Avista / 500 / Schultz / page 46.

**Table 4. Changes in Cost Allocation Drivers**

| | Total | Gas North | Gas Oregon |
|---|---|---|---|
| Net Plant Balances 2021 | $ 1,034,813,184 | $ 685,618,721 | $ 349,194,463 |
| Net Plant Balances 2022 | $ 1,102,026,774 | $ 731,821,367 | $ 370,205,407 |
| Difference | $ 67,213,590 | $ 46,202,646 | $ 21,010,944 |
| | | | |
| Customers 2021 | 372,177 | 266,537 | 105,640 |
| Customers 2022 | 377,568 | 270,130 | 107,438 |
| Difference | 5,391 | 3,593 | 1,798 |

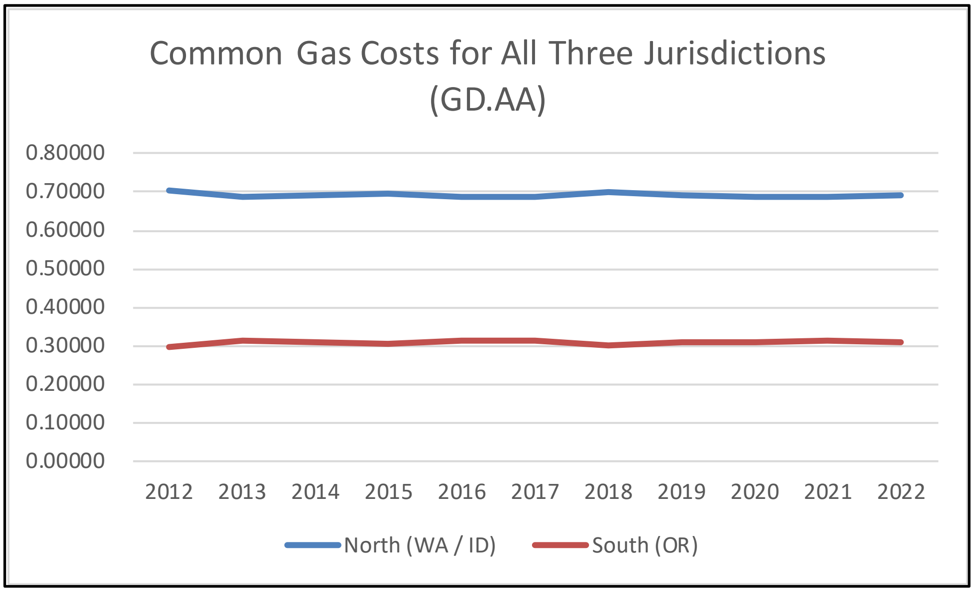
As noted, the changes in these drivers are consistent with the small change in the relative proportions of how costs are allocated.[13]

**Figure 2. Common Costs (CD.AA)**




[13] UG 461 / Avista / 500 / Schultz / 1.00a Allocation Factors / 2022-Allocation Factors- 4 (E&G),7,8,9-2021 Data-FINAL; 2023-Allocation Factors- 4 (E&G),7,8,9-2022 Data-FINAL.

**Figure 3. Common Gas Costs (GD.AA)**




## Avista's Numeric Cost Allocations

**Q. Have you reviewed Avista's cost allocations in the instant GRC?**

A. Yes. We have reviewed Avista's (Schultz's) workpapers and discovery responses. Specifically, in response to discovery, Avista provided an Excel Workbook detailing *all* 173,092 transactions (by FERC account) that are included in its base year calculations.[14] We reviewed those transactions to see if they were appropriately allocated to Oregon and to Oregon's ratepayers for Avista's gas services.

**Q. Did you find instances in which costs seem to have been misallocated?**

A. Yes. As noted, we found a *grand total of $879,215 in misallocations*. In Table 5 below, the dollar values of those misallocations are aggregated and summed

[14] UG 461 / Avista response to Staff DR No. 57, *Staff_DR_057 Attachment A.xlsx*.

up by FERC accounts. The itemization of all misallocated transactions for each FERC account can be found in Staff/1204.

**Table 5. Corrections of Avista's Misallocations by FERC Account**

| Row Labels FERC | Row Labels FERC | Sum of Avista Gas South Amount | Sum of Staff OPUC Gas South Amount | Sum of Staff Adjustments |
|---|---|---|---|---|
| ADMIN & GEN SALARIES | 813000 | $ 614,989 | $ 614,989 | $ - |
| ADMINISTRATIVE EXPENSE TRANSFE | 813010 | $ 54,659 | $ 54,659 | $ - |
| AMORT UNBILLED DSM TARIFF RIDE | 814000 | | $ - | $ - |
| CONSERVATION AMORT | 824000 | $ 93,802 | $ 93,802 | $ - |
| CUST ACCOUNTS EXP-RECORDS & CO | 837000 | $ 208,311 | $ 208,311 | $ - |
| CUST SVC & INFO EXP | 870000 | $ 905,744 | $ 895,273 | $ 10,471 |
| CUST SVC & INFO EXP-CUST ASST | 874000 | $ 2,420,173 | $ 2,411,696 | $ 8,478 |
| CUST SVC & INFO EXP-MISC | 875000 | $ 152,800 | $ 152,800 | $ - |
| DIST EXP MAINT-MAINS | 876000 | $ 1,183 | $ 1,183 | $ - |
| DIST EXP MAINT-MEA & REG STAT | 877000 | $ 3,738 | $ 2,813 | $ 924 |
| DIST EXP MAINT-MTRS & HOUSE RE | 878000 | $ 329,668 | $ 329,668 | $ - |
| DIST EXP MAINT-SERVICES | 879000 | $ 1,229,824 | $ 1,229,824 | $ - |
| DIST EXP OPER-CUST INSTALL EXP | 880000 | $ 801,202 | $ 788,019 | $ 13,183 |
| DIST EXP OPER-MEA & REG STAT-C | 881000 | $ (12,427) | $ (12,427) | $ - |
| DIST EXP OPER-MEA & REG STAT-G | 885000 | $ 39,318 | $ 39,207 | $ 111 |
| DIST EXP OPER-MEA & REG STAT-I | 887000 | $ 812,996 | $ 812,399 | $ 597 |
| DIST EXP OPER-MTR & HOUSE REG | 889000 | $ 399,017 | $ 378,723 | $ 20,293 |
| DIST EXP OPER-OTHER EXPENSES | 890000 | $ 30,720 | $ 30,720 | $ - |
| | 891000 | $ 21,601 | $ 19,137 | $ 2,465 |
| | 892000 | $ 455,763 | $ 455,763 | $ - |
| DIST EXPENSES OPER-MAINS&SVCS | 893000 | $ 786,293 | $ 786,293 | $ - |
| DISTRIBTION RENTS | 894000 | $ 178,245 | $ 178,245 | $ - |
| EMPLOYEE NON SERV PENSION & BE | 901000 | $ 36,420 | $ 36,420 | $ - |
| EMPLOYEE PENSIONS & BENEFITS N | 902000 | $ 200,376 | $ 200,376 | $ - |
| EMPLOYEE PENSIONS & BENEFITS P | 903000 | $ 2,365,400 | $ 1,894,580 | $ 470,820 |
| FRANCHISE REQUIREMENTS | 904000 | $ 246,844 | $ 246,844 | $ - |
| GENERAL ADVERTISING EXPENSE | 905000 | $ 34,779 | $ 15,242 | $ 19,538 |
| GTI | 908000 | $ 105,663 | $ 105,663 | $ - |
| INFO AND INSTRUCT ADVERT EXP | 908250 | $ 1,683 | $ 1,683 | $ - |
| INJURIES & DAMAGES NON PB | 908600 | $ 4,750,130 | $ 4,750,130 | $ - |
| INJURIES & DAMAGES NONCAP ALLO | 908610 | | $ - | $ - |
| LIHEAP CREDITS | 908690 | $ (2,458) | $ (2,458) | $ - |
| MAINT OF OTHER DISTRIBUTION EQ | 909000 | $ 288,377 | $ 288,377 | $ - |
| MAINT OF STRUCTURE & IMPROVEME | 910000 | $ 63,621 | $ 63,621 | $ - |
| MAINT SUPV/ENG | 912000 | | $ - | $ - |
| METER READING EXP | 916000 | | $ - | $ - |
| MISC CUST AC EX | 920000 | $ 4,559,846 | $ 4,494,695 | $ 65,152 |
| MISC GENERAL EXPENSE | 921000 | $ 543,346 | $ 306,439 | $ 236,907 |
| MISC GENERAL-RENTS | 922000 | | $ - | $ - |
| MISC SALES EXPENSES | 923000 | $ 1,644,554 | $ 1,644,482 | $ 72 |
| NAT GAS STORAGE-OPER SUPV & EN | 924000 | $ 241,684 | $ 241,684 | $ - |
| NAT GAS STORAGE-OTHER EXPENSES | 925100 | $ 661,800 | $ 661,800 | $ - |
| NAT GAS STRGE MAINT-OTHER EQUI | 925500 | $ 70,532 | $ 70,332 | $ 200 |
| OFFICE SUPPLIES & EXPENSES | 926100 | $ 163,581 | $ 161,075 | $ 2,506 |
| | 926300 | | $ - | $ - |
| OPER SUPV/ENG | 926305 | | $ - | $ - |
| OTHER EXPENSE | 926500 | $ 3,589,555 | $ 3,581,254 | $ 8,301 |
| OUTSIDE SERVICES EMPLOYED | 926505 | $ (445,080) | $ (443,995) | $ (1,085) |
| PROPERTY INSURANCE | 927000 | | $ - | $ - |
| REGULATORY COMMISSION EXPENSES | 928000 | $ 1,171,671 | $ 1,171,671 | $ - |
| SALES EXPENSES-DEMONSTRATING | 930100 | $ 59 | $ 59 | $ - |
| SUPERVISION | 930200 | $ 682,783 | $ 678,917 | $ 3,866 |
| UNCOLLECT ACCTS | 931000 | $ 48,236 | $ 36,896 | $ 11,341 |
| USE FOR PAYROLL BENEFITS NON-S | 935000 | $ 1,607,495 | $ 1,602,418 | $ 5,077 |
| **Grand Total** | | **$ 32,158,514** | **$ 31,279,299** | **$ 879,215** |

**Q. Could you give some examples of instances in which Avista (mis)allocated costs that either should have been assigned to Avista's electric affiliate or belong in a jurisdiction other than Oregon?**

A. Yes.  As noted, Avista provided 173,092 transactions for the Base Year; it also provided the nature (and description) of the transaction and how much, if anything, was allocated to Oregon gas.  Table 6 below shows a sampling of those transactions that were inappropriately allocated to Oregon gas.

The table identifies the organizations and transactions and also, in the far-right column, the justification for our finding that the allocation is inappropriate.  As can be seen, Avista incorrectly allocates to Oregon gas certain costs associated with its electricity affiliate, its hydro generation facilities and its operations in Washington and Idaho.

**Table 6. Sampling of Inappropriate Allocations to Oregon**

| Organization Description | | Reason |
|---|---|---|
| A50 - Director of Ops WA & ID | 1 | WA/ID |
| B50 - Spokane Electric | 1 | Electric |
| B53 - Pullman | 1 | WA |
| C04 - Spokane River License | 1 | Hydro |
| C07 - Spokane River Hydro | 1 | Hydro |
| C51 - Elec Distributn Design | 1 | Hydro |
| C57 - Spokane Electric Network | 1 | Electric |
| C63 - WA-ID South Area Gas | 1 | WA/ID |
| D07 - Cabinet Gorge Hydro Plant | 1 | Hydro |
| D19 - EIM Operations | 1 | Electric |
| D53 - Clarkston | 1 | WA |
| E07 - Generation Engineers | 1 | Electric |
| E53 - Con. Ctr-Lewiston Billing | 1 | ID |
| F08 - Electric Shop | 1 | Electric |
| G50 - Colville | 1 | WA |
| H04 - Hydro Compliance | 1 | Hydro |
| H50 - Othello | 1 | WA |
| H53 - Kellogg | 1 | ID |
| I07 - Lower Spokane River Hydro | 1 | Hydro |
| K07 - Kettle Falls Thermal | 1 | WA |
| L07 - Clarkfork River Hydro | 1 | Hydro |
| L11 - Trans Veg Mgmt | 1 | Electric |
| L50 - Spokane Gas | 1 | WA |
| M08 - Substation Design | 1 | Electric |
| M50 - Deer Park | 1 | WA |
| P53 - AM Moscow/Pullman | 1 | ID/WA |
| R07 - Generation Controls Engineering | 1 | Electric |
| R53 - Grangeville | 1 | ID |
| S06 - Avista Edge | 1 | Electric |
| T08 - Electric Engineer | 1 | Electric |
| T52 - WA-ID Energy Efficiency | 1 | ID/WA |

Again, this is just a sampling of Avista's misallocations. Staff/1204 provides a complete list of all misallocations that we identified. We recommend that the Commission accept our proposed corrections to those misallocations and our adjustment to reduce Avista's allocated costs to its Oregon gas operations in the test year by *$879,215.*

## ISSUE 2. UTILITY PLANT BALANCES AND CAPITAL ADDITIONS

**Q. What tasks did you perform to test the propriety of Avista's plant balances and capital additions?**

A. We performed the following.

1. Prepared time series analyses of Avista's Oregon direct plant-in-service, distribution plant-in-service, and New Revenue Growth plant additions.
2. Reconciled Avista's actual net plant costs and net rate base amounts from August 31, 2022, the closest available date to the rate effective date of August 22, 2022, in Docket No. UG 433, to its base year starting point in the current case, September 30, 2022.
3. Identified Avista's actual transfers to plant in the base year ending September 30, 2022, that were not included in the Docket No. UG 433 rate base.
4. Tested Avista's inputs and assumptions used to forecast its New Revenue Growth capital additions.
5. Reviewed Avista's Business Case documents and Business Case Governance Meeting reports for plant additions for projects in excess of $1 million.

**Q. Please provide a summary of the documents you reviewed to perform the tasks you listed above.**

A. We reviewed the following documents in the current GRC and in prior Avista GRCs.

1. Avista's direct testimony and supporting exhibits on revenue requirement, rate base, capital projects, and customer forecasts in this case.[15]
2. Staff's opening testimony on Avista's utility plant balances and capital additions in Docket Nos. UG 433 and UG 325.[16]
3. Data request responses in the current case and in Docket No. UG 433.

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[15] See Avista/200, Thies, Avista/500, Schultz, Avista/600, Benjamin, and Avista/800, Forsyth.

[16] See Docket No. UG 433 Staff/200 and Docket No. UG 325 Staff/800.

We reference the specific documents we relied upon by footnote throughout our testimony.

**Q. How is this section of your testimony organized?**

A. We address each of the five primary tasks listed above in the following subsections, Issues 2(A) through 2(E).

**Issue 2(A) Time Series Analyses of Avista's Oregon Direct Plant-in-Service, Distribution Plant-in-Service, and New Revenue Growth Plant Additions**

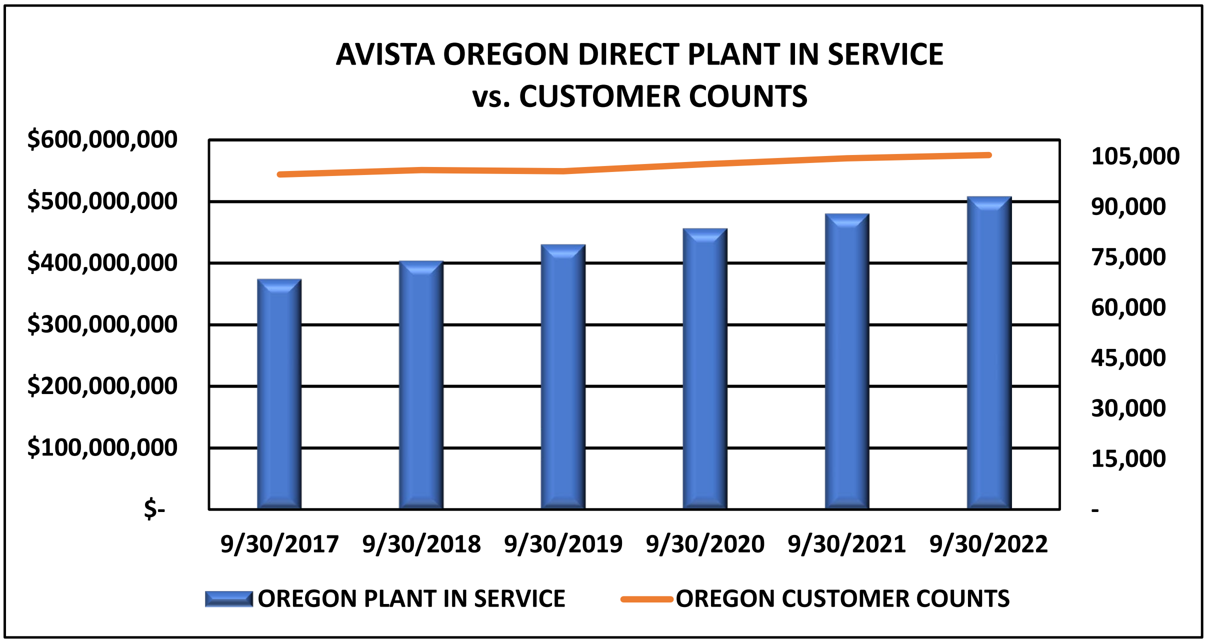
**Q. What is the purpose of the time series analyses you performed?**

A. We leveraged the analyses that Staff performed in Docket No. UG 433 to highlight the continuing trend of Avista's actual plant additions exceeding its forecasted additions. This may indicate that Avista either conservatively estimates capital additions for rate making purposes or that it understates how much its capital projects should cost.

**Q. What is the time series analysis you performed for Avista's total Oregon allocated Plant-in-Service?**

A. We compared Avista's Oregon Direct Plant-in-Service amounts at the end of the last six fiscal years, 2017-2022, with its Oregon customer counts as shown in the chart below.

**Chart 1. Trend in Avista's Oregon Direct Plant-in-Service vs. Oregon Customers**[17]




**Q. What was Avista's percentage increase in Oregon direct Plant-in-Service and customer counts between 2022 and 2017?**

A. The net percentage increase in direct Plant-in-Service was approximately 36%. On average, Avista's Plant-in-Service increased approximately 6.3% per year.[18] Conversely, its customer counts increased by only 6% during this period for an average increase of 1.1% per year. These trends imply that Avista's pace of investment over the past six years exceeds customer demand when measured by the change in the number of customers. However, our review of Avista's forecasted or pro forma Capital Transfers to Plant indicates

[17] Avista Oregon Plant-in-Service at Staff/1203, Avista response to Staff DR No. 58, Attachment C, balances in FERC Account 101000, Plant in Service Owned, service area "OR", jurisdiction "GD." Avista Oregon customer counts at Staff/1203, Avista response to Staff DR No. 190, Attachment C, Spring 2023 forecast, *Gas Data and Forecasts Spring 2023.xlsx*.

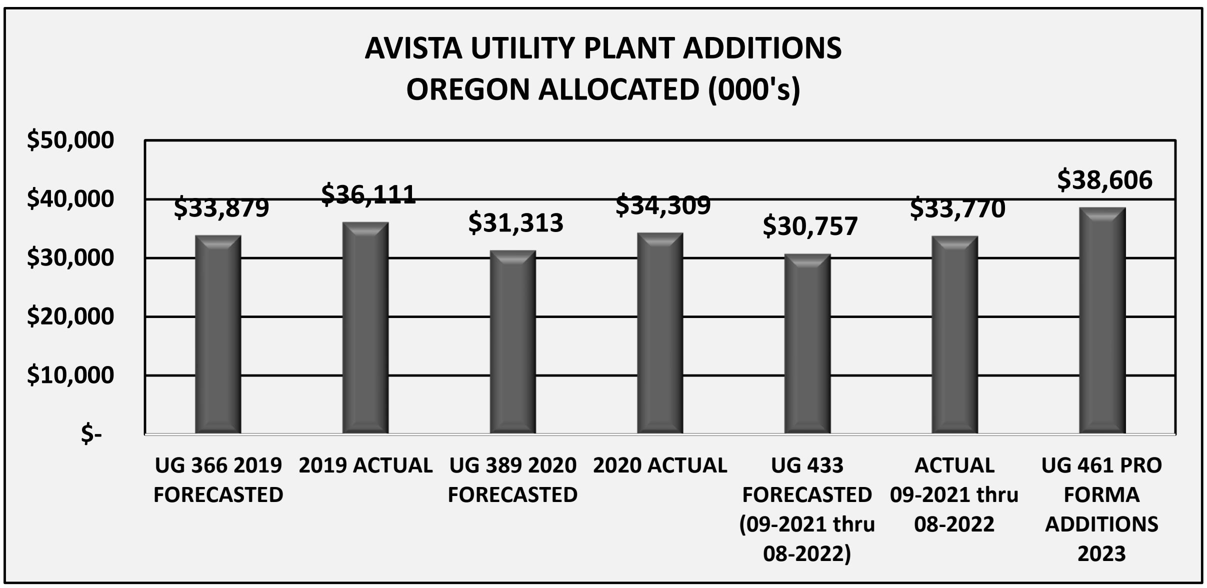
[18] Id. The average is based on the percentage change in ending Plant-in-Service year-over-year from 2017 through 2022.

that this trend is being driven by maintenance and replacement of distribution plant as well as investment for new customer growth. We discuss our analysis of Avista's pro forma Capital Transfers to Plant in detail in Issue 2(D) below.

**Q. Did you perform a time series analysis of Avista's forecasted and actual total plant additions?**

A. Yes. The chart below compares Avista's forecasted and actual total Oregon allocated plant additions from 2017 through 2022.

**Chart 2. Avista's Forecasted and Actual Utility Plant Additions – Oregon Allocated[19]**




Avista's Oregon 2023 forecasted allocated plant additions are approximately 14% greater than its 2019 forecasted additions in UG 366. This trend is in line with Avista's plan to increase its annual total company capital investments by

[19] Docket No. UG 433, Staff/200/44 and Staff/1203, Avista response to Staff DR No. 278, part (a).

approximately 17% from $405 million per year to $475 million per year according to its five-year investment plan through 2027.[20]

**Table 7. Avista's Capital Project Requests/Approvals ($ in millions)**

| Year | Requested | Approved | Delayed | % Capital Delayed |
|---|---|---|---|---|
| 2019 | $528 | $405 | $123 | **23%** |
| 2020 | $505 | $405 | $100 | **20%** |
| 2021 | $516 | $407 | $109 | **21%** |
| 2022 | $501 | $475 | $26 | **5%** |
| 2023 | $523 | $475 | $48 | **9%** |
| 2024 | $595 | $475 | $120 | **20%** |
| 2025 | $601 | $475 | $126 | **21%** |
| 2026 | $581 | $475 | $106 | **18%** |
| 2027 | $511 | $475 | $36 | **7%** |

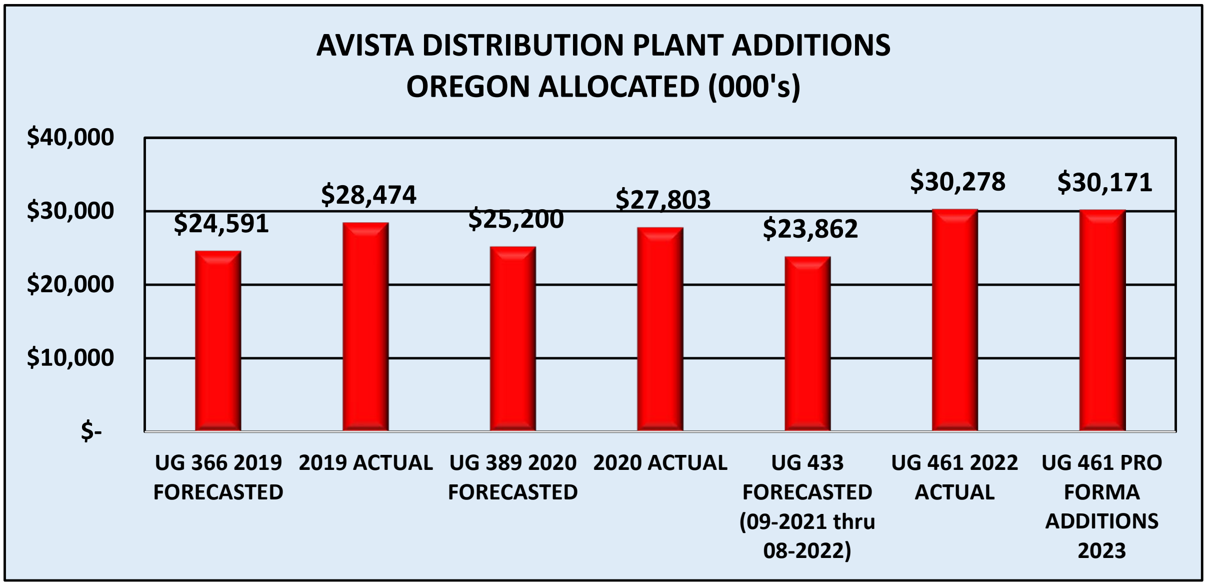
**Q. What is the next time series analysis you performed on Avista's Plant-in-Service?**

A. We performed our next time series analysis on Avista's distribution Plant-in-Service because it comprises approximately 86% of Avista's pro forma balance of gross plant costs as of the end of roll-forward period ending December 31, 2023.[21] The chart below shows that Avista's forecasted 2023 distribution plant additions are approximately 23% greater than its 2019 forecasted additions and 6% greater than its actual 2019 additions in Docket No. UG 366.

20 Avista/200/4 and Avista/200/13, Table 1.

21 Staff/1203, Avista response to Staff DR No. 252, *Staff_DR_252 Supplemental Attachment A.xlsx*, tab **Cap Summary**, Distribution Plant Cost / Total Plant Cost.

**Chart 3. Avista's Distribution Plant Additions**[22]

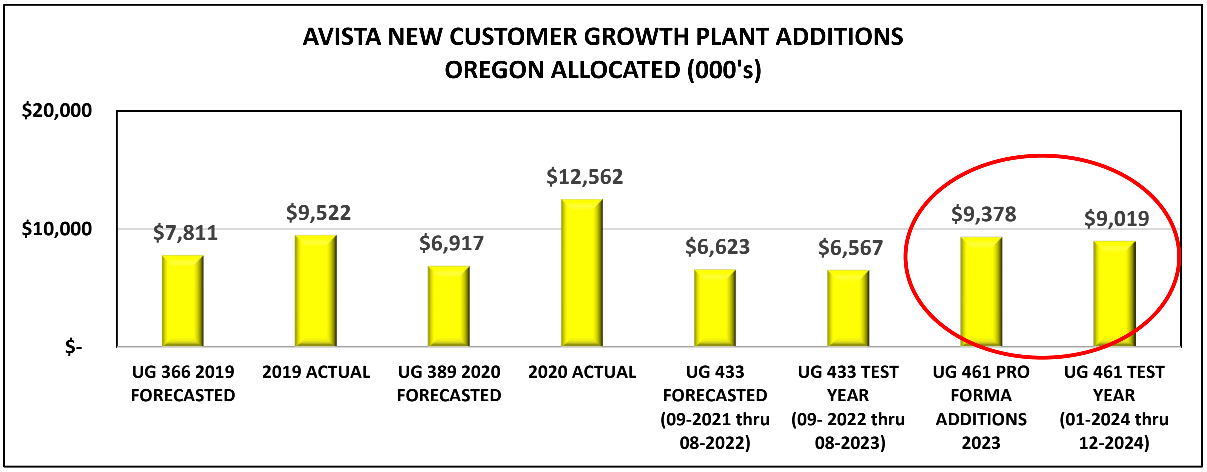



**Q. What is the last time series analysis you performed on Avista's plant additions?**

A. We prepared a chart of Avista's new customer growth plant additions from its 2019 forecast in Docket No. UG 366 to its 2024 Test Year in the current case.

[22] Docket No. UG 433, Staff/200/45 and Avista response to Staff DR No. 252, *Staff_DR_252_Supplemental Attachment A.xlsx*, tab **CAP 23.1.A - DoNotPrint**, Plant Type - G Distribution, Oregon Allocated.

**Chart 4. Avista's New Customer Growth Plant Additions**[23]




**Q. Why did you focus on Avista's new customer growth capital additions over its other five capital plant investment drivers?**[24]

A. Avista's new customer growth (or the Customer Requested capital plant investment driver) from October 1, 2022, through December 31, 2024, comprises approximately 45% of its distribution capital additions with the 2024 additions accounting for almost 19% of distribution capital additions.[25] This investment is speculative in nature as it represents investment for new customer connections not previously on the Avista system. The accuracy of Avista's forecasted additions is, thus, highly dependent on the accuracy of its customer forecasts and estimated Cost per Service connection. We examine Avista's inputs and assumptions supporting its pro forma 2023 and 2024 Test

23 Docket No. UG 433, Staff/200/45 and Avista response to Staff DR No. 252, *Staff_DR_252_Supplemental Attachment A.xlsx*, tab **CAP 23.1.A - DoNotPrint**, ER_1001, ER_1051, and ER_1056, Oregon Allocated.

24 Avista/600/8. Avista's six capital plant investment drivers are: (A) Customer Requested, (B) Customer Service Quality & Reliability, (C) Mandatory & Compliance, (D) Asset Condition, (E) Performance & Capacity, and (F) Failed Plant & Operations.

25 Staff/1205, tab **Testimony Table 2-3 Support**, cells I41 and I42, respectively.

Year capital additions in more detail in Issue 2(D) below where we discuss the rationale for our recommended $7.26 million reduction in Avista's proposed capital additions.

**Issue 2(B) Reconciliation of Avista's August 31, 2022, Plant and Rate Base Balances to its September 30, 2022, Base Year Balances.**

**Q. What work did you perform to reconcile Avista's plant and rate base balances from the rate effective date of UG 433 to the starting point in the current case?**

A. Avista's capital additions analyses start with an historic base year as of September 30, 2022.[26] However, the rate effective date of its prior GRC in Docket No. UG 433 was August 22, 2022. Since Avista's schedules omit plant additions and retirements from the last rate effective date forward, we issued a data request for this information. Avista's response indicated that it stores transfers to plant ("TTP") on a monthly basis, and it was able to produce the requested data as of July 31, 2022, and August 31, 2022, rather than mid-month as of August 22, 2022.[27] We used this information to prepare the following reconciliation using August 31, 2022, as the closest date to the August 22, 2022, rate effective date from Docket No. UG 433.

[26] Avista/600/3.

[27] Staff/1203, Avista response to Staff DR No. 290 Revised, part (a), and *Staff_DR_290 Attachment A.xlsx*.

**Table 8. Reconciliation of Avista's Plant-in-Service and Rate Base[28]**

| | AVISTA PLANT-IN-SERVICE AND RATE BASE (000's) | | |
|---|---|---|---|
| | EOP | EOP | |
| | 8/31/2022 | 9/30/2022 | INCREASE (DECREASE) OVER AUGUST 2022 |
| PLANT COST | 563,847 | 567,157 | 3,310 |
| ACCUMULATED DEPRECIATION | (167,539) | (168,740) | (1,201) |
| NET PLANT COST | 396,308 | 398,417 | 2,109 |
| ACCUMULATED DEFERRED INCOME TAXES | (68,378) | (67,784) | 594 |
| **NET RATE BASE** | **327,930** | **330,633** | **2,703** |

**Q. What does the reconciliation in Table 8 indicate?**

A. It indicates that Avista recorded an additional $3.3 million as TTP in September 2022 with a net rate base increase of $2.7 million. This is in line with the average monthly capital additions Avista projects through December 31, 2023.[29]

**Issue 2(C) Avista's Actual TTP in the Base Year Ending September 30, 2022, that were not Included in the Docket No. UG 433 Rate Base.**

**Q. What steps did you take to identify the amount of Avista's transfers to plant in its base year were not included in the Docket No. UG 433 rate base?**

A. We issued Staff DR No. 279 requesting capital project documentation for all Oregon direct and allocated assets included in the capital additions analysis supporting Avista/600. In its response, Avista identified $892,428 in TTP in its

[28] Id. Prepared using amounts in cells D31, D38, D45, D47, I31, I38, I45, and I47.

[29] Staff/1203, Avista response to Staff DR No. 252, *Staff_DR_252 Supplemental Attachment A.xlsx*, tab **Cap 23.1 Additions**, row 21.

base year that were not in the Docket No. UG 433 rate base as shown in the table below.

**Table 9. Avista Actual TTP October 2021 – September 2022**[30]

| UG-461 Base Year<br>Oct 2021 - Sept 2022<br>Actual Transfers to Plant<br><br>**Business Case** | **Current Activity cost SUM** | **OR-G $** |
|---|---|---|
| Base Load Hydro | 538,427 | 513 |
| Base Load Thermal Program | 1,071,493 | 2,288 |
| Cabinet Gorge Unit 4 Protection & Control Upgrade | 3,312,645 | 1,384 |
| Energy Imbalance Market | 10,923,269 | 3,771 |
| Enterprise & Control Network Infrastructure | 5,048,920 | 398,275 |
| Enterprise Network Infrastructure | 327,183 | 29,698 |
| HMI Control Software | 411,116 | 37,317 |
| Payment Card Industry Compliance (PCI) | 16,786 | 1,524 |
| Peaking Generation Business Case | 268,649 | 2,089 |
| Rattlesnake Flat Wind Farm Project 115kV Integration Project | 26 | (33) |
| Right-of-Way Use Permits | 375,492 | 26,573 |
| Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 | 2,562,686 | 345,943 |
| SCADA - SOO and BuCC | 903,718 | 44,518 |
| Substation - New Distribution Station Capacity Program | 4,655,779 | 16 |
| Transmission Construction - Compliance | 1,983,167 | (8,918) |
| Wildfire Resiliency Plan | 25,809,592 | 7,471 |
| **Grand Total** | **58,208,945** | **892,428** |

Avista described the TTP amounts as follows in its response.[31]

> The business cases which were not previously provided in UG-433 represent approximately $892,000 on an Oregon basis. Oregon's share of these projects and programs represents approximately 1.5% of the system actual plant additions in the period as presented in Staff_DR_279 Attachment A. The majority of the transfers to plant represented here is in relation to communications and hardware types of plant. The necessity and benefit of this equipment for all Avista customers is discussed in Ms. Benjamin's testimony, Exhibit 600, starting on page 37. …

[30] Staff/1203, Avista response to Staff DR No. 279, *Staff_DR_279 Attachment A.xlsx*.

[31] Staff/1203, Avista response to Staff DR No. 279, part (a).

> Of the business cases identified in Table 1 above, not included in UG-433, there are two business cases that combined make up the majority of plant (83% of Oregon's share of the transfer to plant identified) and therefore, will be discussed in this request. The Enterprise & Controls Network Infrastructure Business Case (Staff_DR_279 Attachment B) and the Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 Business Case (Staff_DR_279 Attachment C). The asset investments associated with these Business Cases are communications equipment. When constructing a project, some assets as a component of that construction will be allocated differently than others based on whom will receive the value of those investments, as further discussed in Ms. Benjamin's testimony, Exhibit 600, page 40. For example, the Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 business case was a $44 million dollar investment over five years, of which, Oregon is responsible for only approximately 1%, the communications connecting to the global Avista network benefiting all customers and therefore a share of only approximately $475,000 is allocated to Oregon customers over the implementation of this project ($346,000 during the base year, October 2021 – September 2022). The Enterprise & Controls Network Infrastructure Program includes a collection of smaller projects of varying sizes. Depending on the size and complexity of a project, it may include a project charter. …

**Q. Did Avista provide the Commission an attestation for the level of capital additions in included in its Docket No. UG 433 rate base?**

A. Yes. In its August 12, 2022, filing pursuant to Commission Order No. 22-291, Avista stated the following:

> In Final Order 22-291, the Commission ordered that the Company "file an officer attestation confirming that all projects included in rate base in this case have been completed and placed in service, including the actual cost of each such project". This order reflects the settlement stipulation whereby the Parties agreed that "all capital projects in Avista's filed case are included in the $1.600 million base revenue increase." The total amount of gross capital additions included in the case was $45.842 million, as detailed in the Direct Testimony of Justin Baldwin-Bonney (Exh. Avista/700, p. 10, Table No. 2, Line 8).

> When the items are summarized (i.e., July actuals and the addition of seven days of just two projects), Avista has transferred $45.918 million as compared to the $45.842 million included in the case. This total level of actual gross transfers to plant is even conservative because the transfer to plant information for all other projects detailed on Attachment 4, pp. 1-2, have not yet been included in this analysis for the month of August.

**Q. Should the Commission require Avista to provide an attestation similar to the one above before the January 1, 2024, requested rate effective date in this case?**

A. Yes. Although Avista has now updated its capital additions analyses to include actual TTP from October 1, 2022, through February 28, 2023, there are still 10 months of pro forma capital additions from March 1, 2023, through December 31, 2023, in its proposed rate base.[32]

## Issue 2(D). Testing of Avista's Inputs and Assumptions Used to Forecast its New Revenue Growth Capital Additions.

### Avista's Pro forma Capital Investment Transfers to Plant by Capital Investment Driver and by Major Plant Asset Type

**Q. How does Avista categorize its capital investment?**

A. As noted in Issue 2(A) above, Avista categorizes its capital investment by the following six investment drivers:[33]

1. Customer Requested;
2. Customer Service Quality & Reliability;
3. Mandatory & Compliance;
4. Asset Condition;
5. Performance & Capacity; and

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32 Staff/1203, Avista response to Staff DR No. 278, part (a).

33 Avista/200/12, Illustration No. 2, and Avista/600/8.

6. Failed Plant & Operations.

**Q. What are Avista's pro forma Capital Transfers to Plant by investment driver?**

A. Avista's pro forma Capital Transfers to Plant by investment drive and by major asset type from October 1, 2022, through December 31, 2024, are summarized in the table below. These amounts reflect Avista's updated transfers-to-plant as of May 15, 2023, with actuals through February 28, 2023, and a revised forecast for March 1, 2023, through December 31, 2023.[34]

[34] Staff/1203, Avista supplemental response to Staff DR No. 252 (May 15, 2023).

**Table 10. Avista Revised Table No. 3**
**Capital Investment Transfers to Plant**[35]

**Oregon Plant Investment**
**Capital Investment Transfers to Plant**
**For October 1, 2022 through December 31, 2024**
**In Thousands ($000's)**

| Plant Investment Driver | Natural Gas Distribution | General Plant | Enterprise Technology | Total |
|---|---|---|---|---|
| **October 1, 2022 through December 31, 2023** | | | | |
| A. Customer Requested | $ 12,895 | $ - | $ - | $ 12,895 |
| B. Customer Service Quality & Reliability | $ - | $ - | $ 2,373 | 2,373 |
| C. Mandatory & Compliance | $ 18,275 | $ - | $ 211 | 18,486 |
| D. Asset Condition | $ 2,220 | $ 1,967 | $ 566 | 4,752 |
| E. Performance & Capacity | $ 1,032 | $ 0 | $ 5,213 | 6,245 |
| F. Failed Plant & Operations | $ 5,393 | $ - | $ 109 | 5,502 |
| Total Transfers to Plant | $ 39,816 | $ 1,967 | $ 8,472 | $ 50,254 |
| **January 1, 2024 through December 31, 2024** | | | | |
| A. Customer Requested [1] | $ 9,019 | - | - | $ 9,019 |
| B. Customer Service Quality & Reliability | - | - | - | - |
| C. Mandatory & Compliance | - | - | - | - |
| D. Asset Condition | - | - | - | - |
| E. Performance & Capacity | - | - | - | - |
| F. Failed Plant & Operations | - | - | - | - |
| Total Transfers to Plant | $ 9,019 | $ - | $ - | $ 9,019 |

[1] The Company included in this case Oregon's share of growth capital on an AMA basis totaling approximately $3.717 million.

**Q. What does this table indicate?**

A. This table indicates that over 62% of Avista's pro forma TTP through December 31, 2023 is comprised of investment in two of its six capital investment drivers: (1) Customer Requested and (2) Mandatory & Compliance.[36] These two investment drivers also account for over 78% of the

[35] Staff/1203, Avista supplemental response to Staff DR No. 252 (May 15, 2023), *Staff_DR_252 Supplemental Attachment A.xlsx*, tab **Testimony Table Nos. 2-3**.

[36] Calculated as follows: ($12,895+$18,486)/$50,254 in thousands.

capital additions in the Natural Gas Distribution plant type with Customer Requested investment accounting for 32% and Mandatory & Compliance investment accounting for 46%.[37]

**Q. Are you focusing on both Customer Requested and Mandatory & Compliance investment drivers in this section of your testimony?**

A. No. We focus on Customer Requested capital additions in this section because Avista's forecasted additions in this investment driver are highly dependent on the accuracy of its customer forecasts and estimated Cost per Service connection. Conversely, the Mandatory & Compliance investment driver, "… relates directly to compliance with laws and regulations that are external to the Company, areas for which the Company has little or no discretion in spending."[38]

**Q. Do you evaluate Avista's Mandatory & Compliance investments elsewhere in your testimony?**

A. Yes. We evaluate projects greater than $1 million in Avista's capital investment drivers in Issue 2(E) below including those in the Mandatory & Compliance investment driver.

**Q. Do you believe that Avista is overstating its New Revenue Growth capital additions within its Customer Requested investment driver?**

A. Yes. We reached this conclusion after comparing Avista's customer forecasts with its forecasted new customer hookups (service connections). After

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[37] Calculated as follows: ($12,895+$18,486)/$38,816 in thousands and then individually.

[38] Avista/600/20, lines 3-4.

performing the analyses described below, we find that Avista may have overstated its New Revenue Growth capital additions by between $3.67 million and $10.85 million. This would then overstate Avista's net plant costs after accumulated depreciation and accumulated deferred income taxes by between $3.45 million and $10.21 million. These amounts are calculated in Staff/1205 and are summarized in the table below.

**Table 11. Lower and Upper Bounds of Staff's Adjustment to Avista's New Revenue Growth Capital Additions[39]**

| | LOWER BOUND | UPPER BOUND | MIDPOINT |
|---|---|---|---|
| | IMPACT OF USING AVERAGE CUSTOMER COUNTS | IMPACT OF USING YEAR-END CUSTOMER COUNTS | |
| DISTRIBUTION PLANT COST | $ (3,669) | $ (10,849) | $ (7,259) |
| DISTRIBUTION PLANT ACCUMULATED DEPRECIATION | $ 90 | $ 278 | $ 184 |
| DISTRIBUTION PLANT ACCUMULATED DFIT | $ 134 | $ 357 | $ 246 |
| NET RATE BASE | $ (3,445) | $ (10,214) | $ (6,830) |

Consequently, we recommend the Commission reduce Avista's gross distribution plant cost by the mid-point of the range on the first row in Table 11, $7.26 million.

**Q. What information did you examine to reach these conclusions?**

A. We examined the following documents to reach these conclusions:

1. Avista's Growth Business Case document.[40]

39 Staff/1205, tab **Lower & Upper Bound Impact**.

40 Avista/602/2-9.

2. Avista's actual and forecasted Residential and Commercial connects and 12-month rolling Cost Per Service amounts produced in discovery.[41]
3. Avista's customer growth forecast.[42]
4. Avista's new connects forecast.[43]
5. Prior Staff testimony in Docket No. UG 325.[44]

**Q. What did you find in Avista's Growth Business Case document?**

A. Avista's Growth Business Case defines its investment for new customer requests as follows:[45]

[41] Staff/1203, Avista response to Staff DR No. 252 requesting updated responses to Staff DR Nos. 150-168 in Docket No. UG 433. Avista response to Staff DR No. 162 in Docket No. UG 433 provides updated information on estimated new customer service connects and costs for 2021 – 2023. Avista response to Staff DR No. 252_162 in the current case provides information on estimated new customer service connects and costs for 2023 – 2025.

[42] Avista's Fall 2022 forecast is in Avista/800/18 while its Spring 2023 updated forecast was produced in response to Staff DR No. 190, Attachments B and C.

[43] Staff/1203, Avista response to Staff DR No. 297, *Staff_DR_297 Attachment A.xlsx*.

[44] Docket No. UG 325 Staff/800/12-15.

[45] Avista/602/2.

AVISTA/602
Benjamin/Page 2 of 556

# Growth Business Case

## EXECUTIVE SUMMARY

Avista defines these investments as "customer requests for new service connections, line extensions, transmission interconnections, or system reinforcements to serve a single large customer." We have often in the past referred to new service connects as "growth," as in growth in the number of customers, however, these investments are beyond the control of the Company, and as such they do not reflect a plan or strategy on the part of Avista. Responding quickly to these customer requests is a requirement of providing utility service. Typical projects include installing electric facilities in a new housing or commercial development, installing or replacing electric meters, or adding street or area lights per a request from an individual customer, a city, or county agency. As would be expected, fluctuation in the number of new customer connections is largely dependent on local economic conditions both in the housing and business sectors. New customers are served for electric in WA and ID and gas in WA, ID, and OR.

Both connects forecast and 12-month rolling Cost Per Service information are used to calculate costs directly related to providing service to customers. Electric and Gas devices are also included in this business case - Meters, Transformers, Gas Regulators, and ERTs (Encoder Receiver Transmitter). Many of these Meters, Transformers, and ERTs are used as replacements for Wood Pole Management, and Periodic Meter Changes, for example. The costs are allocated based on an estimate of how many devices of each type will be used for replacement, rather than new connects.

Growth Business Case Funds request:

| ELEC & GAS | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| Connects Forecast: Res & Comm | 13,028 | 12,146 | 10,900 | 10,644 | 10,603 |
| Extensions, Services | 75,887,090 | 69,425,018 | 64,773,214 | 63,200,151 | 62,738,711 |
| Lighting | 2,677,439 | 2,757,762 | 2,840,495 | 2,925,710 | 3,013,482 |
| Meters & Devices | 6,516,323 | 7,875,812 | 4,667,114 | 4,767,561 | 4,938,395 |
| Transformers & Network Protectors | 13,316,290 | 12,407,503 | 8,758,676 | 8,531,675 | 8,392,753 |
| **Business Case Total** | **98,397,142** | **92,466,095** | **81,039,499** | **79,425,097** | **79,083,340** |

As noted above, Avista relies upon the product of (1) forecasted new service connects and (2) its 12-month rolling Cost Per Service to calculate the costs of serving new service connections. So, the accuracy of its forecasted capital expenditures to serve new customer connects is dependent on how well it forecasts new connects and whether its 12-month rolling Cost Per Service is representative of costs it will experience to install those connects.

**Q. Did Avista produce its new connects forecast and/or its 12-month rolling Cost Per Service with its application?**

A. No. This documentation appears to be routinely produced to its Capital Planning Group and/or other governing committees to support the funding request for anticipated capital additions as noted in the Growth Business Case excerpt below.

**2.1 Describe what metrics, data, analysis or information was considered when preparing this capital request.**

Avista uses a rolling 12-month Cost Per New Service spreadsheet to measure ER1000, Electric New Revenue, and ER1001, Gas New Revenue spending. Device blankets are subject to demand for both new revenue and non-revenue installation and replacement.

Enclosed is a spreadsheet showing projected spend through 2027 with a breakout by Expenditure Request for the New Revenue – Growth Business Case. Connects forecast and 12 -month rolling Cost Per Service information are used. Electric and Gas devices are also included, such as Meters, Transformers, Gas Regulators, and ERTs (Encoder Receiver Transmitter). Many of the Meters, Transformers, and ERTs are used as replacements for Transformer Change Out Program, Wood Pole Management, and Periodic Meter Changes. These costs are allocated based on an estimate of how many devices of each type will be used for replacement, rather than new connects. Those splits are shown on the spending summary.

**Q. Did you ask Avista to produce its connects forecast?**

A. Yes. In response to Staff DR No. 297, Avista produced the new connects forecast prepared in June 2022 by Dr. Forsyth, who also prepares Avista's customer count forecasts, and Avista's Financial Planning and Analysis group.[46]

**Q. How was Avista's new connects forecast prepared?**

A. It is not clear how it was prepared. Neither Avista's response to Staff DR No. 297 nor the forecast workbook produced as *Staff_DR_297 Attachment A.xlsx* describes the process used by Dr. Forsyth or the information he relies upon to produce this forecast. Avista's response to Staff DR No. 298 states that this forecast is "… (1) done by city area and not by residential schedule and (2) is only for residential customers."[47] Avista's response below to Staff DR No. 297 provides a section-by-section description of the forecast spreadsheet produced as *Staff_DR_297 Attachment A.xlsx*.

> Section 1 is prepared by Dr. Grant Forsyth. It represents the detailed residential connect forecast by office, service (electric or gas), and month. Section 2 is also prepared by Dr. Forsyth and represents the outer year annual residential connect forecast by service (electric or gas). Section 3 is prepared in FP&A by breaking out the annual residential gas customers from Section 2 into state-level forecasts using the proportions from Section 1. Finally, Section 4 (new commercial connects) is prepared using the historical ratio of commercial to residential connects. In this case, the 12 months ending May 2022 were used.[48]

**Q. What does Avista's new connects forecast look like?**

A. The following excerpt is the 2023 new connects forecast for Oregon gas customers by city from Section 1 of the forecast.

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[46] Staff/1203, Avista response to Staff DR No.297(a).

[47] Staff/1203, Avista response to Staff DR No. 298(b).

[48] Id., Avista response to Staff DR No. 297(a).

**Table 12. Avista's 2023 Oregon New Connects Forecast**[49]

Section 1 - Detailed forecast by office and month

**Hookup Forecast for 2023, Completed June 2022 By Grant D. Forsyth, Chief Economist**

| | Jan | Feb | March | April | May | June | July | August | Sept | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Medford | 63 | 60 | 70 | 60 | 56 | 56 | 68 | 61 | 60 | 77 | 73 | 71 | 775 |
| Roseburg | 16 | 15 | 16 | 14 | 14 | 12 | 13 | 11 | 18 | 24 | 23 | 17 | 193 |
| Klamath Falls | 16 | 18 | 12 | 12 | 11 | 11 | 7 | 10 | 17 | 19 | 29 | 23 | 186 |
| La Grande | 6 | 2 | 4 | 3 | 4 | 3 | 3 | 2 | 4 | 7 | 3 | 10 | 52 |
| Total Forecast OR Gas | 102 | 95 | 103 | 89 | 85 | 82 | 91 | 84 | 99 | 127 | 128 | 121 | 1,207 |

**Q. Were you able to determine how Dr. Forsyth calculated the forecasted new connects by month for 2023?**

A. No. It is somewhat of a black box as the customer counts by month are hardcoded, and the workbook provides no narrative discussion of the calculations. There are two supporting workbooks linked to the file that were not produced by Avista. These supporting workbooks are the source of (1) costs per service connection in Section 3 of the forecast and (2) the ratio of commercial customer connections to residential customer connections in Section 4 of the forecast.

**Q. How is this information used by Avista to forecast new customer growth capital additions?**

A. It is used in separate Excel workbooks that combine forecasted new customer connects with estimated costs per service connection for Residential and Commercial customers.

49 Staff/1203, Avista response to Staff DR No. 297, *Staff_DR_297 Attachment A.xlsx*. The green highlighting is Avista's formatting. It is non-confidential information.

**Q. What information did Avista provide for its new growth customer counts and its 12-month rolling Cost Per Service?**

A. Avista provided two schedules containing its new growth customer counts and its 12-month rolling Cost Per Service in response to Staff DR No. 252 which requested Avista's responses to Staff DR Nos. 150-168 in Docket No. UG 433 and responses to the same requests using data available in the current case.

- Avista's response to Staff DR No. 162 from Docket No. UG 433, prepared on November 16, 2021, forecasted natural gas new customer growth data for service connects and costs for the years 2021 – 2023.
- Avista's updated response to this same request in the current case (Staff DR No. 252_162), prepared on May 3, 2023, forecasts new customer service connects and costs for the years 2023 – 2025.

**Q. What was Avista's forecasted new customer service connects and costs for the years 2021 – 2023?**

A. The following table forecasted new customer service connects and costs for the years 2021 – 2023. The Oregon system data is highlighted inside the red box.

**Table 13. Avista's Forecasted New Customer Service Connects and Costs for the Years 2021 – 2023[50]**

| | | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **1001** | **Gas New Revenue** | | | |
| **WA** | Residential Connects | 2,592 | 2,633 | 2,421 |
| | Residential Cost/Svc | $ 3,900 | $ 4,461 | $ 4,461 |
| | Residential Dollars | $ 10,107,952 | $ 11,747,168 | $ 10,798,266 |
| | Commercial Connects | 189 | 222 | 204 |
| | Commercial Cost/Svc | $ 7,000 | $ 9,320 | $ 9,320 |
| | Commercial Dollars | $ 1,320,405 | $ 2,064,620 | $ 1,897,846 |
| **ID** | Residential Connects | 1,552 | 1,988 | 1,828 |
| | Residential Cost/Svc | $ 2,900 | $ 3,090 | $ 3,090 |
| | Residential Dollars | $ 4,501,018 | $ 6,143,196 | $ 5,646,966 |
| | | $ 0 | | |
| | Commercial Connects | 131 | 167 | 154 |
| | Commercial Cost/Svc | $ 5,300 | $ 4,317 | $ 4,317 |
| | Commercial Dollars | $ 694,749 | $ 721,925 | $ 663,610 |
| **OR** | Residential Connects | 960 | 1,159 | 1,065 |
| | Residential Cost/Svc | $ 5,200 | $ 5,937 | $ 5,937 |
| | Residential Dollars | $ 4,993,806 | $ 6,881,812 | $ 6,325,919 |
| | | $ 0 | | |
| | Commercial Connects | 134 | 98 | 90 |
| | Commercial Cost/Svc | $ 7,400 | $ 10,997 | $ 10,997 |
| | Commercial Dollars | $ 994,124 | $ 1,072,221 | $ 985,610 |
| | Gas Avail & Large Projects | $ 950,100 | $ 1,200,639 | $ 1,200,639 |
| | **ER1001 Total** | **23,534,482** | **28,630,942** | **27,518,856** |
| **1056** | **Gas Meters & Devices, inc ERTS** | | | |
| | WA | 1,262,184 | 1,416,869 | 1,416,869 |
| | ID | 631,092 | 850,919 | 850,919 |
| | OR | 1,262,184 | 1,104,016 | 1,104,016 |
| | **ER1056 Total** | **3,155,460** | **3,371,804** | **3,371,804** |
| **1051** | **Gas Regulators** | | | |
| | WA | 219,486 | 306,992 | 311,983 |
| | ID | 109,743 | 195,970 | 196,206 |
| | OR | 219,486 | 213,732 | 223,685 |
| | **ER1051 Total** | **548,715** | **716,693** | **731,874** |
| **Growth Business Case Summary** | | **2021** | **2022** | **2023** |
| ER1001 | Gas New Revenue | 23,534,482 | 28,630,942 | 27,518,856 |
| ER1051 | Gas Regulators | 548,715 | 716,693 | 731,874 |
| ER1056 | Gas Meters & Devices | 3,155,460 | 3,371,804 | 3,371,804 |
| | **Total Growth** | **27,238,657** | **32,719,439** | **31,622,534** |

50 Staff/1203, Avista response to Staff DR No. 252 requesting updated responses to Staff DR Nos. 150-168 in Docket No. UG 433. Avista updated response to Staff DR No. 162 in Docket No. UG 433 with 2021 – 2023 data. The green highlighting is Avista's formatting in *Staff_DR_162 Attachment A.xlsx*. It is non-confidential information.

**Q. What are Avista's forecasted new customer service connects and costs for the years 2023 – 2025?**

A. The following table contains Avista's forecasted new customer service connects and costs for the years 2023 – 2025. The Oregon system data is highlighted inside the red box.

## Table 14. Avista's Forecasted New Customer Service Connects and Costs for the Years 2023 – 2025[51]

| | | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| 1001 | Gas New Revenue | | | |
| WA | Residential Connects | 2,570 | 2,419 | 1,406 |
| | Residential Cost/Svc | $ 5,043 | $ 5,043 | $ 5,043 |
| | Residential Dollars | $ 12,961,208 | $ 12,199,674 | $ 7,090,840 |
| | Adjustment | $ (2,570,000) | $ (3,628,500) | $ (2,812,000) |
| | Total | $ 10,391,208 | $ 8,571,174 | $ 4,278,840 |
| | Commercial Connects | 250 | 235 | 234 |
| | Commercial Cost/Svc | $ 16,200 | $ 16,200 | $ 16,200 |
| | Commercial Dollars | $ 4,049,969 | $ 3,806,971 | $ 3,790,771 |
| ID | Residential Connects | 2,208 | 2,079 | 2,068 |
| | Residential Cost/Svc | $ 3,781 | $ 3,781 | $ 3,781 |
| | Residential Dollars | $ 8,349,487 | $ 7,861,678 | $ 7,820,081 |
| | Commercial Connects | 215 | 202 | 201 |
| | Commercial Cost/Svc | $ 3,725 | $ 3,725 | $ 3,725 |
| | Commercial Dollars | $ 800,815 | $ 752,394 | $ 748,669 |
| OR | Residential Connects | 1,207 | 1,136 | 1,130 |
| | Residential Cost/Svc | $ 5,468 | $ 5,468 | $ 5,468 |
| | Residential Dollars | $ 6,599,983 | $ 6,211,749 | $ 6,178,940 |
| | Commercial Connects | 117 | 111 | 110 |
| | Commercial Cost/Svc | $ 13,325 | $ 13,325 | $ 13,325 |
| | Commercial Dollars | $ 1,558,998 | $ 1,479,049 | $ 1,465,725 |
| | Gas Avail & Large Projects | $ 1,200,639 | $ 1,200,639 | $ 1,200,639 |
| | **ER1001 Total** | **31,750,460** | **28,683,014** | **25,483,665** |
| 1056 | Gas Meters & Devices, inc ERTS | | | |
| | WA | 742,971 | 1,737,805 | 1,097,189 |
| | ID | 638,555 | 1,103,131 | 790,696 |
| | OR | 348,481 | 1,392,888 | 739,960 |
| | **ER1056 Total** | **1,730,007** | **4,233,824** | **2,627,845** |
| 1051 | Gas Regulators | | | |
| | WA | 236,768 | 391,019 | 285,271 |
| | ID | 203,552 | 269,823 | 219,327 |
| | OR | 110,939 | 281,763 | 172,087 |
| | **ER1051 Total** | **551,258** | **942,605** | **676,685** |

| Growth Business Case Summary | | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| ER1001 | Gas New Revenue | 31,750,460 | 28,683,014 | 25,483,665 |
| ER1051 | Gas Regulators | 551,258 | 942,605 | 676,685 |
| ER1056 | Gas Meters & Devices | 1,730,007 | 4,233,824 | 2,627,845 |
| | **Total Growth** | **34,031,725** | **33,859,443** | **28,788,196** |

[51] Staff/1203, Avista response to Staff DR No. Avista response to Staff DR No. 252_162. The green highlighting is Avista's formatting in *Staff_DR_252-162 Attachment A.xlsx*. It is non-confidential information.

**<u>Evaluation of Avista's New Customer Connects</u>**

**Q. How did you use the information on these two schedules to assess whether Avista was overstating its new customer counts and the corresponding forecasted capital additions based on those counts?**

A. We compared the count of new connects in 2022, 2023 and 2024 to the change in Avista's customer counts in its forecast.

**Q. What are the sources of Avista's customer count forecast?**

A. There are two related sources of Avista's customer count forecast sponsored by Dr. Forsyth in this case. The first calculates <u>year-end</u> customer counts by customer rate schedule.[52] The second calculates <u>average</u> customer counts by customer rate schedule.[53] Both are based on a forecast of net billed customers which means the netting of new connections, reconnections, and disconnections.[54]

**Q. Why did you use the customer count forecast if it includes service reconnections and disconnections?**

A. Since Avista's forecast of customer new connects has not been substantiated with sufficient data or compared to actual new connect installations from prior years, we used the customer count forecasts as a benchmark because they do contain data covering both historical actual and forecasted connection activity over at least a 10-year period. Avista's new connects are speculative in nature

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52 Staff/1203, Avista response to Staff DR No. 190, Staff_DR_190 Attachment C, *Gas Data and Forecasts Spring 2023.xlsx*, tab **OR Spring 2023 Forecasts**.

53 Staff/1203, Avista response to Staff DR No. 190, *Staff_DR_190 Attachment B.xlsx*, tab **Customer Data**.

54 Staff/1203, Avista response to Staff DR No. 298(a).

as they do not represent plant that will be placed in service with 100% certainty. Therefore, linking Avista's forecasted investment to more conservative data represented by its forecasted net customer counts is a prudent way to mitigate potential overstatement of the TTP included in Avista's rate base.

**Q. How does the year-over-year change in Avista's year-end customer counts compare to Avista's new connects forecasted counts?**

A. Avista's year-over-year change in its year-end customer counts are significantly less in 2022 and 2023, but they are slightly higher in 2024 as shown in the table below.

**Table 15. Avista's New Customer Connects vs. Change in Year-End Customer Counts[55]**

| | 2022 | 2023 | 2024 | TOTAL 2022 - 2024 |
|---|---|---|---|---|
| NEW CUSTOMER CONNECTS | 1,159 | 1,207 | 1,136 | 3,502 |
| INCREASE (DECREASE) IN YEAR-END CUSTOMER COUNTS PER SPRING 2023 FORECAST | (198) | 112 | 1,160 | 1,074 |
| DIFFERENCE | (1,357) | (1,095) | 24 | (2,428) |

Avista's year-end customer count forecast is projected to be 2,428 fewer than its new customer connects forecast.

55 Staff/1205, tab **New Connects v. Customer Counts**.

**Q. How does the year-over-year change in Avista's average customer counts compare to Avista's new connects forecasted counts?**

A. Avista's year-over-year change in its average customer counts is less than its new customer connects in all three years as shown in the table below.

**Table 16. Avista's New Customer Connects vs. Change in Average Customer Counts[56]**

| | 2022 | 2023 | 2024 | TOTAL 2022 - 2024 |
|---|---|---|---|---|
| NEW CUSTOMER CONNECTS | 1,159 | 1,207 | 1,136 | 3,502 |
| INCREASE (DECREASE) IN AVERAGE CUSTOMER COUNTS PER SPRING 2023 FORECAST | 854 | 888 | 1,049 | 2,791 |
| DIFFERENCE | (305) | (319) | (87) | (711) |

The 711-customer count difference in Table 16 above is approximately 70% less than the difference in Table 15, but it is still noteworthy.

**Q. What is the significance of the differences between Avista's forecasted new customer connects and its forecasted customer counts in Tables 15 and 16?**

A. As noted above, Avista's forecasted new customer growth capital additions is the product of its forecasted new customer connects and its forecasted Cost Per Service connect. Overstating either one or both leads to an overstatement of Avista's Customer Requested capital additions. Tables 15 and 16 above

56 Id.

indicate that Avista may have overstated its forecasted new customer connects.

**<u>Evaluation of Avista's Cost Per Service Connection</u>**

**Q. You identified flaws in Avista's forecasted new customer connections in the section above. Do you have similar concerns with its forecasted cost per service connection?**

A. Yes. We issued data requests on Avista's cost per service connection as the schedules produced to date in Tables 13 and 14 above reflect hardcoded results for this input. In response to discovery, Avista stated the following:[57]

> a. The cost per service used for the forecast is an experience rate, typically of the prior 12 months. The underlying costs can vary depending on the length of service connections, soil conditions, material and contractor costs, etc. so a forward period escalation is not used so as to avoid overstating the cost.
>
> c. The cost per service used for the forecast is an experience rate, typically of the prior 12 months. The underlying costs can vary depending on the length of service connections, soil conditions, material and contractor costs, etc. so a forward period escalation is not used so as to avoid overstating the cost.

As noted above in our discussion of Avista's new connects forecast, Avista has not provided the underlying data containing its prior 12 months of actual installation costs for new connects. Consequently, Avista's Cost Per Service connection cannot be audited to ascertain whether it reflects prudently incurred costs that benefit just those Oregon customers Avista expects to be in

[57] Staff/1203, Avista response to Staff DR No. 296(a) and (c).

service by the end of the Test Year. Avista could be installing additional distribution infrastructure for expected growth beyond 2024.

**Q. What did you do to mitigate the lack of reliable data on Avista's cost per service connection?**

A. We compared the costs in Tables 13 and 14 above to Avista's 2017 cost per residential service connection that it disclosed in Docket No. UG 325 because it represents a baseline cost from the starting point of our time series analyses in Issue 2(A) above. The following is Avista's response to Staff DR No. 367 in Docket No. UG 325.[58]

[58] Docket No. UG 325, Staff/803/4.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 02/09/2017 |
| CASE NO: | UG 325 | WITNESS: | David J. Machado |
| REQUESTER: | PUC Staff - Moore | RESPONDER: | David Machado/N. Thorson |
| TYPE: | Data Request | DEPT: | State & Federal Regulation |
| REQUEST NO.: | Staff – 367 | TELEPHONE: | (509) 495-4554 |
| | | EMAIL: | david.machado@avistacorp.com |

**REQUEST:**

Please discuss in detail how Avista forecasts its Capital costs to new customers.

**RESPONSE:**

The forecast for the new customer capital program is based on the new customer connect forecast supplied by our staff economist. Currently, we only forecast residential new connects, but we have historical data on new commercial connects that we use for estimation purposes. Using these two numbers, we apply the weighted average current cost per new service, which is based on an application of a breakeven IRR for OR and ID, and allowance currently in effect in WA. Using this method, OR residential connects are forecasted at an average of $2,500 per customer. Commercial connects are calculated using an historical average of connect costs, again by a weighted average of all three jurisdictions. This forecast is done in total, for all Avista Natural Gas operations. Apportionment by (Budget Item)BI, to each operating area, is done based on prior year history total spend by ER, rather than on forecasted customers, as we only forecast residential in detail. Staff_DR_367 Attachment A contains the overall forecast for the "New Revenue – Growth" business case for 2017, which includes the budgeted amount, by ER.

Staff_DR_367 Attachment B contains the breakeven IRR for new residential customer connections for Avista's Oregon and Idaho natural gas jurisdictions (as the Washington allowance is governed by the new line extension allowance approved in Washington). This attachment is provided as a pdf file, as the original Excel file was not retained after this was printed. The average residential customer connection cost of $2,500 per customer in Oregon was derived from setting the IRR constant at approximately 10.0% and finding the associated capital cost that would result in this IRR, given the average residential use per customer.

Industrial or very large commercial connects are dealt with on a case-by-case basis, and are not part of the forecast.

**Q. What is the relevant number in Avista's data request response above that you use for comparison to its current forecasted cost per service connection?**

A. We used Avista's $2,500 cost per residential service connection for our comparison to Avista's costs for 2022, 2023, and 2024 in Tables 13 and 14 above. Avista's 2022 cost per residential service connection in Table 13 is $5,937 or 2.37 times greater than its 2017 amount. Avista's forecasted 2023 cost per residential connection declined to $5,468 in Table 14, or 2.19 times greater than its 2017 amount, and it remains flat through 2025. While inflationary pressures have hit all industries in the last few years, the more-than-doubling of the cost per connection appears excessive.

**Q. Have you made any adjustments to Avista's cost per service connection?**

A. Not at this time. Avista's response to discovery on this issue is insufficient to make a quantitative adjustment at this time.[59] We reserve the right to make an adjustment after Avista has an opportunity to address this issue in its reply testimony.

[59] Staff/1203, Avista response to Staff DR No. 297.

## Adjustment of Avista's New Customer Capital Additions

**Q. How did you calculate your adjustment to reduce Avista's new customer capital additions?**

A. We first replaced Avista's forecasted residential and commercial new customer connects in its natural gas new customer growth calculations with the change in customer counts from its customer counts forecasts that we summarize in Tables 14 and 15 above, with one exception. Where the year-over-year change was negative or a reduction in total customer counts, we used a value of zero instead since the focus of this analysis is on new customer connections. We also reduced the change in 2022 customer counts over 2021 by 25%[60] to approximate the customer counts needed for new growth between October 1, 2022, through December 31, 2022, the 2022 months included in Avista's forecast.[61] The following excerpt summarizes the results of the customer count calculations using Avista's average customer count forecast.

60 3 months / 12 months for the period October – December 2022.

61 Staff/1205, tabs **Adj. New Rev. Growth – AVG** and **Adj. New Rev. Growth – YE**, cells J25, L25:Q25, J29, and L29:Q29.

**Table 17. Avista's Change in Customer Counts Based on Forecast of Average Customer Counts**[62]

| | | OCTOBER 1, 2022 - 12/31/2022 | 2023 | 2024 |
|---|---|---|---|---|
| OR | Residential Connects | 200 | 842 | 967 |
| | Residential Cost/Svc | | | |
| | Residential Dollars | | | |
| | | | | |
| | Commercial Connects | 13 | 47 | 82 |
| | Commercial Cost/Svc | | | |
| | Commercial Dollars | | | |
| | | | | |
| OR | Gas Avail & Large Projects | | | |
| | | | | |
| | **ER1001 Oregon Total** | **213** | **888** | **1,049** |

**Q. What was your second step in adjusting Avista's new customer capital additions?**

A. We then multiplied these adjusted new customer counts by Avista's forecasted costs per service connection for each of the three Expenditure Request ("ER") categories that comprise its new customer growth additions (ER 1001, ER 1051, and ER 1056). This calculation was performed separately on the two schedules that calculate the impact of using Avista's average customer counts and its year-end customer counts.[63]

[62] Staff/1205, tabs **Adj. New Rev. Growth – AVG**, rows

[63] Staff/1205, tabs **Adj. New Rev. Growth – AVG** and **Adj. New Rev. Growth – YE**, cells O52:R61.

We then calculated adjustment factors to apply to Avista's capital additions level in its database of capital additions records. The adjustment factors were calculated as the ratio of adjusted capital plant / Avista forecasted capital additions as illustrated in the excerpt below.

**Table 18. Staff's Calculation of Capital Additions Adjustment Factors[64]**

| OR Growth Business Case Summary | | 2022 | 2023 | 2024 | | | | | OCTOBER 1, 2022 - 12/31/2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ER1001 | Gas New Revenue | 8,199,130 | 8,631,336 | 7,690,800 | $ 1,555,218 | $ 6,280,313 | $ 7,480,124 | $ 15,315,655 | 75.9% | 72.8% | 97.3% |
| ER1051 | Gas Regulators | 6,748 | 6,602 | 15,053 | $ 36,309 | $ 74,440 | $ 237,040 | $ 347,789 | 2152.2% | 1127.5% | 1574.7% |
| ER1056 | Gas Meters & Devices | 1,551,185 | 738,144 | 1,313,313 | $ 187,553 | $ 233,831 | $ 1,171,799 | $ 1,593,183 | 48.4% | 31.7% | 89.2% |
| | **Total Growth** | **9,757,063** | **9,376,082** | **9,019,166** | **$ 1,779,081** | **$ 6,588,584** | **$ 8,888,963** | **$ 17,256,627** | | | |

**Q. What did you do next to adjust Avista's new customer capital additions?**

A. We applied the capital additions adjustment factors to the individual capital additions in Avista's capital additions analysis at the Budget Item ("BI") level. The revised capital additions then flowed through our adjusted version of Avista's capital additions workbook to its capital additions summary page. We then compared the adjusted capital additions amounts to Avista's proposed amounts as summarized in Table 11 above to provide the Commission with a lower and upper bound range of $3.67 million and $10.85 million, respectively. The lower bound was calculated was calculated using Avista's forecast of average customer counts while the upper bound was calculated using Avista's forecasted year-end counts. We recommend using the mid-point of that range, a reduction of $7.26 million, to adjust Avista's capital additions.

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64 Staff/1206, tab **Adj. New Rev. Growth – AVG**, rows 51:55.

## Issue 2(E). Review of Project-Level Documentation

**Q. How did you evaluate Avista's capital additions at the project level?**

A. We first reviewed Avista's testimony describing how it identifies and prioritizes capital investments.[65] We learned that Avista's capital spending falls into two categories: (1) projects and (2) programs. Avista stated the following:

> e. **"Project"** refers to an individual investment for a specific period of time. **"Programs"** represent investments that address systemic needs that are ongoing with no recognized endpoint, but which may ramp up or down over time, such as the wood pole management program. For ease of reference, the term "capital projects" will be used to represent both capital projects and capital programs. [emphasis added]

> f. As noted above, when it is determined that a project or program is in need of a funding adjustment, a Business Case Funds Change Request is submitted to the CPG for consideration. Again, the majority of capital investment in Oregon is done through programs with ongoing work, a good portion of which is customer requested and reactionary. Programs are monitored each month as work and spending occurs and analysis is done to determine appropriate action to modify work or funding as needed. Projects typically have a steering committee where status and next steps are reviewed for prior to submitting a funds change request to the CPG.[66]

We then issued data requests on Avista's capital planning process and its procedures for monitoring project performance. Avista said the following in response to Staff DR No. 277, part (e):

> The majority of capital investment in Oregon is done through programs with ongoing work, a good portion of which is customer requested and reactionary. Programs are monitored each month as work and spending occurs and analysis is done to determine appropriate action to modify work or funding as needed. Documentation related to

[65] Avista/200/5.

[66] Id., footnote 1.

changes in this work are primarily done through the Business Case Funds Change Request.

**Q. What steps did you perform next to evaluate Avista's capital projects?**

A. We selected groups of projects at the BI level in Avista's capital additions database with values greater than $1 million. This narrowed the scope of capital additions to Avista's Natural Gas Distribution plant type and projects that are 100% direct to Oregon while excluding projects allocated to Oregon using Avista's Four Factor allocators that we discussed in Issue 1 above.

The table on the following page summarizes the nine BI groups that met our criteria for evaluation using the capital additions database Avista filed with its application on February 28, 2023, before it was updated on May 15, 2023, in response to Staff DR No. 252. The selected BIs total $39.4 million in forecasted TTP from October 1, 2022, through December 31, 2023. This represents 71.4% of the $55.2 million in forecasted TTP during this period in Avista's initial capital additions model.[67] New Revenue – Growth projects, highlighted inside the red box in the table below, comprise $16.7 million, or 42%, of the $39.4 million in the sample being tested.

[67] Avista 600/9, Table 2, $55.158 million in Oregon Capital Investment Transfers to Plant.

**Table 19. Staff's List of Avista Capital Projects in Excess of $1 Million**[68]

| BI | BI_BI Description | ER | Summary Plant Type | Year | OR - Annual |
|---|---|---|---|---|---|
| GN214 | BI_GN214 - Aldyl A OR - Main Pipe Major Project | 3008 | Natural Gas Distribution | 2022 | 2,363,826 |
| GN214 | BI_GN214 - Aldyl A OR - Main Pipe Major Project | 3008 | Natural Gas Distribution | 2023 | 8,146,770 |
| **GN214 Total** | | | | | 10,510,596 |
| GN311 | BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts | 3008 | Natural Gas Distribution | 2022 | 497,723 |
| GN311 | BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts | 3008 | Natural Gas Distribution | 2023 | 1,604,653 |
| **GN311 Total** | | | | | 2,102,376 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2022 | 306,626 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2023 | 536,641 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2024 | 1,313,313 |
| **MN002 Total** | | | | | 2,156,580 |
| MN206 | BI_MN206 - Gas Distribution Non Revenue - Medford | 3005 | Natural Gas Distribution | 2022 | 624,085 |
| MN206 | BI_MN206 - Gas Distribution Non Revenue - Medford | 3005 | Natural Gas Distribution | 2023 | 3,878,000 |
| **MN206 Total** | | | | | 4,502,085 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2022 | 1,630,741 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2023 | 4,751,020 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2024 | 4,478,395 |
| **MN304 Total** | | | | | 10,860,156 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2022 | 470,232 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2023 | 1,187,719 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2024 | 1,119,566 |
| **MN305 Total** | | | | | 2,777,517 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2022 | 415,851 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2023 | 1,338,040 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2024 | 1,261,259 |
| **MN306 Total** | | | | | 3,015,150 |
| MN401 | BI_MN401 - Relocate Due to St&Hwy Work - Medford | 3003 | Natural Gas Distribution | 2022 | 87,929 |
| MN401 | BI_MN401 - Relocate Due to St&Hwy Work - Medford | 3003 | Natural Gas Distribution | 2023 | 2,182,000 |
| **MN401 Total** | | | | | 2,269,929 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2022 | 97,198 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2023 | 634,501 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2024 | 480,725 |
| **XE500 Total** | | | | | 1,212,424 |

We then asked Avista for the following information on each BI group above.[69]

a. The classification of each project [a] capital project or capital program as defined by Mr. Thies in Exhibit 200, p. 5, footnote 1.

b. A listing of all sub-projects aggregating to each BI number listed above using the same fields.

c. A copy of a resource loaded schedule for all completed capital projects at the beginning of the project, at the midpoint of the project and at the end of the project.

68 Staff DR No. 281. The table was created using Avista's capital additions model in *2.07-2.10 Capital Additions Model.xlsx*, tab **CAP 23.1.A – DoNotPrint**.

69 Staff DR No. 281.

d. A copy of a resource loaded schedule for all in-progress capital projects at the beginning of the project, at the midpoint of the project and the most recent version of the resource-loaded schedule.

e. Copies of all sections of the contract between Avista and the companies constructing the project that pertain to project management if external vendors were used.

f. The estimated costs at completion.

g. Identification of each project where the Avista project manager identified variances exceeding 10% of the projects budget in the execution phase and whether additional funding was rejected or approved by the Capital Planning Group and Senior Management.

h. Copies of change orders issued for projects where actual external vendor costs incurred during the execution phase exceeded 10%.

**Q. What was Avista's response to the requests above?**

A. A summarization of Avista's responses is provided below with our emphasis on key aspects highlighted in red.

a. The assignment of a project or program as a type is done at the business case level. Each of the items listed in this request are part of a program.

b. Capital transfers to plant is budgeted only as low as the BI level. A listing of sub-projects cannot be provided on a pro forma basis. Please see Staff_DR_281 Attachment A for a listing of sub-projects by BI for calendar year 2022.

c. The above requested items are all programs which do not have a defined beginning, middle and end, but rather are ongoing work. The work performed under these programs is either planned work, reactive work or customer requested work. The following table defines the business case/Expenditure Request (ER)/Budget Item (BI) relationship for better understanding of the program relationship.

| Business Case / ER / BI |
|---|
| **Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement** |
| **ER_3008 - Aldyl -A Pipe Replacement** |
| BI_GN214 - Aldyl A OR - Main Pipe Major Project |
| BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts |
| **Gas Non-Revenue Program** |
| **ER_3005 - Gas Distribution Non-Revenue Blanket** |
| BI_MN206 - Gas Distribution Non Revenue - Medford |
| **Gas Replacement Street and Highway Program** |
| **ER_3003 - Gas Replace-St&Hwy** |
| BI_MN401 - Relocate Due to St&Hwy Work - Medford |
| **New Revenue - Growth** |
| **ER_1001 - Gas Revenue Blanket** |
| BI_MN304 - Oregon - Gas Rev Projects/Medford |
| BI_MN305 - Oregon - Gas Rev Projects/Roseburg |
| BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls |
| BI_XE500 - Gas Engineering |
| **ER_1056 - Gas Meter and Metering Equipment Purchases** |
| BI_MN002 - Gas Meter and Metering Equipment Purchases - OR |

Planned work

The Gas Facilities Replacement Program (GFRP) is made up of planned work on a set cycle. …

Reactive work

The Gas Non-Revenue Program is reactive work, therefore no resource loaded schedules are available. Every year the Company plans and budgets for a certain amount of reactive work, replacing plant as it fails, although we are unable to schedule for exactly what that work will be. The budget and forecast of this work is based on informed judgement by our Gas Operations and Engineering groups combined with historic trending and then is monitored through the year for needed adjustments.

…

Customer Requested

Both the Gas Replace Street and Highway Program and the New Revenue-Growth business cases are customer requested work. Avista has an obligation to serve our customers in a timely manner. This work is planned for by using historic trends and then monitoring in the year and making adjustments as necessary. …

d. Please see part C above.

e. The Gas Facilities Replacement Program contracts the construction work under the program. …

f. Please refer to Staff_DR_252 Supplemental where the Company has provided updated capital additions workpapers (referred to in the Company's original filing as Ms. Benjamin's workpapers titled '2.07-2.10 Capital Additions Model'). Within this attachment, the Company has updated transfers-to-plant (TTP) with actuals for October 1, 2022 through

February 28, 2023 and a revised TTP forecast for all pro forma capital additions for March 1, 2023 through December 31, 2023. Pro forma new growth capital additions (TTP) for calendar 2024 remain unchanged from the Company's direct filed case. Retirements for October 1, 2022 through December 31, 2022 have also been updated with actuals.

g. Please see Staff_DR_277 where additional discussion on the management and approval of the capital budget are discussed. As typical for all projects and programs at Avista, the above identified business cases monitor performance on a monthly basis through the year and must make work management decisions or additional funding decisions as appropriate. Customer requested and reactive types of work, are somewhat limited on the ability to stop work. Please see Staff_DR_277 for additional discussion of monthly review and funding decision making. …

h. For the Gas Facilities Replacement Program specifically, the type of contract utilized by the GFRP is unit based. Given our contract lengths are 3-5 years, we would consider this type of work a blanket. Each individual project is not bid on separately and change orders are not utilized in the same way as traditionally managed standalone projects. Over the prior ten years of the GFRP, we have documented and analyzed well known factors within our program such as municipal restrictions, ground conditions, environmental concerns and permitting that allow us to budget and plan accordingly. This data provides the groundwork to utilize core project management skillsets to plan and execute our projects. For Gas Non-Revenue, New Revenue-Growth and Gas Street and Highway Replacement Programs, there is no contract associated to identify change orders for either.

**Q. What did Avista provide in response to your request for project documentation?**

A. Avista provided a series of reports at the level above BI, ER, to illustrate what is used to manage its capital spending under its Program structure. But it did not provide reports on all of the ERs in Table 18 as noted in the summary below.

**Table 20. Summary of Avista Project Documents Produced**

| | ER # | ER DESCRIPTION | BUSINESS CASE NAME | REPORT TYPE | STAFF DR NO. |
|---|---|---|---|---|---|
| 1 | 3008 | Aldyl-A Pipe Replacement | Gas Facilities Replacement Program | 2022 project schedule and budget vs. actual variance tracking. | 281, Attachment B |
| 2 | 3008 | Aldyl-A Pipe Replacement | Gas Facilities Replacement Program | August 2022 Business Case Funds Change Request | 281, Attachment D |
| 3 | 3008 | Aldyl-A Pipe Replacement | Gas Facilities Replacement Program | November 2022 Business Case Funds Change Request | 281, Attachment F |
| 4 | 3007 | Isolated Steel Replacement | Gas Isolated Steel Replacement Program | November 2022 Business Case Funds Change Request | 281, Attachment E |
| 5 | 3008 | Aldyl-A Pipe Replacement | Gas Facilities Replacement Program | Business Case Governance Meeting minutes from four quarterly 2022 meetings. | 291, Attachments A-D |
| 6 | 3003 | Gas Replace-St&Hwy | Gas Replacement Street and Highway Program | November 2021 Gas Capital Budget Summary. | 291, Attachment E |
| 7 | 3003 | Gas Replace-St&Hwy | Gas Replacement Street and Highway Program | December 2021 Gas Capital Budget Summary. | 291, Attachment F |
| 8 | 3005 | Gas Distribution Non-Revenue Blanket | Gas Non-Revenue Program | Trend analyses of spending by project | 291, Attachment F |
| 9 | 3354 | Gas ERT Replacement Program | Gas ERT Replacement Program | April 2022 Business Case Funds Change Request | 291, Attachment G |
| 10 | 3003 | Gas Replace-St&Hwy | Gas Replacement Street and Highway Program | June 2022 Gas Capital Budget Summary | 291, Attachment H |
| 11 | 3005 | Gas Distribution Non-Revenue Blanket | Gas Non-Revenue Program | June 2022 Business Case Funds Change Request | 291, Attachment H |
| 12 | | (Multiple Programs) | N/A | September 2022 Gas Capital Budget Summary | 291, Attachment I |
| 13 | 3003 | Gas Replace-St&Hwy | Gas Replacement Street and Highway Program | November 2022 Gas Capital Budget Summary | 291, Attachment J |
| 14 | 3005 | Gas Distribution Non-Revenue Blanket | Gas Non-Revenue Program | November 2022 Business Case Funds Change Request | 291, Attachment J |

Notably absent is any documentation on the governance of its New Revenue – Growth BIs under ER_1001 which are part of the Customer Requested investment driver we evaluated at length in Issue 2(D) above.

**Q. What do the Business Case Governance Meeting minutes look like?**

A. The following is an excerpt from the January 26, 2022, Gas Facility Replacement Program (ER_3008) quarterly meeting minutes.[70]

## GENERAL DISCUSSION ITEMS

**2021 BUDGET:** ($22,832,228 ORIGINAL BUDGET; 2020 BUDGET WAS $23,318,892)

- 2021 Final budget = **$22,408,381** under budget by $423,848 (1.86%)
- **2022** Program Wide Budget = **$25,687,251**
- 2021 Priority Services Budget $160,955 with ≈ **$31,262** YTD.
- 2021 Unfunded Work (Minor Main Opp Work) ≈ **$711,237** YTD (last month = $512,483)

**MAIN PIPE CONSTRUCTION NOTES:**

- Good Pipe Discovered: 9.42 miles (last month 8.2 miles)
- 2021 Split & Pull 1,496-ft (No change from last 5 months)

**2022 PLANNING & RESOURCES:**

- NPL contract ends December 31, 2022. Working on new 5-year contract for ID/WA. Will analyze the ability to complete 2.5 miles in Lewiston/Clarkston in 2022 (instead of 1 mile).
- Asset Management (internal dept) to provide updated 5-year GFRP analysis.
- Received new risk ranking of AA Main Projects from DIMP & updated project lists through the end of the program.

**ONE PAGER:**

- One Pager was issued on 1/20/22

**Q. What does a monthly Gas Capital Budget Summary look like?**

A. An example of a Gas Capital Budget Summary report is provided below.[71]

70 Staff/1203, Avista Response to Staff DR No. 291, Staff_DR_291 Attachment A.

71 Staff/1203, Avista response to Staff DR No. 291, Staff_291 Attachment I, September 16, 2022 e-mail, p. 1.

The request noted below that was submitted in June is still valid.

| Requests ($1,000's) | ER # - Project |
|---|---|
| 300 (June Request) | ER 3002 Reg Reliability, expected spend $1,100. Request still active and awaiting approval. Need decision this month, or we won't have time to spin up the resources for the work. Exp spend: $1,100 |
| 700 | ER 3003 Road Moves, As cautioned previously, this work in request of others continues to trend higher than expected. Exp spend: $4,200k |
| 1,100 | ER 3005 Non-Rev, As cautioned, this unplanned work is trending higher than last year, and as budgeted. Exp spend: $10,010k |
| 200 | ER 3007 Isolated Steel, Additional deficiencies recently found with 90 day compliance due dates in La Grande. Exp spend: $1,050k |
| | |
| -600 | ER 3000 Reinforcements, Work associated with P-Kay Metals can not be completed this year. $600k of the $800k request for them is being returned. The remainder of the project for them will be finished next year. Exp spend: $1.5M |
| -650 | ER 3009 Above Grade Pipe Replacement, limited engineering resources didn't allow this program to mature this year. Exp spend: $100k |
| -140 | ER 3010 Transient Voltage Mitigation, limited engineering resources didn't allow an early enough start to complete the full scope of work. Exp spend: $760k |
| -180 | ER 3054 Gas ERT Replacement, Inventory limitations are restricting the pace of this program. Exp spend: $970k |
| -1,650 | ER 3055 PMC, Limited inventory levels did not allow us to continue this program this year. Exp spend: $1,850k |
| -475 | ER 3057 HP Integrity Remediation, limited engineering resources didn't allow all the work originally planned to be completed this year. Exp spend: $125k |
| | |
| **-$1,395** | **Net Release** |

**Q. What was the result of your review of the documents produced by Avista?**

A. We did not find any issues of concern regarding Avista's management of the ERs for which it produced illustrative reports. However, there were no reports provided on its New Revenue – Growth BIs under ER_1001. Consequently, we are unable to render an opinion on Avista's management of those projects other than our findings and recommendations on forecasted capital additions in the Customer Request investment driver in Issue 2(D) above.

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

A. Yes.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESS: August Ankum

**STAFF EXHIBIT 1201 Witness**

**Qualifications**

# August H. Ankum, Ph.D.

**Partner**
**Chief Economist**
**QSI Consulting, Inc.**
gankum@qsiconsulting.com

## Biography

Dr. Ankum is a founding partner of QSI and serves as the firm's Chief Economist. Dr. Ankum assists corporate and government clients with economic and financial analyses and issues related to public policy and public utility regulation. While there is a special focus on regulated industries, such as telecommunications, electric, gas and maritime shipping, and rate case/revenue requirement/cost allocation analyses, Dr. Ankum's work experience generally encompasses the following:

- econometric modelling and economic growth and employment forecasts
- industrial organization and competitive market analysis
- due diligence and asset evaluations
- complex litigation, breach of contract and damages calculations, intellectual property disputes
- regulatory policy, tariff issues, rate cases (cost of service, rate design, cost of capital)
- interconnection and contract negotiations and billing disputes

Dr. Ankum also assists corporate and government clients with antitrust issues related to proposed mergers and acquisitions, such as:

- general market dominance/competitiveness analysis
- application of U.S. DoJ/FTC standards for merger approvals
- projected impact of mergers on affiliated transactions, economic and financial viability, quality and availability of products and services, and end-user/retail and wholesale prices

Before co-founding QSI in 1999, Dr. Ankum was President of Ankum & Associates, Inc., which provided economic consulting services for a variety of companies and public agencies. Prior to that, in 1996, he served as Senior Economist for MCI Telecommunications Corporation's Public Policy Division, and before that, in 1995, as a Manager in the Regulatory and External Affairs Division of Teleport Communications Group, Inc. (subsequently purchased by AT&T). While at MCI and TCG, Dr. Ankum worked as an economist and provided advice on public policy issues before the FCC and state public utility commissions.

Dr. Ankum began his career at the Texas Public Utility Commission, in 1987, where he worked as an economist on electric utility and telecommunications issues.

## Educational Background

| | |
|---|---|
| Ph.D., Economics<br>*University of Texas, Austin, Texas* | 1992 |
| Master of Arts, Economics<br>*University of Texas, Austin, Texas* | 1987 |
| Bachelor of Arts, Economics<br>*Quincy College, Quincy, Illinois* | 1982 |

## Professional Experience

| | |
|---|---|
| **QSI Consulting**<br>(1999 to Current) | Founding Partner, Chief Economist |
| **Ankum & Associates**<br>(1996 - 1999) | Founding Partner and President |
| **MCI**<br>(1995 - 1996) | Senior Economist |
| **TCG**<br>(1994 - 1995) | Manager |
| **Public Utility Commission of Texas**<br>(1987 – 1994) | Chief Economist, and Economist. |

# EXPERT TESTIMONY

The information below is Dr. Ankum's best effort to identify all proceedings wherein he has provided pre-filed written testimony, an expert report, live testimony or participated in some other meaningful way (e.g., affidavit, deposition).

## Civil Litigation and Arbitrations

**Ingham County Circuit Court**
**Case No. 04-689-CK**
*T&S Distributors, LLC Custom Software, Inc., Arq, Inc., Absolute Internet, Inc., CAC Medianet, Inc,. ACD Telecom, Inc., and Telnet Worldwide, Inc. V. Michigan Bell Telephone Company, d/b/a SBC Michigan.*
On behalf of ACD Telecom, Inc. and Telnet Worldwide, Inc.

**JAMS Reference No.1340005643**
**Case No. 05-C-6250**
*Cingular Wireless, LLC, a Delaware Limited Liability Company V. PlatinumTel Communications, LLC, a Delaware Limited Liability Company*
On behalf of PlatinumTel Communications, LLC.

**U.S. District Court, Northern District of Illinois Eastern Division**
**Case No. 05-C-6250**
*Cingular Wireless, LLC, a Delaware Limited Liability Company V Omar Ahmad*
On behalf of Omar Ahmad.

**United States District Court, Northern District of Texas Dallas Division**
**Civil Action No. 09-CV-1268**
*Southwestern Bell Telephone Company, et. al. Plaintiffs, vs. IDT Telecom, Inc., Entrix Telecom, Inc., and John Does 1-10, Defendants.*
On behalf of IDT

**United States District Court, Northern District of Texas, Fort Worth Division.**
**Case No. 4:09-cv-755-A**
*Transcom Enhanced Services, Inc. v. Qwest Corporation*
On behalf of Transcom

**District Court for the Eastern District of Texas, Sherman Division**
**Case Nos. 4:11-MC-0053, 4:11-MC-0054, 4:11-MC-0055; Case No. 11-42464, and Adversary Proceeding No. 11-4160**
*IN RE: Halo Wireless, Inc. Debtor*
On behalf of Halo Wireless, Inc.

**Superior Court Judicial District of Hartford**
**Complex Litigation No. (Xo7) HHD-CV-10-6013996S,**
BTHRIFTY, LLC, Plaintiff, v. Comcast Spotlight, LLC, et al, Defendants
On behalf of Comcast Spotlight, LLC

**United States District Court Northern District of Texas, Dallas Division**
**Civil Action No. 09-CV-1268**
*Southwestern Bell Telephone Company, et al, Plaintiffs, vs. IDT Telecom, Inc., ENTRIX Telecom, Inc., and John Does, 1-10, Defendants.*
On behalf of IDT Telecom, Inc.

**United States District Court for the Western District of Arkansas**
**Civil Action No: 5:14-cv-5275-TLB**
*In Re Global Tel*Link Corporation ICS Litigation.*
On behalf of Counsel for Plaintiffs

**U.S. District Court for the Eastern District of Pennsylvania**
**Civil Action No.: 2:12-cv-00859-JD**
*Comcast Cable Communications, LLC; TVWorks, LLC; and Comcast MO Group, Inc., V Sprint Communications Company, L.P.; Sprint Spectrum L.P.; and Nextel Operation, Inc., Defendants: Sprint Communications Company, L.P. and Sprint Spectrum L.P., Counterclaim-Plaintiffs, V Comcast Cable Communications, LLC; Comcast IP Phone, LLC; Comcast Business Communications, LLC; and Comcast Cable Communications Management, LLC, Counterclaim- Defendants.*
At the request of counsel for the Comcast entities.

**State of Michigan, In the Circuit Court for the County of Washtenaw**
**Civil Action:  Case. 17-1024-CB**
*MERIT NETWORK, INC., a Michigan non-profit corporation, Plaintiff, v. AMCOMM TELECOMMUNICATIONS, INC., a Michigan corporation, Defendant.*
At the request of counsel for Merit Network, Inc.

**United States District Court District of South Carolina Charleston Division**
**Case No: 2:17-cv-02562-DCN**
*Crown Castle NG East LLC (Plaintiff) v. City of Charleston (Defendant)*
At the request of counsel for Crown Castle NG East LLC

**District Court, City and County of Denver, State of Colorado**
**Case Number:  2018CV31548**
*CORESITE DENVER, LLC (Counterclaim-Defendant) v. DGEB MANAGEMENT, LLC, a Colorado limited liability company, DGEB MMR, LLC, a Colorado limited liability company, and NANCY CASADOS, an individual. (Counterclaimants)*
On behalf of Counterclaimants

**In the United States District Court for the Eastern District of Wisconsin**
**Civil Case No.  2:08-CV-00724-LA**
*UNITED STATED OF AMERICA, ex rel. TODD HEATH, Plaintiff-Relator, v. WISCONSIN BELL, INC., Defendant,*
On behalf of Plaintiff-Relator

**American Arbitration Association, Arbitration No. 01-21-0002-4566**
Southwestern Bell Telephone Company d/b/a AT&T Texas & AT&T Missouri
*Claimants* v. USIC Locating Services, LLC *Respondent*

**Superior Court of the State of California, County of Los Angeles**
**Case No. 21STCV39637**
*Smithfield Packaged Meats Corp. (f/k/a John Morrell & Co.)*
On behalf of Smithfield Packaged Meats Corp.

**U.S. District Court, Middle District of Florida– Orlando Division Case No. 6:17-cv-00236-PGB-TBS**
*Local Access, LLC., Plaintiff, Counterclaim Defendant v. Peerless Network, Inc. Defendant, Counterclaim Plaintiff v. Blitz Consulting, LLC., Counterclaim Defendant*
On behalf of Peerless Network, Inc.

## Administrative Law Proceedings and Other Activities

**Chicago Clean Energy Coke/Coal Gasification to SNG Project, Analysis of Return on Equity per Section 9-220(h-3)(1)(B) of Public Act 97-96, October 12, 2011**
*In re Proposed Contracts between Chicago Clean Energy, Inc. and Ameren Illinois Company and Between Chicago Clean Energy, Inc. and Northern Illinois Gas Company for the Purchase and Sale of Substitute Natural Gas Under the Provisions of Illinois Public Act 97-0096.*
On behalf of Illinois Power Agency, presented in Illinois Commerce Commission
Docket 11-0710

**Cost of Capital Analysis for Cooperatives**
*Cost of Capital for Cooperatives and other Issues*, prepared on behalf of the Utah Office of Consumer Services, 2013.

**Before the Michigan House Committee on Energy and Technology**
*Presentation on House Bills 4257 (Re: Switched Access Charges)*
On behalf of Michigan Internet and Telecommunications Alliance

**Before the Arkansas Public Service Commission**
**Docket No. 15-011-U**
*In the Matter of SourceGas Arkansas for Approval of a General Change in Rates and Tariffs*
On behalf of Arkansas Office of the Attorney General

**Before the Arkansas Public Service Commission**
**Docket N. 15-034-U**
*In the Matter of Oklahoma Gas and Electric Company Imposing a Surcharge to Recover all Investments and Expenses in Compliance with Rules Regulations or Requirements Relating to the Public health, Safety, or Environment under the Federal Clean Air Act*
On behalf of Arkansas Office of the Attorney General

**Before the Arkansas Public Service Commission**
**Docket No. 15-015-U**
*In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service*
On behalf of Arkansas Office of the Attorney General

**Before the Arkansas Public Service Commission**
**Docket No. 15-098-U**
*In the Matter of the Application of CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Arkansas Gas, for a General Change or Modification in its Rates, Charges and Tariffs*
On behalf of Arkansas Office of the Attorney General

**Before the Arkansas Public Service Commission**
**Docket No. 16-052-U**
*In the Matter of the Application of Oklahoma Gas and Electric Company for Approval of a General Change in Rates, Charges and Tariffs*
On behalf of Arkansas Office of the Attorney General

**Before the New Mexico Public Regulation Commission**
**Case No. 15-00261-UT**
*In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advioce Notice No. 513,*
On behalf of the City of Albuquerque and Bernalillo County

**Before the New Mexico Public Regulation Commission**
**Case No. 16-00276-UT**
*In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advioce Notice No. 533*
On behalf of the City of Albuquerque

**Before the State Corporation of the State of Kansas**
**Docket No. 15-TKOG-236-COM**
*In the Matter of the Complaint Against of Texas-Kansas-Oklahoma Gas, LLC, (Respondent) for an Order for Adjustment and Refund of Unfair, Unreasonable and Unjust rates for the Sale of Natural Gas for Irrigation based on Inaccurate and/or false pressure base measurements. By Circle H. Farms, LLC, Richard L. Hanson, Rome Farms and Stegman Farms Partnership (Complainants)*
On behalf of Texas-Kansas-Oklahoma Gas, LLC, (Respondent)

**Before the Public Utility Commission of Oregon**
**Docket UE 416**
*In the Matter of Portland General Electric Company, Request For a General Rate Revision*
On behalf of Staff of Public Utility Commission of Oregon

**Before the Hawaii Public Utility Commission**
**Docket No. 2019-0117**
*Application for Approval of a General Rate Increase and Certain Tariff Changes*
On behalf of Young Brothers, LLC

**Before the California Public Utilities Commission**
**Consolidated Docket**
*Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Costs Pursuant to Ordering Paragraph 11 of D.99-11-050*
On behalf of ATT and MCI

**Before the Public Utilities Commission of the State of Colorado**
Docket No. 10A-350T
*Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, et al.*
On behalf of Integra Telecom, Level 3 Communications, PAETEC Business Services, Cbeyond Communications, and Covad Communications Company

**Before the Public Utilities Commission of the State of Colorado**
**Docket No. 08F-259T**
*Qwest Communications Company, LLC, (Complainant), v. MCIMetro, XO Communications Services, Time Warner Telecom, Granite Telecommunications, Eschelon Telecom, Arizona DialTone, CAN Communications, Bullseye Telecom, Inc., ComTel Telecom Assets, LP, Earnest Communications, Inc., Level3 Communications, LLC, and Liberty Bell Telecom, LLC. (Respondents)*
On behalf of Eschelon Telecom, XO Communications Services, Granite Telecommunications, and ACN Communication Services

**Before the Public Utilities Commission of the State of Colorado**
**Docket No. 07A-211T**
*In the Matter of Qwest Corporation's Application, Pursuant to Decision Nos. C06-1280 and C07-0423, Requesting that the Commission Consider Testimony and Evidence to Set Costing and Pricing of Certain Network Elements Qwest Is Required to Provide Pursuant to 47 U.S.C. §§ 251(B) and (C)*
On Behalf of CBeyond Communications, Comcast Phone of Colorado, Covad Communications Company, Integra Telecom, PAETEC Business Services, XO Communications Services

**Before the Connecticut Department of Public Utility Control**
**Docket No. 02-05-17**
*DPUC Investigation of Intrastate Carrier Access Charges*
On behalf of AT&T and MCI

**Before the Connecticut Department of Public Utility Control**
Docket Nos. 09-04-21, 08-12-04
*DPUC Investigation into the Southern New England Telephone Company's Cost of Service Re: Reciprocal Compensation and Transit Services*
On Behalf of the Connecticut Department of Utility Control

**Before the Delaware Public Service Commission**
**PSC Docket No. 00-025**
*Petition of Focal Communications Corporation of Pennsylvania For Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Bell Atlantic – Delaware, Inc.*
On behalf of Focal Communications Corporation of Pennsylvania

**Public Service Commission of the District of Columbia**
**Formal Case No. 1040**
*In the Matter of the Investigation into Verizon Washington, D.C. Inc.'s Universal Emergency Number 911 Services Rates in the District of Columbia*
Advisor to the Public Service Commission of the District of Columbia

**Before the Florida Public Utilities Commission**
**Docket No. 990649B-TP**
*Investigation into Pricing of Unbundled Network Elements*
On behalf of AT&T Communications of the Southern States, MCImetro Access Transmission Services, MCI WorldCom Communications, and Florida Digital Network

**Before the Florida Public Utilities Commission**
**Docket No. 030829-TP**
*In the Matter of Complaint of FDN Communications for Resolution of Certain Billing Disputes and Enforcement of UNE Orders and Interconnection Agreements with BellSouth Telecommunications, Inc.*
On behalf of Florida Digital Network d/b/a FDN Communications

**Before the Georgia Public Service Commission**
**Docket No. 6352-U**
*AT&T Petition for the Commission to Establish Resale Rules, Rates and terms and Conditions and the Initial Unbundling of Services*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 94-0048**
*Adoption of Rules on Line-Side Interconnection and Reciprocal Interconnection*
On behalf of Teleport Communications Group, Inc.

**Before the Illinois Commerce Commission**
**Docket No. 94-0096**
*Proposed Introduction of a Trial of Ameritech's Customer First Plan in Illinois*
On behalf of Teleport Communications Group, Inc.

**Before the Illinois Commerce Commission**
**Docket No. 94-0117**
*Addendum to Proposed Introduction of a Trial of Ameritech's Customer First Plan in Illinois*
On behalf of Teleport Communications Group, Inc.

**Before the Illinois Commerce Commission**
**Docket No. 94-0146**
*AT&T's Petition for an Investigation and Order Establishing Conditions Necessary to Permit Effective Exchange Competition to the Extent Feasible in Areas Served by Illinois Bell Telephone Company*
On behalf of Teleport Communications Group, Inc.

**Before the Illinois Commerce Commission**
**Docket No. 95-0315**
*Proposed Reclassification of Bands B and C Business Usage and Business Operator Assistance/Credit Surcharges to Competitive Status*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket 94-480**
*Investigation Into Amending the Physical Collocation Requirements of 83 Ill. Adm. Code 790*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 95-0458**
*Petition for a Total Local Exchange Wholesale Tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company Pursuant to Section 13-505.5 of the Illinois Public Utilities Act*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 95-0296**
*Citation to Investigate Illinois Bell Telephone Company's Rates, Rules and regulations For its Unbundled Network Component Elements, Local Transport Facilities, and End office Integration Services*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 96-AB-006**
*In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Illinois Bell Telephone Company d/b/a Ameritech Illinois*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 96-AB-007**
*In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Central Telephone Company of Illinois*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 96-0486**
*Investigation into forward looking cost studies and rates of Ameritech Illinois for interconnection, network elements, transport and termination of traffic*
On behalf of MCI Telecommunications Corporation

**Before the Illinois Commerce Commission**
**Docket No. 98-0396**
*Phase II of Ameritech Illinois TELRIC proceeding*
On behalf of MCIWorldCom

**Before the Illinois Commerce Commission**
**Docket No. 00-0700**
*Illinois Commerce Commission On its Motion vs Illinois Bell Telephone Company Investigation into Tariff Providing Unbundled Local Switching with Shared Transport*
On behalf of AT&T Communications of Illinois, Inc., and WorldCom, Inc.

**Before the Illinois Commerce Commission**
**Docket No. 02-0864**
*In the Matter of: Illinois Bell Telephone Company, Filing to Increase Unbundled Loop and Nonrecurring Rates (Tariffs Filed December 24, 2002)*
On Behalf of WorldCom, Inc., McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, Allegiance Telecom of Illinois, RCN Telecom Services of Illinois, Globalcom, Z-Tel Communications, XO Illinois, Forte Communications, and CIMCO Communications

**Before the Indiana Regulatory Commission**
**Cause No. 39948**
*In the matter of the Petition of MCI Telecommunications Corporation for the Commission to Modify its Existing Certificate of Public Convenience and Necessity and to Authorize the Petitioner to Provide certain Centrex-like Intra-Exchange Services in the Indianapolis LATA Pursuant to I.C. 8-1-2-88, and to Decline the Exercise in Part of its Jurisdiction over Petitioner's Provision of such Service, Pursuant to I.C. 8-1-2.6*
On behalf of MCI Telecommunications Corporation

**Before the Indiana Regulatory Commission**
**Cause No. 40178**
*In the matter of the Petition of Indiana Bell Telephone company, Inc. For Authorization to Apply a Customer Specific Offering Tariff to Provide the Business Exchange Services Portion of Centrex and PBX Trunking Services and for the Commission to Decline to Exercise in Part Jurisdiction over the Petitioner's Provision of such Services, Pursuant to I.C. 8-1-2.6*
On behalf of MCI Telecommunications Corporation

**Before the Indiana Regulatory Commission**
**Cause No. 40603-INT-01**
*MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Indiana Bell Telephone Company d/b/a Ameritech Indiana*
On behalf of MCI Telecommunications Corporation

**Before the Indiana Regulatory Commission**
**Cause No. 40611**
*In the matter of the Commission Investigation and Generic Proceeding on Ameritech Indiana's Rates for Interconnection Service, Unbundled Elements and Transport and Termination under the Telecommunications Act of 1996 and Related Indiana Statutes*
On behalf of MCI Telecommunications Corporation

**Before the Indiana Regulatory Commission**
**Cause No. 40618**
*In the Matter of the Commission Investigation and Generic Proceeding on GTE's Rates for Interconnection, Service, Unbundled Elements, and Transport under the FTA 96 and related Indiana Statutes*
On behalf of MCI Telecommunication Corporation

**Before the Indiana Regulatory Commission**
**Cause No. 40611-S1**
*In the matter of the Commission Investigation and Generic proceeding on the Ameritech Indiana's rates for Interconnection, Unbundled Elements, and Transport and Termination Under the Telecommunications Act of 1996 and Related Indiana Statutes*
On behalf of WorldCom, Inc., AT&T Communications of Indiana

**Before the Indiana Utility Regulatory Commission**
**Cause No. 42393**
*In the Matter of the Commission Investigation and Generic Proceeding of Rates and Unbundled Network Elements and Collocation for Indiana Bell d/b/a SBC Indiana Pursuant to the Telecommunications Act of 1996 and Related Indiana Statues*
On Behalf of WorldCom, McLeodUSA Telecommunications Services, Covad Communications Company, Z-Tel Communications

**Before the Iowa Utilities Board**
**Docket No. SPU-2010-0006**
*In RE: Qwest Communications International, Inc. and CenturyTel, Inc.*
On behalf of PAETEC Business Services

**Before the Iowa Utilities Board**
**Docket No: RPU-00-01**
*IN RE: US West Communications, Inc.*
On behalf of McLeodUSA Telecommunications Services

**Before the State of Maine Public Utilities Commission**
**Dockets Nos. 2007-611, 2008-214 through 2008-218, 2009-41-44.**
*CRC Communications of Maine, Inc., Investigation Pursuant to 47 U.S.C. §251(f)(1) Regarding CRC Communications of Maine's Request of Lincolnville, Telephone Company, UniTel, Inc., Oxford Telephone Company, Oxford West Telephone Company, Tidewater Telecom, Inc.*
On behalf of CRC Communications and Time Warner Cable

**Before the Maryland Public Utilities Commission**
**Case No. 8988**
*In the matter, The Implementation of the Federal Communications Commission's Triennial Review Order*
On behalf of Cavalier Telephone

**Before the Massachusetts Department of Energy and Transportation**
**D.P.U. 96-83**
*NYNEX/MCI Arbitration*
On behalf of MCI Telecommunications Corporation

**Before the Massachusetts Department of Energy and Transportation**
**Docket 01-20**
*Investigation into Pricing based on TELRIC for Unbundled Network Elements and Combinations of Unbundled Networks Elements and the Appropriate Avoided Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services*
On behalf of Allegiance, Network Plus, El Paso Networks, and Covad Communications Company

**Before the Massachusetts Department of Energy and Transportation**
**Docket 01-03**
*Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Regulatory Plan to succeed Price Cap Regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts' intrastate retail telecommunications services in the Commonwealth of Massachusetts*
On behalf of Network Plus

**Before the Massachusetts Department of Telecommunications and Energy**
**D.T.E. 03-60**
*Proceeding by the Department on its own Motion to Implement the Requirements of the Federal Communications Commission's Triennial Review Order Regarding Switching for Mass market Customers*
On behalf of Conversent Communications of Massachusetts

**Before the Massachusetts Department of Telecommunications and Cable**
**D.T.E. 06-61**
*Investigation by the department on its own Motion as to the Propriety of the Rates and Charges Set Forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become Effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*
On behalf of Broadview networks, DSCI Corporation, InfoHighway Communications, Metropolitan Telecommunications of Massachusetts a/k/a MetTel, New Horizon Communications, and One Communications

**Before the Massachusetts Department of Telecommunications and Cable**
**D.T.E. 07-9**
*Department Investigation into the Intrastate Access Rates of Competitive Local Exchange Carriers*
On behalf of One Communications, PAETEC Communications, RNK Communications, and XO Communications Services

**Before the Massachusetts Department of Telecommunications and Cable**
**D.T.E. 10-2**
*Petition of Choice One Communications of Massachusetts Inc., Conversent Communications of Massachusetts Inc., CTC Communications Corp. and Lightship Telecom LLC For Exemption from Price Cap on Intrastate Switched Access Rates as Established in D.T.C. 07-9*
On behalf of One Communications

**Before the Michigan Public Service Commission**
**Case No. U-10647**
*In the Matter of the Application of City Signal, Inc. for an Order Establishing and Approving Interconnection Arrangements with Michigan Bell Telephone Company*
On behalf of Teleport Communications Group, Inc.

**Before the Michigan Public Service Commission**
**Case No. U-10860**
*In the Matter, on the Commission's Own Motion, to Establish Permanent Interconnection Arrangements Between Basic Local Exchange Providers*
On behalf of MCI Telecommunications Corporation

**Before the Michigan Public Service Commission**
**Case No. U-11280**
*In the Matter, on the Commission's Own Motion, to consider the total service long run incremental costs and to determine the prices for unbundled network elements, interconnection services, resold services, and basic local exchange services for Ameritech Michigan*
On behalf of MCI Telecommunications Corporation

**Before the Michigan Public Service Commission**
**Case No. U-11366**
*In the matter of the application under Section 310(2) and 204, and the complaint under Section 205(2) and 203, of MCI Telecommunications Corporation against Ameritech requesting a reduction in intrastate switched access charges*
On behalf of MCI Telecommunications Corporation

**Before the Michigan Public Service Commission**
**Case No. U-13531**
*In the matter, on the Commission's own motion, to review the costs of telecommunications services provided by SBC Michigan*
On behalf of AT&T, Worldcom, McLeodUSA, and TDS Metrocom

**Before the Michigan Public Service Commission**
**Case No. U-11831**
*In the Matter of the Commission's own motion, to consider the total service long run incremental costs for all access, toll, and local exchange services provided by Ameritech Michigan*
On behalf of MCIWorldCom, Inc.

**Before the Michigan Public Service Commission**
**Case No. U-11830**
*In the matter of Ameritech Michigan's Submission on Performance Measures, Reporting, and Benchmarks, Pursuant to the October 2, 1998 Order in Case No. U-11654*
On behalf of Covad Communications, McLeodUSA Telecommunications Services, LDMI Telecommunications, Talk America, and XO Communications Services

**Before the Michigan Public Service Commission**
**MPSC Case No. U-14952**
*In the matter of the formal complaint of TDS Metrocom, LLC, LDMI, Telecommunications, Inc and XO Communications Services, Inc against Michigan Bell Telephone Company, d/b/a AT&T Michigan, or in the alternative, an application*
On behalf of TDS Metrocom, LDMI Telecommunications, and XO Communications Services

QSI consulting, inc.



**Before the Minnesota Public Utilities Commission**
**Docket No. P-421, et al./PA-10-456**
*In the Matter of the Joint Petition for Approval of Indirect Transfer of Control of Qwest Operating Companies to CenturyLink*
On behalf of Cbeyond Communications, Charter FiberLink, Integra Telecom, Level 3 Communications, PAETEC Business Services, TDS Metrocom, Orbitcom and POPP.com

**Before the Minnesota Public Utilities Commission**
**PUC Docket No. P-442, 421, 3012 /M-01-1916**
*In Re Commission Investigation Of Qwest's Pricing Of Certain Unbundled Network Elements*
On behalf of Otter Tail Telecom, Val-Ed Joint Venture d/b/a 702 Communications, McLeodUSA Telecommunications, Eschelon Telecom, and USLink

**Before the Minnesota Public Utilities Commission**
**PUC Docket No . P-421/AM-06-713**
**OAH Docket No. 3-2500-17511-2**
*In the Matter of Qwest Corporation's Application for Commission Review of TELRIC rates Pursuant to 47 U.S.C. § 251*
On behalf of Integra Telecom of Minnesota, McLeodUSA Telecommunications Services, POPP.com, Covad Communications Company, TDS Metrocom, and XO Communications

**Before the Minnesota Public Utilities Commission**
**PUC Docket #P-421/CI-05-1996**
**OAH Docket No. 12-2500-17246-2**
*In the Matter of a Potential Proceeding to Investigate the Wholesale Rate Charged by Qwest*
On behalf of Integra Telecom, McLeodUSA Telecommunications Services, POPP.com, Covad Communications Company, TDS Metrocom, and XO Communications

**Before the Montana Public Service Commission**
Docket No. D2010.5.55
*In the Matter of Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc., for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC, and Qwest LD Corp.*
On behalf of Integra Telecom

**Before the New Jersey Board of Public Utilities**
*Petition of Focal Communications Corporation of New Jersey For Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Bell Atlantic*
On behalf of Focal Communications Corporation of New Jersey

**Before the New Jersey Board of Public Utilities**
**Docket No. TO00060356**
*I/M/O the Board's Review of Unbundled Network Elements Rates, Terms and Conditions of Bell Atlantic-New Jersey, Inc.*
On behalf of WorldCom, Inc.

**Before the New Jersey Board of Public Utilities**
**Docket No. TO03090705**
*In The Matter, The Implementation Of the Federal Communications Commission's Triennial Review Order*
On behalf of Conversent Communications of New Jersey

**Before the New Jersey Board of Public Utilities**
**Docket No. TX08090830**
*In the Matter of the Board's Investigation and review of Local Exchange Carrier Intrastate Access Rates*
On behalf of One Communications, PAETEC Communications, US LEC of Pennsylvania, Level3 Communications, and XO Communications Services

**Before the New Mexico Public Regulation Commission**
**Case No. 11-00340-UT**
*In the Matter of the Petition of Qwest Corporation d/b/a CenturyLink QC For a Determination That Telecommunications Services Are Subject to Effective Competition in New Mexico*
On behalf of the United States Department of Defense and all Other Federal Executive Agencies

**Before the New Mexico Public Regulation Commission**
**Case No. 11-00305-UT**
*In the Matter of the Joint Petition for Determination of MCI Communications Services, Inc. d/b/a Verizon Business Services, et al. to Eliminate Certain Filing Requirements*
On behalf of the United States Department of Defense and all Other Federal Executive Agencies

**Before The New Mexico Public Regulation Commission**
**Case No. 96-307-TC**
*Brooks Fiber Communications of New Mexico, Inc. Petition for Arbitration*
On behalf of Brooks Fiber Communications of New Mexico, Inc.

**Before The New Mexico Public Regulation Commission**
**Case No. 3495, Phase B**
*In the matter of the consideration of costing and pricing rules for OSS, collocation, shared transport, non-recurring charges, spot frames, combination of network elements and switching.*
On behalf of the Commission Staff

**Before the New York Public Service Commission**
**Case Nos. 95-C-0657, 94-C-0095, 91-C-1174**
*Commission Investigation into Resale, Universal Service and Link and Port Pricing*
On behalf of MCI Telecommunications Corporation

**Before the New York Public Service Commission**
**Case 99-C-0529**
*In the Matter of Proceeding on Motion of the Commission To Reexamine Reciprocal Compensation*
On behalf Of Cablevision LightPath, Inc.

**Before the New York Public Service Commission**
**Case 98-C-1357**
*Proceeding on the Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements*
On behalf of Corecomm New York, Inc.

**Before the New York Public Service Commission**
**Case 98-C-1357**
*Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements*
On behalf of MCIWorldCom

**Before the State Of New York Public Service Commission**
**Case 02-C-1425**
*In The Matter, Proceeding on Motion of the Commission to Examine the Processes, and Related Costs of Performing Loop Migrations on a More Streamlined (e.g., Bulk) Basic*
On behalf of Conversent Communications of New York, LLC

**Before the Public Utilities Commission of Ohio**
**Case No. 96-888-TP-ARB**
*In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Ameritech Ohio*
On behalf of MCI Telecommunications Corporation

**Before the Public Utilities Commission of Ohio**
**Case No. 96-922-TP-UNC.**
*In the Matter of the Review of Ameritech Ohio's Economic Costs for Interconnection, Unbundled Network Elements, and Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic*
On behalf of MCI Telecommunications Corporation

**Before the Public Utilities Commission of Ohio**
**Case No. 00-1368-TP-ATA**
*In the Matter of the Review of Ameritech Ohio's Economic Costs for Interconnection, Unbundled Network Elements, and Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic. Case No. 96-922-TP-UNC and In the Matter of the Application of Ameritech Ohio for Approval of Carrier to Carrier Tariff*
On behalf of MCIWorldCom and AT&T of the Central Region

**Before the Public Utilities Commission of Ohio**
**Case No. 97-152-TP-ARB**
*In the Matter of the Petition of MCI Telecommunications Corporation for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Cincinnati Bell Telephone Company*
On behalf of the MCI Telecommunications Corporation

**Before the Public Utility Commission of Ohio**
**Case No. 02-1280-TP-UNC**
*In the Matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*
On Behalf of MCImetro Access Transmission Services, McLeodUSA Telecommunications Services, Covad Communications Company, XO Communications, and NuVox Communications

**Before the Public Utility Commission of Ohio**
**Case No. 08-45-TP-ARB**
*In the Matter of the Petition of Communication Options, Inc. for Arbitration of Interconnection Rates, Terms and Conditions and Related Arrangements with United Telephone Company of Ohio d/b/a Embarq Pursuant to Section 252(b) of the Telecommunications Act of 1996*
On behalf of Communications Options, Inc.

**Before the Oregon Public Utility Commission**
**Docket UM 1484**
*In the Matter of CenturyLink, Inc. Application for Approval of Merger between CenturyTel, Inc. and Qwest Communications International, Inc.*
On behalf of Covad Communications Company, Charter FiberLink, Integra Telecom, Level 3 Communications and tw telecom

**Before the Oregon Public Utility Commission**
**Docket UM 1481**
*In the Matter of Staff investigation of the Oregon Universal Service Fund*
On behalf of the Oregon Cable Telecommunications Association

**Before the Pennsylvania Public Utility Commission**
**Docket No. I-00940035**
*In Re: Formal Investigation to Examine Updated Universal Service Principles and Policies for telecommunications Services in the Commonwealth Interlocutory order, Initiation of Oral Hearing Phase*
On behalf of MCI Telecommunications Corporation

**Before the Pennsylvania Public Utility Commission**
**Docket No. M-0001352**
*Structural Separation of Verizon*
On behalf of MCI WorldCom

**Before the Puerto Rico Telecommunications Regulatory Board**
Docket No. 97-0034-AR
*Petition for Arbitration Pursuant to 47 U.S.C. & (b) and the Puerto Rico Telecommunications Act of 1996, regarding Interconnection Rates Terms and Conditions with Puerto Rico Telephone Company*
On behalf of Cellular Communications of Puerto Rico, Inc.

**Before the Public Service Commission of South Carolina**
**Dockets Nos. 2008-325-C, 2008-326-C, 2008-327-C, 2008-328-C, and 2008-329-C**
*In Re: Docket No. 2008-325-C - Application of Time Warner Cable Information Services (South Carolina), LLC d/b/a Time Warner Cable to Amend its Certificate of Public Convenience and Necessity to Provide Telephone Services in the Service Area of Farmers Telephone Cooperative, Inc. and for Alternative Regulation*
On behalf of Time Warner Cable

**Before the Public Utility Commission of South Dakota**
**Docket TC07-117**
*In the Matter of the Petition of Midcontinent Communications for the Approval of its Intrastate Switched Access Tariff and for an Exemption from Developing Company-Specific Cost-Based Switched Access Rates*
On Behalf of Midcontinent Communications, Inc.

**Before the State of Rhode Island and Providence Plantations Public Utilities Commission**
**Docket No. 2252**
*Comprehensive Review of Intrastate Telecommunications Competition*
On behalf of MCI Telecommunications Corporation

**Before the State of Rhode Island and Providence Plantations Public Utilities Commission**
**Docket Nos. 3550 and 2861**
*In The Matter, Implementation of the Requirements of the FCC's Triennial Review Order ("TRO")*
On behalf of Conversent Communications of Rhode Island, LLC

**Before the Tennessee Public Service Commission**
**Docket No. 96-00067**
*Avoidable Costs of Providing Bundled Services for Resale by Local Exchange Telephone Companies*
On behalf of MCI Telecommunications Corporation

**Before the Public Utility Commission of Texas**
**Docket No. 7790**
*Petition of the General Counsel for an Evidentiary Proceeding to Determine Market Dominance*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 8665**
*Application of Southwestern Bell Telephone Company for Revisions to the Customer Specific Pricing Plan Tariff*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 8478**
*Application of Southwestern Bell Telephone Company to Amend its Existing Customer Specific Pricing Plan Tariff: As it Relates to Local Exchange Access through Integrated Voice/Data Multiplexers*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 8672**
*Application of Southwestern Bell Telephone Company to Provide Custom Service to Specific Customers*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 8585**
*Inquiry of the General Counsel into the Reasonableness of the Rates and Services of Southwestern Bell Telephone Company*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 9301**
*Southwestern Bell Telephone Company Application to Declare the Service Market for CO LAN Service to be Subject to Significant Competition*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 10382**
*Petition of Southwestern Bell Telephone Company for Authority to Change Rates*
On behalf of the Public Utility Commission of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 14658**
*Application of Southwestern Bell Telephone Company, GTE Southwest, Inc., and Contel of Texas, Inc. For Approval of Flat-rated Local Exchange Resale Tariffs Pursuant to PURA 1995 Section 3.2532*
On behalf of the Office of Public Utility Counsel of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 14658**
*Application of Southwestern Bell Telephone Company, GTE Southwest, Inc., and Contel of Texas, Inc. For Interim Number Portability Pursuant to Section 3.455 of the Public Utility Regulatory Act*
On behalf of the Office of Public Utility Counsel of Texas

**Before the Public Utility Commission of Texas**
**Docket Nos. 16226 and 16285**
*Application of AT&T Communications for Compulsory Arbitration to Establish an Interconnection Agreement Between AT&T and Southwestern Bell Telephone Company, and Petition of MCI for Arbitration under the FTA96*
On behalf of AT&T and MCI

**Before the Public Utility Commission of Texas**
**Docket No. 21982**
*Proceeding to examine reciprocal compensation pursuant to section 252 of the Federal Telecommunications of 1996*
On behalf of Taylor Communications

**Before the Public Utility Commission of Texas**
**Docket No. 25834**
*Proceeding on Cost Issues Severed from PUC Docket 24542*
On behalf of AT&T and MCIMetro

**Before the Public Utility Commission of Texas**
**PUC Docket No. 31831**
*Staff's Petition to Determine whether Markets of Incumbent Local Exchange Carriers (ILECs) Should Remain Regulated*
On behalf of the Office of Public Utility Counsel of Texas

**Before the Public Utility Commission of Texas**
**PUC Docket No. 34723**
*Petition for Review of Monthly Per-Line Support Amounts from the Texas High Cost Universal Service Plan Pursuant to PURA § 56.031 and P.U.C. Subst. R. 26.403*
On behalf of the Office of Public Utility Counsel of Texas

**Before the Public Utility Commission of Texas**
**Docket No. 33323**
*Petition of UTEX Communications Corporation for Post-Interconnection Dispute resolution with AT&T Texas and petition of AT&T Texas for Post Interconnection Dispute Resolution with UTEX Communications Corporation*
On behalf of UTEX Communications Corporation

**Before the Public Utility Commission of Texas**
**SOAH Docket No. 473-07-1365**
**PUC Docket No. 33545**
*Application of McLeodUSA Telecommunications Services, Inc. for Approval of Intrastate Switched Access rates Pursuant to PURA Section 52.155 and PUC Subst. R. 26.223*
On behalf of McLeodUSA Telecommunications Services

**Before the Utah Public Service Commission**
**Docket No. 10-049-16**
*Joint Application of Qwest Communications International, Inc. and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC and Qwest LD Corporation*
On behalf of Integra Telecom, Level 3 Communications, PAETEC Business Services and tw telecom

**Before the Utah Public Service Commission**
**Docket No. 01-049-85**
*In the Matter of the Determination of the Costs Investigation of the Unbundled Loop of Qwest Corporation, Inc.*
On behalf of AT&T and WorldCom

**Before the Public Service Commission of Utah**
**Docket No. 09-049-37**
*In the Matter of the Complaint of Qwest Corporation against McLeodUSA Telecommunications Services, Inc., d/b/a PAETEC Business Services*
On behalf of McLeodUSA Telecommunications Services

**Before the Vermont Public Service Board**
**Docket No. 5713**
*Investigation into NET's tariff filing re: Open Network Architecture, including the Unbundling of NET's Network, Expanded Interconnection, and Intelligent Networks*
On behalf of MCI Telecommunications Corporation

**Before the Washington Utilities and Transportation Commission**
**Docket No. UT-100820**
*In the matter of Joint Application of Qwest Communications International, Inc. and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company LLC, and Qwest LD Corp.*
On behalf of Cbeyond Communications, Covad Communications Company, Integra Telecom, Level 3 Communications, PAETEC Business Services and tw telecom

**Before the Washington Utilities and Transportation Commission**
**Docket No. UT-090892**
*Qwest Corporation (Complainant) v. McLeodUSA Telecommunications Services, Inc., d/b/a PAETEC Business Services (Respondent)*
On Behalf of McLeodUSA Telecommunications Services

**Before the Public Service Commission of Wisconsin**
**Cause No. 05-TI-138**
*Investigation of the Appropriate Standards to Promote Effective Competition in the Local Exchange Telecommunications Market in Wisconsin*
On behalf of MCI Telecommunications Corporation

**Before the Public Service Commission of Wisconsin**
**Docket 670-TI-120**
*Matters relating to the satisfaction of conditions for offering interLATA services (Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin)*
On behalf of MCI Telecommunications Corporation

**Before the Public Service Commission of Wisconsin**
**Docket Nos. 6720-MA-104 and 3258-MA-101**
*In the Matter of MCI Telecommunications Corporation Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin*
On behalf of MCI Telecommunications Corporation

**Before the Public Service Commission of Wisconsin**
**Docket No. 05-TI-349**
*Investigation Into The Establishment of Cost-Related Zones For Unbundled Network Elements*
On behalf of AT&T Communications of Wisconsin, McLeodUSA Telecommunications Services, TDS Metrocom, and Time Warner Telecom

**Before the Public Service Commission of Wisconsin**
**Docket No. 6720-TI-161**
*Investigation into Ameritech Wisconsin's Unbundled Network Elements*
On behalf of AT&T Communications of Wisconsin, WorldCom, Rhythms Links, KMC Telecom, and McLeodUSA Telecommunications Services

## Affidavits and Declarations Submitted to the Federal Communications Commission

**Before the Federal Communications Commission**
**File No. EB-04-MD-006**
*EarthLink, Inc. (Complainant) v. SBC Communications Inc., SBC Advanced Solutions, Inc. (Defendants)*
On behalf of Earthlink, Inc.

**Before the Federal Communications Commission**
**CC Docket No. 04-223**
*In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. §160(c) in the Omaha Metropolitan Statistical Area*
On behalf of McLeodUSA Telecommunications Services

**Before the Federal Communications Commission**
**CC Docket No. 01-92**
*In the Matter of Developing a Unified Intercarrier Compensation Regime*
On behalf of NuVox Communications

**Before the Federal Communications Commission**
**CC Docket No. 01-92**
*In the Matter of Developing a Unified Intercarrier Compensation Regime*
On Behalf of Cavalier Telephone, Inc.

**Before the Federal Communications Commission**
**WC Docket No. 05-337 CC Docket No. 96-45 WC Docket No. 03-109 WC Docket No. 06-122 CC Docket No. 99-200 CC Docket No. 96-98 CC Docket No. 01-92 CC Docket No. 99-68 WC Docket No. 04-36**
*In the Matter of High-Cost Universal Service Support Federal-State Joint Board on Universal Service Lifeline and Link Up Universal Service Contribution Methodology, Numbering Resource Optimization Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Developing a Unified Intercarrier Compensation Regime, Intercarrier Compensation for ISP-Bound Traffic IP-Enabled Services*
On behalf of PAETEC

**Before the Federal Communications Commission**
**WC Docket No. 07-97**
*In the Matter of Petitions of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Minneapolis-St. Paul, Phoenix, and Seattle Metropolitan Statistical Areas*
On behalf of PAETEC

**Before the Federal Communications Commission**
**WC Docket No. 09-223**
*In the Matter of: Cbeyond, Inc. Petition for Expedited Rulemaking to Require Unbundling of Hybrid, FTTH, and FTTC Loops Network Elements Pursuant to 47 U.S.C. §251(c)(3) of the Act*
On behalf of Covad Communications Company

**Before the Federal Communications Commission**
**GN Docket Nos. 09-47, 09-51, 09-137**
*Comments Sought on Broadband Study Conducted by the Berkman Center for Internet and Society, NBP Public Notice #13*
On behalf of Covad Communications Company

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESS: Warren Fischer

**STAFF EXHIBIT 1202 Witness**

**Qualifications**

# Warren R. Fischer, C.P.A., C.G.M.A.

**Chief Financial Officer**
**QSI Consulting, Inc.**

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## Biography

Mr. Fischer is a QSI partner and currently serves as Chief Financial Officer. Mr. Fischer has over 25 years of experience in commercial litigation and regulatory matters involving the telecommunications, energy, maritime, and agricultural industries. Mr. Fischer's professional experience includes two years in public practice with Deloitte LLP and over 10 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations. Mr. Fischer is also certified as both a C.P.A. and Chartered Global Management Accountant.

Mr. Fischer's litigation expertise centers on billing disputes, forensic accounting analyses, damages assessment, merger reviews, historical and forward-looking economic cost methodologies, management audits, and multi-state tax sourcing of income through cost of performance determination. Mr. Fischer's practice as a management consultant includes assisting clients with business planning, forecasting, operational and jurisdictional cost analyses, and building business intelligence platforms.

Mr. Fischer is an experienced and effective expert witness who has provided expert testimony and reports in over 60 proceedings before state and federal courts, 35 state utility commissions, and other administrative agencies.

Mr. Fischer holds active C.P.A licenses in the States of Colorado and California. He earned his Bachelor of Science degree in Business Administration with an emphasis in Accounting from the University of Colorado at Boulder. He is also a member of the American Institute of Certified Public Accountants (AICPA) in the Forensic and Valuation Services Section.

## Educational Background

**Bachelor of Science, Business Administration (emphasis in Accounting)**
University of Colorado at Boulder, Boulder, Colorado 1984

### Certifications / Memberships

Certified Public Account in the States of Colorado and California
Chartered Global Management Accountant
Member of the AICPA
Member of the Forensic and Valuation Services Section of the AICPA

## Professional Experience

**QSI Consulting, Inc.**
2000 - Current
Chief Financial Officer

**AT&T Corp.**
1997 - 2000
Financial Manager
1996 - 1997
Supervisor
Network Services Division

**AT&T Wireless Services**
1995 - 1996
Marketing Analyst / Planner
Cellular Division

**E. & J. Gallo Winery**
1994 - 1995
Senior Financial Analyst
1991 - 1994
Operations Accountant

**Century 21 Real Estate Corporation**
1987 - 1991
Financial Analyst

**Deloitte LLP**
1985 - 1987
Audit-in-Charge

## Expert Testimony – Profile

*The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.*

**American Arbitration Association, Commercial Arbitration Tribunal**
**Case Number: 01-21-0002-4566**
*Southwestern Bell Telephone Company and BellSouth Telecommunications, LLC, Claimants, vs. USIC Locating Services, LLC, Respondent*
On behalf of Respondent

| | |
|---|---|
| Expert Report | October 15, 2021 |
| Rebuttal Expert Report | November 5, 2021 |
| Deposition | January 4, 2022 |
| Hearing | March 9, 2022 |

**In the District Court, Nueces County, Texas, 117$^{th}$ Judicial District**
**Case Number: 2020DCV-2014-B**
*Southwestern Bell Telephone Company d/b/a AT&T Texas, Plaintiff vs. USIC Locating Services, LLC, Defendant*
On behalf of Defendant

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| Expert Report | October 22, 2021 |
| Deposition | December 15, 2021 |

**In the United States District Court for the Norther District of Illinois, Eastern Division**
**Case Number: 1:18-cv-03114**
*CenturyLink Communications, LLC et. al., Plaintiffs/Counter Defendants v. Peerless Network, Inc. et. al., Defendants/Counter Plaintiffs*
On behalf of Defendants/Counter Plaintiffs

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| Expert Report | September 4, 2020 |
| Rebuttal Expert Report | October 20, 2020 |
| Deposition | December 10, 2020 |

QSI consulting, inc.

**In the United States District Court for the Northern District of Iowa, Central Division**
**Case Number: 3:18-cv-03075**
*BTC, Inc. d/b/a BTC, Plaintiff v. AT&T Corp., Defendant*
On behalf of Plaintiff
Expert Report — August 30, 2019
Rebuttal Expert Report — October 31, 2019

**In the District Court, City and County of Denver, State of Colorado**
**Case Number: 2018CV31548**
*CoreSite Denver, LLC, Plaintiff v. DGEB Management, LLC, DGEB MMR, LLC, and Nancy Casados, Defendants. DGEB Management, LLC and DGEB MMR, LLC, Counterclaimants v. CoreSite Realty Corporation, CoreSite Denver, LLC, CoreSite, L.P., and John and Jane Does 1-10.*
On behalf of Defendants and Counterclaimants
Expert Report — June 7, 2019
Supplemental Expert Report — July 5, 2019
Deposition — July 18, 2019
Jury Trial — August 20, 2019

**In Support of Cross Telephone Company, L.L.C.'s Request for Review of Decision of The Universal Service Administrative Company (USAC Audit ID: HC2016BE031)**
On behalf of Cross Telephone, L.L.C.
Declaration — January 4, 2019

**In the Matter of an Arbitration Under the Arbitration Rules of the ADR Institute of Canada Inc.**
*Between Zayo Canada Inc. and Zayo Group LLC, Claimants, and Bell Canada and Manitoba Telecom Services Inc., Respondents*
On behalf of Claimants
Expert Report — July 28, 2017

**In the United States District Court of the Western District of Arkansas**
**Civil Action No. 5:14-cv-5275-TLB**
*In Re Global Tel*Link Corporation ICS Litigation*
On behalf of Plaintiffs
Expert Report — June 26, 2017
Deposition — December 20, 2017

**In the United States Bankruptcy Court, District of Nevada**
**Bankruptcy Case Number: 15-11680-ABL**
**Adversary Proceeding Number: 16-01003-ABL**
*Qwest Communications Company, LLC, Plaintiff v. MegaMedia, LLC; Warren Jason; Ted Shpack; David Goodale; David Glickman; Cliff Kaylin; Off The Hook Productions; Syncronet, Inc.; Stock Management Group, LP; Joy Enterprises, Inc; (JEI); Glickman Capital, Inc.; Does 1-10; and Roe Corporations 11 -20, Inclusive, Defendants*
On behalf of Defendants
Expert Report — January 20, 2017
Rebuttal Expert Report — February 17, 2017
Deposition — April 6, 2017

**In the Circuit Court, Fifth Judicial Circuit, State of South Dakota, County of Brown**
**Case Number: 06CIV15-000134**
*James Valley Cooperative Telephone Company, et. al. Plaintiffs vs. South Dakota Network, LLC, et. al., Defendants*
On behalf of Plaintiff
Expert Report — January 11, 2017
Deposition — March 3, 2017

QSI consulting, inc.

**In the United States District Court for the Southern District of New York**
**Civil Action No. 15-CV-870-(VM) (DF)**
*Peerless Network, Inc., et. al., Plaintiffs / Counter-claim Defendants, vs. AT&T Corp., Defendant*
On behalf of Plaintiffs

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| Expert Report | August 26, 2016 |
| Rebuttal Expert Report | November 23, 2016 |
| Deposition | January 31, 2017 |

**In the United States District Court for the District of South Dakota, Northern Division**
**Case Number: 1:14-CV-01018-RAL**
*Northern Valley Communications, L.L.C., a South Dakota Limited Liability Company; Plaintiff, vs. AT&T Corp., a New York Corporation; Defendant*
On behalf of Plaintiff

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| Expert Report | August 3, 2015 |
| Supplemental Expert Report | January 8, 2016 |
| Rebuttal Expert Report | March 4, 2016 |
| First Supplemental Rebuttal Expert Report | May 11, 2016 |
| Deposition | May 26, 2016 |
| Affidavit | June 15, 2017 |

**In the United States District Court for the District of Minnesota**
**Case No. 10-cv-00490-MJD-SER**
*Qwest Communications Company, LLC, Plaintiff, v. Free Conferencing Corp.; Audiocom, LLC; Global Conference Partners; Basement Ventures, LLC; Vast Communications, LLC; Ripple Communications, Inc., Defendants*
On behalf of Defendants

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| Expert Report | June 26, 2014 |
| Deposition | September 12, 2014 |
| Supplemental Expert Report | October 19, 2015 |
| Deposition | February 5, 2016 |
| Trial | August 2, 2016 |

**In the United States District Court for The Middle District of Florida, Jacksonville Division**
**Civil Action No. 3:13-CV-29-J-32JRK**
*James D. Hinson Electrical Contracting Co., Inc.; Blythe Development Company; and Calloway Grading, Inc.; Individually and On Behalf Of All Others Similarly Situated; and National Utility Contractors Association, Plaintiffs v. AT&T Services, Inc. and BellSouth Telecommunications, LLC*
On behalf of Plaintiffs

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| Declaration (summary of data within AT&T's CAMS database) | February 13, 2015 |
| Declaration (analysis of claims within AT&T's CAMS database) | July 10, 2015 |

**In the United States District Court for the Northern District of Iowa**
**Case Number: 5:13-cv-4117**
*Great Lakes Communication Corporation, an Iowa corporation, Plaintiff, v. AT&T Corp., a New York corporation, Defendant*
On behalf of Plaintiff

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| Expert Report | August 18, 2014 |
| Rebuttal Expert Report | November 5, 2014 |
| Deposition | November 17, 2014 |

**In the United States District Court for the Southern District of Iowa**
**Case Number: 4:07-cv-00078-JEG-RAW**
*Qwest Communications, Corporation, Plaintiff, v. Superior Telephone Cooperative, et al., Defendants*
On behalf of Defendants
Expert Report August 30, 2013
Damages Phase On behalf of Free Conferencing Corp.
Expert Report September 21, 2015

**In the District Court of the Fourth Judicial District of the State of Idaho, County of Ada**
**Case No. CV OC 1103406**
*Cable One, Inc. v. Idaho State Tax Commission*
On behalf of Defendant
Expert Report September 23, 2011
Deposition January 31, 2012
Trial February 25-27, 2013

**In the United States District Court for The Middle District of Florida, Jacksonville Division**
**Civil Action No. 3:07-CV-598-TJC-MCR**
*James D. Hinson Electrical Contracting Co., Inc. and Jensen Civil Construction, Inc., Individually and On Behalf Of All Others Similarly Situated, Plaintiffs, v. BellSouth Telecommunications, Inc., Defendant*
On behalf of Plaintiffs
Declaration September 18, 2007
Expert Report August 1, 2008
Deposition August 20, 2008
Declaration for Class Certification June 15, 2010
Supplemental Expert Report June 30, 2011

**United States District Court, Northern District of Illinois Eastern Division**
**Case No. 05-C-6250**
*Cingular Wireless, LLC, a Delaware Limited Liability Company V Omar Ahmad*
On behalf of Omar Ahmad.
Report on Disputes and Business Losses Caused by Cingular Wireless, LLC June 22, 2006

## Federal Communications Commission Cases

**Before the Federal Communications Commission**
**File No. EB-11-MD-006**
*In the matter of the formal complaint of Sprint Communications Company L.P. v. Tekstar Communications, Inc.*
On behalf of Tekstar Communications, Inc.
Declaration August 19, 2011
Amended Declaration September 7, 2011

**Before the Federal Communications Commission**
**File Nos. EB-01-MD-001 and EB-01-MD-002**
*In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs. Business Telecom, Inc.*
On behalf of Business Telecom, Inc.
Affidavit February 23, 2001
Deposition March 7, 2001

QSI consulting, inc.

## State Public Utilities Commission Cases

**Before the Public Utilities Commission of the State of Colorado**
**Docket No. 07A-211T**
*In the matter of Qwest Corporation's application, pursuant to Decision Nos. C06-1280 and C07-0423, requesting that the Commission consider testimony and evidence to set costing and pricing of certain network elements Qwest is required to provide pursuant to 47 U.S.C. §§ 251(b) and (c).*
On behalf of CBeyond Communications, Comcast Phone of Colorado, LLC, DIECA Communications, Inc. d/b/a Covad Communications Company, Integra Telecom, Inc., McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services, and XO Communications Services, Inc.
Rebuttal — October 30, 2009

**Before the Public Utilities Commission of the State of Colorado**
**Docket No. 99A-161T**
*In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct — August 6, 1999

**Before the Public Utilities Commission of the State of Colorado**
**Docket No. 98A-068T**
*In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T*
On behalf of AT&T Communications of the Mountain States, Inc.
Amended Direct — May 17, 1999
Supplemental — June 9, 1999

**Before the Public Service Commission of the District of Columbia**
**Formal Case No. 1040**
*In the Matter of the Investigation into Verizon Washington, D.C. Inc.'s Universal Emergency Number 911 Services Rates in the District of Columbia.*
Advisor to the Public Service Commission of the District of Columbia — 2008 - 2010

**Before the Public Service Commission of Florida**
**Docket No. 041464-TP**
*Petition of Sprint–Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996*
On Behalf of Florida Digital Network, Inc. d/b/a FDN Communications
Direct — May 27, 2005

**Before the Public Service Commission of Florida**
**Docket No. 990649B-TP**
*In re: investigation into pricing of unbundled network elements*
On Behalf of AT&T Communications of the Southern States, Inc., MCImetro Access Transmission Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively called the "ALEC Coalition")
Rebuttal — January 30, 2002

**Before the Illinois Commerce Commission**
**Docket No. 09-0315**
*Illinois Commerce Commission on its Own Motion vs McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services: Investigation into Whether Intrastate Access Charges of McLeodUSA Telecommunications Service, Inc. d/b/a PAETEC Business Services are Just and Reasonable*
On Behalf of McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services
Rebuttal — April 6, 2010

**Before the Illinois Commerce Commission**
**Docket No. 02-0864**
*Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002)*
On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

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| Direct | May 6, 2003 |
| Rebuttal | January 20, 2004 |
| Surrebuttal | February 20, 2004 |
| Supplemental Surrebuttal | May 5, 2004 |

**Before the Indiana Utility Regulatory Commission**
**Cause No. 42393**
*In the matter of the commission investigation and generic proceeding of rates and unbundled network elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant to the Telecommunications Act of 1996 and related Indiana statutes*
On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis ("AT&T), WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel Communications, Inc.

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| Response | August 15, 2003 |

**Before the Maine Public Utilities Commission**
Docket No. 2013-00340
*NORTHERN NEW ENGLAND TELEPHONE OPERATIONS LLC d/b/a FAIRPOINT COMMUNICATIONS-NNE, Request for Increase in Rates and for Maine Universal Service Fund Support for Provider of Last Resort Service*
Advisor to the Maine Public Utilities Commission

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| Examiner's Bench Analysis | May 13, 2014 |

**Before the Maine Public Utilities Commission**
Docket Nos. 2009-40 through 2009-44
*CRC Communications of Maine, Inc. Investigation Pursuant to 47 U.S.C. § 251(f)(1) Regarding CRC Communication of Maine's Request of Lincolnville Telephone Company, Oxford Telephone Company, Oxford West Telephone Company, Tidewater Telecom, Inc., and UniTel, Inc.*
On behalf of CRC Communications, Inc. d/b/a Pine Tree Networks

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| Direct | October 9, 2009 |
| Rebuttal | March 10, 2010 |

**Before the Maine Public Utilities Commission**
**Docket No. 2007-67**
*Verizon New England Inc., Northern New England Telephone Operations Inc., Enhanced Communications of Northern New England Inc., Northland Telephone Company of Maine, Inc., Sidney Telephone Company, Standish Telephone Company, China Telephone Company, Maine Telephone Company, and Community Service Telephone Co., Re: Joint Application for Approvals Related to Verizon's Transfer of Property and Customer Relations to Company to be Merged with and into FairPoint Communications, Inc.*

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| Advisor to the Maine Public Utilities Commission | 2007 - 2008 |

**Before the Public Service Commission of Maryland**
**Case No. 8879**
*In the matter of the investigation into rates for unbundled network elements pursuant to the Telecommunications Act of 1996*
On Behalf of the Staff of the Public Service Commission of Maryland
Rebuttal September 5, 2001
Supplemental Rebuttal October 4, 2001
Surrebuttal October 15, 2001

**Before the Massachusetts Department of Telecommunications and Cable**
**Docket DTC 10-2**
*Petition of Choice One Communications of Massachusetts, Inc., Conversent Communications of Massachusetts Inc., CTC Communications Corp. and Lightship Telecom LLC For Exemption from Price Cap on Intrastate Switched Access Rates as Established in D.T.C. 07-9*
On Behalf of Choice One Communications of Massachusetts Inc., Conversent Communications of Massachusetts Inc., and CTC Communications Corp. and Lightship Telecom LLC
Direct August 13, 2010
Rebuttal December 15, 2010
Sur-Response January 14, 2011

**Before the Massachusetts Department of Telecommunications and Energy**
**Docket DTE 06-61**
*Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*
On Behalf of Broadview Networks, Inc.; DSCI Corporation; Eureka Telecom, Inc. d/b/a InfoHighway Communications; Metropolitan Telecommunications of Massachusetts, Inc., a/k/a MetTel; New Horizon Communications; and One Communications (collectively "CLEC Coalition")
Rebuttal Panel September 12, 2006

**Before the Massachusetts Department of Telecommunications and Energy**
**Docket DTE 01-20**
*Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services*
On Behalf of the CLEC Coalition
Rebuttal July 17, 2001

**Before the Michigan Public Service Commission**
**Case No. U-13531**
*In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan*
On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")
Initial January 20, 2004
Final Reply May 10, 2004

**Before the Michigan Public Service Commission**
**Case No. U-11756**
*In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated*
On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants
Direct February 10, 2003

**Before the Office of Administrative Hearings for the Minnesota Public Utilities Commission**
**MPUC P-5096, 5542/C-09-265, OAH Docket No. 12-2500-21151-2**
*In the matter of the Complaint by Qwest Communications Company, LLC against Tekstar Communications Inc. regarding Traffic Pumping.*
On behalf of Tekstar Communications, Inc.

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| Direct | October 3, 2011 |
| Rebuttal | March 30, 2012 |
| Surrebuttal | April 18, 2012 |

**Before the Office of Administrative Hearings for the Minnesota Public Utilities Commission**
**MPUC Docket No. P-421/AM-06-713, OAH Docket No. 3-2500-17511-2**
*In the matter of Qwest Corporation's Application for Commission Review of TELRIC Rates Pursuant to 47 U.S.C. § 251*
On behalf of Integra Telecom of Minnesota, Inc.; McLeodUSA Telecommunications Services, Inc.; POPP.com, Inc.; DIECA Communications, Inc., d/b/a Covad Communications Company; TDS Metrocom; and XO Communications of Minnesota, Inc., ("The CLEC Coalition")

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| Direct | August 24, 2007 |

**Before the Public Service Commission of the State of Montana**
**Docket No. D97.5.87**
*IN THE MATTER OF the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996*
On behalf of AT&T Communications of the Mountain States

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| Direct | June 1998 |
| Rebuttal | June 1998 |
| Supplemental Rebuttal | November 1998 |

**Before the Public Service Commission of the State of Montana**
**Docket No. D96.12.220**
*IN THE MATTER of the Application of U S WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.*
On behalf of AT&T Communications of the Mountain States, Inc.

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| Direct | October 1997 |

**Before the Nebraska Public Service Commission**
**Application No. C-1628**
*In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund*
On behalf of AT&T Communications of the Midwest, Inc.

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| Direct | October 20, 1998 |

**Before the Nebraska Public Service Commission**
**Application No. C-1830**
*In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)*
On behalf of AT&T Communications of the Midwest, Inc.

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| Direct and rebuttal | August 1998 |

**Before the Nebraska Public Service Commission**
**Docket No. C-1519**
*In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders*
On behalf of AT&T Communications of the Midwest, Inc.

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| Direct | January 20, 1998 |

**Before the New Jersey Board of Public Utilities**
Docket No. TX08090830
*In the matter of the Board's investigation and review of local exchange carrier intrastate exchange access rates*
On behalf of One Communications, PAETEC Communications, Inc., and US LEC of Pennsylvania, LLC
Panel Reply April 20, 2009
Panel Rebuttal June 22, 2009

**Before the New Mexico Public Regulation Commission**
Case No. 15-00058-UT
*In the Matter of the Petition of Sacred Wind Communications, Inc. for Support from the New Mexico Rural Universal Service Fund*
On behalf of The New Mexico Attorney General's Office
Direct June 12, 2015
Rebuttal June 30, 2015

**Before the New Mexico Public Regulation Commission**
Case No. 11-00340-UT
*In the Matter of the Petition of Qwest Corporation d/b/a CenturyLink QC for a Determination that Telecommunications Services are Subject to Effective Competition in New Mexico*
On behalf of The New Mexico Attorney General's Office
Direct August 24, 2012
Supplemental September 7, 2012

**Before the New Mexico Public Regulation Commission**
Case No. 11-00305-UT
*In the Matter of the Joint Petition for Determination of MCI Communication Services, Inc. d/b/a Verizon Business Services; MCImetro Access Transmission Services LLC, d/b/a Verizon Access Transmission Services; Teleconnect Long Distance Services and Systems Company; TTI National, Inc. Verizon Long Distance LLC; Verizon Enterprise Solutions LLC; and Verizon Select Services, Inc., to Eliminate Certain Filing Requirements*
On behalf of The New Mexico Attorney General's Office
Direct June 28, 2012
Rebuttal July 16, 2012

**Before the New Mexico Public Regulation Commission**
Case No. 10-00315-UT
*In the matter of the application of Sacred Wind Communications, Inc. for approval of initial rates, terms and conditions of service and support from the New Mexico Universal Service Fund, and petition for variance from the New Mexico Universal Service Fund rules*
On behalf of The New Mexico Attorney General's Office
Direct February 2, 2011
Supplemental April 6, 2011
Rebuttal May 4, 2011

**Before the New Mexico State Corporation Commission**
**Docket No. 96-310-TC and Docket No. 97-334-TC**
*In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct July 8, 1998
Rebuttal August 5, 1998

**Before the New Mexico State Corporation Commission**
**Docket No. 97-106-TC**
*In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process*
On behalf of AT&T Communications of the Mountain States, Inc.

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| Direct | July 1998 |
| Rebuttal | July 1998 |
| Reply | September 1998 |

**Before the New Mexico State Corporation Commission**
**Docket No. 97-69-TC**
On behalf of AT&T Communications of the Mountain States, Inc.
Direct — March 20, 1997

**Before the North Carolina Utilities Commission**
**Docket No. P-100, Sub 133d, Phase I**
*In the matter of general proceeding to determine permanent pricing for unbundled network elements*
On Behalf of New Entrants
Direct — August 11, 2000

**Before the Public Service Commission of the State of North Dakota**
**Case No. PU-05-451**
*Midcontinent Communications, a South Dakota Partnership, Complainant vs. North Dakota Telephone Company, Respondent*
On behalf of Midcontinent Communications

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| Direct | December 21, 2005 |
| Rebuttal | January 16, 2006 |

**Before the Public Service Commission of the State of North Dakota**
**Docket No. PU-314-97-465**
*In the matter of U S WEST Communications, Inc., universal service costs investigation*
On behalf of AT&T Communications of the Midwest, Inc.
Rebuttal — February 27, 1998

**Before the Public Utilities Commission of Ohio**
**Case No. 02-1280-TP-UNC, Phase II**
*In the matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*
On behalf of MCIMetro Access Transmission Services, LLC, McLeodUSA Telecommunications Services, Inc., Covad Communications Company, NuVox Communications of Ohio, Inc., and XO Ohio, Inc.
Direct — August 8, 2005

**Before the Public Service Commission of South Carolina**
**Docket Nos. 2008-325-C, 2008-326-C, 2008-327-C, 2008-328-C, and 2008-329-C**
*Application of Time Warner Cable Information Services (South Carolina) LLC, d/b/a Time Warner Cable to Amend its Certificate of Public Convenience and Necessity to Provide Telephone Services in the Service Area of Farmers Telephone Cooperative, Inc. and for Alternative Regulation*
On behalf of Time Warner Cable Information Services (South Carolina) LLC
Direct — November 24, 2008

**Before the State of South Dakota Public Utilities Commission**
**Docket No. TC07-117**
*In The Matter of the Petition Of Midcontinent Communications For Approval Of Its Intrastate Switched Access Tariff And For An Exemption From Developing Company-Specific Cost-Based Switched Access Rates*
On behalf of Midcontinent Communications
Direct — July 15, 2008

**Before the State Office of Administrative Hearings (Texas)**
**SOAH Docket No. 473-07-1365, PUC Docket No. 33545**
*Application of McLeodUSA Telecommunications Services, Inc. For Approval of Intrastate Switched Access Rates Pursuant To PURA Section 52.155 And PUC Subst. R. 26.223*
On behalf of McLeodUSA Telecommunications Services, Inc.
Rebuttal May 24, 2007

**Before the Public Service Commission of West Virginia**
**Case No. 10-0756-T-T**
*FiberNet, LLC Petition For Consent and Approval of Switched Access Rate and Exhibit No.1-FiberNet Network Usage Costs Assessment*
On behalf of FiberNet, LLC
Direct September 1, 2010

**Before the Public Service Commission of Wisconsin**
**Docket No. 6720-TI-187**
*Petition of SBC Wisconsin to determine rates and costs for unbundled network elements*
On behalf of AT&T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&T"), and MCI, Inc.
Rebuttal June 15, 2004

**Before the Wyoming Public Service Commission**
**Docket No. 70000-TA-98-442**
*In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct January 6, 1999

**Before the Wyoming Public Service Commission**
**Docket No. 70000-TR-98-420**
*In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct September 9, 1998

**Before the Wyoming Public Service Commission**
**General Order No. 81**
*In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct November 1997
Amended Direct January 23, 1998
Rebuttal February 6, 1998

**Before the Wyoming Public Service Commission**
**Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352**
*In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996*
On behalf of AT&T Communications of the Mountain States, Inc.
Direct 1998

**Before the Wyoming Public Service Commission**
**Docket No. 72000-TC-97-99**
On behalf of AT&T Communications of the Mountain States, Inc.
Direct May 15, 1997

**Before the Wyoming Public Service Commission**
**Docket No. 70007-TR-95-15**
On behalf of AT&T Communications of the Mountain States, Inc.
Adopted Pre-filed Direct October 1996

## Selected Reports, Presentations and Publications

"The Efficiency and Effectiveness of the Kansas Universal Service Fund"
*Management audit report prepared on behalf of the Kansas Legislature addressing: (1) the adequacy of state statutes and administrative rules governing the operation of the Kansas Universal Service Fund ("KUSF"), (2) a detailed analysis of how monies distributed from the KUSF have been used by the telecommunications carriers for capital investment and operating expenses over a 17-year period, and (3) a detailed assessment of the economic benefit the KUSF has provided to the State of Kansas.*
October 2014

"Assessment of the Vermont Universal Service Fund"
*Management audit report on the administration of the Vermont Universal Service Fund prepared on behalf of the Vermont Department of Public Service.*
May 2013

"Telecommunications Cooperatives: Cost of Capital Issues"
*Whitepaper prepared on behalf of the Utah Office of Consumer Services to identify cost of capital and patronage capital issues that are unique to cooperative rural local exchange carriers and the impact of these issues on state universal service fund support requests made by these carriers.*
April 2013

"Weighted Average Cost of Capital Issues and Recommendations"
*Whitepaper prepared on behalf of the Utah Office of Consumer Services to examine Utah telecom cost of capital issues and to prepare a confidential white paper on the recommended cost of capital and capital structure for the rural incumbent local exchange carriers operating in Utah.*
April 2013

"Status of Competition in CenturyLink QC's Certificated Areas in New Mexico"
*Expert report prepared on behalf of the New Mexico Attorney General's Office evaluating the status of competition within CenturyLink QC's certificated area in New Mexico. The report was filed along with expert testimony in Case No. 11-00340-UT.*
August 2012

"Chicago Clean Energy Coke/Coal Gasification to SNG Project - Analysis of Return on Equity per Section 9-220(h-3)(1)(B) of Public Act 97-96"
*Whitepaper prepared on behalf of the Illinois Power Agency to recommend an appropriate return on equity for the Chicago clean energy coke/coal gasification to synthetic natural gas project proposed by Chicago Clean Energy, a subsidiary of Leucadia National Corporation.*
October 2011

"In-Band Auction Cap: Promoting Sustainable Competition in the Canadian Mobile Wireless Industry Through An Equitable Auction Design."
*Expert Report filed in Canada Gazette Notice No. SMSE-018-10 Consultation on a Policy and Technical Framework for the 700 MHz Band and Aspects Related to Commercial Mobile Spectrum, in support of the Comments of Videotron G.P., a wholly-owned subsidiary of Quebecor Media Inc. and Shaw Communications (filed April 6, 2011).*
On behalf of Videotron G.P. and Shaw Communications
April 2011.

"Management Audit of the Connecticut Light & Power Company"
*Audit Report prepared by Blue Ridge Consulting Services, Inc. (with QSI serving as independent contractors) on behalf of the Connecticut Department of Public Utility Control to (1) investigate and assess the utility's business processes, procedures, and policies relating to management operations and system of internal controls in place, and (2) an identification of areas of the utility that might require further investigation.*
May 2009

QSI Final Report to the District of Columbia Public Service Commission. "Confidential Analysis and Recommendations Related to Case No. 1040."
*In the Matter of the Investigation of Verizon Washington DC, Inc.'s Universal Emergency 911 Service Rates in the District of Columbia*
March 2009

Report and Conclusions and Recommendations on the Financial Audit of the Columbia Gas of Ohio, Inc. in Regard to Case No. 08-0074-GA-AIR.
*Audit Report prepared by Blue Ridge Consulting Services, Inc. (with QSI serving as independent contractors) in relation to Public Utilities Commission of Ohio Case No. 08-0074-GA-AIR In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Distribution Service.*
August 2008

Report and Conclusions and Recommendations on the Financial Audit of the East Ohio Gas Company d/b/a Dominion East Ohio in Regard to Case No. 07-0829-GA-AIR.
*Audit Report prepared by Blue Ridge Consulting Services, Inc. (with QSI serving as independent contractors) in relation to Public Utilities Commission of Ohio Case No. 07-0829-GA-AIR In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service*
April 2008

Report of Conclusions and Recommendations on the Financial Audit of Duke Energy Ohio, Inc. in Regard to Case No. 07-0589-GA-AIR.
*Audit Report prepared by Blue Ridge Consulting Services, Inc. (with QSI serving as independent contractors) in relation to Public Utilities Commission of Ohio Case No. 07-589-GA-AIR In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Gas Rates.*
November 2007

QSI Technical Report No. 052507A "The State of Wireless Technologies in Canada: A Comparison of Wireless Technologies in Canada and the United States of America."
*Expert Report filed in Canada Gazette Notice No. DGTP-002-07 Consultation on a Framework to Auction Spectrum in the 2GHz Rage including Advanced Wireless Services, in support of Bell Canada's Reply Comments (filed June 27, 2007).*
On behalf of Bell Canada Enterprises.
May 2007.

"Blue Ridge Consulting Services, Inc. Examination of NW Natural's Rate Base and Affiliated Interests Issues In Support of Oregon Public Utilities Commission Docket UM 1148"
*Audit Report prepared by Blue Ridge Consulting Services, Inc. (with QSI serving as independent contractors) to assess the utility's rate base treatment and affiliated interest transactions to ensure they comply with orders, rules, and regulations of the Commission, with the utility's policies, and with Generally Accepted Accounting Principles.*
December 2005.

QSI consulting, inc.

QSI Final Report to the Hawaii Public Utilities Commission *"*Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*"
February 7, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services"
*Ex Parte filing in FCC dockets WC Dockets No. 04-36* ***(****In the Matter of IP-Enabled Services****),*** *03-266* ***(****In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)*
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*" December 3, 2004

QSI Management Audit Reports to the Wyoming Public Service Commission on the Wyoming Universal Service Fund:

1. For the period October 28, 1999 through December 31, 2001 (issued May 15, 2002)
2. For the period January 1, 2002 through December 31, 2004 (issued January 31, 2006)

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Avista Non-Confidential Responses to Data Requests**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 2/24/2023 |
| CASE NO.: | UG 461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 057 | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Please provide transaction summaries for Non-Labor costs recorded in all FERC Accounts for the Base Year. Please place in MS Excel and for each transaction include:

a. Account number and Account Description
b. FERC Account and Account Description
c. Total amount charged, and as applicable, any subtotals assigned to Non-Utility/Total Company Allocation and/or OR-Allocation. Please note that this response must include costs on an Oregon - Allocated Jurisdictional Share;
d. Cost element
e. Cost element description
f. Description of cost that clearly demonstrates the business purpose;
g. Name of vendor (if applicable);
h. Business Unit (Profit Center) being charged;
i. Service provided (e.g., reports to stockholders, lease, etc.).

**RESPONSE**

Please see Staff_DR_057 Attachment A for transaction summaries for all FERC Operations and Maintenance and Administrative and General Accounts, 813000 - 935000. There are four tabs included in this workbook:

Tab 1 is labeled "Transaction Download" and includes transaction detail for FERC Accounts 813000 - 935000 included in Oregon's Base Year ending September 30, 2022.

Tab 2 is labeled "Staff_DR_057 Attachment A Summary," which includes two pivot tables summarizing the transaction detail from Tab 1 by: 1) FERC account and 2) expenditure type. Both pivot tables exclude labor and benefit related transactions.

Tab 3 is labeled "Staff_DR_057 Attachment A Detail" and includes a pivot table summarizing transaction detail included in Tab 1 by service and jurisdiction on a system basis.

Tab 4 is labeled "Staff_DR_057 Attachment A Exp Type" and provides a reference guide to labor and non-labor expenditure types for ease of filtering transactions in this response.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Staff_DR_057 Attachment A**

**Provided in Electronic Form Only**

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/26/2023 |
| CASE NO.: | UG 461 | WITNESS: | Kaylene Schultz |
| REQUESTER: | PUC Staff | RESPONDER: | Joel Anderson / Jeanne Pluth |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 058 Supplemental | TELEPHONE: | (509) 495-2811 |
| | | EMAIL: | joel.anderson@avistacorp.com |

**REQUEST:**

Please provide a separate table in Excel for each subpart:

a. For all FERC Accounts, please provide all the information in the format as shown in Attachment 58 A or B[1]. If the requested information is not relevant to the Company's operations, please enter "N/A" in the appropriate cell.

b. Please provide the same information requested in a. above except EXCLUDE Labor Expense, from all entries.

**RESPONSE:**

Please refer to the Company's response to Staff_DR_057.

**<u>SUPPLEMENTAL RESPONSE 04/26/2023:</u>**

a. Please see Staff_DR_058 Attachment A for income statement accounts and Staff_DR_058 Attachment C for balance sheet accounts.

b. Please see Staff_DR_058 Attachment B for income statement accounts excluding labor expenses.

Please note after discussions with Staff, Staff has requested Avista provide an additional three years of data, resulting in FERC account information provided for the annual twelve-month-period (12ME) 09.2017, 09.2018, and 09.2019, beyond the prior request of 09.2020, 09.2021 and base period 09.2022. (Base period 09.2022 data was previously provided, as noted above in Staff_DR_057.)

[1] Avista used Attachment 58 B.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Staff_DR_058-Attachment C**

**Provided in Electronic Form Only**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 11/16/2021 |
| CASE NO: | UG 433 | WITNESS: | Justin Baldwin-Bonney |
| REQUESTER: | PUC Staff – Fox | RESPONDER: | Julie Lee |
| TYPE: | Data Request | DEPT: | Finance |
| REQUEST NO.: | Staff – 162 | TELEPHONE: | (509) 495-4356 |
| | | EMAIL: | julie.lee@avistacorp.com |

**REQUEST:**

Regarding Staff Data Request 203 in Docket No. UG 389, specifically the file "Staff_DR_203 Attachment A.xlsx", please provided the response supplemented with updated new customer growth data for 2021-2023.

**RESPONSE:**

Please see the Company's response to Staff_DR_162 Attachment A for natural gas new customer growth data for years 2021 through 2023.

| | | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **1001** | **Gas New Revenue** | | | |
| **WA** | Residential Connects | 2,592 | 2,633 | 2,421 |
| | Residential Cost/Svc | $ 3,900 | $ 4,461 | $ 4,461 |
| | Residential Dollars | $ 10,107,952 | $ 11,747,168 | $ 10,798,266 |
| | Commercial Connects | 189 | 222 | 204 |
| | Commercial Cost/Svc | $ 7,000 | $ 9,320 | $ 9,320 |
| | Commercial Dollars | $ 1,320,405 | $ 2,064,620 | $ 1,897,846 |
| **ID** | Residential Connects | 1,552 | 1,988 | 1,828 |
| | Residential Cost/Svc | $ 2,900 | $ 3,090 | $ 3,090 |
| | Residential Dollars | $ 4,501,018 | $ 6,143,196 | $ 5,646,966 |
| | | $ 0 | | |
| | Commercial Connects | 131 | 167 | 154 |
| | Commercial Cost/Svc | $ 5,300 | $ 4,317 | $ 4,317 |
| | Commercial Dollars | $ 694,749 | $ 721,925 | $ 663,610 |
| **OR** | Residential Connects | 960 | 1,159 | 1,065 |
| | Residential Cost/Svc | $ 5,200 | $ 5,937 | $ 5,937 |
| | Residential Dollars | $ 4,993,806 | $ 6,881,812 | $ 6,325,919 |
| | | $ 0 | | |
| | Commercial Connects | 134 | 98 | 90 |
| | Commercial Cost/Svc | $ 7,400 | $ 10,997 | $ 10,997 |
| | Commercial Dollars | $ 994,124 | $ 1,072,221 | $ 985,610 |
| | Gas Avail & Large Projects | $ 950,100 | $ 1,200,639 | $ 1,200,639 |
| | **ER1001 Total** | **23,534,482** | **28,630,942** | **27,518,856** |
| **1056** | **Gas Meters & Devices, inc ERTS** | | | |
| | WA | 1,262,184 | 1,416,869 | 1,416,869 |
| | ID | 631,092 | 850,919 | 850,919 |
| | OR | 1,262,184 | 1,104,016 | 1,104,016 |
| | **ER1056 Total** | **3,155,460** | **3,371,804** | **3,371,804** |
| **1051** | **Gas Regulators** | | | |
| | WA | 219,486 | 306,992 | 311,983 |
| | ID | 109,743 | 195,970 | 196,206 |
| | OR | 219,486 | 213,732 | 223,685 |
| | **ER1051 Total** | **548,715** | **716,693** | **731,874** |

| **Growth Business Case Summary** | | **2021** | **2022** | **2023** |
|---|---|---|---|---|
| ER1001 | Gas New Revenue | 23,534,482 | 28,630,942 | 27,518,856 |
| ER1051 | Gas Regulators | 548,715 | 716,693 | 731,874 |
| ER1056 | Gas Meters & Devices | 3,155,460 | 3,371,804 | 3,371,804 |
| | **Total Growth** | **27,238,657** | **32,719,439** | **31,622,534** |

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 4/14/2023 |
| CASE NO: | UG 461 | WITNESS: | Grant Forsyth/Joe Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Grant Forsyth/Joe Miller |
| TYPE: | Data Request | DEPT: | Financial Planning & Analysis |
| REQUEST NO.: | Staff 190 | TELEPHONE: | (509) 495-2765 |
| | | EMAIL: | grant.forsyth@avistacorp.com |

**REQUEST:**

Please provide the forecasted number of Oregon customers, by schedule, the Company will serve for each of the next ten years.

**RESPONSE:**

As discussed by Company witness Dr. Forsyth, the Company's five-year forecasts are updated twice a year, in the Spring and Fall. The Company relied on the Fall 2022 forecast in its original filing, but has since completed its more recent Spring 2023 forecast. The Company is providing the updated Spring 2023 forecast in this data request response. Please see Staff_DR_190 Attachment A for an updated version of Company witness Ms. Schultz's Adjustment 2.01 – Test Year Revenue Load Adjustment workpapers '1) 2024 – 2025 PF Revenue Adjustment', which includes the January 2024 – December 2024 forecast billing determinant information by rate schedule. Also, see the attachment labeled Staff_DR_190 Attachment B for the updated customer forecast data for 2023-2025 as requested.

The updated load forecast is included in the compressed file titled Staff_DR_190 Attachment C. In this file, there is an updated "Table Guide to the Master Folder OR Rate Case.doc." This guide is a list of the folders and files that contain the key components of the updated load forecast. In lieu of the equation appendix included as Dr. Forsyth's original Exhibit 801, the Master Folder contains the updated forecast manual titled, "Forecasting Methodology Spring 2023 Forecast.doc." This reflects the regression equations used for the Spring 2023 forecast. The Oregon equations can be found in Chapter 7 (starting on p. 73) of the forecast manual. **The impact of the updated load forecast within Adjustment 2.01 – Test Year Revenue results in approximately a $14,000 <u>increase</u> to expense, $330,000 <u>decrease</u> to net operating income, and $431,000 <u>increase</u> to revenue requirement relative to the original filing.**

Certain schedules still have control dummy variables labeled *COVIDD*. This is a control variable for possible COVID-19 shut-down impacts. However, unlike previous forecasts during the COVID shock, they are constrained to the historical data only; that is, they are not extended into the forecast period of the model.

On a forecast-to-forecast basis, the change in firm customers from the Fall 2022 forecast to Spring 2023 forecast is shown below. Note that January 2023 is the end of the actuals before the forecast starts with February 2023. The most significant change from the Fall 2022 forecast is the assumption of a mild recession staring and ending in 2023. As discussed below, this assumption has the most significant impact on industrial schedules, especially industrial transport schedules.

**Forecast-to Forecast Changes, Fall 2022 to Spring 2023**

| Year | OR System Firm Billed Customers | Year | OR System Firm Billed Load | OR Total 456 Billed Load |
|---|---|---|---|---|
| 2023 Forecast | -0.08% | 2023 Forecast, Feb to Dec | -0.58% | -10.10% |
| 2024 Forecast | -0.01% | 2024 Forecast | -0.14% | -13.96% |
| 2025 Forecast | 0.22% | 2025 Forecast | 0.24% | -15.47% |
| 2026 Forecast | 0.46% | 2026 Forecast | 0.31% | -17.07% |
| 2027 Forecast | 0.68% | 2027 Forecast | 0.53% | -19.43% |

The 2023 forecast-to-forecast customer change includes January actuals and February to December forecasts. The 2023 forecast-to-forecast load change reflects only February to December forecasted values; this keeps the change restricted to a period with the normal weather assumption.

The change in customers is small because the forecast-to-forecast change in assumed population growth was small. Population is the primary driver of firm customer growth. Firm load is down in 2023 and 2024 primarily because of lower customer and use-per-customer forecasts for firm commercial and industrial schedules. Starting in the 2025, the upward revision in residential customers and use-per-customers dominates the overall positive change in load. The largest change, however, is in Schedule 456 transport load (both commercial and industrial). Schedule 456 load has the largest forecast-to-forecast change because (1) the assumption of a mild recession in 2023 lowered the industrial production and Western housing start forecasts (compared to the Fall 2022 forecast) used as forecast drivers in some of the industrial transport schedules and (2) some transport load is still somewhat suppressed from the impacts of COVID-19, which is now being captured more fully by the historical data used in model estimation.

Note: Headings should be read as follows: ORMEDSCH410CUS.r equals "Oregon Medford Schedule 410 Customers for Residential." In the other headings, ".c" is commercial and ".i" is for industrial.

## Medford Customer Forecasts

**Current Forecast Date: Spring 2023**

| | Firm Residential | Firm Commercial | Firm Commercial | Firm Commercial | Interruptible Commercial | Transport Commercial | Firm industrial | Firm industrial | Interruptible Industrial | Special Contract Industrial | Transport Industrial |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | ORMEDSCH410CUS.r | ORMEDSCH420CUS.c | ORMEDSCH424CUS.c | ORMEDSCH444CUS.c | ORMEDSCH440CUS.c | ORMEDSCH456CUS.c | ORMEDSCH420CUS.i | ORMEDSCH424CUS.i | ORMEDSCH440CUS.i | ORMEDSCH447bCUS.i | ORMEDSCH456CUS.i |
| 2017 Actual | 54,188 | 6,855 | 40 | 0.4 | 15 | 7 | 13 | 2 | 8 | 1 | 13 |
| 2018 Actual | 55,056 | 6,902 | 40 | 0.5 | 16 | 7 | 13 | 2 | 7 | 1 | 13 |
| 2019 Actual | 55,865 | 6,958 | 43 | 0.4 | 15 | 7 | 12 | 2 | 7 | 0 | 12 |
| 2020 Actual | 56,299 | 6,970 | 46 | 0.1 | 8 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2021 Actual | 56,589 | 6,934 | 48 | 0.0 | 9 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2022 Actual | 57,239 | 6,971 | 48 | 0.0 | 9 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2023 Forecast | 57,879 | 6,997 | 48 | 0.6 | 9 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2024 Forecast | 58,717 | 7,063 | 49 | 0.6 | 9 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2025 Forecast | 59,697 | 7,145 | 49 | 0.6 | 9 | 7 | 11 | 3 | 9 | 0 | 10 |
| 2017-2025 Change | 5,509 | 291 | 9 | 0.2 | -5 | 0 | -2 | 1 | 1 | -1 | -3 |

## Roseburg Customer Forecasts

**Current Forecast Date: Spring 2023**

| | Firm Residential | Firm Commercial | Firm Commercial | Interruptible Commercial | Transport Commercial | Firm industrial | Interruptible Industrial | Special Contract Industrial | Special Contract Industrial | Transport Industrial |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | ORROSSCH410CUS.r | ORROSSCH420CUS.c | ORROSSCH424CUS.c | ORROSSCH440CUS.c | ORROSSCH456CUS.c | ORROSSCH420CUS.i | ORROSSCH440CUS.i | ORROSSCH447mCUS.i | ORROSSCH447rCUS.i | ORROSSCH456CUS.i |
| 2017 Actual | 13,444 | 2,135 | 23 | 3 | 1 | 2 | 3 | 1 | 1 | 9 |
| 2018 Actual | 13,607 | 2,134 | 23 | 4 | 1 | 1 | 3 | 1 | 1 | 9 |
| 2019 Actual | 13,746 | 2,137 | 24 | 4 | 1 | 2 | 6 | 1 | 1 | 6 |
| 2020 Actual | 13,977 | 2,163 | 26 | 5 | 1 | 2 | 6 | 1 | 1 | 6 |
| 2021 Actual | 14,152 | 2,175 | 27 | 5 | 1 | 2 | 7 | 1 | 1 | 5 |
| 2022 Actual | 14,222 | 2,190 | 27 | 5 | 1 | 2 | 7 | 1 | 1 | 5 |
| 2023 Forecast | 14,283 | 2,187 | 27 | 5 | 1 | 2 | 7 | 1 | 1 | 5 |
| 2024 Forecast | 14,352 | 2,190 | 28 | 5 | 1 | 2 | 7 | 1 | 1 | 5 |
| 2025 Forecast | 14,426 | 2,194 | 28 | 5 | 1 | 2 | 7 | 1 | 1 | 5 |
| 2017-2025 Change | 982 | 59 | 5 | 2 | 0 | 0 | 4 | 0 | 0 | -4 |

## Klamath Falls Customer Forecasts

**Current Forecast Date: Spring 2023**

| | Firm Residential | Firm Commercial | Firm Commercial | Interruptible Commercial | Firm industrial | Firm industrial | Interruptible Industrial | Transport Industrial |
|---|---|---|---|---|---|---|---|---|
| Year | ORKLMSCH410CUS.r | ORKLMSCH420CUS.c | ORKLMSCH424CUS.c | ORKLMSCH440CUS.c | ORKLMSCH420CUS.i | ORKLMSCH424CUS.i | ORKLMSCH440CUS.i | ORKLMSCH456CUS.i |
| 2017 Actual | 14,552 | 1,751 | 14 | 1 | 5 | 2 | 0 | 4 |
| 2018 Actual | 14,749 | 1,753 | 15 | 2 | 5 | 2 | 0 | 4 |
| 2019 Actual | 14,977 | 1,764 | 15 | 3 | 4 | 2 | 0 | 4 |
| 2020 Actual | 15,234 | 1,775 | 16 | 3 | 4 | 2 | 0 | 4 |
| 2021 Actual | 15,432 | 1,784 | 16 | 3 | 4 | 2 | 1 | 4 |
| 2022 Actual | 15,502 | 1,783 | 16 | 3 | 3 | 2 | 1 | 4 |
| 2023 Forecast | 15,621 | 1,806 | 16 | 3 | 3 | 2 | 1 | 4 |
| 2024 Forecast | 15,660 | 1,816 | 16 | 3 | 3 | 2 | 1 | 4 |
| 2025 Forecast | 15,701 | 1,825 | 15 | 3 | 3 | 2 | 1 | 4 |
| 2017-2025 Change | 1,149 | 74 | 1 | 2 | -2 | 0 | 1 | 0 |

## La Grande Customer Forecasts

**Current Forecast Date: Spring 2023**

| | Firm Residential | Firm Commercial | Firm Commercial | Firm Commercial | Interruptible Commercial | Transport Commercial | Firm industrial | Firm industrial | Interruptible Industrial | Transport Industrial |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | ORLaGSCH410CUS.r | ORLaGSCH420CUS.c | ORLaGSCH424CUS.c | ORLaGSCH444CUS.c | ORLaGSCH440CUS.c | ORLaGSCH456CUS.c | ORLaGSCH420CUS.i | ORLaGSCH444CUS.i | ORLaGSCH440CUS.i | ORLaGSCH456CUS.i |
| 2017 Actual | 6,633 | 918 | 2 | 0 | 3 | 1 | 0 | 2 | 2 | 3 |
| 2018 Actual | 6,708 | 917 | 2 | 0 | 3 | 1 | 0 | 3 | 2 | 3 |
| 2019 Actual | 6,749 | 925 | 2 | 0 | 3 | 1 | 0 | 3 | 2 | 3 |
| 2020 Actual | 6,793 | 934 | 2 | 0 | 3 | 1 | 1 | 3 | 2 | 3 |
| 2021 Actual | 6,847 | 938 | 2 | 0 | 3 | 1 | 2 | 5 | 2 | 3 |
| 2022 Actual | 6,856 | 941 | 2 | 0 | 3 | 1 | 2 | 5 | 2 | 3 |
| 2023 Forecast | 6,878 | 939 | 2 | 0 | 3 | 1 | 2 | 5 | 2 | 3 |
| 2024 Forecast | 6,899 | 942 | 2 | 0 | 3 | 1 | 2 | 5 | 2 | 3 |
| 2025 Forecast | 6,916 | 945 | 2 | 0 | 3 | 1 | 2 | 5 | 2 | 3 |
| 2017-2025 Change | 283 | 27 | 0 | 0 | 0 | 0 | 2 | 3 | 0 | 0 |

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Staff_DR_190 Attachment C (Gas Data and Forecasts Spring 2023)**

**Provided in Electronic Form Only**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/15/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin/Kaylene Schultz |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 252 | TELEPHONE: | (509) 495-2225 |
| | Supplemental | EMAIL: | Tia.benjamin@avistacorp.com |

**REQUEST:**
Avista's Responses Plant Additions DRs from Last Rate Case
Please provide Avista's responses to the Data Requests (DR) 150-168 in Docket No. **UG 433.**

a. Please provide the most updated responses to these requests as some may have been corrected and supplemented during UG 433, i.e., corrections to add omitted or updated material. Include all attachments and any excel files should have all cell references and formulae intact.

b. Please provide a current response and explanatory narrative in each case where Avista's current answer would change based on better information now available.

**ORIGINAL RESPONSE (05/03/2023):**

a. Please see the folder "Staff_DR_252 Attachment A" containing Avista's responses to Staff DRs 150-168 responded to in Docket UG 433. The most current of those responses (supplemental responses) only, covers and attachments have been provided.

b. Please see folder "Staff_DR_252 Attachment B" for current versions of those prior Staff DRs 150-168, updated to reflect the impact of this current case Docket UG 461, where applicable, including covers and attachments. For ease of responding in this one DR (DR 252) for each of the prior Staff DRs 150-168, the Company has labeled its current responses to each prior DR as Staff_DR_252 – 150, Staff_DR_252-151, and so on.

As soon as available, the Company plans to update transfers-to-plant with actuals through February 28, 2023 and a revised forecast for March 1, 2023 through December 31, 2023, and incorporating these updated TTP amounts through Capital adjustments 2.07 – 2.10.

**SUPPLEMENTAL RESPONSE (05/15/2023):**

As indicated in the Company's original response, the Company plans to update transfers-to-plant with actuals through February 28, 2023 and a revised forecast for March 1, 2023 through December 31, 2023, and incorporating these updated TTP amounts through Capital adjustments 2.07 – 2.10.

Please see Staff_DR_252 Supplemental Attachment A for the updated capital additions workpapers (referred to in the Company's original filing as Ms. Benjamin's workpapers titled '2.07-2.10 Capital Additions Model'). Within this attachment, the Company has updated transfers-to-plant (TTP) with actuals for October 1, 2022 through February 28, 2023 and a revised TTP forecast for all pro forma capital additions for March 1, 2023 through December 31, 2023. Pro forma new growth capital additions (TTP) for calendar 2024 remain unchanged from the

Company's direct filed case. Retirements for October 1, 2022 through December 31, 2022 have also been updated with actuals.

For Oregon, the impact of updating the capital additions workpapers related to Pro Forma Capital Additions Adjustment 2.08, result in an overall increase to net rate base of approximately $3.7 million, increase to expense of $239,000, and an increase in overall revenue requirement of $589,000. Updating the capital additions for actuals through February 28, 2023 and revising the forecast for March 1, 2023 through December 31, 2023 impacts Pro Forma Capital Additions Adjustment 2.08 only and does not have an impact on Pro Forma Capital Additions Adjustments 2.07, 2.09 – 2.10.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Staff_DR_252 Supplemental Attachment A**

**Provided in Electronic Form Only**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/03/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin / J. Webster |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 252-162 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | Tia.benjamin@avistacorp.com |

**REQUEST:**

Please provide Avista's responses to the Data Requests (DR) 150-168 in Docket No. **UG 433.**

a. Please provide the most updated responses to these requests as some may have been corrected and supplemented during UG 433, i.e., corrections to add omitted or updated material. Include all attachments and any excel files should have all cell references and formulae intact.

b. Please provide a current response and explanatory narrative in each case where Avista's current answer would change based on better information now available.

**UG 433 DR 162:**
Regarding Staff Data Request 203 in Docket No. UG 389, specifically the file "Staff_DR_203 Attachment A.xlsx", please provided the response supplemented with updated new customer growth data for 2021-2023.

**RESPONSE:**
The Company's response to Staff_DR_162 in Docket UG 433 has been provided in Staff_DR_252 folder "Staff_DR_252 Attachment A", which contains all the original responses to DRs 150-168 from UG 433.

Please see Staff_DR_252-162 Attachment A for natural gas new customer growth data for years 2023 through 2025.

| | | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **1001** | **Gas New Revenue** | | | |
| **WA** | Residential Connects | 2,570 | 2,419 | 1,406 |
| | Residential Cost/Svc | $ 5,043 | $ 5,043 | $ 5,043 |
| | Residential Dollars | $ 12,961,208 | $ 12,199,674 | $ 7,090,840 |
| | Adjustment | $ (2,570,000) | $ (3,628,500) | $ (2,812,000) |
| | Total | $ 10,391,208 | $ 8,571,174 | $ 4,278,840 |
| | | | | |
| | Commercial Connects | 250 | 235 | 234 |
| | Commercial Cost/Svc | $ 16,200 | $ 16,200 | $ 16,200 |
| | Commercial Dollars | $ 4,049,969 | $ 3,806,971 | $ 3,790,771 |
| | | | | |
| **ID** | Residential Connects | 2,208 | 2,079 | 2,068 |
| | Residential Cost/Svc | $ 3,781 | $ 3,781 | $ 3,781 |
| | Residential Dollars | $ 8,349,487 | $ 7,861,678 | $ 7,820,081 |
| | | | | |
| | Commercial Connects | 215 | 202 | 201 |
| | Commercial Cost/Svc | $ 3,725 | $ 3,725 | $ 3,725 |
| | Commercial Dollars | $ 800,815 | $ 752,394 | $ 748,669 |
| | | | | |
| **OR** | Residential Connects | 1,207 | 1,136 | 1,130 |
| | Residential Cost/Svc | $ 5,468 | $ 5,468 | $ 5,468 |
| | Residential Dollars | $ 6,599,983 | $ 6,211,749 | $ 6,178,940 |
| | | | | |
| | Commercial Connects | 117 | 111 | 110 |
| | Commercial Cost/Svc | $ 13,325 | $ 13,325 | $ 13,325 |
| | Commercial Dollars | $ 1,558,998 | $ 1,479,049 | $ 1,465,725 |
| | | | | |
| | Gas Avail & Large Projects | $ 1,200,639 | $ 1,200,639 | $ 1,200,639 |
| | | | | |
| | **ER1001 Total** | **31,750,460** | **28,683,014** | **25,483,665** |
| **1056** | **Gas Meters & Devices, inc ERTS** | | | |
| | WA | 742,971 | 1,737,805 | 1,097,189 |
| | ID | 638,555 | 1,103,131 | 790,696 |
| | OR | 348,481 | 1,392,888 | 739,960 |
| | **ER1056 Total** | **1,730,007** | **4,233,824** | **2,627,845** |
| | | | | |
| **1051** | **Gas Regulators** | | | |
| | WA | 236,768 | 391,019 | 285,271 |
| | ID | 203,552 | 269,823 | 219,327 |
| | OR | 110,939 | 281,763 | 172,087 |
| | **ER1051 Total** | **551,258** | **942,605** | **676,685** |

| **Growth Business Case Summary** | | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| ER1001 | Gas New Revenue | 31,750,460 | 28,683,014 | 25,483,665 |
| ER1051 | Gas Regulators | 551,258 | 942,605 | 676,685 |

| | | | | |
|---|---|---|---|---|
| ER1056 | Gas Meters & Devices | 1,730,007 | 4,233,824 | 2,627,845 |
| | **Total Growth** | **34,031,725** | **33,859,443** | **28,788,196** |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/17/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin/Adam Munson |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 277 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**
Provide copies of Avista's documentation supporting its standard capital spending process and/or its capitalization policy inclusive of the following in the Company's response.

a. Describe any changes in Avista's capital budgeting process that have occurred since UG 433.

b. Describe the composition of the Capital Planning Group, the Governance Committee, the Gas Engineering Prioritization Investment Committee (EPIC), and the Facilities Capital Request Board and Large Facilities Project Steering Committee (FCRB) through organization charts and/or listings of the members by job title and/or board of director title.

c. The level of management and/or board of directors' approval for each dollar amount threshold by capital project or group of related projects.

d. The documentation required to support each capital project and subsequent change orders to a project.

e. **Standing Data Request:** Please provide any post completion report for projects and other review of completed projects including any other analysis of project changes, corrections or remedies, and cost responsibility for same – as these reports are available.

f. The Company's procedures for tracking actual variances from budgeted project costs. Provide examples of monthly reports produced by Avista project managers.

g. Describe how the Company determines when the capital project is officially in service and when the project costs are transferred from CWIP to Plant-in-Service.

h. Describe how existing plant-in-service that is to be retired after the capital project(s) being constructed or purchased to replace it are tied to or cross referenced to those capital additions to ensure that retired plant is promptly removed from plant-in-service.

i. Please reference the Company's direct testimony and exhibits in UG 461or UG 433 as applicable.

**RESPONSE:**

a. There have been no significant changes to Avista's capital budgeting process from that outlined in UG-433. Please refer to Mr. Thies testimony, Exhibit 200 of UG-461 for an overview of the capital planning process.

b. The Capital Planning Group (CPG) is an overall capital funding approval body. The purpose of the CPG is to manage the current year annual capital budget and recommends a 5-year capital expenditure plan that best supports the objectives and strategic goals of Avista's utility operations and ensures that the funded activities provide the best value to our customers. Please see Staff_DR_277 Attachment A for the CPG Charter. Additionally, there is a formal process for making changes to capital funding in the year. A written request with an explanation of the need, signed by the director is submitted for consideration by the CPG.

   The Gas Engineering Prioritization Investment Committee (EPIC), Facilities Capital Request Board, and Large Facilities Project Steering Committee (FCRB), as discussed in Mr. Thies' testimony, Exhibit 200, starting on the bottom of page 6, are Committees across Avista who work to prioritize and manage work for each area (such as Gas Engineering or Facilities) to prioritize what work needs funded in the near term and therefore is promoted to the CPG for funding consideration, as explained by Mr. Thies on page 9 of his testimony. Please see Staff _DR_277 Attachment B for the Facilities Capital Request Board charter and Staff_DR_277 Attachment C for the Large Facilities Project Steering Committee charters.

   Avista does not have a single Governance Committee, however, most projects carried out across the organization have a steering committee comprised of company leaders (managers, directors, or officers) who monitor and approve changes to the project throughout execution.

c. Avista's approval process of the business cases is outlined in Mr. Thies testimony, Exhibit 200, pages 9-13.

d. The Capital Planning Group utilizes the Business Case Justification Narrative (Staff_DR_277 Attachment D) and the Business Case Funds Change Request (Staff_DR_277 Attachment E) to support each capital project and subsequent change requests.

e. The majority of capital investment in Oregon is done through programs with ongoing work, a good portion of which is customer requested and reactionary. Programs are monitored each month as work and spending occurs and analysis is done to determine appropriate action to modify work or funding as needed. Documentation related to changes in this work are primarily done through the Business Case Funds Change Request.

f. As noted above, when it is determined that a project or program is in need of a funding adjustment, a Business Case Funds Change Request is submitted to the CPG for consideration. Again, the majority of capital investment in Oregon is done through programs with ongoing work, a good portion of which is customer requested and reactionary. Programs are monitored each month as work and spending occurs and analysis is done to determine appropriate action to modify work or funding as needed.

Projects typically have a steering committee where status and next steps are reviewed for prior to submitting a funds change request to the CPG.

Following are detailed explanations of the management of three Natural Gas business cases as examples of how program costs are managed.

Gas Non-Revenue, ER 3005:
As described in the Business Case, provided in Ms. Benjamin's Exhibit 602, page 47, budgets are set based on historical spend patterns taking into account the rising cost of construction and materials. Each month, Gas Engineering reviews program spending with the operations offices to ensure spending remains within the program budget. Monthly updates are documented via email. If any changes to the budget for the year are needed, the Business Case Owner (Manager of Gas Engineering) proposes a budget change and justification that must be approved by the Business Case Sponsor (Director of Natural Gas) before it is brought before the Capital Planning Group.

Gas Replace Street and Hwy, ER 3003:
As described in the Business Case, provided in Ms. Benjamin's Exhibit 602, page 34, budgets are set based on historical spend patterns taking into account the rising cost of construction and materials. Each month, Gas Engineering reviews program spending and the status of the road projects with each operations offices to ensure spending remains within the program budget. Spending can vary greatly by district as the number and scope of road project changes year to year. Monthly updates are documented via email. If any changes to the budget for the year are needed, the Business Case Owner (Mgr Gas Engineering) proposes a budget change and justification that must get approval from the Business Case Sponsor (Dir Natural Gas) before it is brought before the Capital Planning Group.

Gas Reinforcement, ER 3000:
As described in the Business Case, provided in Ms. Benjamin's Exhibit 602, page 10, the proposed annual budget is consistent with expenditures from past years to complete several of the highest priority projects each year. Individual reinforcement projects completed under this program can cost anywhere from approximately $10,000, to upwards of $500,000. Each year, Gas Engineering develops construction estimates for the highest priority projects. The projects that can be completed while keeping the total program spend at the budgeted amount are then identified and completed. Some years, not all high priority projects are able to be completed and have to carry over to the next year. There is currently a backlog of projects that need to be completed to ensure all areas of the gas distribution system have sufficient capacity to provide reliable service to all firm customers.

The projects are managed by Gas Engineering and status updates are given to Gas Planning several times a year to ensure that the highest priority projects are being addressed first. The Business Case Owner manages the overall budget of the Business Case. The Business Case Owner manages the budget monthly to ensure spending is in line with the approved yearly amount. If any changes to the budget for the year are needed, the Business Case Owner (Mgr Gas Engineering) proposes a budget change and justification that must get approval from the Business Case Sponsor (Dir Natural Gas) before it is brought before the Capital Planning Group. If additional funds are not approved, then the remaining work is reduced to remain within budget.

Provided in Staff_DR_277 Attachment F, is an example of the monthly Gas Engineering update email and completed Change Request Forms for these projects sent to the Director of Natural Gas for approval, inclusive of the three examples above, documenting the status and needed adjustments to the business cases managed by Gas Engineering. Once approved, the requests would then be promoted to the Capital Planning Group for funding consideration.

All requests from across the Company are compiled and the Capital Planning Group reviews results monthly during their meeting and authorizes requests/releases from the Business Case requests. Examples of this are attached as Staff_DR_277 Attachment G and Staff_DR_277 Attachment H.

g. Capital projects need to be placed in-service/transferred to plant as soon as they become "useful" and "used" for the benefit of our customers. For a project to be placed into service it must be:

- "Useful" – it is significantly completed and able to function as intended
  **<u>AND</u>**
- "Used" – either by the utility or our customers during normal operations
- The project includes a retirement unit asset

Placing a project in-service does not prevent completion of wrap up work, or trailing charges from being recorded on the related project. Therefore, completion of all work and posting of all costs are not required to place a project in-service as long as the "useful" and "used" criteria have been met. Please see the attached Interoffice Memorandum for Transferring Capital Projects to In-Service, Staff_DR_277 Attachment I.

The project contact will email our Project Accounting department requesting their project be placed into service along with a completed Transfer-to-Plant form (see Staff_DR_277 Attachment J), that confirms project information, current costs and FERC accounts associated with the work. In Oracle (system of record), the project's status is manually changed by a Projecs and Fixed Asset (PFA) Accountant from "approved" to "in-service", an in-service note is documented, and the in-service date is entered.

The project status information is systematically interfaced from Oracle to Power Plan (fixed asset records) every 15 minutes daily. Once our fixed assets close processes are completed in Power Plan at month end, the costs for new projects with in-service status are transferred from FERC account 107 CWIP to FERC account 101 Plant.

h. When a project is set up in the system and retirements are expected, the project is flagged for retirements. Every quarter a report is ran for all projects that are in service that have this flag checked and where a Property Removal Notice (PRN) has not been received. This report gets sent to each project contact who must respond, and we track all their responses. If no PRN is processed during the quarter, we will follow up to ensure a PRN is sent in the following quarter.

i. The Company has direct filed testimony regarding capital investments in UG-433 in Mr. Thies testimony, Exhibit 200 and Mr. Baldwin Bonney's testimony, Exhibit 700. Additionally, Mr. Baldwin Bonney provided project descriptions in Exhibit 701 and full business cases for each project included in the direct filed case in Revised UG-433 Exhibit 702. In addition to these discussions on capital investment, Ms. Schultz testimony, Exhibit 500, provides a discussion on allocations.

   In UG-461, the Company direct filed testimony regarding capital investments in Mr. Thies testimony, Exhibit 200 and Ms. Benjamin's testimony, Exhibit 600. Ms. Benjamin provided two additional Exhibits, Exhibit 601 provided project descriptions and Exhibit 602, providing full business cases both in support of all capital investments included in the direct filed case. In addition to these discussions on capital investments, Ms. Schultz testimony, Exhibit 500 contains additional discussion on allocations and Mr. Spanos testimony, Exhibit 700, should be referenced regarding the depreciation study.

   In addition to these direct filed references, the Company has answered many discovery requests in both cases which provided additional support, examples and documentation to support the capital investments in both direct filed cases.

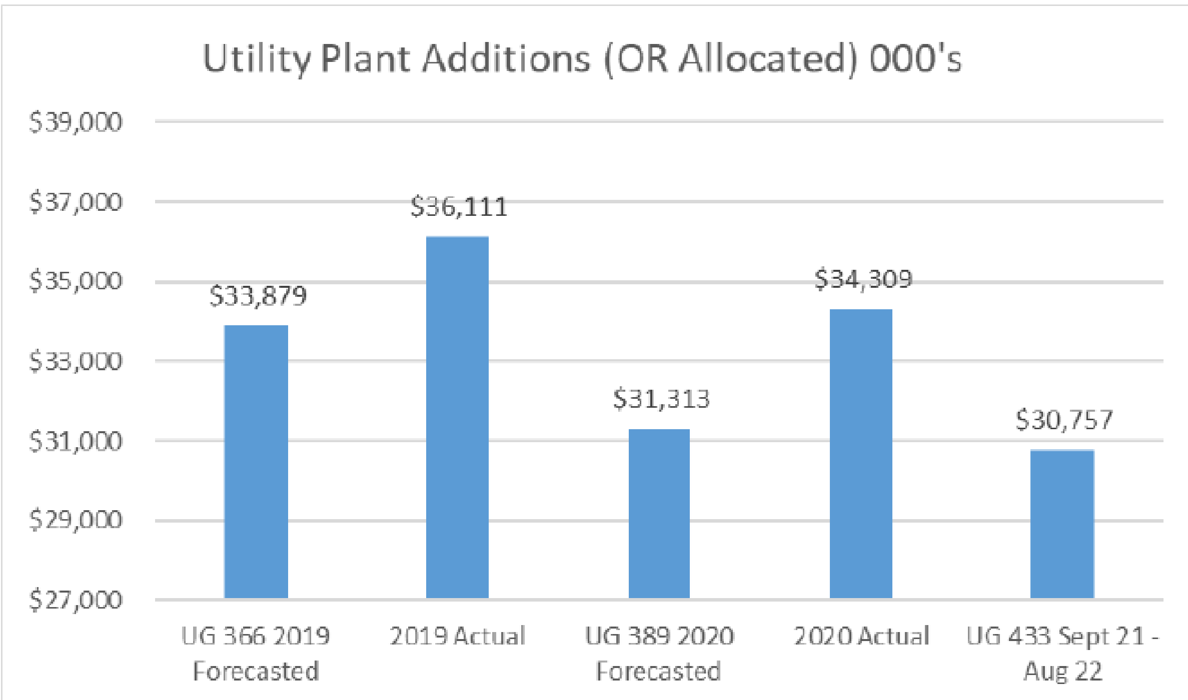
   See also Avista's response to Staff DRs 279 and 281 for additional documentation examples.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/16/2023 |
| CASE NO.: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Kaylene Schultz |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 278 | TELEPHONE: | (509) 495-2482 |
| | | EMAIL: | kaylene.schultz@avistacorp.com |

**REQUEST:**

See the following chart of Avista's Oregon direct and allocated plant additions in rate base from 2019 through August 2022 from Staff Exhibit 200, page 44.




a. Confirm that Avista's proposed additions from October 2022 – December 2024 are approximately $49.9 million before adjustments for retirements.

b. Confirm whether the amounts in the chart above reflect the comparable amounts in those time periods.

c. Identify how much of the projected increase to $49.9 million over prior years is due to (1) inflation and (2) the backlog of deferred projects from prior years as asserted by Mr. Thies in Exhibit 200, page 14, lines 14-17.

**RESPONSE:**

a. Confirmed. The Company's proposed gross capital additions, prior to adjusting for retirements, for the 15-month period of October 2022 – December 2023 are approximately

$46.1 million. For calendar 2024 new revenue growth capital additions only on an average-of-monthly-average (AMA) basis are approximately $3.7 million ($9.0 million on an end of period (EOP) basis), totaling approximately $49.9 million of pro formed capital additions based on the Company's as-filed case.[1] Please note, the chart from UG 433 Staff Exhibit 200, page 44, re-depicted in the request above, compares 12-month periods of capital additions. As such, the figure of $49.9 million represents more than 12 months of capital additions and is not a comparable value to those depicted in the chart.

For a comparable value, actual capital additions for September 1, 2021 through August 31, 2022 using 2021 allocation factors consistent with UG 433 were $33,769,674 on an EOP basis.

Additionally, in Staff_DR_252 Supplemental, the Company has updated capital additions for actuals for October 1, 2022 through February 28, 2023 and a revised TTP forecast for all pro forma capital additions for March 1, 2023 through December 31, 2023. Pro forma new growth capital additions for calendar 2024 remain unchanged from the Company's direct filed case. Please see Staff_DR_252 Supplemental Attachment A for the updated capital additions workpapers. Based on this update, the Company's proposed gross capital additions, prior to the adjustments for retirements, from October 2022 – December 2023 are approximately $50.3 million, and for calendar 2024 new revenue growth capital additions only on an average-of-monthly-averages (AMA) basis remain unchanged at approximately $3.7 million ($9.0 million on an end of period (EOP) basis), **<u>totaling approximately $54.0 million</u>**.

For another comparable value to the chart depicted in the request above, pro forma capital additions for calendar 2023 based on the update in Staff_DR_252 Supplemental are $38,605,710 (as-filed was $35,568,764).

b. The amounts in the chart from Staff Exhibit 200 all reflect a 12-month period of gross plant additions (or transfers-to-plant). There are some slight immaterial variances when comparing equivalent time periods (i.e. calendar 2019 forecasted versus actual) due to allocation factors, which are updated annually. For example, the amount represented in "UG 366 2019 Forecasted" Oregon TTP used then current 2019 allocation factors, while the "2019 Actual" used updated actual 2020 allocation factors, because the calendar 2019 actuals were provided in a subsequent general rate case (Staff_DR_226 Attachment A from UG 389) which used updated allocation factors. This is similar for the comparison of calendar 2020 capital additions.

c. Mr. Thies describes in his testimony, Exhibit 200, pages 4-15 an overall capital planning and management philosophy, including the need to increase the overall budget from $405 million to $475 million. However, on an individual project or Business Case basis, the Company has not tracked the cause of the Company's system (or Oregon's share) of

[1] In prior cases, the Commission has allowed the Company to pro form capital additions related to new customer hookups only, during the Test Year on an AMA basis. Consistent with prior practice, the Company has pro formed capital additions related to new customer hookups into the Test Year (calendar 2024) on an AMA basis in this case. As discussed in Ms. Schultz's direct testimony, Exhibit 500, page 31, lines 13-15, new revenue from these customers is included in the case (as discussed by witnesses Dr. Forsyth and Mr. Miller), and therefore, including the investment to hook up these new customers in the Test Year is prudent under the matching principle.

increased investment over prior years specific to (1) inflation or (2) the backlog of deferred projects. What has been described in the Company's testimony is how capital investment is one of the drivers of the Company's overall requested rate relief; what inflationary pressures the Company is experiencing in all facets of its Utility operations - impacting both increases in expenses and amounts capitalized; and internal levels of annual capital investment spend requested, approved and unfunded. Furthermore, discussion of inflationary increases experienced by the Utility were described including, but not limited to, increases in labor costs (both internal and external contracted labor), interest costs (impacting debt costs), supply chain disruptions, increasing costs of materials and supplies, all of which can impact both expenses and amounts capitalized by the Company – impacting the Company's level of expenses and capital investment included in its case.

As specifically stated by Mr. Thies at Exhibit 200, page 14, lines 7-17:

> **Q. What accounts for the increased capital budget from approximately $405 million in 2021 to $475 million per year for 2022 through 2027?**
>
> A. There are two pressures that led to the approximate $70 million annual increase. First, the approved capital budget of $405 million from 2017 through 2021 was held flat during those years, even while inflation of any kind was generally at least 2% annually. If Avista simply increased our capital budget annually by a 2% escalator starting after 2017, by 2022 the capital budget would have been $447 million. As such, the value of $405 million simply decreased due to inflation. The second reason has to do with even larger increases in capital project costs due to higher inflation we are experiencing today, along with an even larger backlog of project. We simply need more money to do the same work, and perhaps cut down on deferred capital.

Company witness Mr. Vermillion notes at Exhibit 100, starting at page 9, line 12:

> "…inflation has greatly increased, <u>affecting all goods and services</u>, and even the labor the Company employs. The increases in the Producer Price Index (PPI) are most telling because they increase the goods and services that Avista purchases. As Company witness Dr. Forsyth testifies, the Stage 2 producer inflation has been higher than consumer inflation, with year-over-year inflation associated with goods impacts, service impacts, and construction impacts averaging approximately 11.3%, 10.3% and 10.9% respectively.[2] What was already a challenge to control costs before, has now become even more challenging.
>
> **Q. To be more specific, can you cite to a few examples that show the impact that inflation has already had in the procurement of supplies?**
>
> A. Yes. When we simply look at just some of the key inputs utilized by Avista, as a combined utility, to provide service to our customers, in just 2022 alone, transformers have increased in cost by 30%, wood poles by 19%, electric

[2] See Direct Testimony of Dr. Forsyth, Exhibit No. 800, p. 7, Figure No. 3.

conductor by 54%, natural gas meters (when we can get them) by 32%, and natural gas pipe by 15%. These are the proverbial "nuts and bolts" we use to serve our customers and maintain our electric and natural gas systems. These types of price increases, again just in 2022 alone, have put pressure on our returns and are a key driver of needed rate relief.

**Q. Have supply chain disruptions also been a challenge?**

A. Yes. Supply chain disruptions continue to affect our operations. We have had difficulties procuring, on a timely basis, everything from transformers, conductor, and meters. Presently one out of every four shipments of materials to Avista is significantly delayed. Based on discussions with our supply chain team, those challenges are not projected to soon abate. While one out of four shipments being delayed might not sound meaningful, it has been disruptive. It has caused delays in project execution, and increased costs as we attempt to find other vendors that can support our needs on a timely basis. This is especially true with respect to the acquisition of natural gas meters, which has impacted our meter testing and changeout programs, as will be discussed by Company witness Mr. Webb.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/17/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 279 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

For each Oregon direct and allocated plant asset listed as existing plant in Exhibit 600, workpaper *2.07 – 2.10 Capital Additions.xlsx*, tab **CAP 22.1 Exisiting Plant** that was not included in the rate base supporting current rates following the conclusion of Docket No. UG 433, provide the following:

a. All Business Case and approved Capital Request documents used to approve each project as that term is used by Mr. Thies in Exhibit 200, page 8 at lines 16-22.
b. All briefings to Avista management on the capital projects in excess of $1 million that constructed the plant in service amount.
c. A copy of a resource loaded schedule for the completed capital projects at the beginning of the project, at the midpoint of the project and at the end of the project.
d. **Standing Data Request:** Any post completion report for projects and other review of completed projects including any other analysis of project changes, corrections or remedies, and cost responsibility for same – as these reports are available.

**RESPONSE:**

The following table presents the business cases with actual transfers to plant in the base year, which were not included in UG-433 rate base. Please also see Staff_DR_279 Attachment A for additional details.

**Table 1: Business Cases with actual TTP in the Base Year, not include in UG-433**

| UG-461 Base Year<br>Oct 2021 - Sept 2022<br>Actual Transfers to Plant<br>**Business Case** | **Current Activity cost SUM** | **OR-G $** |
|---|---|---|
| Base Load Hydro | 538,427 | 513 |
| Base Load Thermal Program | 1,071,493 | 2,288 |
| Cabinet Gorge Unit 4 Protection & Control Upgrade | 3,312,645 | 1,384 |
| Energy Imbalance Market | 10,923,269 | 3,771 |
| Enterprise & Control Network Infrastructure | 5,048,920 | 398,275 |
| Enterprise Network Infrastructure | 327,183 | 29,698 |
| HMI Control Software | 411,116 | 37,317 |
| Payment Card Industry Compliance (PCI) | 16,786 | 1,524 |
| Peaking Generation Business Case | 268,649 | 2,089 |
| Rattlesnake Flat Wind Farm Project 115kV Integration Project | 26 | (33) |
| Right-of-Way Use Permits | 375,492 | 26,573 |
| Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 | 2,562,686 | 345,943 |
| SCADA - SOO and BuCC | 903,718 | 44,518 |
| Substation - New Distribution Station Capacity Program | 4,655,779 | 16 |
| Transmission Construction - Compliance | 1,983,167 | (8,918) |
| Wildfire Resiliency Plan | 25,809,592 | 7,471 |
| **Grand Total** | **58,208,945** | **892,428** |

During the process of the case for UG-433, the Company filed an attestation, as ordered by the Commission, attesting to the level of capital additions in rate base, at that time as described below.

As stated in the UG-433 Compliance filing dated August 12, 2022:

> *"In Final Order 22-291, the Commission ordered that the Company "file an officer attestation confirming that all projects included in rate base in this case have been completed and placed in service, including the actual cost of each such project".[1] This order reflects the settlement stipulation[2] whereby the Parties agreed that "all capital projects in Avista's filed case are included in the $1.600 million base revenue increase." The total amount of gross capital additions included in the case was $45.842 million, as detailed in the Direct Testimony of Justin Baldwin-Bonney (Exh. Avista/700, p. 10, Table No. 2, Line 8)."*
>
> *"When the items are summarized (i.e., July actuals and the addition of seven days of just two projects), Avista has transferred $45.918 million as compared to the $45.842 million included in the case. This total level of actual gross transfers to plant is even conservative because the transfer to plant information for all other projects detailed on Attachment 4, pp. 1-2, have not yet been included in this analysis for the month of August."*

a. The business cases which were not previously provided in UG-433 represent approximately $892,000[3] on an Oregon basis. Oregon's share of these projects and programs represents approximately 1.5% of the system actual plant additions in the period as presented in Staff_DR_279 Attachment A. The majority of the transfers to plant represented here is in relation to communications and hardware types of plant. The necessity and benefit of this equipment for all Avista customers is discussed in Ms. Benjamin's testimony, Exhibit 600, starting on page 37.

As stated in Ms. Benjamin's testimony at page 39-40:

> *"The communication and hardware equipment included in various business cases represented in this filing, are interconnections or links to the network, are not only necessary, but also cannot be looked at independently. Instead, they are a system, a sum of many parts and components that allows transmission of communication, information, and data throughout our service territories. The network infrastructure is a core capability to utility operations and requires reliable networks in conjunction with commercial carrier and private network solutions to maintain system reliability for all Avista customers."*

Of the business cases identified in Table 1 above, not included in UG-433, there are two business cases that combined make up the majority of plant (83% of Oregon's share of the transfer to plant identified) and therefore, will be discussed in this request. The Enterprise & Controls Network Infrastructure Business Case (Staff_DR_279 Attachment B) and the Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 Business Case (Staff_DR_279 Attachment C). The asset investments associated with these Business Cases are communications equipment. When constructing a project, some assets as a component of that construction will be allocated differently than others based on whom will receive the value of those investments, as further discussed in Ms. Benjamin's testimony, Exhibit 600, page 40. For example, the Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 business case was a $44 million dollar investment over five years, of which, Oregon is responsible for only approximately 1%, the communications connecting to the global Avista network benefiting all customers and therefore a share of only approximately $475,000 is allocated to Oregon customers over the implementation of this project ($346,000 during the base year, October 2021 – September 2022). The Enterprise & Controls Network Infrastructure Program includes a collection of smaller projects of varying sizes. Depending on the size and complexity of a project, it may include a project charter. An example relating

[1] Order 22-291, p. 9, Item No. 3
[2] Second Settlement Stipulation p.3, ll. 6-7.
[3] Plant additions before retirements.

to a project placed into service during the base year is being provided for reference in Staff_DR_279 Attachment D.

b. Please see Staff_DR_279 Attachment E which represents one month of the monthly Enterprise & Control Network Infrastructure Business Case governance meeting presentation.[4] This slide deck includes monthly details on program progress, financial information and current project[5] details. In conjunction with that, if additional funding must be secured in the year, a Business Case Funds Change request signed by the director and describing the need for additional funding is submitted to the Capital Planning Group, please see Staff_DR_279 Attachment F for an example which was submitted for the Enterprise & Controls Network Infrastructure Business Case in September of 2022. Also please refer to the example Project Charter provided in Staff_DR_279 Attachment D, where change requests during the project are documented. This process is further discussed on a capital planning level in Mr. Thies testimony, Exhibit 200, at pages 6-13 as well as in Staff_DR_277. Although each area may have a different method for doing so, Steering Committees are a common practice through the execution of capital projects throughout Avista. The majority of capital investment in Oregon is managed through Programs. Although programs don't have a defined beginning, middle and end and typically don't have close out documentation because of their ongoing nature, status is reviewed monthly, as can be seen in the examples provide in Staff_DR_277 part f. Additionally, any funding changes must be signed by a Director and processed through the Capital Planning Group.

c. The Enterprise & Control Network Infrastructure Business Case is an ongoing program with no beginning, middle and end. This program is monitored through the monthly governance meeting as described above. As part of this meeting each month, all current projects are reviewed.

d. Again, the nature of the Enterprise & Control Network Infrastructure Business Case is an ongoing program. As such, there is not a standalone post completion report. Depending on the size and complexity of each project within this business case, there may or may not be a project charter which includes an "Approval to Close" section. Please see the example Project Charter provided in Staff_DR_279 Attachment D.

[4] All Enterprise Technology business cases have a monthly governance meeting to discuss status.
[5] The Enterprise & Controls Network Infrastructure Business Case is a program made up of many small projects as presented in the governance slide deck.

UG-461 Base Year
Oct 2021 - Sept 2022
Actual Transfers to Plant

| **Business Case** | **Current Activity cost SUM** | **OR-G $** |
|---|---|---|
| Base Load Hydro | 538,427 | 513 |
| Base Load Thermal Program | 1,071,493 | 2,288 |
| Cabinet Gorge Unit 4 Protection & Control Upgrade | 3,312,645 | 1,384 |
| Energy Imbalance Market | 10,923,269 | 3,771 |
| Enterprise & Control Network Infrastructure | 5,048,920 | 398,275 |
| Enterprise Network Infrastructure | 327,183 | 29,698 |
| HMI Control Software | 411,116 | 37,317 |
| Payment Card Industry Compliance (PCI) | 16,786 | 1,524 |
| Peaking Generation Business Case | 268,649 | 2,089 |
| Rattlesnake Flat Wind Farm Project 115kV Integration Project | 26 | (33) |
| Right-of-Way Use Permits | 375,492 | 26,573 |
| Saddle Mountain 230/115kV Station (New) Integration Project Phase 1 | 2,562,686 | 345,943 |
| SCADA - SOO and BuCC | 903,718 | 44,518 |
| Substation - New Distribution Station Capacity Program | 4,655,779 | 16 |
| Transmission Construction - Compliance | 1,983,167 | (8,918) |
| Wildfire Resiliency Plan | 25,809,592 | 7,471 |
| **Grand Total** | **58,208,945** | **892,428** |

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/15/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 280 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

See the listing of capital addition projects in Exhibit 600, workpaper *2.07 – 2.10 Capital Additions.xlsx*, tab **CAP 23.1.A – DoNotPrint**.

a. Provide a glossary / explanation of each field represented by the headings in columns B through AO.
b. Explain whether sub-projects comprise the Budgeted Items (BI) under specific Expenditure Requests (ER) as described by Ms. Benjamin in Exhibit 600, page 11, lines 19 - 23.
c. Explain what the designations ED, CD, and DG represent in field Service in column J.
d. Explain what the designations AA and AN represent in field Jurisdiction in column K.

**RESPONSE:**

**Business Case Title (F):** Avista capital projects are each defined as a Business Case, each of which have a multi-page written Business Case Justification Narrative, provided in Ms. Benjamin's Exhibit 602. Every business case is assigned a name/Business Case Title as provided in column F.

**ER (D):** Each Business Case is assigned at least one Expenditure Request (ER), a four-digit numeric code. When necessary for tracking, budgeting, and work management purposes, more than one ER can be assigned to a Business Case. For example, the Structures and Improvements/Furniture Business Case has been separated into ER 7001 for tracking structures and improvements investments and ER 7003 for tracking office furniture investments. See Ms. Benjamin's testimony, Exhibit 600, beginning on page 11 for additional discussion of the makeup of the capital business case structure and subparts.

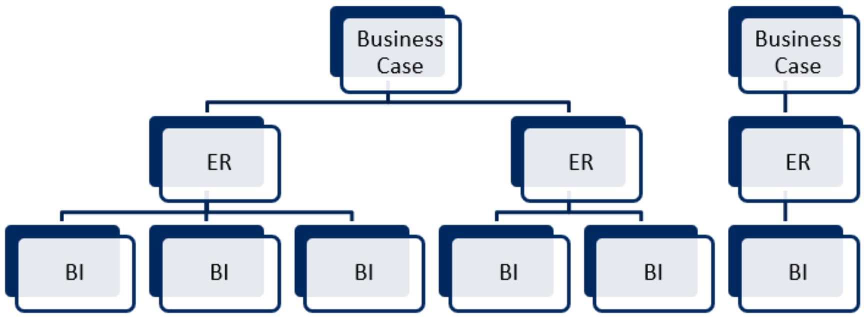
**ER_Description (E):** This column includes a short description associated with the numeric ER. This is how we know that ER 7001 contains structure/improvements investments, and that ER 7003 contains office furniture investments.

**BI (B):** The Budget Item (BI) is a five-digit alphanumeric code used to identify a sub part of an Expenditure Request (ER). The BI is a mechanism for grouping expenses and work under a business case and ER, allowing for effective management and tracking as needed. Each ER has one BI and may have more than one BI dependent on the needs for managing the budget, expenditures and work it represents that roll up under the Business Case (refer to Illustration No. 1 below). BI's are often used to separate costs by area in an effort to more accurately budget expenses and transfers to plant by service and jurisdiction (see additional discussion of service and jurisdiction below). For example, the Gas ERT Replacement Business Case has only one ER, 3054 with two separate BI's under it to separate Idaho vs Oregon Gas ERT Replacements.

**BI_Description (C):** The BI Description is a short description associated with each BI.

Illustration No. 1 below, re-depicted from Ms. Benjamin's testimony, Exhibit 600, p. 12, is a simplified flowchart providing a visual representation of the Business Case, ER, and BI relationship.

**Illustration No. 1: Sample Business Case, ER and BI Relationships**




**Investment Driver (G):** The investment driver identifies the need which is driving each investment. As discussed in Mr. Thies' testimony, Exhibit 200, beginning on p. 6,

> Avista's capital investments originate from the following six major "investment drivers":
>
> 1. Respond to customer requests for new service or service enhancements;
> 2. Meet our customers' expectations for quality and reliability of service;
> 3. Meet regulatory and other mandatory obligations;
> 4. Address system performance and capacity issues;
> 5. Replace infrastructure at the end of its useful life based on asset condition; and
> 6. Replace equipment that is damaged or fails, and support field operations.

Ms. Benjamin's testimony, Exhibit 600, then goes into a more detailed discussion of each of the six investment drivers and provides examples of each.

**Summary Plant Type (H):** Identifies what functional area this investment is part of, such as Natural Gas Distribution, Enterprise Technology or General Plant (facilities, vehicles, etc.).

**Plant Type (I):** Represents the Utility Asset (UA) type that is assigned to each investment, such as hardware, gas distribution, etc. This field is carried forward throughout the capital adjustments, in Ms. Benjamin's workpapers "2.07-2.10 Capital Additions Model", to group investments and apply the appropriate composite depreciation rate to each type of investment.

**Service (J):** The service identifies if this investment benefits electric customers, natural gas customers, or both.

- ED (Electric Direct): directly serves electric customers
- GD (Gas Direct): directly serves natural gas customers
- CD (Common Direct): work that benefits all customers and therefore is allocated a portion to natural gas customers and a portion to electric customers. This allocation process has been approved by the Oregon Commission, as further discussed in Ms.

Schultz's testimony, Exhibit 500, beginning on page 44 and provided in Staff_DR_252 Attachment A (UG433 Staff_DR_168).

**Jurisdiction (K):** The jurisdiction identifies the state which the investment is allocated to. Costs may be directly assigned to Oregon (OR) or allocated to Oregon (AA). AA represents allocated all, meaning all jurisdictions receive benefit of an investment and bear a portion of the cost of that investment. Oregon's share of costs allocated to all is 9.180%. AN represents allocated north, meaning both Washington and Idaho jurisdictions receive benefit and therefore bear the cost of these investments. Oregon receives zero allocation of costs labeled AN (see column L). Costs are allocated in accordance with Commission approval as discussed in Ms. Schultz's testimony, Exhibit 500.

**OR Allocation (L):** This is the percentage allocated to Oregon based on approved allocation factors as discussed above in the sections on service and jurisdiction. Please see Ms. Schultz's testimony, Exhibit 500, beginning on page 44 for additional discussion on allocations.

**Columns (N) – (Z):** Represents system transfers-to-plant by month (total for the 12 months in column Z) for all service and jurisdictions, which include Oregon direct or allocated transfers-to-plant.[1]

**Columns (AA) – (AM):** Calculates the portion of transfers-to-plant allocated or directly assigned to Oregon by month based on the total system amount (columns N-Y) times the allocation factor identified in column L. The 12-month total for Oregon allocated or directly assigned is calculated in column AM.

**Column (AN)** Oregon allocated or directly assigned total transfers-to-plant for the period 10/1/2022 – 12/31/2023.

**Column (AO)** System total transfers-to-plant for the period 10/1/2022 – 12/31/2023.

Please also see the "Overview" and "Overview – CAP 22.1" tabs in the "2.07-2.10 Capital Additions Model" workpapers for more information.

[1] Business Cases directly assigned in entirety to jurisdictions outside Oregon are excluded from the 2.07-2.10 Capital Additions Model (such as ID only or WA only).

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 05/16/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 281 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

See the nine Oregon direct charged capital projects listed below aggregated by BI number from Exhibit 600, workpaper *2.07 – 2.10 Capital Additions.xlsx*, tab **CAP 23.1.A – DoNotPrint**, that Avista proposes to include in the UG 461 rate base.

| BI | BI_BI Description | ER | Summary Plant Type | Year | OR - Annual |
|---|---|---|---|---|---|
| GN214 | BI_GN214 - Aldyl A OR - Main Pipe Major Project | 3008 | Natural Gas Distribution | 2022 | 2,363,826 |
| GN214 | BI_GN214 - Aldyl A OR - Main Pipe Major Project | 3008 | Natural Gas Distribution | 2023 | 8,146,770 |
| **GN214 Total** | | | | | 10,510,596 |
| GN311 | BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts | 3008 | Natural Gas Distribution | 2022 | 497,723 |
| GN311 | BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts | 3008 | Natural Gas Distribution | 2023 | 1,604,653 |
| **GN311 Total** | | | | | 2,102,376 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2022 | 306,626 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2023 | 536,641 |
| MN002 | BI_MN002 - Gas Meter and Metering Equipment Purchases - OR | 1056 | Natural Gas Distribution | 2024 | 1,313,313 |
| **MN002 Total** | | | | | 2,156,580 |
| MN206 | BI_MN206 - Gas Distribution Non Revenue - Medford | 3005 | Natural Gas Distribution | 2022 | 624,085 |
| MN206 | BI_MN206 - Gas Distribution Non Revenue - Medford | 3005 | Natural Gas Distribution | 2023 | 3,878,000 |
| **MN206 Total** | | | | | 4,502,085 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2022 | 1,630,741 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2023 | 4,751,020 |
| MN304 | BI_MN304 - Oregon - Gas Rev Projects/Medford | 1001 | Natural Gas Distribution | 2024 | 4,478,395 |
| **MN304 Total** | | | | | 10,860,156 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2022 | 470,232 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2023 | 1,187,719 |
| MN305 | BI_MN305 - Oregon - Gas Rev Projects/Roseburg | 1001 | Natural Gas Distribution | 2024 | 1,119,566 |
| **MN305 Total** | | | | | 2,777,517 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2022 | 415,851 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2023 | 1,338,040 |
| MN306 | BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls | 1001 | Natural Gas Distribution | 2024 | 1,261,259 |
| **MN306 Total** | | | | | 3,015,150 |
| MN401 | BI_MN401 - Relocate Due to St&Hwy Work - Medford | 3003 | Natural Gas Distribution | 2022 | 87,929 |
| MN401 | BI_MN401 - Relocate Due to St&Hwy Work - Medford | 3003 | Natural Gas Distribution | 2023 | 2,182,000 |
| **MN401 Total** | | | | | 2,269,929 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2022 | 97,198 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2023 | 634,501 |
| XE500 | BI_XE500 - Gas Engineering | 1001 | Natural Gas Distribution | 2024 | 480,725 |
| **XE500 Total** | | | | | 1,212,424 |

For each project above, provide the following:

a. The classification of each project a capital project or capital program as defined by Mr. Thies in Exhibit 200, p. 5, footnote 1.
b. A listing of all sub-projects aggregating to each BI number listed above using the same fields.
c. A copy of a resource loaded schedule for all completed capital projects at the beginning of the project, at the midpoint of the project and at the end of the project.

d. A copy of a resource loaded schedule for all in-progress capital projects at the beginning of the project, at the midpoint of the project and the most recent version of the resource-loaded schedule.
e. Copies of all sections of the contract between Avista and the companies constructing the project that pertain to project management if external vendors were used.
f. The estimated costs at completion.
g. Identification of each project where the Avista project manager identified variances exceeding 10% of the projects budget in the execution phase and whether additional funding was rejected or approved by the Capital Planning Group and Senior Management.
h. Copies of change orders issued for projects where actual external vendor costs incurred during the execution phase exceeded 10%.

**RESPONSE:**
See also Avista's responses to Staff DRs 277 and 279.

a. The assignment of a project or program as a type is done at the business case level. Each of the items listed in this request are part of a program.

b. Capital transfers to plant is budgeted only as low as the BI level. A listing of sub-projects cannot be provided on a pro formed basis. Please see Staff_DR_281 Attachment A for a listing of sub-projects by BI for calendar year 2022.

c. The above requested items are all programs which do not have a defined beginning, middle and end, but rather are ongoing work. The work performed under these programs is either planned work, reactive work or customer requested work. The following table defines the business case/Expenditure Request (ER)/Budget Item (BI) relationship for better understanding of the program relationship.

| **Business Case / ER / BI** |
|---|
| **Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement** |
| **ER_3008 - Aldyl -A Pipe Replacement** |
| BI_GN214 - Aldyl A OR - Main Pipe Major Project |
| BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts |
| **Gas Non-Revenue Program** |
| **ER_3005 - Gas Distribution Non-Revenue Blanket** |
| BI_MN206 - Gas Distribution Non Revenue - Medford |
| **Gas Replacement Street and Highway Program** |
| **ER_3003 - Gas Replace-St&Hwy** |
| BI_MN401 - Relocate Due to St&Hwy Work - Medford |
| **New Revenue - Growth** |
| **ER_1001 - Gas Revenue Blanket** |
| BI_MN304 - Oregon - Gas Rev Projects/Medford |
| BI_MN305 - Oregon - Gas Rev Projects/Roseburg |
| BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls |
| BI_XE500 - Gas Engineering |
| **ER_1056 - Gas Meter and Metering Equipment Purchases** |
| BI_MN002 - Gas Meter and Metering Equipment Purchases - OR |

Planned work
The Gas Facilities Replacement Program (GFRP) is made up of planned work on a set cycle. Please see Staff_DR_281 Attachment B for an example of the scheduling which occurs for this type of work. Additionally, please see Ms. Benjamin's exhibit 602, page 70 for the Gas Facilities Replacement Program business case and two additional reports supporting the need for this program and decisions around the cadence for completing this work.

<u>Reactive work</u>
The Gas Non-Revenue Program is reactive work, therefore no resource loaded schedules are available. Every year the Company plans and budgets for a certain amount of reactive work, replacing plant as it fails, although we are unable to schedule for exactly what that work will be. The budget and forecast of this work is based on informed judgement by our Gas Operations and Engineering groups combined with historic trending and then is monitored through the year for needed adjustments. For additional discussion on the monitoring of this work, please see Staff_DR_277 part e.

<u>Customer Requested</u>
Both the Gas Replace Street and Highway Program and the New Revenue-Growth business cases are customer requested work. Avista has an obligation to serve our customers in a timely manner. This work is planned for by using historic trends and then monitoring in the year and making adjustments as necessary. Please see Staff_DR_277 for additional discussion on in-year capital monitoring and management.

Additional discussion of the necessity of this work and methods for planning, monitoring and oversight can be found in the business cases provided in Ms. Benjamin's Exhibit 602.

d. Please see part C above.

e. The Gas Facilities Replacement Program contracts the construction work under the program. Please see Staff_DR_281 Attachment C for excerpts of specific sections of the Gas Facilities Replacement Program contract with the construction vendor regarding Project Management. The Gas Non-Revenue, Gas Replace Street and Highway Program and New Revenue-Growth business cases all perform work in a manner that does not include a specific contract.

f. Please refer to Staff_DR_252 Supplemental where the Company has provided updated capital additions workpapers (referred to in the Company's original filing as Ms. Benjamin's workpapers titled '2.07-2.10 Capital Additions Model'). Within this attachment, the Company has updated transfers-to-plant (TTP) with actuals for October 1, 2022 through February 28, 2023 and a revised TTP forecast for all pro forma capital additions for March 1, 2023 through December 31, 2023. Pro forma new growth capital additions (TTP) for calendar 2024 remain unchanged from the Company's direct filed case. Retirements for October 1, 2022 through December 31, 2022 have also been updated with actuals.

g. Please see Staff_DR_277 where additional discussion on the management and approval of the capital budget are discussed. As typical for all projects and programs at Avista, the above identified business cases monitor performance on a monthly basis through the year and must make work management decisions or additional funding decisions as appropriate. Customer requested and reactive types of work, are somewhat limited on the ability to stop work. Please see Staff_DR_277 for additional discussion of monthly review and funding decision making.

   For Gas Facilities Replacement Program, please refer to Staff_DR_281 Attachment B, row 262 for an analysis of actual to budget by project for the year 2022. Please see the following explanations for variances related to the identified projects.

For the GFRP program in Oregon the 2022 revised budget was $8,609,627 and the actual spend was $8,719,641. For Oregon projects in 2022 the variance between our revised budget and actual spend was 1.28%.

There were seven projects with a variance exceeding 10% that are highlighted on the attached excel document Staff_DR_281 Attachment B (row 262). Below are some highlights as to why these variances are over 10%.

- Eagle Point 2021 Carryover- This project started in 2021 where all the natural gas mainline was installed. Due to running behind schedule some work was pushed to 2022 where backyard service reroutes, downstream piping and final paving was accounted for in 2022. No budget was allocated for Eagle Point in 2022 hence the large variance.
- Klamath Falls 1 GFRP 2021 Carryover- While budget for 2022 this work was transitioned from MICHELS our contractor in Oregon to an Avista company crew. This work is intended to be completed in 2023. Actual costs were minimal given the project was deferred and no construction was completed.
- Phoenix 2022- One of the phases of the Phoenix project was identified as good 1985 or 1986 pipe that did not need to be replaced. Due to this the estimated cost to actual cost variance was 23.86% due to footage being removed from the project.
- Medford E I-5 2022- All construction was completed in 2022 excluding paving which was completed and billed in 2023. Paving and other construction activities were estimated to cost more than actual cost.
- Medford S I-5 2019 Carryover – Due to shifting and adapting crews in Medford, certain phases were not completed in Medford South that were then moved to Medford East. Due to the nature of the work we perform, there are many variables that change the original anticipated schedule. Because work locations are often geographically close together we can pivot and utilize resources across projects.
- Medford E I-5 2020 Carryover- See above Medford S I-5 2019 Carryover.
- Aldyl A-OR STTR-Minor project-Gas Districts- In 2022 a renewed focus was placed on completing the remaining STTR's in Oregon. These efforts have been extremely successful and the reduction of remaining STTR's in our system is reflective of that.

While the overall Oregon planned budget only increased by ~$228,000, allocation of funds between different Oregon projects occurred. With the Canyonville 2022 project being deferred to 2023 and the cost of the Dillard / Winston project being less than expected funds were then shifted to the BI GN311 projects to ramp up mitigation of STTRs.

h. For the Gas Facilities Replacement Program specifically, the type of contract utilized by the GFRP is unit based. Given our contract lengths are 3-5 years, we would consider this type of work a blanket. Each individual project is not bid on separately and change orders are not utilized in the same way as traditionally managed standalone projects. Over the prior ten years of the GFRP, we have documented and analyzed well known factors within our program such as municipal restrictions, ground conditions, environmental concerns and permitting that allow us to budget and plan accordingly. This data provides the groundwork to utilize core project management skillsets to plan and execute our projects. For Gas Non-Revenue, New Revenue-Growth and Gas Street and Highway Replacement Programs, there is no contract associated to identify change orders for either.

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 6/19/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 290 Revised | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

Refer to Staff_DR_252 Supplemental Attachment A and Staff_DR_279 Attachment A.

a. Provide a schedule that starts with the rate effective date of August 22, 2022 in UG 433 similar to Staff_DR_252 Supplemental Attachment A, tab As-Filed vs. Update.

b. Identify Avista's OR direct and allocated plant additions from the August 22, 2022 rate effective date in UG 433 through September 30, 2022.

c. Avista's response should include the supporting Business Case and approved Capital Request documents for each project.

**RESPONSE:**

a. Please see Staff_DR_290 Attachment A for a schedule of plant additions in the format requested for end of period (EOP) July 31, 2022 and end of period August 31, 2022, for comparison purposes. The Company has provided this information in the format requested as extracted from our results of operations reports for these periods. The format this data is requested in, does not include business case level detail.

   The Company stores transfer to plant data on a monthly basis and therefore is providing EOP July and EOP August on an Oregon direct and allocated basis. Data is not available on a daily or interim basis, therefore detail as of August 22, 2022, as requested, is not available.

b. For OR direct and allocated actual transfer to plant detail for the period August and September 2022 see Staff_DR_252 Supplemental Attachment A, tab "CAP 23.1.A – DoNotPrint."

c. The Company has provided all business cases pro formed in this case in Ms. Benjamin's Exhibit 602 and discussed additional business cases which were not previously provided for the time period per this request in Staff_DR_279.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1203**

**Staff_DR_290 Attachment A**

**Provided in Electronic Form Only**

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 6/19/2023 |
| CASE NO: | UG 461 | WITNESS: | Tia Benjamin |
| REQUESTER: | PUC Staff | RESPONDER: | Tia Benjamin |
| TYPE: | Data Request | DEPT: | Regulatory Affairs |
| REQUEST NO.: | Staff – 291 | TELEPHONE: | (509) 495-2225 |
| | | EMAIL: | tia.benjamin@avistacorp.com |

**REQUEST:**

Referring to OPUC DR 281, provide Business Case Governance Meeting reports or slide decks for each of the nine projects listed in the table of the request. Provide copies of each month's report or on a quarterly basis if by month is considered voluminous.

**RESPONSE:**

As discussed in Staff_DR_281, it is important to understand the business case structure associated with each of the items identified in the table in Staff_DR_281, because governance of projects occurs at the business case level. Each Business Case contains one or more Expenditure Request (ER) and each ER contains one or more Budget Item (BI). Many of the Business Cases have a single ER. Please refer to Ms. Benjamin's testimony at page 12 for a discussion and simplified flowchart that illustrates this process. The ER and BI levels are simply a tracking mechanism for managing work and associated budgets within a Business Case, the number of ERs and BIs per Business Case can vary.

| Business Case / ER / BI |
|---|
| **Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement** |
| **ER_3008 - Aldyl -A Pipe Replacement** |
| BI_GN214 - Aldyl A OR - Main Pipe Major Project |
| BI_GN311 - Aldyl A-OR-STTR-Minor Project -Gas Districts |
| **Gas Non-Revenue Program** |
| **ER_3005 - Gas Distribution Non-Revenue Blanket** |
| BI_MN206 - Gas Distribution Non Revenue - Medford |
| **Gas Replacement Street and Highway Program** |
| **ER_3003 - Gas Replace-St&Hwy** |
| BI_MN401 - Relocate Due to St&Hwy Work - Medford |
| **New Revenue - Growth** |
| **ER_1001 - Gas Revenue Blanket** |
| BI_MN304 - Oregon - Gas Rev Projects/Medford |
| BI_MN305 - Oregon - Gas Rev Projects/Roseburg |
| BI_MN306 - Oregon - Gas Rev Projects/Klamath Falls |
| BI_XE500 - Gas Engineering |
| **ER_1056 - Gas Meter and Metering Equipment Purchases** |
| BI_MN002 - Gas Meter and Metering Equipment Purchases - OR |

For the Gas Facilities Replacement Program (GFRP), please see Staff_DR_291 Attachments A-D for quarterly governance committee meeting minutes.

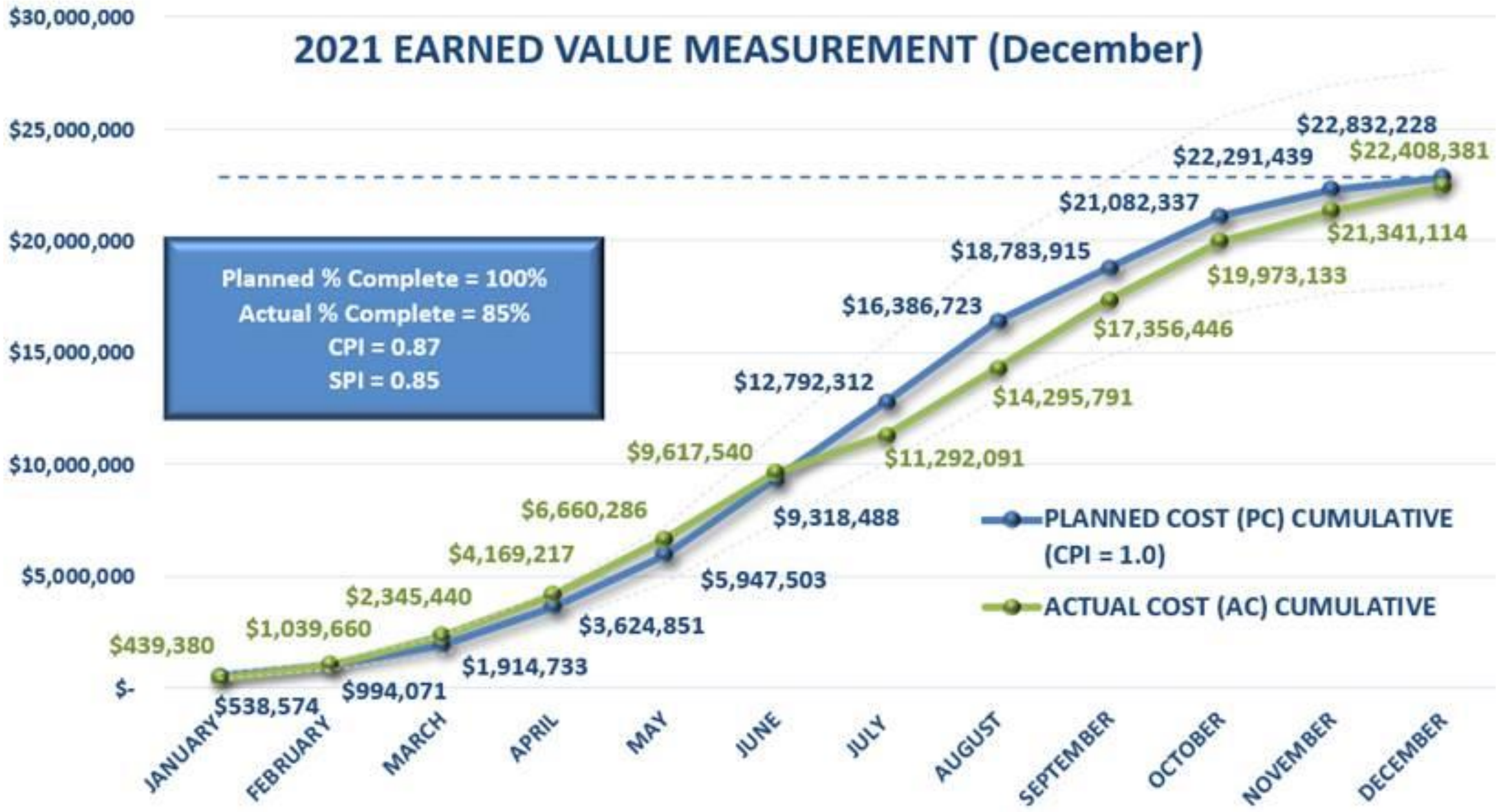
For the Gas Non-Revenue and Gas Replace Street and Highway Program, as described in Staff_DR_281, Staff_DR_277, and in the Business Cases provided in Ms. Benjamin's Exhibit 602, these are programs made up of hundreds of individual projects. These projects are not formally scheduled as they are small in scope, short in duration, and are mostly done reactively or in response to an external request. Monthly, the work completed, the amount of work yet to be done, and the spend to date is reviewed by Engineering and Operations. This review is not done in a formal meeting, however if a change (either a funds request or give back) is warranted, a Business Case Funds Request is filled out and routed for approval to the CPG. Please Staff_DR_277 Attachment F for an example of this communication from October of 2021. Please also see Staff_DR_291 Attachments E-J for a series of examples of the monthly update reports from December 2021 through November 2022.

Lastly, Non-Revenue – Growth, as discussed in Staff – 178, is driven by requirements that mandate Avista's obligation to serve new customer load when requested within our franchised area. This work is planned for by using historic trends and then monitoring in the year and making adjustments as necessary, as stated in Staff_DR_281. A formal Business Case Governance Meeting is not completed for this business case, though management does review the numbers of actual and forecasted connections and the associated costs.

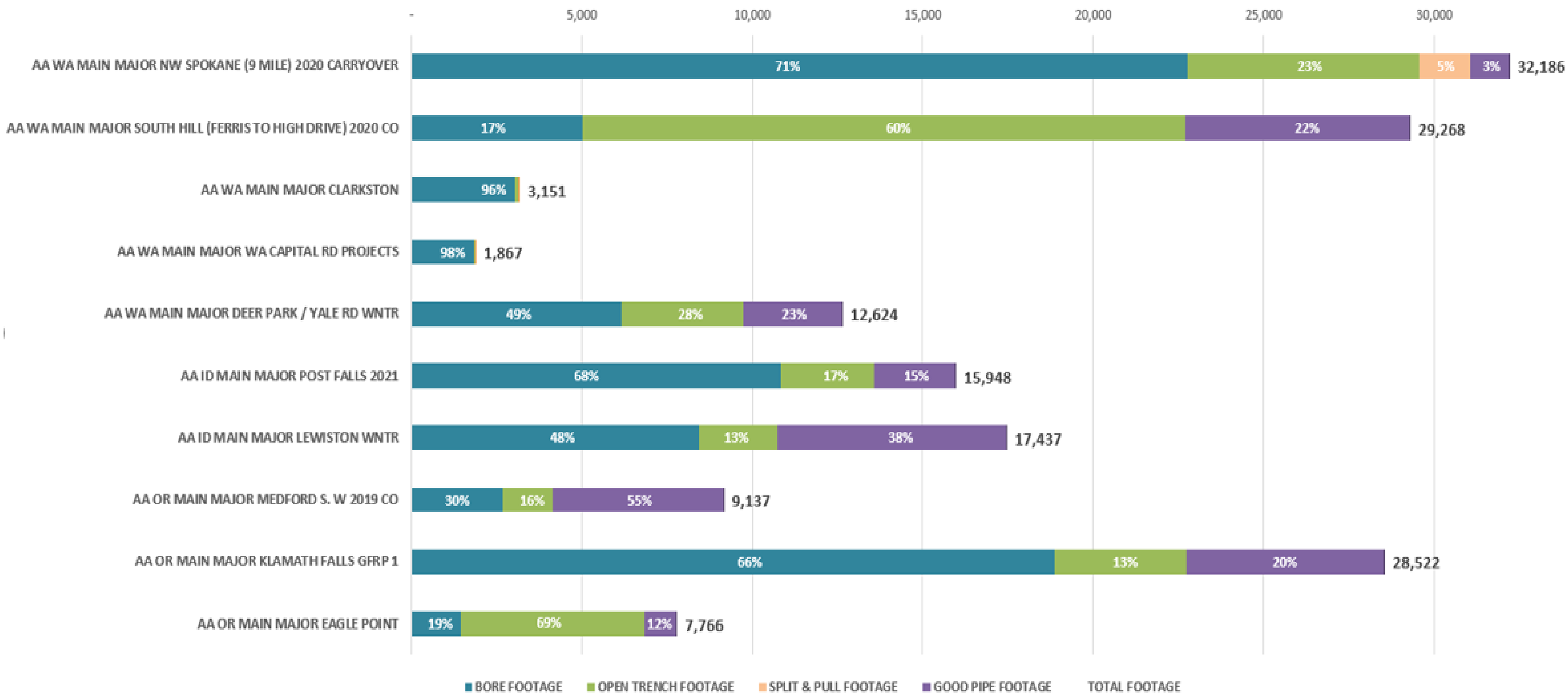
# 2022 Gas Facility Replacement Program

**Budget Update (Results #1)** **January 26, 2022**

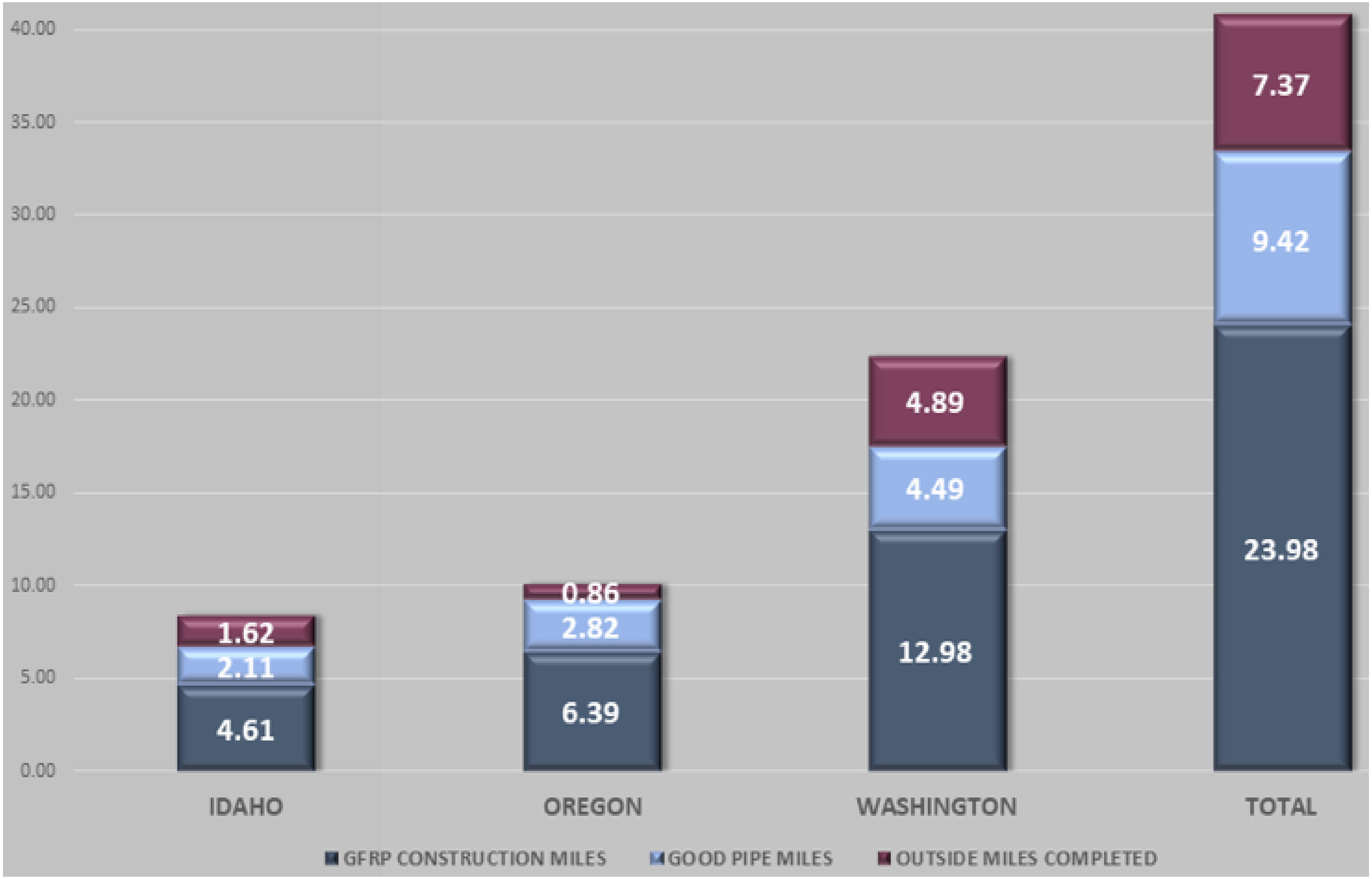
# PROGRAM WIDE SPEND



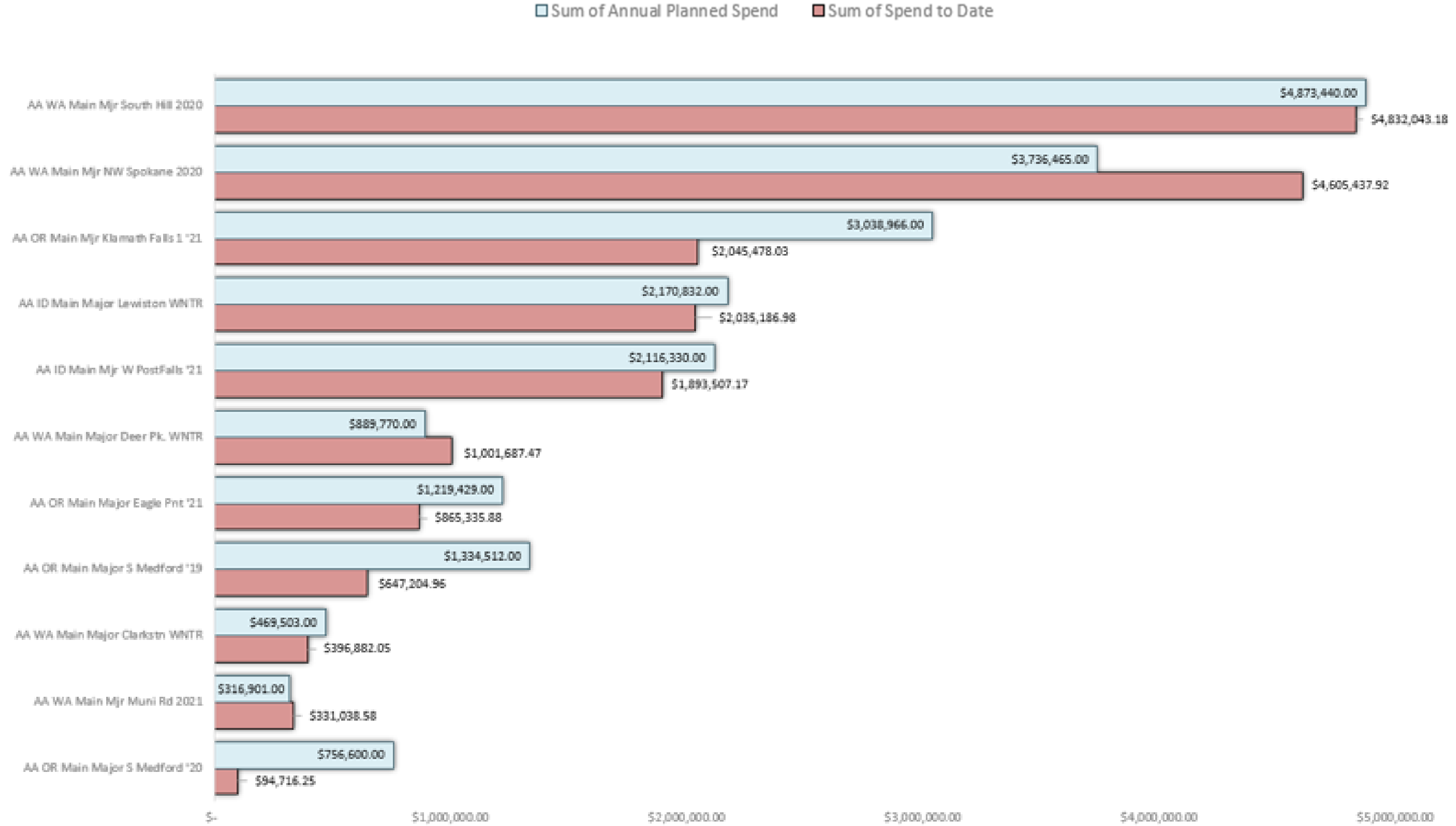
# Major Main Footage Completed



# Miles Completed by State



# Major Main Project YTD Spend



# STTR PROGRESS

| Date (Monthly) | #STTRS | STTRs Remaining in ID | STTRs Remaining in OR | STTRs Remaining in WA | Total STTRs Remaining |
|---|---|---|---|---|---|
| As of June 2020 | 1699 | 131 | 1222 | 346 | 1699 |
| 1/18/2021 | | 112 | 1213 | 279 | 1604 |
| 4/19/2021 | | 56 | 1208 | 218 | 1482 |
| 7/19/2021 | | 49 | 1208 | 174 | 1431 |
| 10/18/2021 | | 47 | 1117 | 128 | 1292 |
| 11/15/2021 | | 47 | 1117 | 123 | 1287 |
| 1/18/2022 | | 47 | 1117 | 123 | 1287 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

# PRIORITY SERVICES PROGRESS

| Date (Monthly) | #Priority Services | Remaining in ID | Remaining in OR | Remaining in WA | Total Remaining |
|---|---|---|---|---|---|
| January 2022 | 62 | 8 | 18 | 36 | 62 |
| February 2022 | | | | | |
| March 2022 | | | | | |
| April 2022 | | | | | |
| May 2022 | | | | | |
| June 2022 | | | | | |
| July 2022 | | | | | |
| August 2022 | | | | | |
| September 2022 | | | | | |
| October 2022 | | | | | |
| November 2022 | | | | | |
| December 2022 | | | | | |
| | | | | | |

# GENERAL DISCUSSION ITEMS

**2021 BUDGET:** ($22,832,228 ORIGINAL BUDGET; 2020 BUDGET WAS $23,318,892)

- ❑ 2021 Final budget = **$22,408,381** under budget by $423,848 (1.86%)
- ❑ **2022** Program Wide Budget = **$25,687,251**
- ❑ 2021 Priority Services Budget $160,955 with ≈ **$31,262** YTD.
- ❑ 2021 Unfunded Work (Minor Main Opp Work) ≈ **$711,237** YTD (last month = $512,483)

**MAIN PIPE CONSTRUCTION NOTES:**

- ❑ Good Pipe Discovered: 9.42 miles (last month 8.2 miles)
- ❑ 2021 Split & Pull 1,496-ft (No change from last 5 months)

**2022 PLANNING & RESOURCES:**

- ❑ NPL contract ends December 31, 2022. Working on new 5-year contract for ID/WA. Will analyze the ability to complete 2.5 miles in Lewiston/Clarkston in 2022 (instead of 1 mile).
- ❑ Asset Management (internal dept) to provide updated 5-year GFRP analysis.
- ❑ Received new risk ranking of AA Main Projects from DIMP & updated project lists through the end of the program.

**ONE PAGER:**

- ❑ One Pager was issued on 1/20/22

**Benjamin, Tia**

**From:** Webb, Jeff
**Sent:** Friday, September 16, 2022 3:08 PM
**To:** Webster, Jeremiah; Morehouse, Jody
**Cc:** Munson, Adam; Cash, Karen; Wagner, Brandon; Gill, Rubal; Good, Paul
**Subject:** Action Needed - Gas Capital Budget Summary, Sept
**Attachments:** Project Cost Tracking 08-2022.pdf; BC FR - ER 3007 Isolated Steel Program 2023-09.pdf; BC FR - ER 3003 Replace Street and Hwy Program 2022-09.pdf; BC FR - ER 3005 Non Rev 2022-09.pdf; BC FR - ER 3000 Reinforcment Program 2022-09.pdf; BC FR - ER 3009 Above Grade Pipe Replacement Program 2022-09.pdf; BC FR - ER 3055 PMC Program 2022-09.pdf; BC FR - ER 3057 HP Pipeline Remediation Program 2022-09.pdf; BC FR - ER 3054 ERT Replace Program 2022-09.pdf; BC FR - ER 3010 Transient Voltage Mitigation Program 2022-09.pdf

Jody,
9 files for signature.

Gas Capital Budget Summary:

- Gas has taken a hard look at all projects and programs as advised by the CPG and is confident of the numbers put forth this month.
- ER 3005-Gas Non Rev, we will continue to keep on eye on spend, there may need to be another request later in the year if the spend rate does not taper off.
- ER 3312-Airway Heights will likely come in under budget. We gave back $1M last month as a gross adjustment. Construction is still wrapping up with some uncertainties. Next month there will likely be ~$500k to return depending on how the project finishes up.
- Graphs are attached.

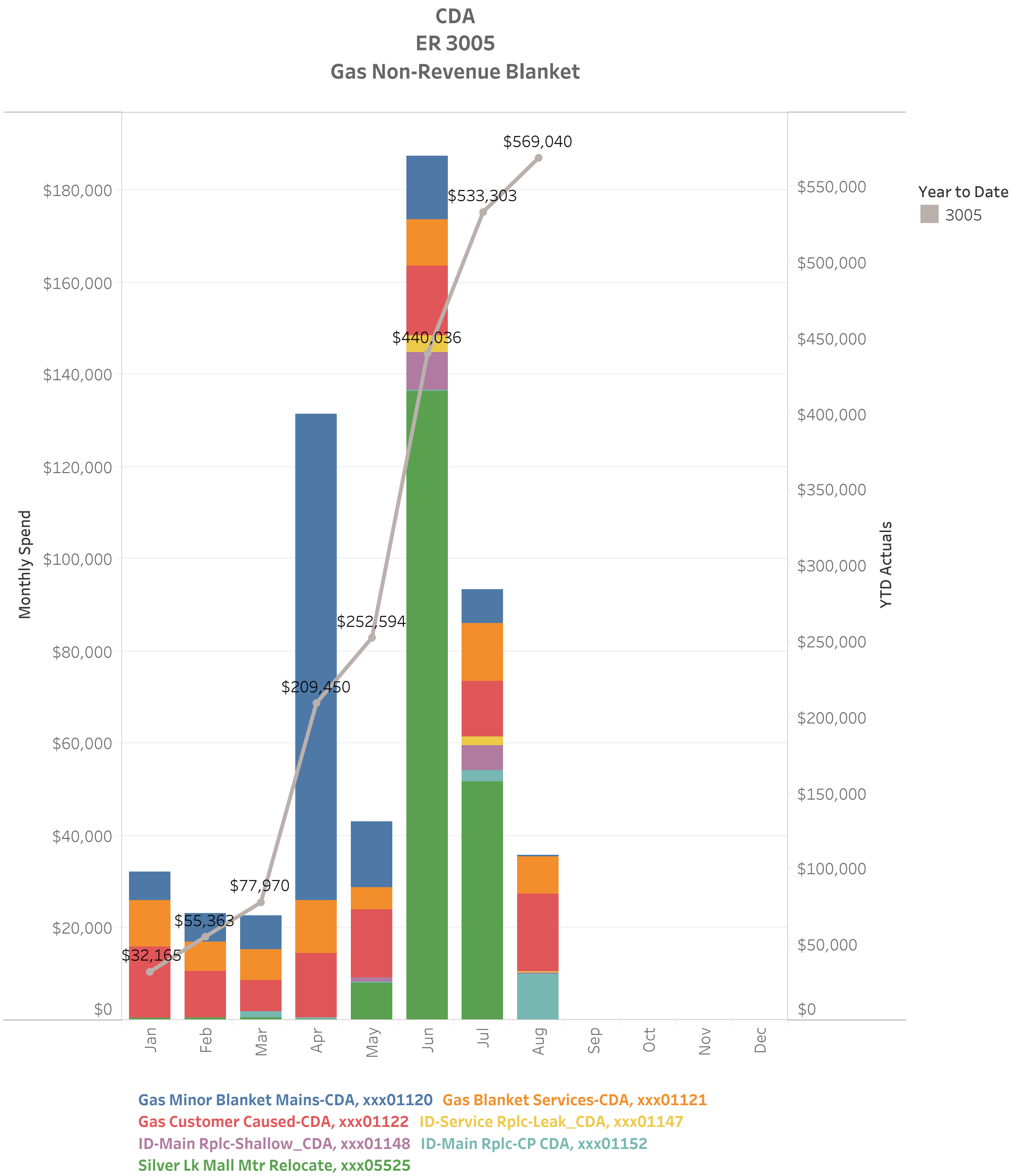
The request noted below that was submitted in June is still valid.

| **Requests ($1,000's)** | **ER # - Project** |
|---:|---|
| 300 (June Request) | ER 3002 Reg Reliability, expected spend $1,100. Request still active and awaiting approval. Need decision this month, or we won't have time to spin up the resources for the work. Exp spend: $1,100 |
| 700 | ER 3003 Road Moves, As cautioned previously, this work in request of others continues to trend higher than expected. Exp spend: $4,200k |
| 1,100 | ER 3005 Non-Rev, As cautioned, this unplanned work is trending higher than last year, and as budgeted. Exp spend: $10,010k |
| 200 | ER 3007 Isolated Steel, Additional deficiencies recently found with 90 day compliance due dates in La Grande. Exp spend: $1,050k |
| | |
| -600 | ER 3000 Reinforcements, Work associated with P-Kay Metals can not be completed this year. $600k of the $800k request for them is being returned. The remainder of the project for them will be finished next year. Exp spend: $1.5M |
| -650 | ER 3009 Above Grade Pipe Replacement, limited engineering resources didn't allow this program to mature this year. Exp spend: $100k |
| -140 | ER 3010 Transient Voltage Mitigation, limited engineering resources didn't allow an early enough start to complete the full scope of work. Exp spend: $760k |
| -180 | ER 3054 Gas ERT Replacement, Inventory limitations are restricting the pace of this program. Exp spend: $970k |
| -1,650 | ER 3055 PMC, Limited inventory levels did not allow us to continue this program this year. Exp spend: $1,850k |
| -475 | ER 3057 HP Integrity Remediation, limited engineering resources didn't allow all the work originally planned to be completed this year. Exp spend: $125k |
| | |
| **-$1,395** | **Net Release** |

-Jeff

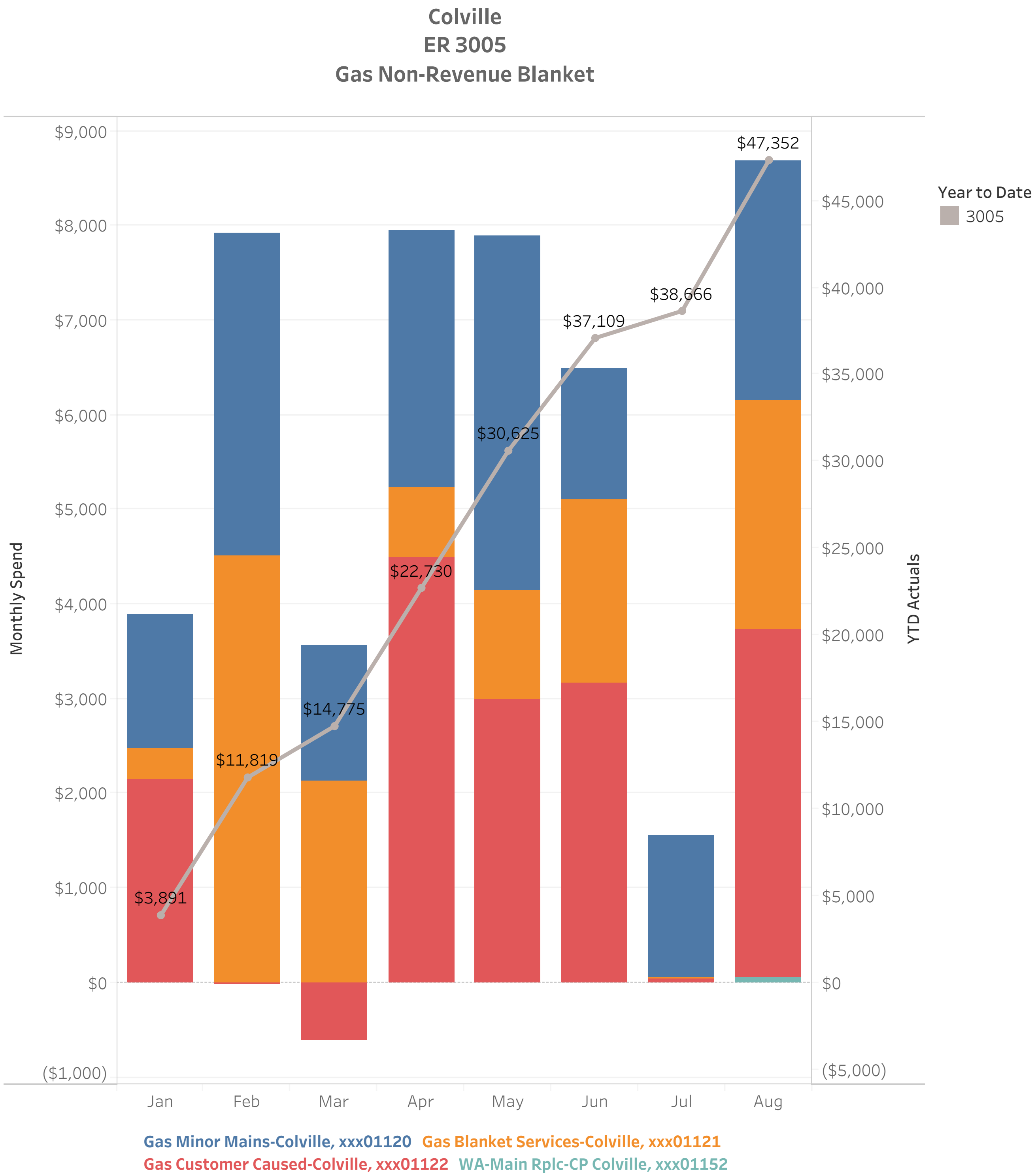
# Blanket Capital 2021

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|



# Blanket Capital 2021

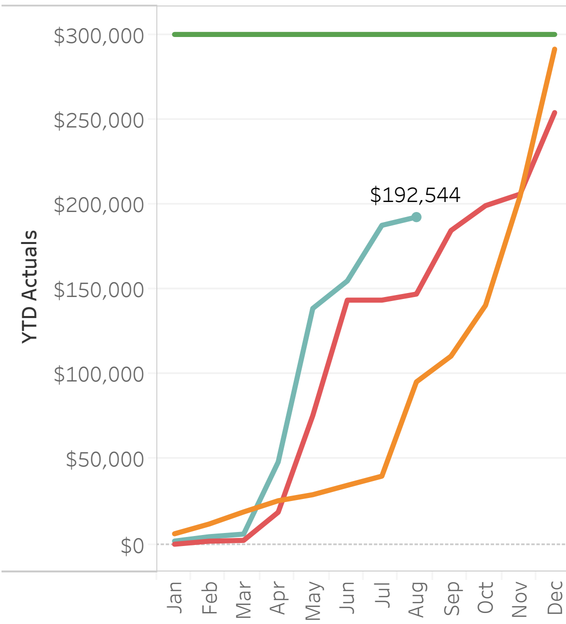
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|



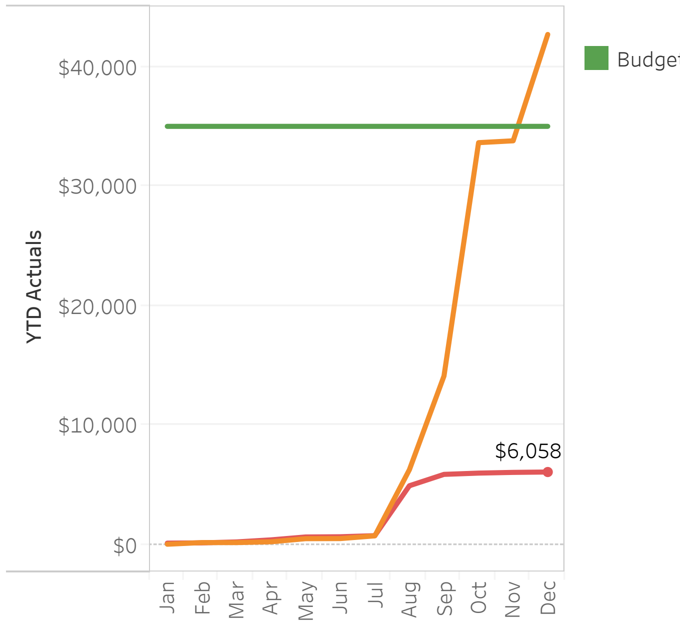
# Blanket Capital 2021

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

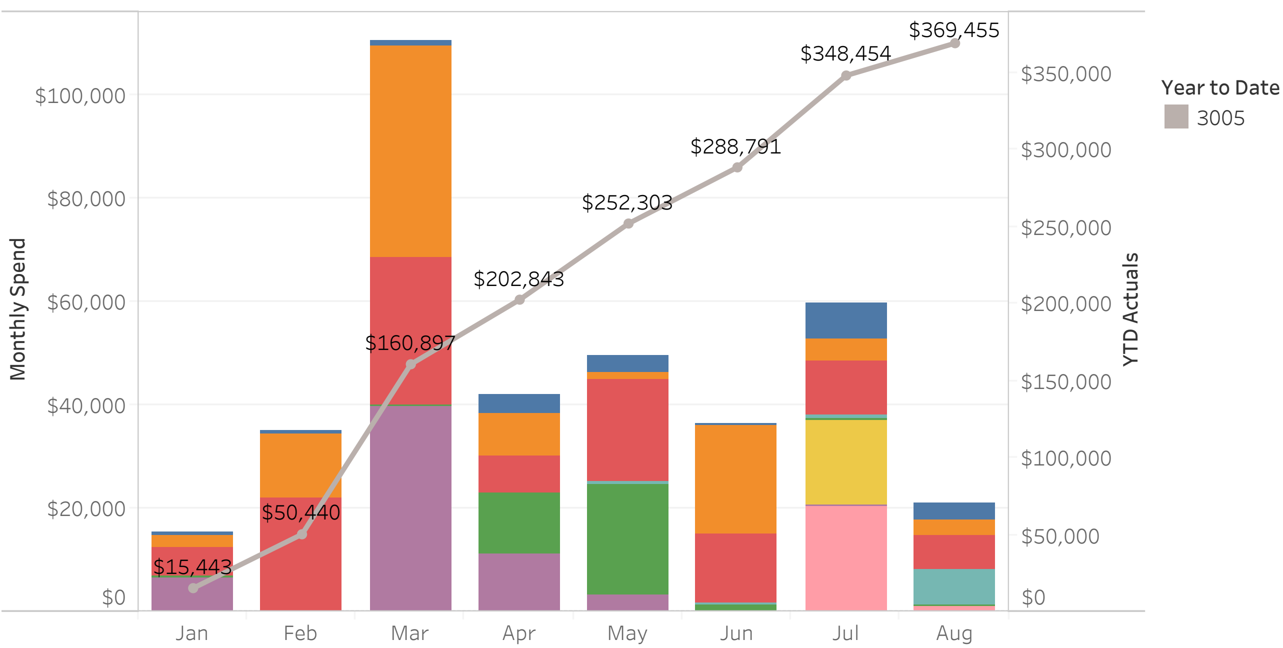
## ER 3001 - MN409 - 98705063
## Replace Deteriorating Gas System




## ER 3006 - 98705062
## Overbuilt Pipe Replacement Blanket



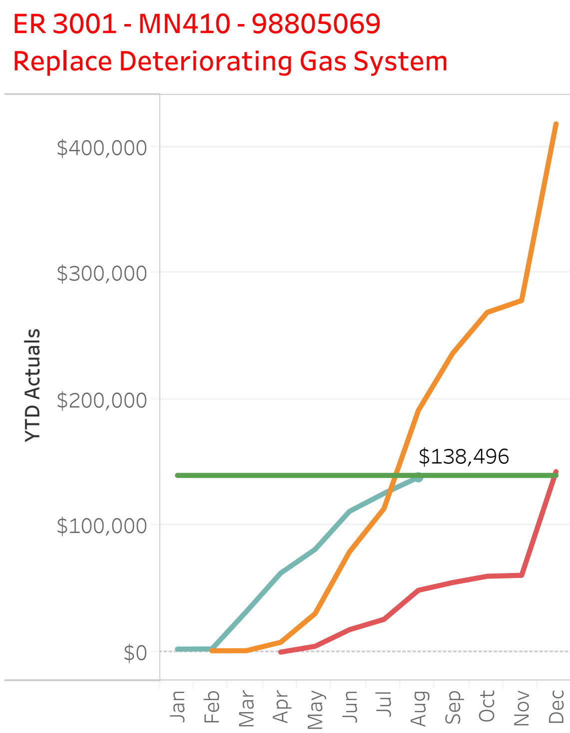

## ER 3005, BI MN309
## Gas Non-Revenue Blanket

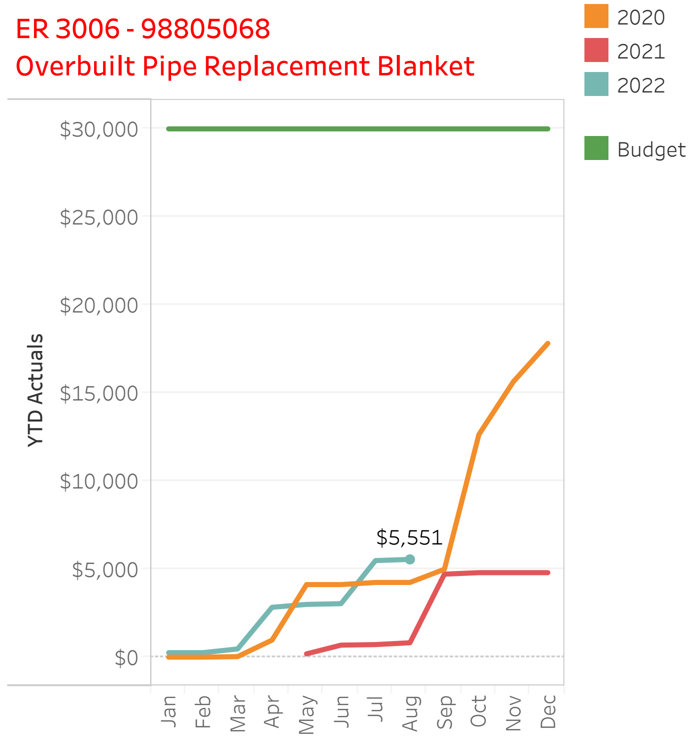


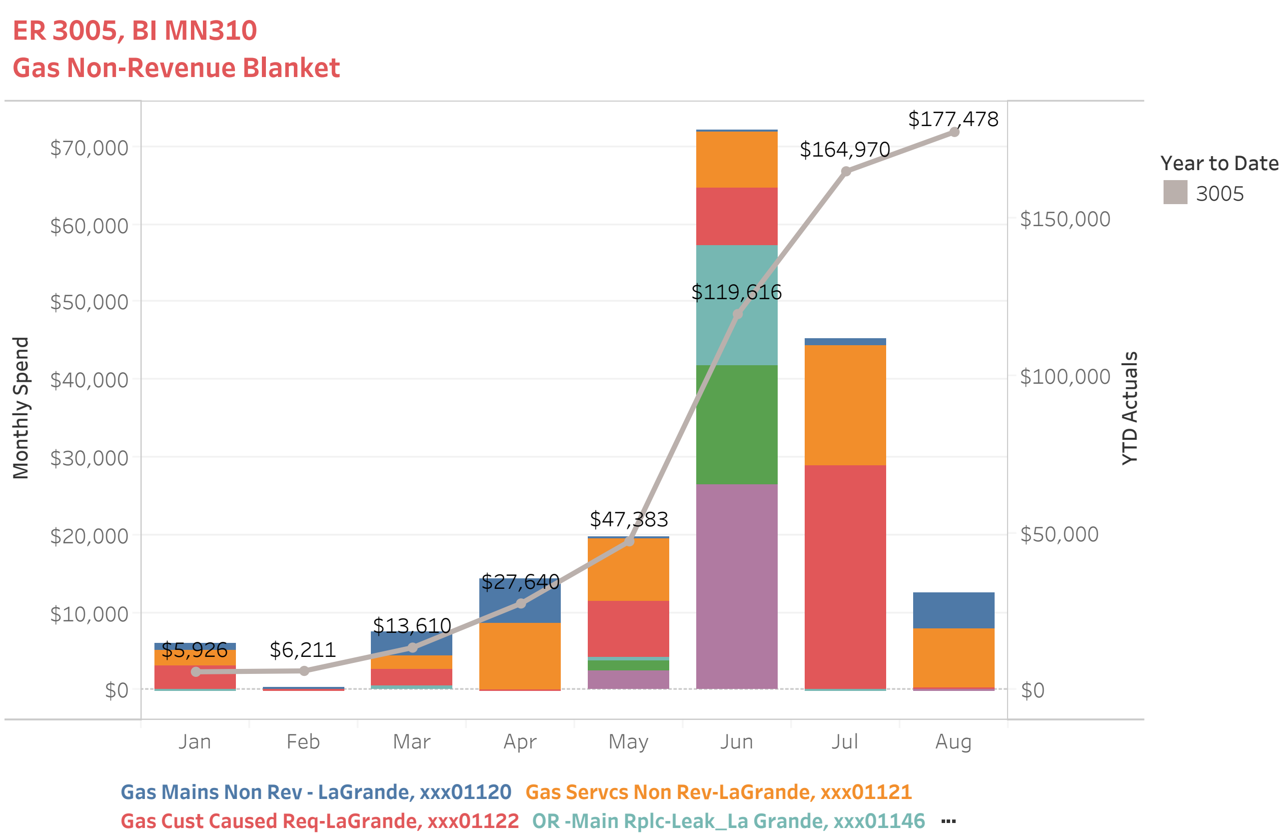

Gas Mains Non Rev - Kalmth Fls, xxx01120 Gas Servcs Non Rev-Klamath Fls, xxx01121
Gas Cust Caused Req-Klam Fls, xxx01122 OR -Main Rplc-Leak_Klamath, xxx01146
OR-Service Rplc-Leak_Klamath, xxx01147 OR -Main Rplc -Shallow_Klamath, xxx01148
OR-Servic Rplc-Shallow_Klamth, xxx01149 OR-Main Rplc-CP Klamath Falls, xxx01152

# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16



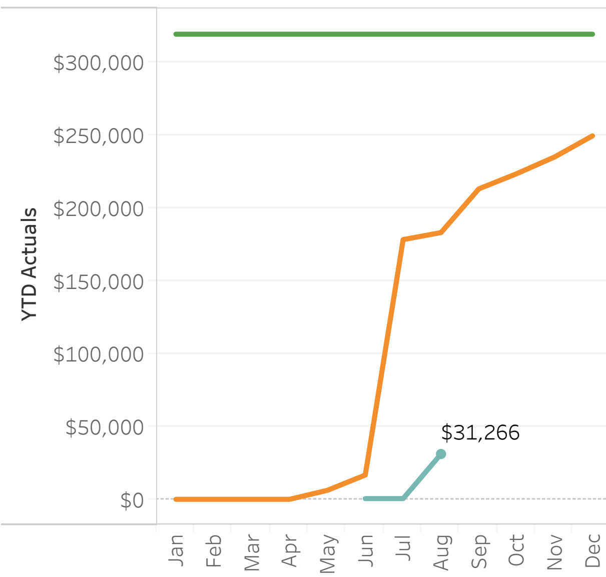
# Blanket Capital 2021

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

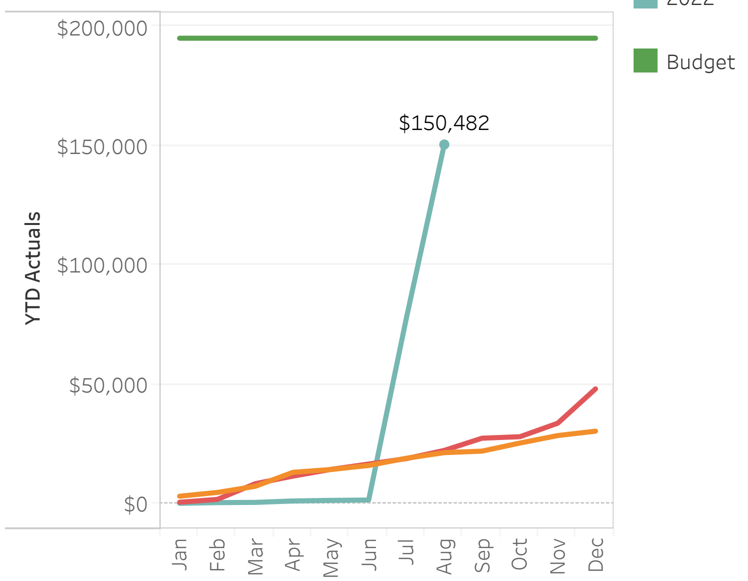
# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

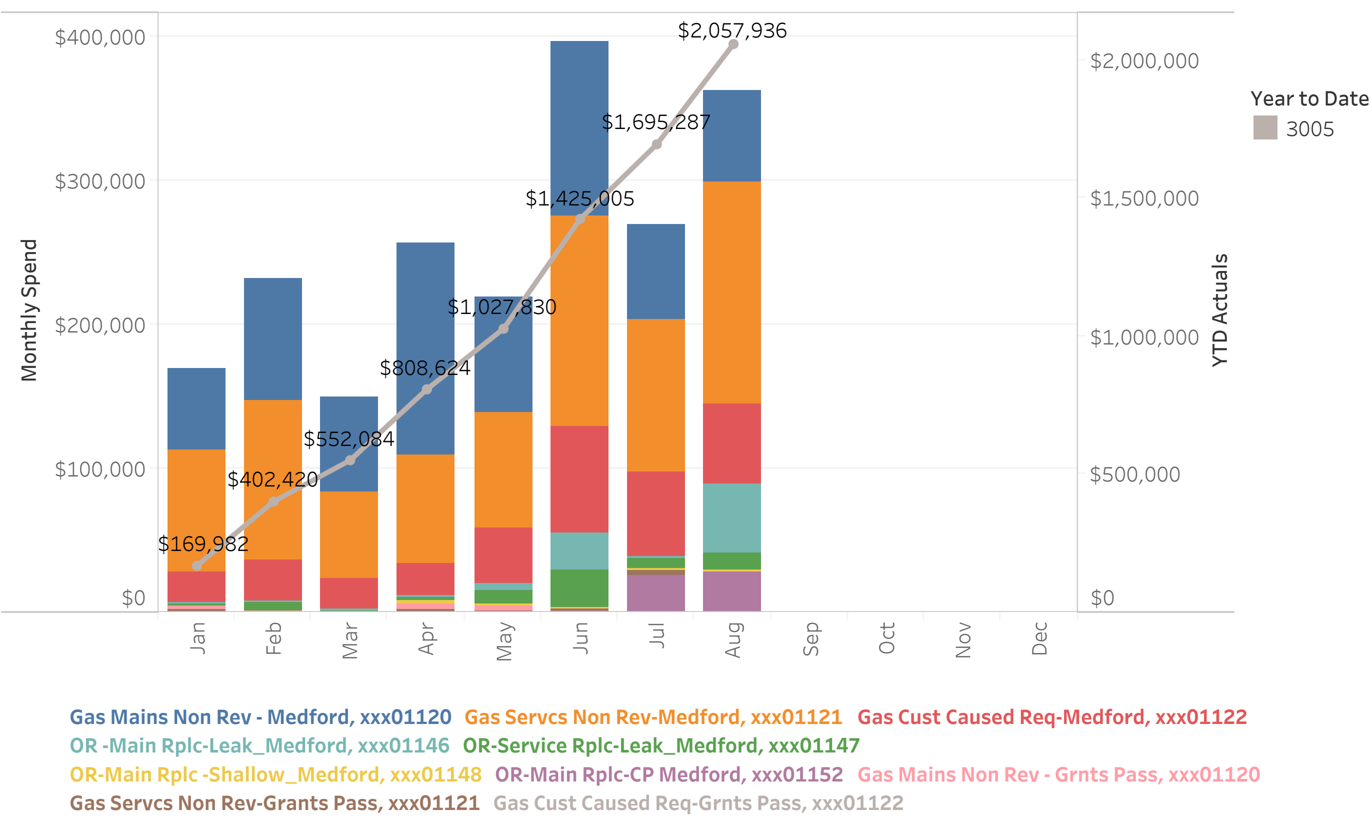
## ER 3001 - MN407 - 98405216
## Replace Deteriorating Gas System




## ER 3006 - 98405215
## Overbuilt Pipe Replacement Blanket

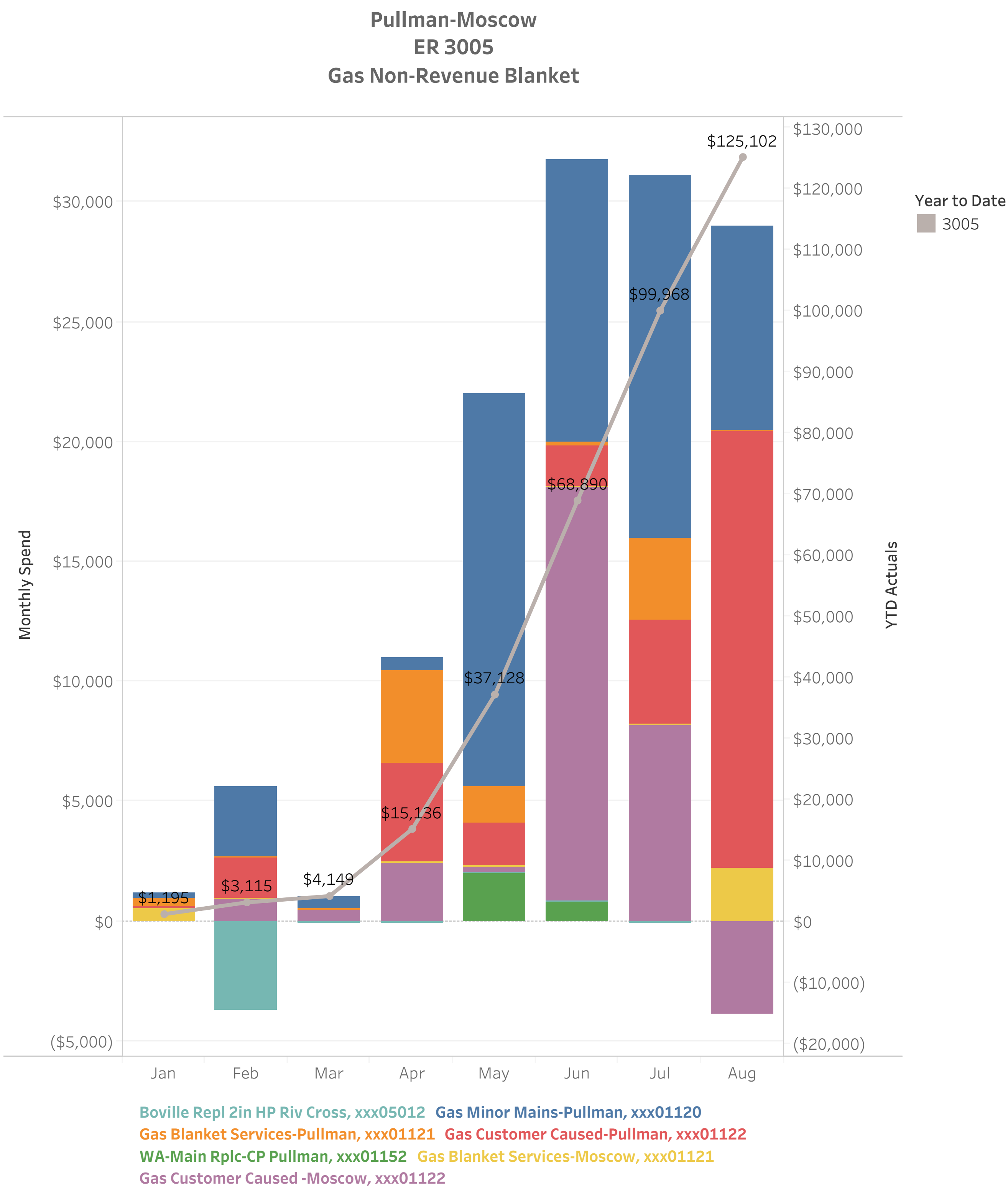



## ER3005, BI MN206
## Gas Non-Revenue Blanket



# Blanket Capital 2021

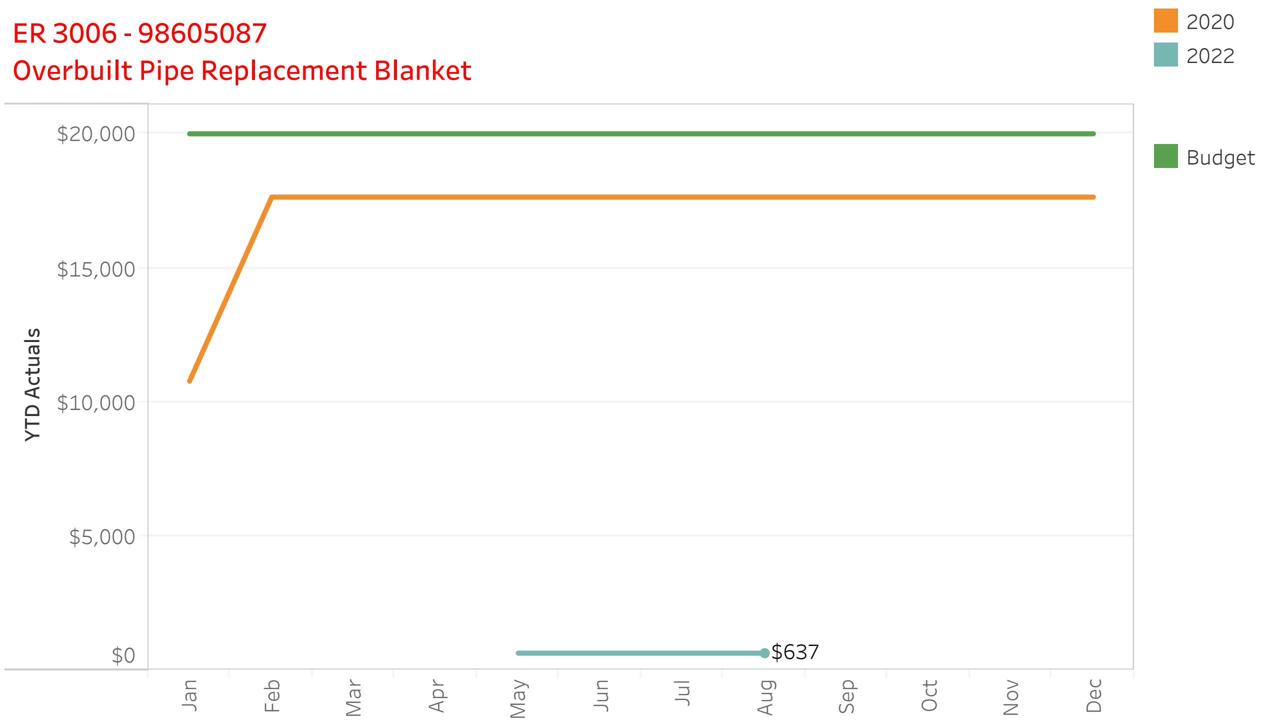
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16



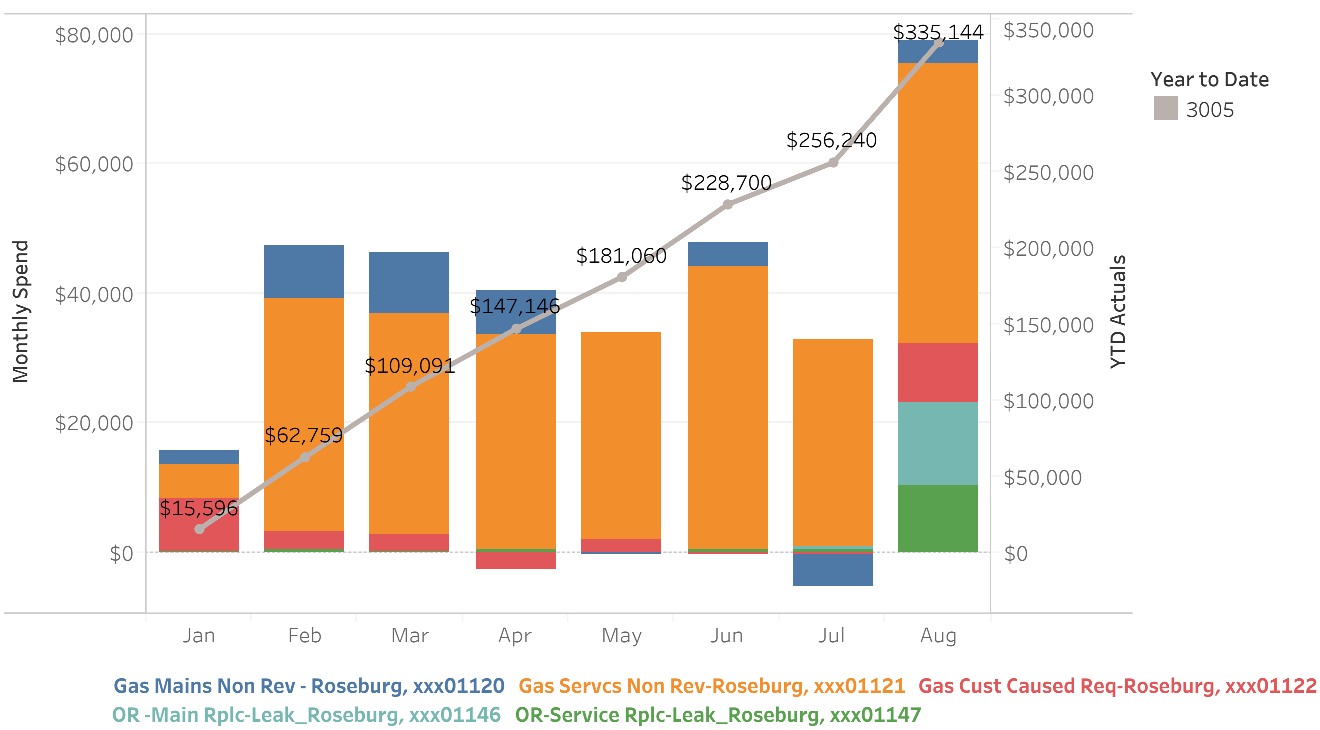
# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

## ER 3006 - 98605087
## Overbuilt Pipe Replacement Blanket

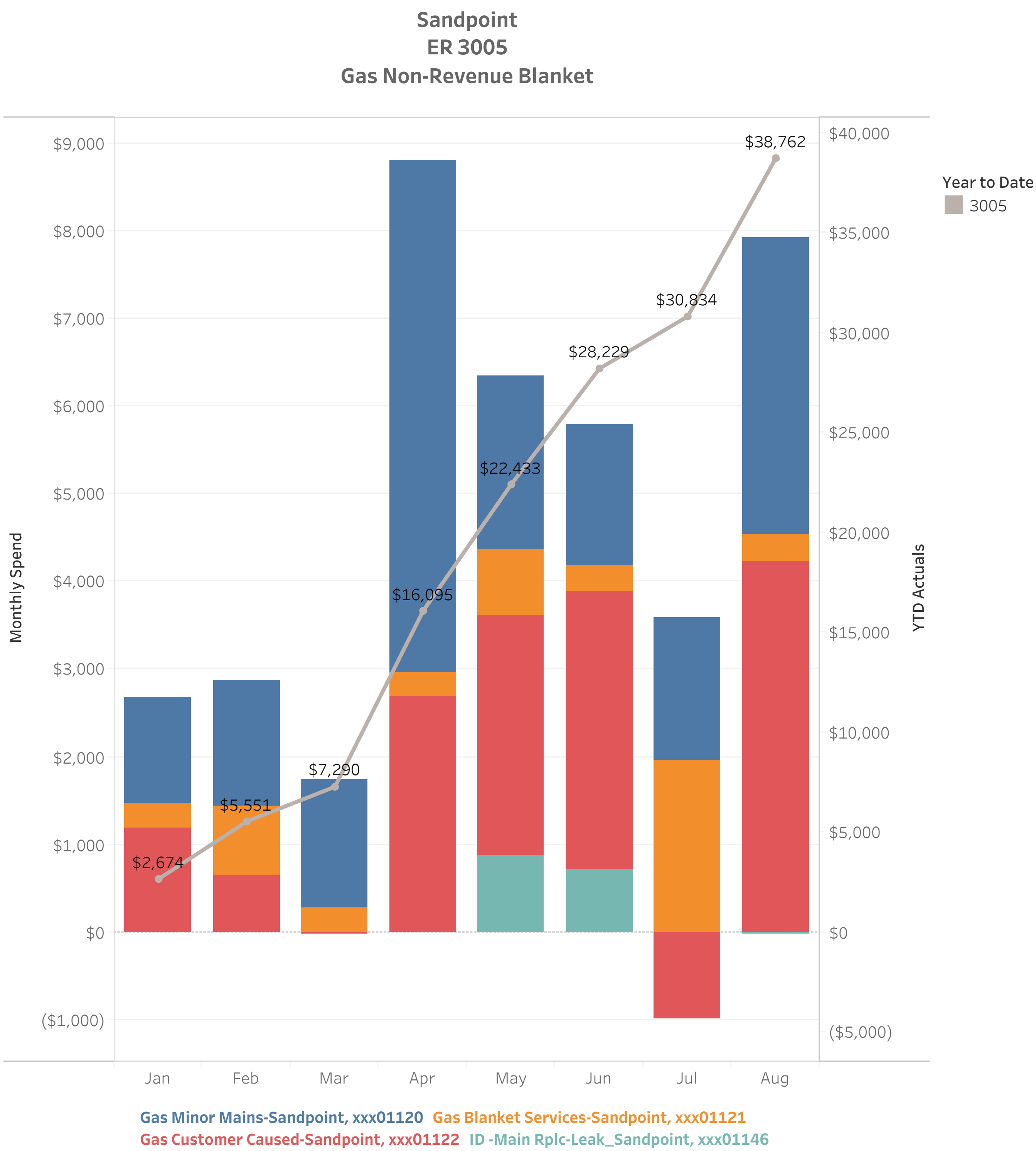



## ER 3005,BI MN360
## Gas Non-Revenue Blanket



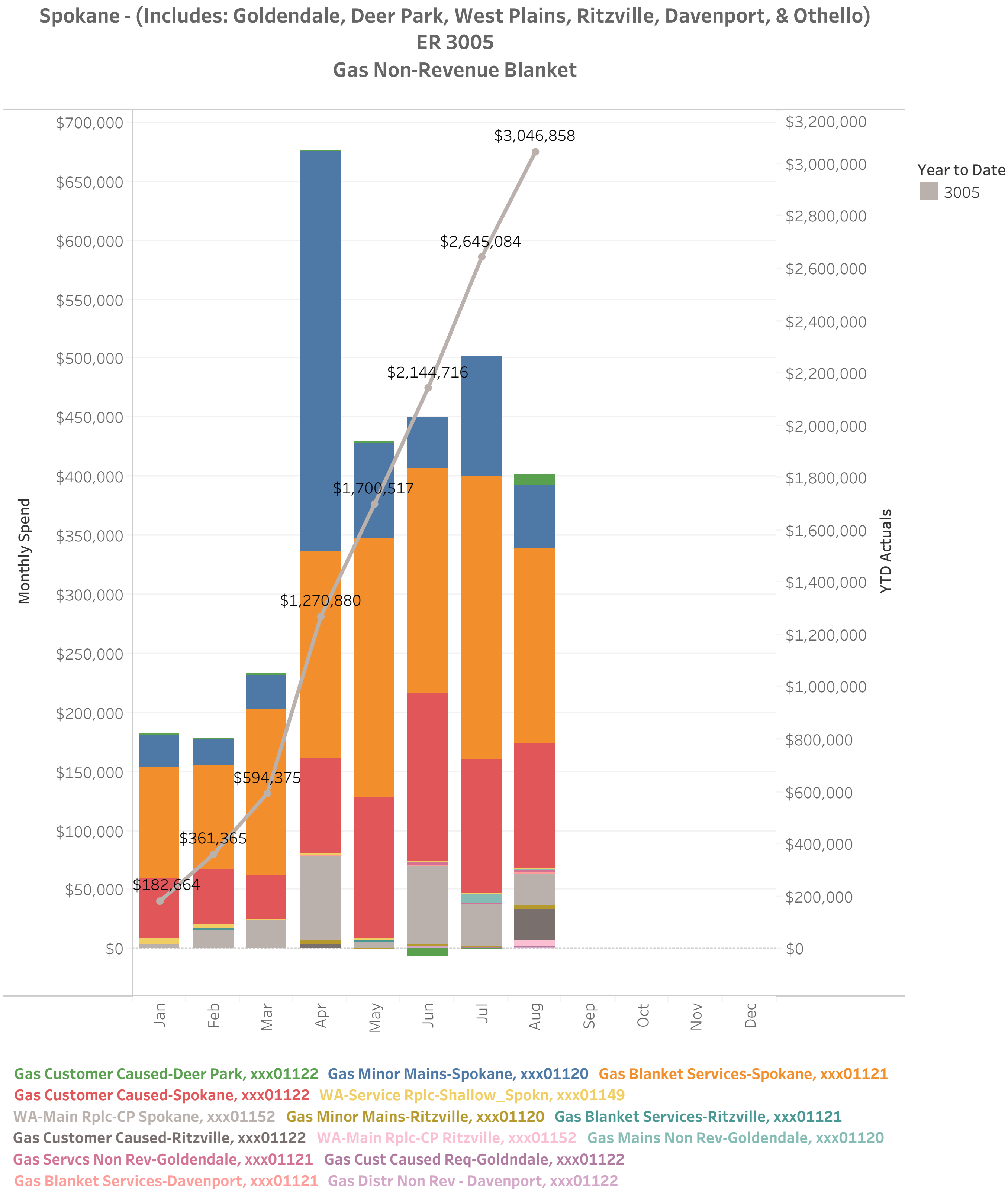
# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16



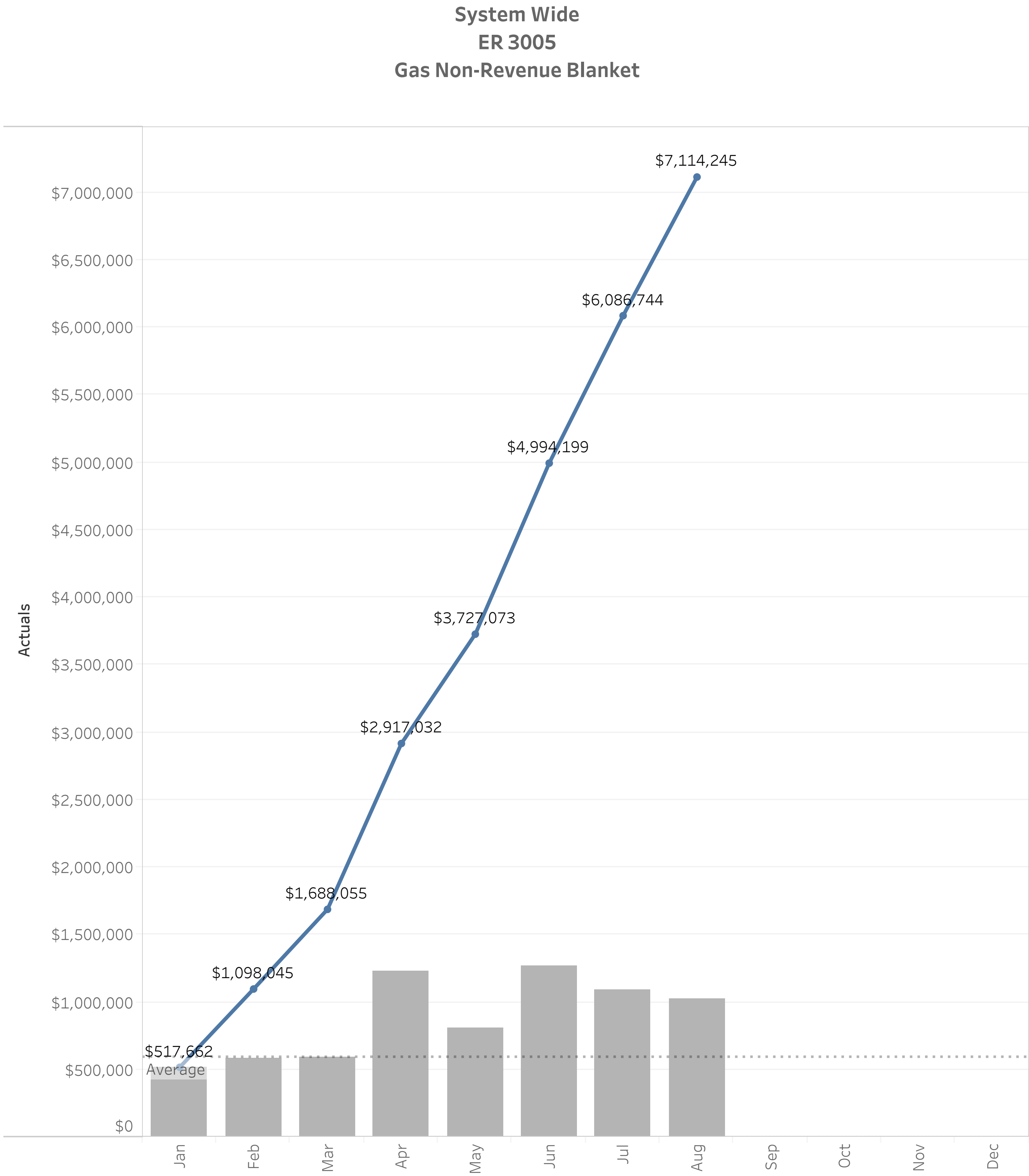
# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16



# Blanket Capital 2021

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

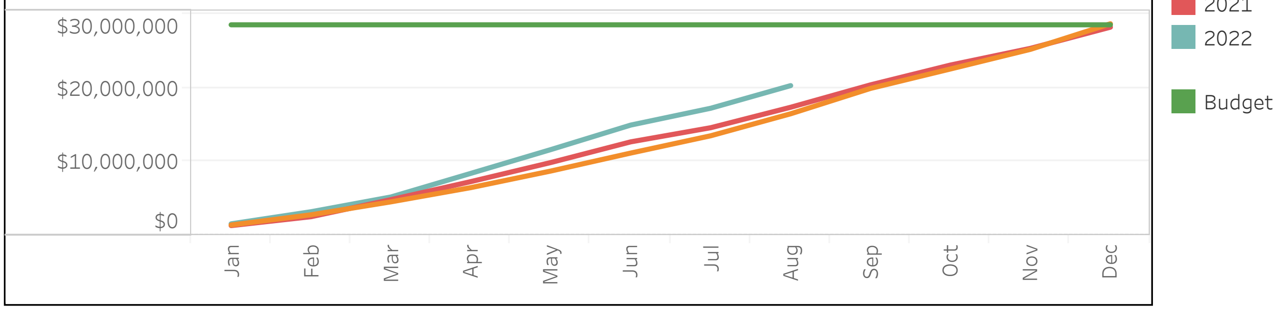


# Blanket Capital 2021

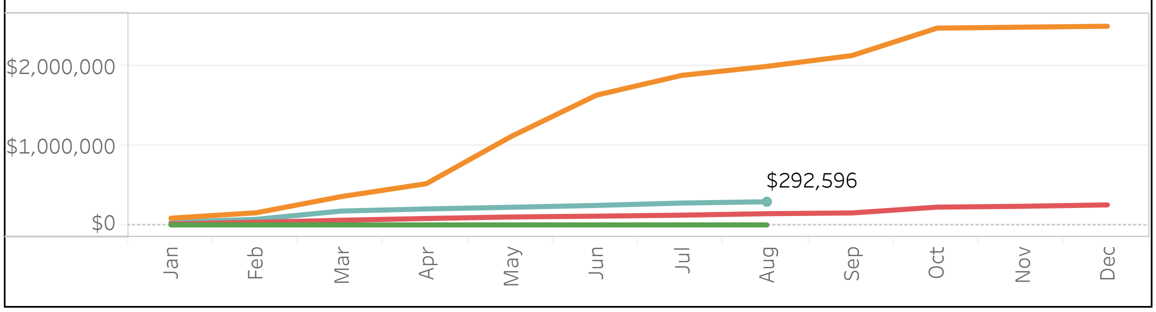
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

## Project Cost Tracking ER Report

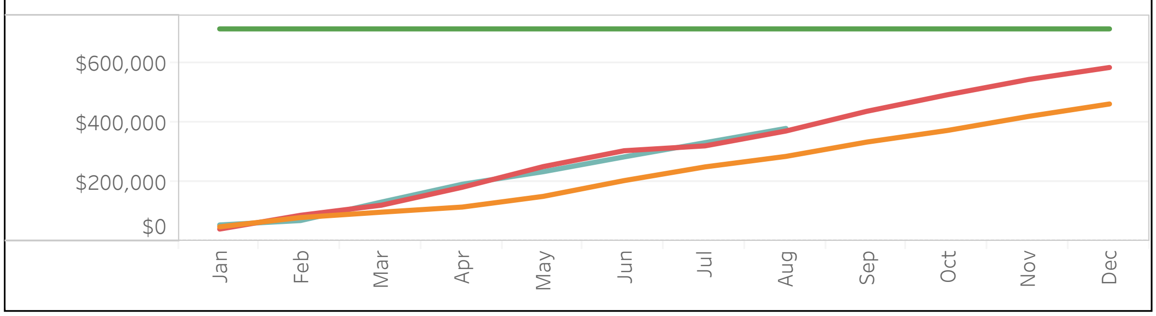
ER 1001 - Gas Revenue Blanket



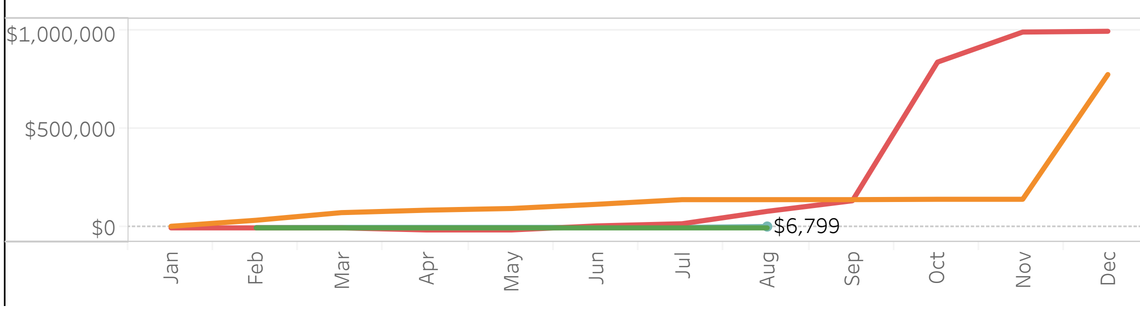

ER 1050 - Gas Meters Minor Blanket




ER 1051 - Gas Regulators Minor Blanket




ER 1053 - Gas ERT Minor Blanket

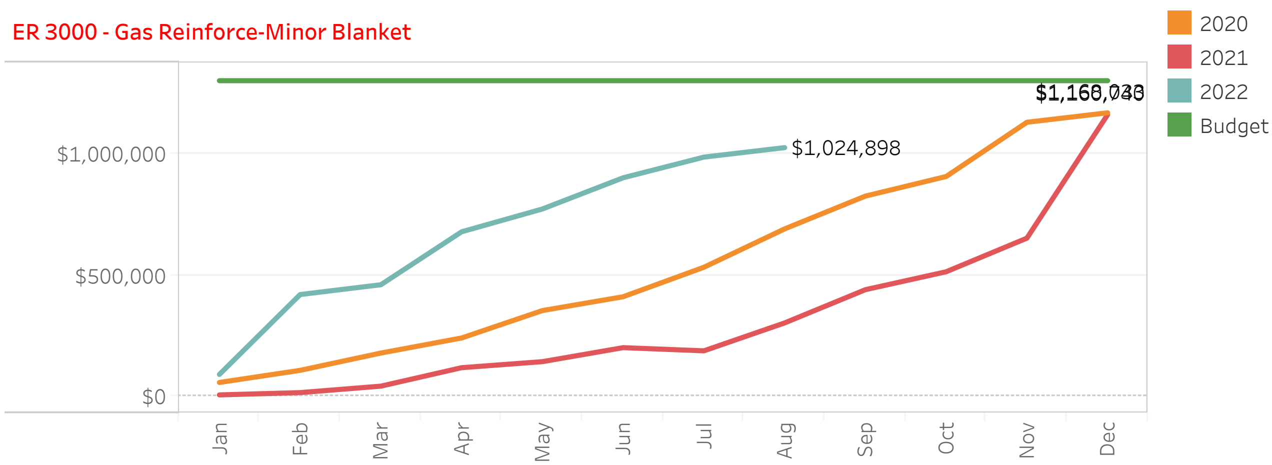


# Blanket Capital 2021

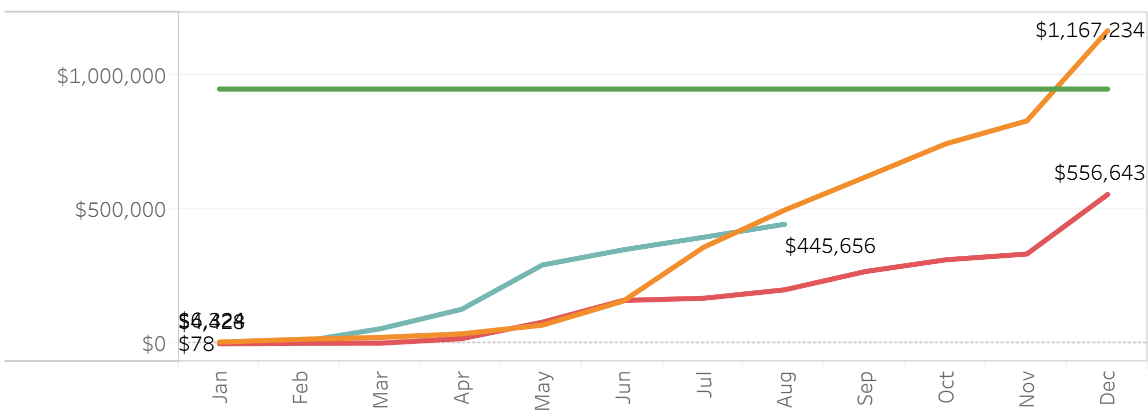
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

## Project Cost Tracking ER Report

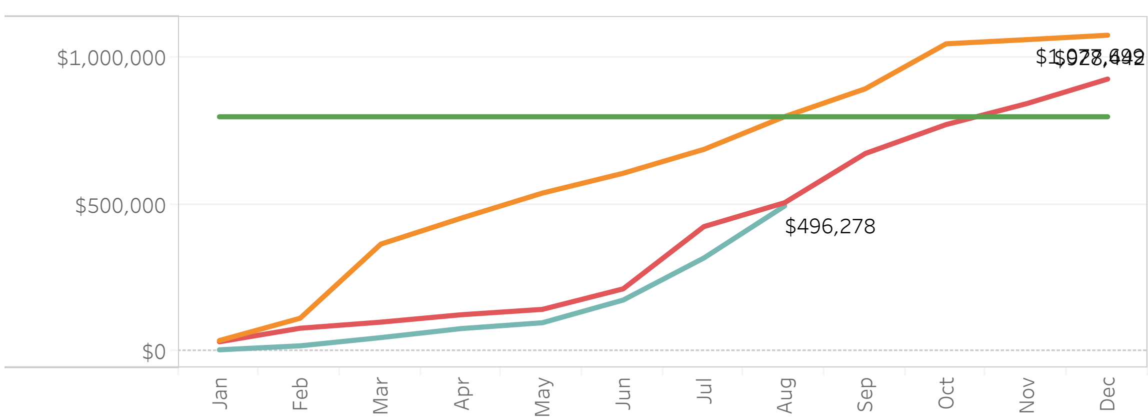
ER 3000 - Gas Reinforce-Minor Blanket




ER 3001 - Replace Deteriorating Gas System




ER 3002 - Regulator Reliable - Blanket

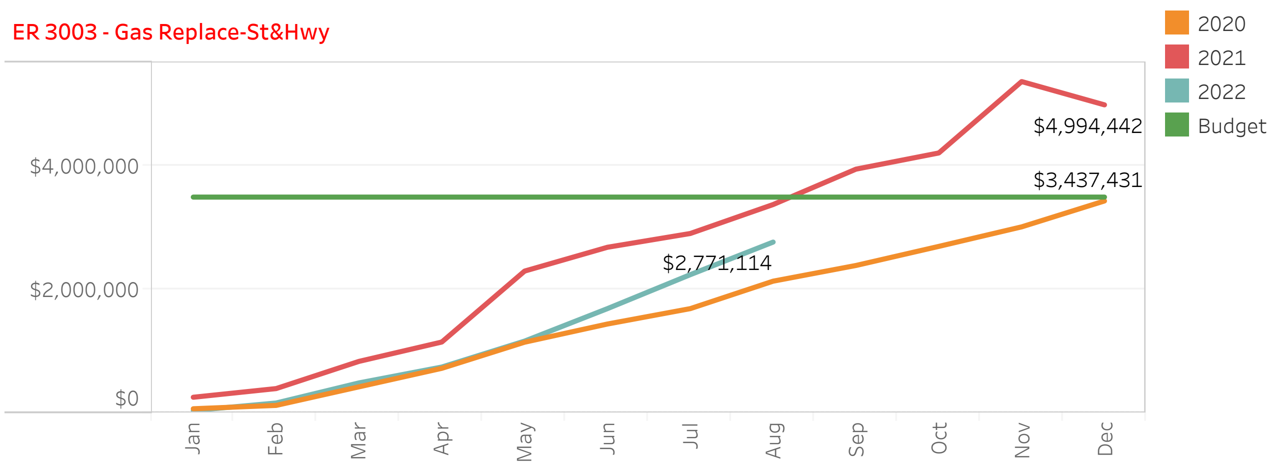


# Blanket Capital 2021

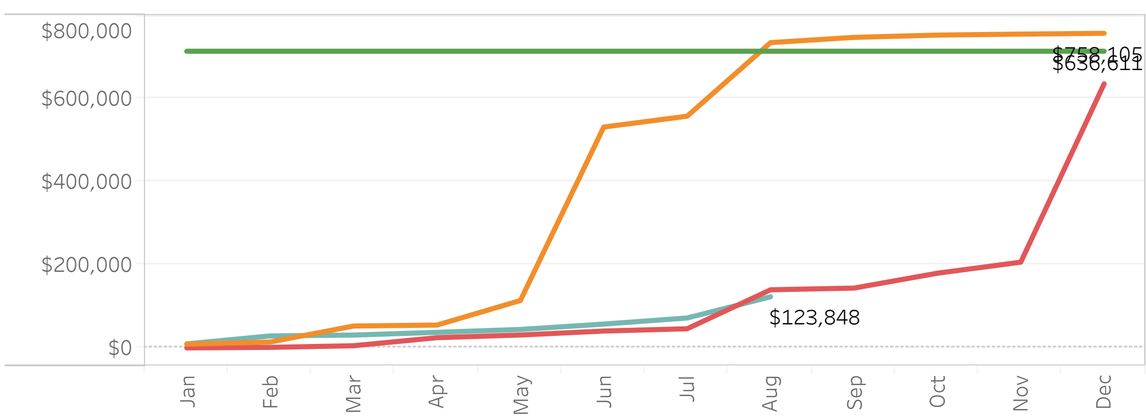
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

## Project Cost Tracking ER Report

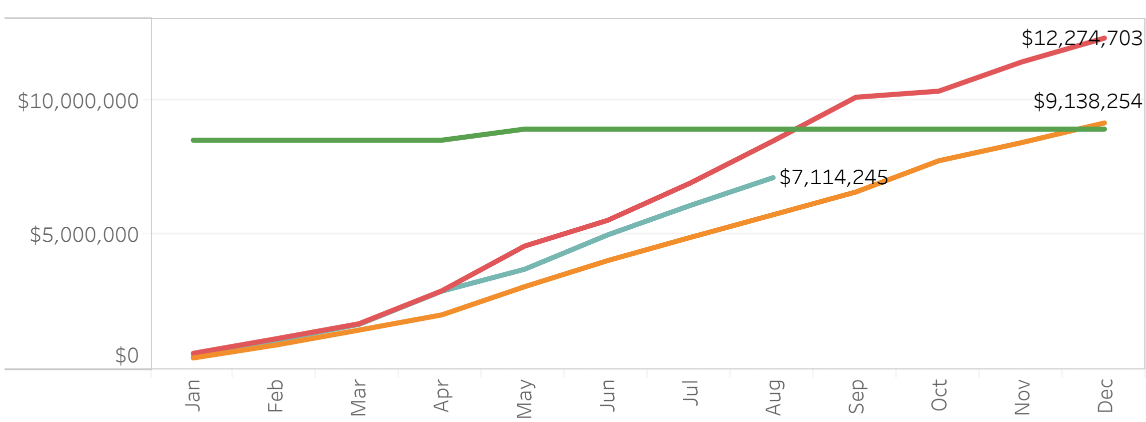
ER 3003 - Gas Replace-St&Hwy




ER 3004 - Cathodic Protection-Minor Blanket




ER 3005 - Gas Distribution Non-Revenue Blanket

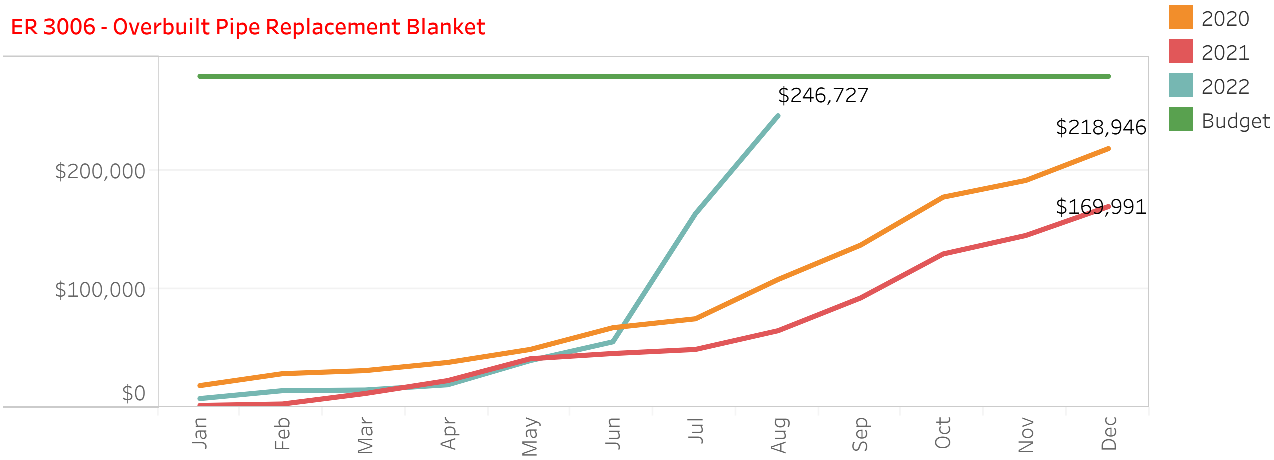


# Blanket Capital 2021

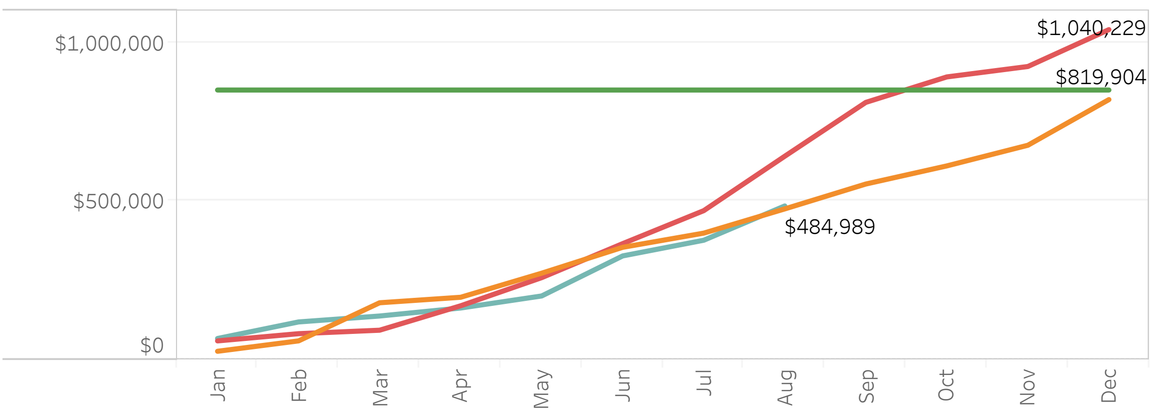


## Project Cost Tracking ER Report

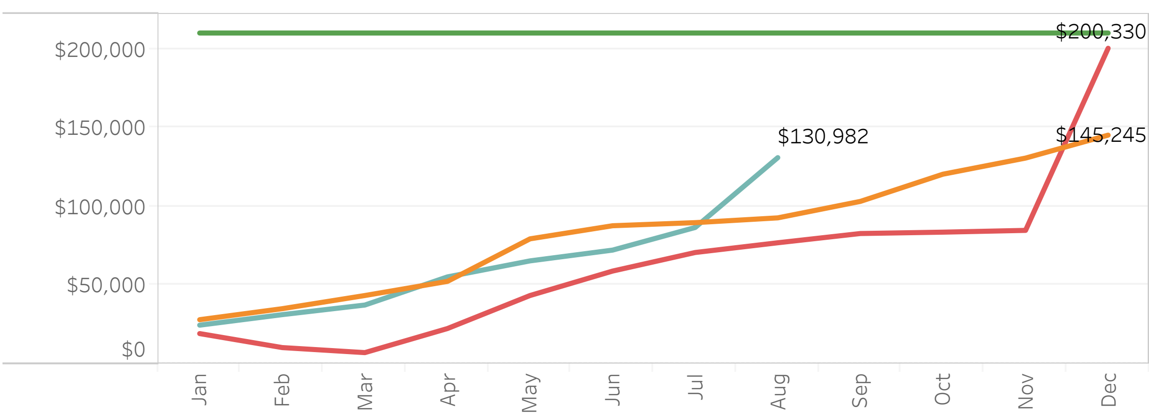
ER 3006 - Overbuilt Pipe Replacement Blanket




ER 3007 - Isolated Steel Replacement




ER 3117 - Gas Telemetry

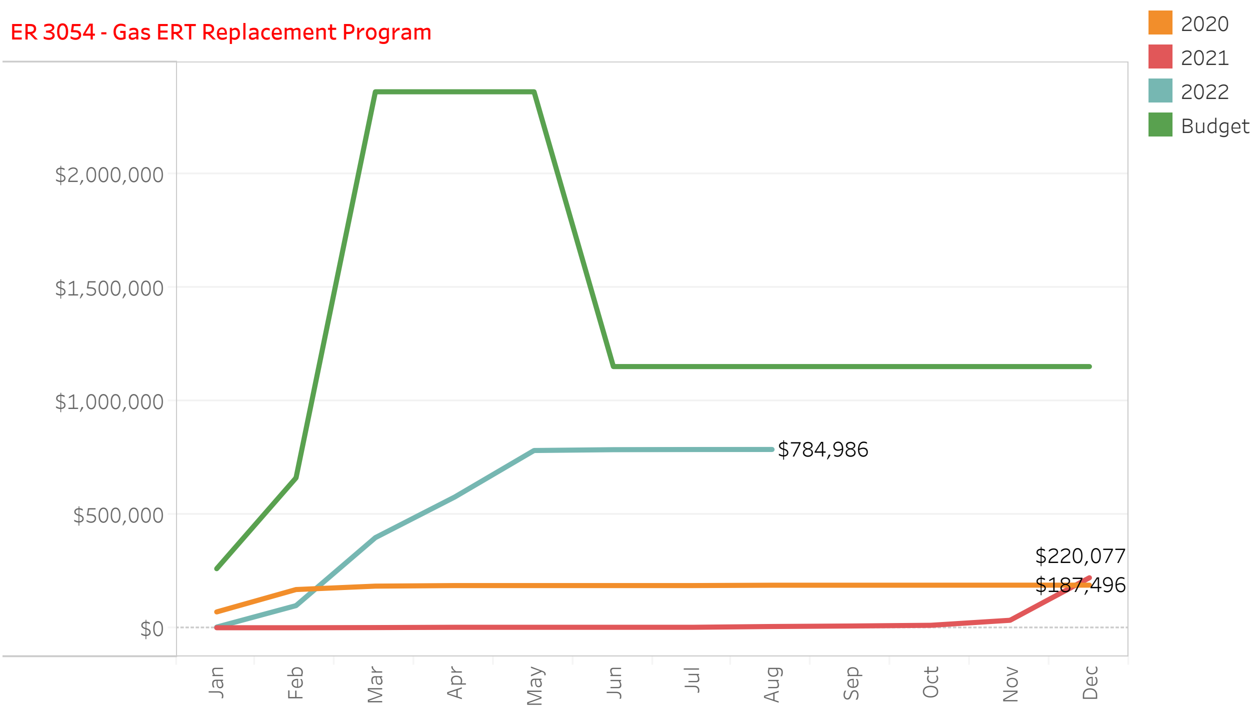


# Blanket Capital 2021

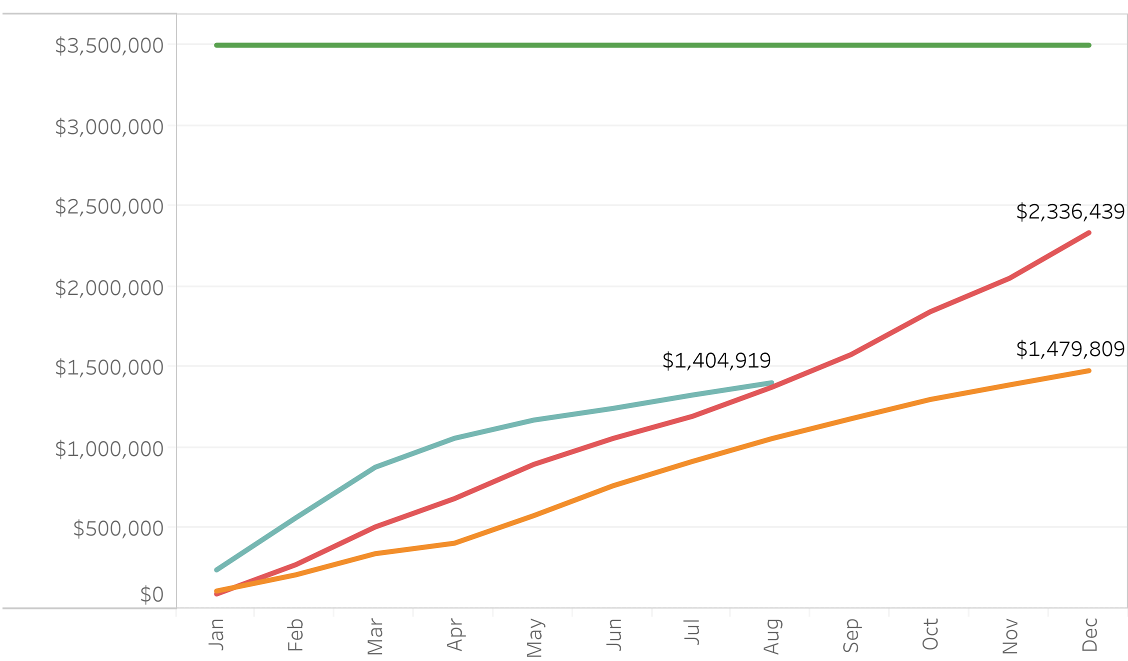


## Project Cost Tracking ER Report

ER 3054 - Gas ERT Replacement Program




ER 3055 - Gas Meter Replacement Non Revenue



# 1.0 CHANGE REQUEST #2 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *In Year* | $0 | $0 |
| | | |

*For new change requests, update the Change Request # and Date. Add a new line to the table to log previous change requests*

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 09-2022 | $1,019k | $2,100k | -$600k | $1,500k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Scope Change |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

A new customer has come onto the system causing a significant reduction in capacity of the distribution system. The cost to upsize the gas main in the area is approximately $800k (this adder was approved in July). Due to labor resources, difficulties in route selection, permitting, and material availability, this reinforcement won't be completed in 2022. Approximately $200k of the $800k for this specific project will be spent in 2022, the remainder will be completed in 2023.

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

n/a

### 1.1.3 Please reference analysis or information that support the problem and attach to this document.

n/a

### 1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.

n/a

### 1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

No changes necessary.

# 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Tim Harding / Jeff Webb | BC Owner | Jeffrey a Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #4 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *5-Year Plan* | - | - |
| | | |

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| *9-2022* | $2,821k | $3,500K | +$700k | $4,200k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Revised Cost |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

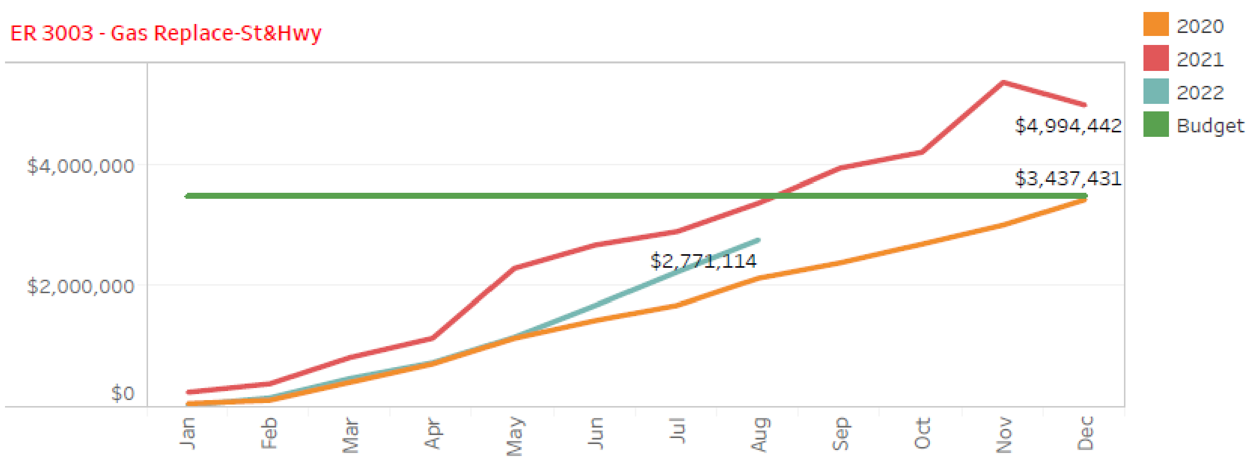
### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

The spend rate has continued to be greater than last year. The number and size of the projects is greater than last year, especially in Medford and Spokane.

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

This is considered work in request of others.

### 1.1.3 Please reference analysis or information that support the problem and attach to this document.




### 1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.

None noted.

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

The projects in process can not be delayed due to obligation put upon Avista by others. No reasonable alternatives are available for this programmatic work.

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

This is still prudent as we need to stay in good standing with our franchise agreements.

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

Confirmed, no change.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Jeff Webb | BC Owner | Jeffrey a Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #2 – 9/16/22

| Previous Requests | Requested | Approved |
|---|---|---|
| *5-Year Plan* | $0 | $0 |
| | | |

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 9-2022 | $7,188k | $8,910k | +$1,100k | $10,010k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Revised Cost |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

- Original approved amount of $8,500,000 was more than $500k less than whathas been spent in this program for the last several years.
- Contractor, materials, and traffic control costs continue to escalate.
- Unplanned work continues to be identified at an accelerated pace.

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

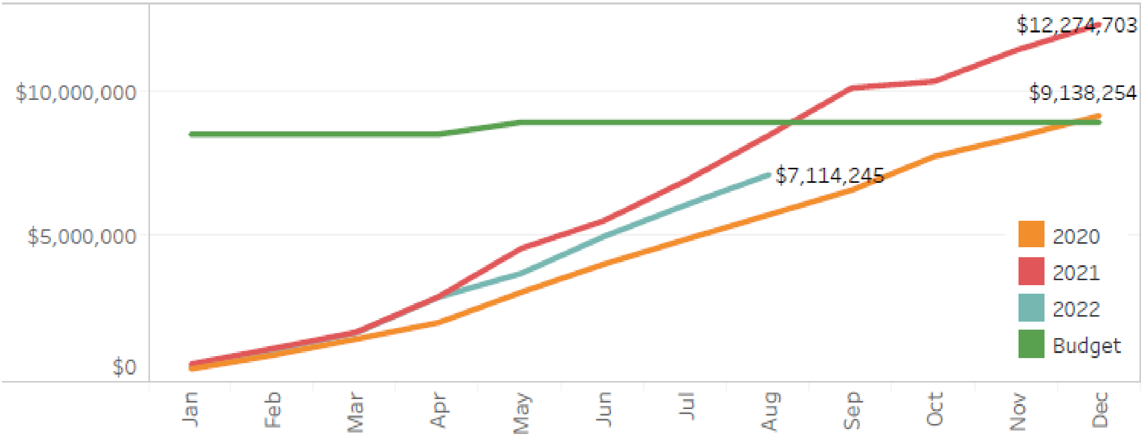
This work is typically unplanned, is initiated by customers or Avista maintenance crews, and is managed at the Local District level. If funding is not approved:

- Avista would not be able to respond to customer requested work
- Repairs to leaks would be fixed with temporary measures that would add to the Expense Budget, delaying the proper repair of the facility and also causing the overall leak to cost more than if it were fixed properly the first time around.

Isolated Steel

**1.1.3 Please reference analysis or information that support the problem and attach to this document.**

ER 3005 - Gas Distribution Non-Revenue Blanket




**1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.**

- See note above.

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

- No reasonable alternatives are available for this programmatic work beside a shift to Expense repairs as discussed above.

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

- Avista will be providing quality customer service and repairing leaks in a prudent manner.

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

- Narrative is still valid.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Jeff Webb | BC Owner | Jeffrey a Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #1 – 9/13/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *5-Year Plan* | $850,000 | $850,000 |
| | | |

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| *09-2022* | $523,318.52 | $850,000 | $200,000 | $1,050,000 |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Scope Change |
| **Response needed by** | 9/30/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

The remaining $327K of the approved $850K budget for ER-3007 in 2022 is prescribed for work already scheduled to be completed before the end of this year. The majority of this work is in Oregon as that is the current target area for the Isolated Steel Inspections and Remediation Program. As of September 2022, there are approximately 60-65 planned service replacement jobs across Avista's Oregon Construction Districts (Medford, Roseburg, Klamath Falls and La Grande). Of these planned replacement jobs, approximately 55 of them are on a 90-day compliance replacement schedule in order to meet the requirements set out by the Isolated Steel Replacement Program and as defined in Avista's Standards for Gas Construction. This 90-day timeframe ends in November of 2022. The additional work is already scheduled, with permitting and other resources in place to complete these jobs.

On 9/13/2022, Gas Programs was made aware, based upon recent isolated steel cathodic survey inspections in the La Grande Construction area, that up to an additional 40 jobs were generated with a 90-day replacement requirement. The 90-day window for these jobs ends in December of 2022. On average, in recent years, a service replacement job in Oregon has cost approximately $5,000/service. In order to complete the prescribed work as well as the additional 40 jobs in La Grande, within the 90-day compliance timeframe, we are requesting an additional $200K from the Capital Planning Group.

**1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.**

This work is needed now in order to comply with the 90-day replacement requirement set out by the Isolated Steel Replacement Program as well as Avista's Standards for Gas Construction. The original compliance timelines defined by the Isolated Steel Program stem from a Stipulated Agreement with the Washington UTC that was satisfied as of November of 2021, however, these requirements were incorporated into Avista's Standards and have been carried over by the Isolated Steel Replacement Program for work in Oregon as well as Idaho. If the additional work is not completed in Oregon prior to December of 2022 we will be in violation of the timelines set forth by the Isolated Steel Replacement Program and Avista's Standards for Gas Construction. This could lead to potential violations with the Oregon Utility Commission.

**1.1.3 Please reference analysis or information that support the problem and attach to this document.**

Analysis provided in Section 1.1.1 and 1.1.2.

**1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.**

This request will have an impact on La Grande Operations. There will need to be an additional Customer Project Coordinator resource(s) if the local construction office is not able to manage the volume of additional work required to design the replacement jobs. This will not require any hiring, only the shifting of existing resources as necessary.

There will also be an impact on Oregon Contractor construction crews. There will likely be a need to bring in a dedicated Contract Crew, possibly more, in order to address the additional work within the 90-day timeframe. All work will be charged to the Capital Budget for ER 3007.

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

One alternative would be to temporarily install a "drive-in" anode on each of the 40 additional isolated steel services found in the recent inspection. This would allow the timeline for this work to extend into 2023. However, the use of the temporary anodes is not considered a recommended practice by NACE or Avista's Cathodic Protection Department. The anodes are potentially only protecting a small portion of the existing service pipe and for a limited timeframe. Periodic inspection at these locations would be required until the pipe replacement can be completed. There is still a risk for a related corrosion leak to develop on the isolated steel pipe. All of the work related to this alternative would be considered O&M cost for the existing system. These O&M costs are not budgeted.

The capital cost of $200K would have to be shift into 2023 which would impact the additional work that is already planned to be completed by the program next year.

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

Isolated steel consists of a gas service, riser or mainline pipe (steel) that does not have adequate cathodic protection per the Code of Federal Regulations (CFR) Section 192.455 and 192.457. This pipe is at a high risk of developing corrosion related leaks which could be a potential hazard to Avista customers and property. Full replacement of these facilities is recommended in order to mitigate the risk and be in full compliance with State and Federal regulations.

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

N/A

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Seth Samsell/Jeff Webb | BC Owner | Jeffrey A Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #1 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *In Year* | $0 | $0 |
| | | |

*For new change requests, update the Change Request # and Date. Add a new line to the table to log previous change requests*

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 09-2022 | $0 | $750k | -$650k | $100k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Scope Change |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

The Gas Engineering group was unable to spend the full budgeted amount due to the following reasons:

- Program is new and still being established, so there were (and still are) a number of processes that needed to be established and integrated with existing O&M maintenance processes.
- Additional time spent covering other area responsibilities and projects due to 25% reduction in department design resources over a 6 month period
- Airway Heights 12" steel HP Main project experienced numerous delays and complications, which required greater than expected Engineering and project management support from March through September 2022.
- Original program was created by individuals who are no longer in the department, so there was a learning curve to simply understand the intricate details of the program and what's been done so far.
- Risk scoring also needed updating to provide more accurate assessments and prioritization to ensure money is spent wisely.

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

n/a

### 1.1.3 Please reference analysis or information that support the problem and attach to this document.

n/a

**1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.**

n/a

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

No changes necessary.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Mike Yang / Jeff Webb | BC Owner | Jeffrey A Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #1 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *In Year* | $0 | $0 |
| | | |

*For new change requests, update the Change Request # and Date. Add a new line to the table to log previous change requests*

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 09-2022 | $0 | $900k | -$140k | $760k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Scope Change |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

This program has gotten a late start, but the work is scheduled to be completed by both a contractor and company crews.

$350k – Driling of 3 deep wells

$50k - Contracted Engineering

$30k – Kettle Falls AC Monitors

$330k – Mitigation at regulator stns

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

n/a

### 1.1.3 Please reference analysis or information that support the problem and attach to this document.

n/a

### 1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.

n/a

### 1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

No changes necessary.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Tim Harding / Jeff Webb | BC Owner | Jeffrey a Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #1 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *In Year* | $0 | $0 |
| | | |

*For new change requests, update the Change Request # and Date. Add a new line to the table to log previous change requests*

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 09-2022 | $785k | $1,150k | -$180k | $970k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Scope Change |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

In March 2022 the CPG approved a budget of $2,360,000 which was based on completing all 30,000 ERT replacements in Idaho. Due to supply chain delays we will not have enough ERTs to support the entire replacement program in Idaho and estimate to replace another 1750 ERTs in 2022. Because of this reduction the program costs can be reduced by $180,000. The 5 year budget submitted for 2023-2027 earlier this year does not account for this change. The total expected spend for 2022 is calculated as shown below:

The Washington ERT Replacement Program will replace approximately 5,000 500G modules that are not working as intended with the AMI network and need to be replaced with 550G modules to continue reliable customer billing. The project has been completed for 2022 and the total spend was $302,453.

The Idaho ERT Replacement Program replaced approximately 2,300 40G ERT modules that had a battery failure in early 2022. This work has been completed and the total spend was $240,271. Additionally, due to the postponement of the AMI project in Idaho, it is expected to have another 1750 ERT failures in 2022 that will need to be replaced at a cost of $182,000.

The Oregon ERT Replacement Program has been completed for 2022 and the total spend is $242,000.

The 2022 expected spend is calculated as:

$303,000 (Washington) + [$241,000 + $182,000] (Idaho) + $242,000 (Oregon) = **$968,000**

**1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.**

n/a

**1.1.3 Please reference analysis or information that support the problem and attach to this document.**

n/a

**1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.**

n/a

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

No changes necessary.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| David Smith / Jeff Webb | BC Owner | Jeffrey A Webb | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #2 – 9/16/22

| Previous Requests | Requested | Approved |
|---|---|---|
| *5-Year Plan* | $0 | $0 |
| | | |

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| 9-2022 | $1,416k | $3,500k | -$1,650k | $1,850k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Revised Cost |
| **Response needed by** | 9/22/2022 |

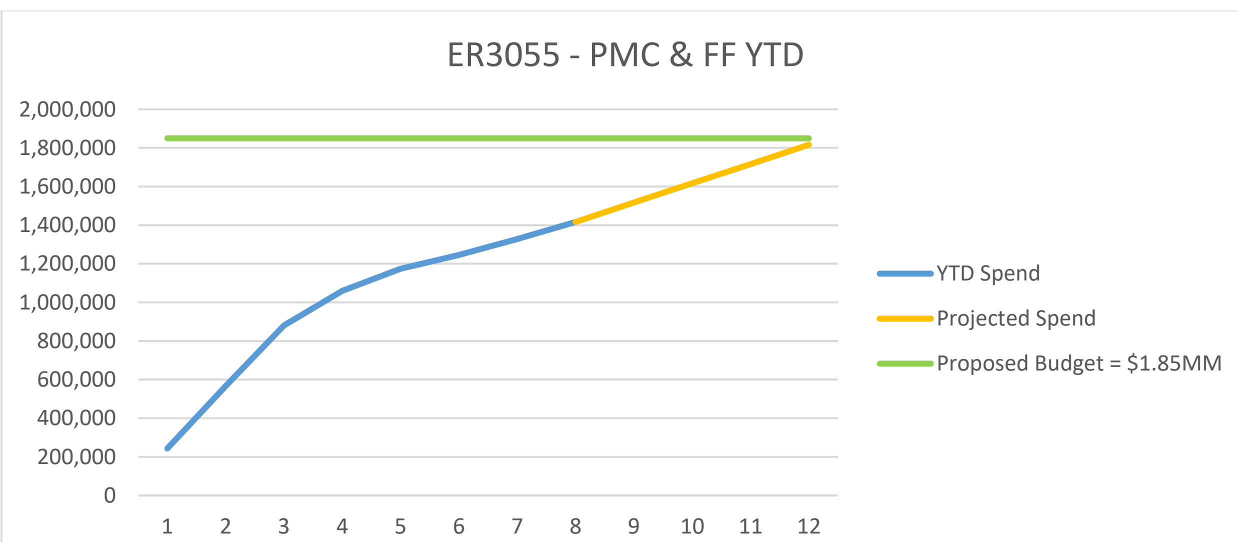
## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

Due to limited meter inventory and supply chain shortages, the 2022 PMC and Failed Family program was put on hold in order to reserve meter inventory for new customers and for damaged meter/high bill meter replacements. As of 9-7-22 the year-to-date spend was $1,416,415. The monthly spend in September was $87,713 which was up 6% from August. As we move into the heating season the monthly spend is expected to increase a little more, therefore it is estimated that $100,000 will be spent each month through the end of the year.

Total expected spend = $1,416,715 + (4 x $100,000) = $1,816,415

Proposed budget = $1,850,000



**1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.**

n/a

**1.1.3 Please reference analysis or information that support the problem and attach to this document.**

n/a

**1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.**

n/a

**1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).**

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a.

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

- Narrative is still valid.

## 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| David Smith / Jeff Webb | BC Owner | | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

# 1.0 CHANGE REQUEST #1 – 9/16/2022

| Previous Requests | Requested | Approved |
|---|---|---|
| *5-Year Plan* | - | - |
| | | |

| Month - Year | YTD Spend | Current Approval | Requested Change | Proposed Annual Total |
|---|---|---|---|---|
| *9-2022* | $8,244 | $600,000 | -$475k | $125k |

| | |
|---|---|
| **Type of Change** | In-year Update |
| **Primary Reason for Change** | Revised Cost |
| **Response needed by** | 9/22/2022 |

## 1.1 ALL ITEMS IN THIS SECTION MUST THOROUGHLY DESCRIBE THE REASON FOR THE FUNDS CHANGE REQUEST, INCLUDING BUT NOT LIMITED TO:

### 1.1.1 Identify what has changed such that the current approved amount is not sufficient.

The Gas Engineering group was unable to spend the full budgeted amount due to the following reasons:

- Additional time spent covering other area responsibilities and projects due to 25% reduction in department design resources over a 6 month period.
- Airway Heights 12” steel HP Main project experienced numerous delays and complications, which required greater than expected Engineering and project management support from March through September 2022.

### 1.1.2 Identify why this work is needed now and what risks may result if this request is not approved or if it is deferred.

n/a

### 1.1.3 Please reference analysis or information that support the problem and attach to this document.

n/a

### 1.1.4 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented; including additional O&M costs, employee or staffing, reductions to O&M (offsets), etc.

n/a

### 1.1.5 Discuss what alternatives were considered. Describe why this is the best and/or least cost alternative (e.g., cost benefit analysis, attach as supporting documentation).

n/a

**1.1.6 Discuss, if given this change, how this investment is still prudent for the company to continue for the benefit of our customers.**

n/a

**1.1.7 Confirm that the justification narrative is still valid given the nature of this change. If not, indicate that the narrative will be updated to incorporate.**

Confirmed, no change.

# 2.0 CHANGE REQUEST APPROVAL AND AUTHORIZATION

The undersigned acknowledge they have reviewed the funds change request and agree with the approach it presents, and that it has been approved by the relevant governance group. Signatures are required before funding can be considered.

| Name | Role | Signature | Date |
|---|---|---|---|
| Mike Yang / Jeff Webb | BC Owner | | 9/16/22 |
| Jody Morehouse | BC Sponsor | | 9/16/22 |
| | FP&A | | |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 07/03/2023 |
| CASE NO: | UG 461 | WITNESS: | Dr. Grant Forsyth / J. Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Jeremiah Webster |
| TYPE: | Data Request | DEPT: | FP&A |
| REQUEST NO.: | Staff – 296 | TELEPHONE: | (509) 495-2764 |
| | | EMAIL: | Jeremiah.webster@avistacorp.com |

**REQUEST:**
Refer to Avista's response to Staff DR No. Staff DR No. 252-162, *Staff_DR_252-162 Attachment A.xlsx* in the current case and Avista's response to Staff DR No. 162 in UG 433. For each year 2023 – 2025 in *Staff_DR_252-162 Attachment A.xlsx*, the Oregon Residential cost per service connect is $5,468 and the Oregon Commercial cost per connect is $13,325.

a. Explain why the cost per service connection is fixed for each year of the forecast period.

b. Explain whether Avista's forecasted Residential and Commercial dollars of capital spending is the product of (1) forecasted costs per service connections X (2) forecasted service connections or whether Avista divides (3) forecasted capital spending by (4) forecasted service connections to calculate its forecasted cost per service connection.

c. If Avista calculated forecasted capital spending by using an estimated cost per service connection amount, explain how the costs per service connection were calculated for Residential and Commercial connections.

d. Confirm that Oregon Commercial cost per service connect increased from $7,400 in 2021 to $13,325, or 180%, in 2023 through 2025 and explain the reasons for the forecasted cost increase.

**RESPONSE:**

a. The cost per service used for the forecast is an experience rate, typically of the prior 12 months. The underlying costs can vary depending on the length of service connections, soil conditions, material and contractor costs, etc. so a forward period escalation is not used so as to avoid overstating the cost.
b. Forecasted spending is the product of forecasted service connections and forecasted cost per service.
c. The cost per service connection estimate was prepared by reviewing the previous 12 months of actual connections and dividing by the number of new service connections over the same time period.
d. Those are the correct figures and were valid at the time of preparation. The 2021 estimate of $7,400 was prepared in 2020Q2 using the 12 months ending December 2019. It was deemed at the time that pre-covid figures would be better estimates of 2021 costs than using any 2020 data. The 2023 estimate of $13,325 was prepared in 2022Q2 using the 12 months ending May 2022. Beyond the normal volatility of service length and soil conditions, the material and contractor cost inflation experienced from 2020Q2 to 2022Q2 is the primary driver for the forecasted cost increase.

# AVISTA CORP.
# RESPONSE TO REQUEST FOR INFORMATION

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 07/03/2023 |
| CASE NO: | UG 461 | WITNESS: | Dr. Grant Forsyth / J. Miller |
| REQUESTER: | PUC Staff | RESPONDER: | Jeremiah Webster |
| TYPE: | Data Request | DEPT: | FP&A |
| REQUEST NO.: | Staff – 297 | TELEPHONE: | (509) 495-2764 |
| | | EMAIL: | Jeremiah.webster@avistacorp.com |

**REQUEST:**
Refer to Avista's response to Staff DR No. Staff DR No. 252-162, *Staff_DR_252-162 Attachment A.xlsx* and the Growth Business Case in Avista/602/2 in the current case.

a. Provide the connects forecast used to produce the Residential and Commercial connects in *Staff_DR_252-162 Attachment A.xlsx*.

b. Confirm whether the number of connects shown in *Staff_DR_252-162 Attachment A.xlsx* are gross connects or are net of customer disconnects.

**RESPONSE:**

a. Please see Staff_DR_297 Attachment A. Section 1 is prepared by Dr. Grant Forsyth. It represents the detailed residential connect forecast by office, service (electric or gas), and month. Section 2 is also prepared by Dr. Forsyth and represents the outer year annual residential connect forecast by service (electric or gas). Section 3 is prepared in FP&A by breaking out the annual residential gas customers from Section 2 into state-level forecasts using the proportions from Section 1. Finally, Section 4 (new commercial connects) is prepared using the historical ratio of commercial to residential connects. In this case, the 12 months ending May 2022 were used.
b. The connects shown in this attachment as gross connects. Within the context of Capital Projects, each new gross customer connect results in some level of plant additions.

## Section 1 - Detailed forecast by office and month

**Hookup Forecast for 2023, Completed June 2022 By Grant D. Forsyth, Chief Economist**

| Forecast, Monthly New Electric Customers | Jan | Feb | March | April | May | June | July | August | Sept | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spokane | 118 | 123 | 178 | 174 | 149 | 163 | 173 | 148 | 157 | 211 | 219 | 170 | 1,983 |
| Deer Park | 12 | 12 | 12 | 11 | 16 | 24 | 18 | 23 | 20 | 14 | 19 | 20 | 199 |
| Othello | 10 | 5 | 4 | 8 | 6 | 5 | 8 | 10 | 10 | 10 | 10 | 9 | 95 |
| Davenport | 4 | 3 | 3 | 2 | 4 | 10 | 8 | 8 | 7 | 5 | 6 | 4 | 63 |
| Colville | 13 | 4 | 5 | 8 | 20 | 31 | 29 | 31 | 34 | 34 | 32 | 29 | 270 |
| Total Forecast WA West Region Electric | 157 | 146 | 202 | 203 | 196 | 232 | 236 | 221 | 227 | 273 | 286 | 232 | 2,611 |
| | | | | | | | | | | | | | |
| Coeur d'Alene | 99 | 108 | 123 | 165 | 135 | 131 | 130 | 131 | 145 | 143 | 142 | 108 | 1,559 |
| Sandpoint | 20 | 12 | 14 | 17 | 30 | 33 | 54 | 42 | 40 | 38 | 38 | 31 | 368 |
| Kellogg | 12 | 7 | 9 | 11 | 14 | 19 | 25 | 29 | 28 | 25 | 22 | 20 | 221 |
| Lewis/Clark | 17 | 21 | 38 | 28 | 28 | 29 | 38 | 22 | 20 | 33 | 19 | 41 | 335 |
| Palouse | 31 | 39 | 36 | 23 | 39 | 42 | 48 | 55 | 49 | 31 | 45 | 33 | 472 |
| Total Forecast WA-ID East/South Region Electric | 179 | 187 | 220 | 243 | 248 | 253 | 296 | 280 | 282 | 270 | 265 | 233 | 2,956 |
| | | | | | | | | | | | | | |
| Total Forecast WA-ID Electric | 336 | 333 | 422 | 446 | 443 | 485 | 532 | 501 | 509 | 544 | 551 | 465 | 5,567 |

| Forecast, Monthly New Gas Customers | Jan | Feb | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spokane | 148 | 146 | 155 | 161 | 168 | 192 | 170 | 181 | 183 | 232 | 204 | 176 | 2,117 |
| Deer Park | 12 | 13 | 9 | 14 | 17 | 18 | 16 | 21 | 18 | 24 | 22 | 23 | 205 |
| Othello | 1 | 1 | 1 | 0 | 2 | 3 | 1 | 0 | 0 | 2 | 1 | 2 | 14 |
| Davenport | 2 | 1 | 1 | 1 | 2 | 2 | 1 | 0 | 1 | 4 | 2 | 0 | 17 |
| Colville | 4 | 2 | 2 | 3 | 9 | 6 | 5 | 3 | 7 | 11 | 5 | 10 | 66 |
| Total Forecast WA West Region Gas | 167 | 163 | 168 | 179 | 197 | 220 | 193 | 204 | 209 | 272 | 234 | 211 | 2,418 |
| | | | | | | | | | | | | | |
| Coeur d'Alene | 110 | 108 | 121 | 125 | 164 | 158 | 131 | 130 | 159 | 155 | 159 | 145 | 1,664 |
| Sandpoint | 20 | 14 | 13 | 12 | 18 | 23 | 27 | 32 | 35 | 39 | 37 | 32 | 301 |
| Kellogg | 6 | 2 | 3 | 1 | 2 | 5 | 3 | 5 | 4 | 7 | 9 | 2 | 49 |
| Lewis/Clark | 17 | 9 | 18 | 20 | 13 | 17 | 16 | 21 | 14 | 17 | 15 | 18 | 194 |
| Palouse | 9 | 10 | 6 | 7 | 11 | 13 | 14 | 10 | 11 | 22 | 26 | 14 | 153 |
| Total Forecast WA-ID East/South Region Gas | 161 | 142 | 160 | 165 | 208 | 215 | 191 | 198 | 224 | 239 | 245 | 212 | 2,360 |
| | | | | | | | | | | | | | |
| Total Forecast WA-ID Gas | 328 | 305 | 328 | 344 | 405 | 436 | 384 | 402 | 433 | 512 | 479 | 423 | 4,778 |
| | | | | | | | | | | | | | |
| Medford | 63 | 60 | 70 | 60 | 56 | 56 | 68 | 61 | 60 | 77 | 73 | 71 | 775 |
| Roseburg | 16 | 15 | 16 | 14 | 14 | 12 | 13 | 11 | 18 | 24 | 23 | 17 | 193 |
| Klamath Falls | 16 | 18 | 12 | 12 | 11 | 11 | 7 | 10 | 17 | 19 | 29 | 23 | 186 |
| La Grande | 6 | 2 | 4 | 3 | 4 | 3 | 3 | 2 | 4 | 7 | 3 | 10 | 52 |
| Total Forecast OR Gas | 102 | 95 | 103 | 89 | 85 | 82 | 91 | 84 | 99 | 127 | 128 | 121 | 1,207 |
| | | | | | | | | | | | | | |
| Total Forecast WA-ID-OR Gas | 430 | 400 | 431 | 433 | 490 | 518 | 475 | 487 | 532 | 639 | 607 | 544 | 5,985 |
| | | | | | | | | | | | | | |
| Total Forecast WA-ID-OR Electric and Gas | 766 | 733 | 853 | 880 | 933 | 1,003 | 1,007 | 987 | 1,041 | 1,183 | 1,157 | 1,009 | 11,552 |

## Section 2 - Annual forecast by service (electric or gas)

| Long-run Forecasts | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| Total WA-ID Electric | 5,567 | 5,139 | 4,955 | 4,798 | 4,697 |
| Total WA-ID-OR Gas | 5,985 | 5,634 | 5,604 | 5,536 | 5,606 |
| Total | 11,552 | 10,774 | 10,560 | 10,334 | 10,303 |

Using 2022 ratios Elec and Gas, Long run is re-calc'ed for States and estimated commercial impact: (Jlee)

## Section 3 - Breaking out annual forecast from section 2 by state using proportions in section 1

RESIDENTIAL FORECAST:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2023 Ratio | Res | Cost/Service Comm | |
|---|---|---|---|---|---|---|---|---|---|
| **ELEC** | | | | | | | | | |
| WA | 3,083 | 2846 | 2744 | 2657 | 2601 | 55% | 3,143 | | 7,698 |
| ID | 2,484 | 2293 | 2211 | 2141 | 2096 | 45% | 3,090 | | 2,864 |
| | 5567 | 5139 | 4955 | 4798 | 4697 | 100% | 6,232 | | 10,561 |
| | | 0 | 0 | 0 | 0 | | | | |
| **GAS** | | | | | | | | | |
| WA | 2,570 | 2419 | 2406 | 2378 | 2407 | 43% | 2,166 | | 6,956 |
| ID | 2,208 | 2079 | 2068 | 2042 | 2068 | 37% | 1,395 | | 1,374 |
| OR | 1,207 | 1136 | 1130 | 1116 | 1131 | 20% | 1,103 | | 2,687 |
| | 5985 | 5634 | 5604 | 5536 | 5606 | 100% | 4,663 | | 11,018 |
| | | 0 | 0 | 0 | 0 | | | | |

## Section 4 - Forecasting commercial connects based on the experience rate of the ratio between residential and commercial connects

COMMERCIAL FORECAST

| Ratio of Comm to Res (12 mth rolling) | | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|
| 16% | **ELEC** | | | | | |
| | WA | 495 | 457 | 441 | 427 | 418 |
| | ID | 399 | 368 | 355 | 344 | 337 |
| | | 894 | 825 | 796 | 771 | 755 |
| 10% | **GAS** | | | | | |
| | WA | 250 | 235 | 234 | 231 | 234 |
| | ID | 215 | 202 | 201 | 199 | 201 |
| | OR | 117 | 111 | 110 | 109 | 110 |
| | | 582 | 548 | 545 | 539 | 545 |
| | | | | | | |
| | | 1476 | 1373 | 1341 | 1310 | 1300 |

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 07/03/2023 |
| CASE NO: | UG 461 | WITNESS: | Grant D. Forsyth, Ph.D. |
| REQUESTER: | PUC Staff | RESPONDER: | Grant D. Forsyth, Ph.D. |
| TYPE: | Data Request | DEPT: | Financial Planning and Analysis |
| REQUEST NO.: | Staff – 298 | TELEPHONE: | (509) 495-2765 |
| | | EMAIL: | grant.forsyth@avistacorp.com |

**REQUEST:**

Refer to Avista's response to Staff DR No. 190 and *Staff_DR_190 Attachment B.xlsx*.

a. Identify the portion of the change in the number of customers year-over-year between 2021 and 2025 that is gross new connects versus disconnects of existing customers.

b. Explain how Avista is or is not able to distinguish between the two when forecasting customer counts.

c. Explain whether and/or how Dr. Forsyth takes new connects versus disconnects into his Fall and Spring customer count forecasts.

**RESPONSE:**

a. The data being referenced reflects net billed customers; "net" in this case refers to the final impact of the inflow of billed customers being added to the system (new connects and reconnections) and the outflow of customers (disconnects). For forecasting purposes, Dr. Forsyth does not break apart the inflows and outflows to forecast net billed customers; that is, the customer forecast for each schedule is based on single time-series of net billed customers. The historical data at Dr. Forsyth's disposal does not break out inflows and outflows.

b. The use of net billed customers reflects the input requirement of the Company's revenue model. This model does not require a distinction between customer inflows and outflows in a given month or year; that is, it relies on forecasts of net billed customers. This means it has never been required for Dr. Forsyth to ask for a data delivery system that separates the historical inflows and outflows, which would be necessary to build an alternative forecasting model. Dr. Forsyth forecasts for new residential connects each spring. This forecast is used to establish a capital budget for future new residential connects. However, this reflects only one kind of inflow — new connects not previously on the system, as opposed to reconnects of existing residences. This means using the historical or forecasted connects data to estimate a disconnect series would not be appropriate. In addition, because the new connects forecast is (1) done by city area and not by residential schedule and (2) is only for residential customers, the new connects forecast is unsuitable for correctly separating out inflows and outflows.

c. As noted above, the inflow and outflow of customers is only considered as a net impact in the form of monthly net billed customers.

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

| | | | |
|---|---|---|---|
| JURISDICTION: | Oregon | DATE PREPARED: | 02/09/2017 |
| CASE NO: | UG 325 | WITNESS: | David J. Machado |
| REQUESTER: | PUC Staff - Moore | RESPONDER: | David Machado/N. Thorson |
| TYPE: | Data Request | DEPT: | State & Federal Regulation |
| REQUEST NO.: | Staff – 367 | TELEPHONE: | (509) 495-4554 |
| | | EMAIL: | david.machado@avistacorp.com |

**REQUEST:**

Please discuss in detail how Avista forecasts its Capital costs to new customers.

**RESPONSE:**

The forecast for the new customer capital program is based on the new customer connect forecast supplied by our staff economist. Currently, we only forecast residential new connects, but we have historical data on new commercial connects that we use for estimation purposes. Using these two numbers, we apply the weighted average current cost per new service, which is based on an application of a breakeven IRR for OR and ID, and allowance currently in effect in WA. Using this method, OR residential connects are forecasted at an average of $2,500 per customer. Commercial connects are calculated using an historical average of connect costs, again by a weighted average of all three jurisdictions. This forecast is done in total, for all Avista Natural Gas operations. Apportionment by (Budget Item)BI, to each operating area, is done based on prior year history total spend by ER, rather than on forecasted customers, as we only forecast residential in detail. Staff_DR_367 Attachment A contains the overall forecast for the "New Revenue – Growth" business case for 2017, which includes the budgeted amount, by ER.

Staff_DR_367 Attachment B contains the breakeven IRR for new residential customer connections for Avista's Oregon and Idaho natural gas jurisdictions (as the Washington allowance is governed by the new line extension allowance approved in Washington). This attachment is provided as a pdf file, as the original Excel file was not retained after this was printed. The average residential customer connection cost of $2,500 per customer in Oregon was derived from setting the IRR constant at approximately 10.0% and finding the associated capital cost that would result in this IRR, given the average residential use per customer.

Industrial or very large commercial connects are dealt with on a case-by-case basis, and are not part of the forecast.

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1204**

**STAFF ADJUSTMENTS TO AVISTA ALLOCATIONS BY FERC ACCOUNT**

Provided in Electronic Format Only

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

WITNESSES: August Ankum, Ph.D., and Warren Fischer, C.P.A.

**STAFF EXHIBIT 1205**

**STAFF ADJUSTMENTS TO AVISTA'S SUPPLEMENTAL CAPITAL ADDITIONS ANALYSIS**

Provided in Electronic Format Only

CASE: UG 461
WITNESSES: Melissa Nottingham, Scott Shearer, Bret Stevens

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1300

# Opening Testimony

# July 7, 2023

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

A. My name is Melissa Nottingham. I am a Manager employed in the Consumer Services Section of the Public Utility Commission of Oregon (Commission). The business address for all Staff providing this testimony is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualification statement is found in Exhibit Staff/1301.

**Q. Please state your name and occupation.**

A. My name is Scott Shearer. I am a Utility Analyst employed in Commission's Rates and Telecommunications Section of the Rates, Safety, and Utility Performance Program.

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

A. My witness qualification statement is found in Exhibit Staff/1302.

**Q. Please state your name, and occupation.**

A. My name is Bret Stevens. I am a Senior Economist employed in the Commission's Rates and Telecommunications Section of the Rates, Safety, and Utility Performance Program.

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

A. My witness qualification statement is found in Exhibit Staff/401.

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

A. Staff examined the Installation Constant Factor and the meter testing program.

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

A. No other exhibits are included.

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

A. My testimony is organized as follows:

## DEFINITIONS

**Q. Please define the key terms Staff references in this testimony.**

A. The key terms used by Staff are defined as follows:

**Meter Changeout Program** – Avista's meter testing and replacement program.

**Diaphragm Meter** – Standard residential and small commercial meter set. This uses a diaphragm mechanism to deliver and measure gas flow through the meter.

**Rotary and Turbine Meters** – Standard large commercial and industrial meter sets. This uses a rotary or turbine mechanisms to deliver and measure gas flow.

**Meter Range Standard** – Commission standard range is plus or minus 2 percent. Industry standard range is plus or minus 1.5 percent.

**Meter Family** – A group of meters manufactured in the same period.

**Installation Constant Factor** – Avista's calculation adjustment for estimated meter families that are out of range.

**Therms Billing Factor** – The calculation adjustment for gas supplies that have different heat capabilities.

## ISSUE 1. METER TESTING PROGRAM

**Q. Can you explain what the meter testing program is?**

A. As explained in Mr. Webb's testimony Exhibit 1100, the meter testing program is in place to ensure that, as meters age, their accuracy is within required ranges.

**Q. How did Staff become aware of issues within the meter testing program?**

A. On June 28, 2022, Avista filed an application requesting a moratorium on the Company's Periodic Meter Changeout Program (PMC), a part of Avista's current natural gas meter testing program, until December 23, 2023. Due to supply chain issues, the Company is concerned about maintaining sufficient stock of small capacity diaphragm meters to meet demand for new service and support meters needed for the PMC program. Avista did not request a waiver for rotary and turbine meters, both of which are high-capacity meters providing service to customers with a larger load requirement.

Diaphragm meters are small capacity meters of up to 1000 cubic feet per hour at low pressure (about ¼ pounds per square inch gauge). This type of meter is primarily used for residential or small commercial service. Avista's PMC program explains that the Company needs to test meters in a metering shop as natural gas meters are not able to be tested on site due to the specialized equipment required. The PMC program requires a second meter be installed while the meter identified for testing is taken to the shop and tested. This off-site process increases the number of meters required for the testing program as meters are being removed, tested, and if still accurate, reinstalled into service (usually at a different premise from where it was removed). The Company forecasts a shortage of 1,016 diaphragm meters by the end of 2023.

Based on this foundation, Staff closely evaluated the potential impact that a moratorium on testing diaphragm meters would have on customers' bills. Staff also evaluated the existing protocols of Avista's PMC program, the current and potential impact beyond billing on customers, and the ramifications of additional delays in identifying and replacing noncompliant meters.

**Q. As supported in Mr. Webb's testimony, does Staff have concerns about this program?**

A. Yes. Staff has several concerns. First, the meter testing program relies on a determination for sampling accuracy after the meter is 10 years old. Using Avista's process allows for a meter family to be at end of useful life, at the time it ages out. Staff believes there should be consideration of this delay in accuracy validation and advancing the sampling to earlier ages, perhaps when the family is five years old.

In 2021, a total of 267 meters failed during testing. Of those meters, 266 meters failed due to an average accuracy exceeding 102.59 percent. In 2022, a total of 59 meters failed during testing with all meter's average accuracy exceeding 102.74 percent.[1] The data provided by Avista suggests gas meters are more likely to speed up rather than slow down. Leaving potentially fast meters in service increases the risk of customers being

1 Avista's Response to UG 461 Data Request 267, Attachment A.

overcharged for their gas consumption. Shortening the timeline for bringing families into the PMC could mitigate the risk of inaccurate bills for customers.

Next, Avista appears to rely on only one manufacturer for small diaphragm meters and this reliance has led to issues with supply chain problems impacting Avista's ability to properly replace failed meter families. It appears to have exacerbated the large percentage of customers whose meters experience drift or "failing fast".

**Q. Are there other concerns Staff identified?**

A. Yes. Staff is concerned that Avista is not using its meter warranty program to its full potential. Based on Avista's description related to meter testing, meter families that are "bad" are simply scrapped and not returned to the manufacturer for replacement/credit. Avista states meters have a 15-year warranty, and yet meters are going as long as 14 years before being deemed as failing, thus removing the opportunity for ratepayers to receive benefits of the warranty.[2]

[2] Avista's Response to UG 461 Data Request 198.

## ISSUE 2. INSTALLATION CONSTANT PROGRAM

**Q. Please describe Avista's usage of the Installation Constant Factor.**

A. A meter population describes a group of meters with the same model number, manufacturer, and manufacture date. These grouped populations are commonly referred to as meter families. A meter family is tracked and tested as a group, and the size of the meter family will determine the sample size when the meters are eligible for testing under Avista's program. Avista's PMC integrates a meter family into the program ten years after installation. Once a sample size is calculated, the meters within the family begin to be tested together.

When a meter family begins to drift outside accuracy, the sample and family is considered nonconforming. After being deemed nonconforming, tightened (or increased) sampling rates are done over the next several years (depending on whether it measures fast or slow). Failed families occur when the sample fails under tightened inspection three consecutive yearly inspections that are not accepted and/or two consecutive yearly inspections that are not accepted while the meters are testing fast. According to Avista's PMC, the youngest meter in a failed family will be in operation for 14 years.

Through Staff's investigation, it discovered that Avista modified its meter testing program process to allow for a mathematical calculation in lieu of meter replacement. Prior to December 20, 2022, Avista's PMC standard operating procedure stated all meters in a failed family may be replaced in approximately a year, depending on the size of the family.[3] In 2019, contrary to the policy in effect, Avista developed a mathematical approach to adjust bills when it deems a family has a predictable deviation. Avista applies its quality control sampling rates to calculate an average error rate and asserts the entire family is experiencing a consistent drift in accuracy, after which an installation constant adjustment is made to the therms, so as to adjust bills, for all customers with a meter within the failed family.[4]

**Q. What are Staff's other concerns about the program?**

A. Avista appears to, rather than complying with industry testing standards, have created a mathematical adjustment for all meters within a family when the sample size indicates the meters are failing fast. In lieu of targeting the family for replacement, an installation constant factor is applied to registered therms. Avista began the practice in 2019 with 9850 meters. In 2022, 34,738 meters' usage qualities were adjusted after being identified as part of a failed family.

The oldest meter family was manufactured in 1997 while the youngest meter family was manufactured in 2009.[5] There were 177,149 active meters in Oregon in December 2022.[6] Based on the Company's response to DR 271, approximately 20 percent of meters in Oregon have adjustments to gas usage. After all meters within the family's usage is adjusted, the family is no longer considered a failed family and is tested under the routine testing standards.

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3 Avista/1100, Webb/12.
4 Avista/1101, Webb/11, Avista's Gas Meter and Measurement Performance Program.
5 Avista's Response to Staff Data Request 271 (Attachment A, Worksheet DR 203 (a) b.
6 Avista's Response to Data Request 268 (Attachment A).

The lack of transparency of the metering program for both customers and Staff is a concern, particularly as it relates to a correction to a customer's gas usage based on a pattern of a meter family and not the performance of the customer's meter registering the customer's actual gas usage. The information provided by Avista does not justify the methodology use by the Company to bill customers.

**Q. What type of customers are impacted by the Installation Constant Adjustment?**

A. Based on the information provided by the Company, residential and small general service customers may have the adjustment.

**Q. What is the impact to all Avista customers?**

A. Because the Company has not filed either a tariff or schedule in accordance with its billing practice, the overall impact to customers is unknown.

**Q. How are customers informed their usage is adjusted?**

A. It does not appear that customers are aware of this adjustment. Customers will have a meter multiplier applied to the usage calculation on the bill. The meter multiplier is a combination of both the energy content conversion factor and the installation constant factor.[7] Staff does not believe customers are able to determine the quantity of either number by viewing their bill.

**Q. Has the Commission established policies governing meter reading and billing practices related to customer usage?**

[7] Avista's Response to Staff Data Request 269.

A. Under its specific authority in ORS 757.250(2), to prescribe reasonable rules, regulations, specifications, and standards to ensure the accuracy of all meters and appliances for the measurements, the Commission has adopted several rules in OAR Chapter 860, Divisions 21 - 23 governing meter reading, billing practices and tariff filings. The rules Staff finds particularly relevant are as follows:

OAR 860-021-0120 states the requirements for Meter Readings and Bill Forms must include total consumption for the billing period; beginning and ending meter readings; dates of the billing period; units of service supplied; schedule number under which the bill was computed; and any other information needed to compute the bill.

OAR 860-022-0025(2) specifically requires that each energy utility proposing to change existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other changes made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

OAR 860-023-0015 outlines the Commission's requirements for testing natural gas and electric meters. The Commission requires periodic testing of customer natural gas meters and does not allow meters with an error in registration more than two percent under conditions of normal operations to be placed or remain in service. All meters, regardless of if they are new, repaired, or previously removed from service must be corrected to within two percent fast or slow before being installed or reinstalled.

**Q. What did Staff's analysis consist of?**

A. Staff reviewed Avista's application, and the Oregon administrative rules noted above, and asked several data requests around how the Installation Constant Factor is calculated, when it is used, and how it is accounted for on the customer's bill.

**Q. Does Staff have any concerns with the Installation Constant Factor?**

A. Yes. Staff has a multitude of concerns about the Installation Constant Factor.

**Q. Please describe Staff's concerns.**

A. Staff's concerns are:

<u>Calculation of the Installation Constant Factor</u>: Despite numerous Data Requests, Avista has been unable to fully explain how Avista calculates and uses the Installation Constant Factor or even how it determines a meter family accuracy drifts similarly enough to be considered for the same adjustment.

<u>Meters with incorrect usage are left in the field</u>: Despite evidence that there are meters that are incorrectly reading usage, Avista leaves these meters in service and adjusts the usage to be "correct".

<u>Full meter families are corrected without evidence that all meters in that family are incorrect</u>: Avista states that when a family of meters is determined to have an increased incidence of incorrect usage, the whole family is

corrected using the Installation Constant Factor, despite having no clear evidence that all meters in the family are incorrect.

Meter testing program delays application of Installation Constant Factor: Avista states that its meter testing program does not start testing meters until 10 years after installation, which is then monitored for increased testing parameters. It is possible that some meters do not have the Installation Constant Factor applied until as many as 15 years after installation, and as discussed before, Avista doesn't begin testing families until the family is ten years old. Assuming the installation constant factor is an appropriate adjustment, it appears likely some meters will run fast for a number of years before the factor is applied.

Unique use of an Installation Constant Factor: Avista is proposing the Installation Constant Factor program based off a similar program used by SoCal Gas Company. However, SoCal Gas uses the factor to reduce greenhouse gas emissions caused during the meter change out process, not to correct meters reading incorrectly. Staff has been unable to identify any other companies that use this approach as a replacement for meter testing and replacement program. No tariff was filed by the Company to demonstrate the accuracy of this practice and the potential impact to Avista's Oregon customers.

Customers are unable to correctly calculate their bills: Per Avista, the Installation Constant Factor is incorporated into the therms adjustment mechanism, with no indication that the Installation Constant Factor is even a part of their bill. Customers have no way to accurately calculate their bills from what is included by Avista. Staff will continue to ask questions and gain insight into the logic behind the ICF and its application to customer billing.

**Q. Does Staff propose any adjustments to revenue requirement?**

A. Yes. Staff has two proposed adjustments. First, while Staff has been unable to affirmatively quantify its concerns about the impact of these choices made by Avista, at a minimum there appears to be insufficient delivery of meter testing to Oregon customers. Notably, Oregon natural gas customers account for approximately 47 percent of the total Avista serves, however it appears that on average only 33 percent of the meters tested were for Oregon customers, suggesting Oregon customers are paying for a higher sampling rate than is being delivered. Using Avista's average meter testing cost and its annual testing rate means that for the average $2.1 million cost, Oregon customers pay for $986,750 of the cost, but have testing quantities of estimated value of $672,000, which should result in disallowing $314,750 in annual costs paid by Oregon customers.

Additionally, Staff recommends prorating the amount Oregon customers pay based on delivery of an appropriate share of existing meter testing and taking the $986,750 cost of the meter testing program and removing it from Avista's general revenue requirement. The cost of the meter testing program would be held in a non-interest-bearing account and the Company can collect those dollars if Avista demonstrates to the Commission's satisfaction that, on average, 47 percent of Oregon customers (all classes) were tested in the meter testing program, using adequate procedures and consistent with sound business practices. Staff recommends that the Company file an annual report no later than February 28 for the prior year, on its meter testing program in Oregon.

**Q. Does Staff have any other proposed adjustments?**

A. Not at this time, however Staff notes once again that the ICF continues to be more opaque than can support calculating an adjustment at this time, and as it gains more clarity, Staff may suggest additional adjustments.

**Q. Does Staff have any other recommendations for the Commission to consider?**

A. Yes. Staff Makes the following recommendations:

- Deny Avista's request to use an Installation Constant Factor in its currently described form.
- Require Avista to bring its testing program up to Commission standards, as soon as possible, but no later than December 31, 2024.
- File annual reports on Avista's meter testing program for 15 years, starting with 2023, filed no later than February 28 of each year.

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

A. Yes.

CASE: UE 461
WITNESS: MELISSA NOTTINGHAM

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## Staff Exhibit 1301

## Witness Qualification Statement

## July 7, 2023

**Witness Qualification Statement**

**Name:** Melissa Nottingham

**Employer:** Public Utility Commission of Oregon

**Title:** Consumer Services and Residential Service Protection Fund (RSPF) Manager

**Address:** 201 High Street SE, Suite 400
Salem, Oregon 97301

**Education:** Bachelor of Arts in English, Arizona State University

**Experience:**

My employment at the Public Utility Commission began on May 1, 2022. During my tenure, I manage a team of 14 employees overseeing consumer complaints, the Oregon Lifeline Program, and the Telecommunication Devices Access Program. Part of my role includes sponsoring and participating in dockets related to Oregon Administrative Rules Division 21 and other consumer protection by regulated utilities in Oregon. I have provided testimony for UM 1908 and UM 2203, and provided comments for AR 653, UM 2237, and ADV 1391.

Prior to my employment at the Public Utility Commission, I worked for PacifiCorp for 25 years. PacifiCorp is a multi-jurisdictional regulated electric utility. From 2010 until my departure in 2022, I was a Regulatory Manager. My responsibilities included ensuring regulatory compliance in six states including Oregon. I provided testimony in general rate cases in six states focusing on the company's Schedule 300 fees and any company tariff modifications. Other duties included: representing the company in formal customer complaints and small claims court, overseeing contracts for new service for loads more than 1 megawatt, sponsoring modifications to the company's rules, and participating in each state's administrative rule dockets.

CASE: UE 461
WITNESS: SCOTT SHEARER

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

## Staff Exhibit 1302

## Witness Qualification Statement

## July 7, 2023

## WITNESS QUALIFICATIONS STATEMENT

| | |
|---|---|
| NAME: | Scott Shearer |
| EMPLOYER: | Public Utility Commission of Oregon |
| TITLE: | Utility Analyst<br>Rates, Safety, and Utility Performance Program |
| ADDRESS: | 201 High Street SE. Suite 100<br>Salem, OR. 97301 |
| EDUCATION: | Corban University Salem, Oregon<br>Bachelor of Science in Business, Organizational Leadership |
| EXPERIENCE: | 2014 - Current - Heritage Grove Credit Union<br>Board of Directors<br>Provide strategic direction for a credit union with assets of 130 million dollars.<br>Reviewing and approving monetary expenditures and budget. |
| | 2007 - Current - Oregon Public Utility Commission<br>Utility Analyst<br>Research and analysis of utility company filings; including rulemaking, affiliated interests, utility purchase and sale, jurisdiction, and rate case dockets.<br>Telecommunications Specialist/Consumer Specialist/Senior Compliance Specialist<br>Reviewing and applying Oregon Administrative Rules to tariffs in relation to consumer complaints. |
| | 2006 - 2007 - Oregon Department of Justice/Division of Child Support, Administrative Specialist<br>Researching responsible parties in Child Support orders |
| | 1999 - 2006 - EPIQ Systems/Poorman Douglas Corp.<br>Claims Analyst/Senior Claims Analyst<br>Reviewing and implementing orders and settlements for the largest Class Action Lawsuit administrator in the United States. Auditing and processing class action lawsuits with payouts from two-hundred thousand to over one billion dollars to claimants. |

CASE: UG 461
WITNESSES: Bret Stevens and Robert Young

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# EXHIBIT 1400

## Opening Testimony

## July 7, 2023

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

A. My name is Bret Stevens. I am a Senior Economist employed in the Rates and Telecommunications Section of the Rates, Safety, and Utility Performance Program of the Public Utility Commission of Oregon (OPUC). My business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

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

A. My witness qualifications statement is found in Exhibit Staff/401.

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

A. My name is Robert Young. I am Managing Director at Economists.com, a consulting firm located in Portland, Oregon. My business address in 7380 SW Kable Lane, Portland, Oregon 97224.

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

A. My witness qualifications statement is found in Exhibit Staff/1401.

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

A. Yes. We prepared the following supporting exhibits:

- Exhibit Staff/1402, which contains Staff's revenue requirement adjustment calculation.
- Exhibit Staff/1403, Which contains non-confidential Avista responses to Staff data requests.

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

A. We recommend the Commission reject the pre-test period snapshot (PTPSS) method used by Avista to calculate rate base for purposes of establishing the return component of Avista's revenue requirement.[1] Staff recommends the Commission calculate rate base using the "average of monthly averages" method, which historically has been the method most commonly used by the Commission.

For purposes of calculating the return component of revenue requirement Avista uses the PTPSS rate base value. The PTPSS method inappropriately raises costs to customers. Accordingly, using the average of monthly averages method for determining rate base will result in a reduction to the required net operating income proposed by Avista. Here, the difference between the PTPSS and the average of monthly averages methods yields a reduction to Avista's proposed revenue requirement by $962,422.[2]

**Q. Please explain the PTPSS method of rate base calculation.**

A. The PTPSS method of rate base calculation uses values for gross plant, accumulated depreciation, accumulated deferred income taxes, and depreciation expense as of the year ended just prior to the proposed effective date for new rates. In UG 461, Avista's rate base calculation is based on:

> Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; plus, since annualized depreciation expense is used to reflect Rate Period depreciation expense on those plant additions, A/D and ADFIT are adjusted (reducing rate base during the Rate Period) to match the impact of addition expense during the Test Period; plus Growth capital only is added on a 13-month average-monthly-average basis

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1 This method has historically been discussed by Avista as the End of Period (EOP) method. Staff is calling this method pre-test period snapshot (PTPSS) to clarify the year-end in question is before the Test Year starts.

2 Staff DR 302 requested the information required to make this calculation from Avista.

and depreciation expense based on the AMA balances. (UG 433 and 461).[3]

In previous dockets, this method has been called the "End of Period method."

**Q. Please generally explain the average of the monthly averages method of rate base calculation.**

A. Here, for the Test Year ending on December 31, 2024, the average of monthly averages rate base is calculated using a 13-month average for 2024 rate base amounts, without new capital additions that cannot be included in accordance with ORS 757.355. This 13-month average is the sum of the monthly balances from December of 2023 through December of 2024, less one-half of each December balance, divided by 12.

**Q. Please elaborate on the differences between the PTPSS method Avista proposes and the average of monthly averages method that Staff has proposed?**

A. To do so, we will start with the similarities. Both methods are intended to calculate the appropriate rate base for plant-in-service for the 2024 Test Year. Neither method includes plant that will not be in service by the rate effective date of January 1, 2024, while both methods include the exception of growth related to new customer additions. The difference between the two is that PTPSS method largely holds the January 1, 2024, rate base level static through the Test Year, while the average-of-monthly averages method recognizes that the plant in the rate base depreciates during the Test Year.

[3] Avista response to Staff DR 163.

The main exception to this is the treatment of 2023 capital additions. As stated above, Avista does include depreciation expense, accumulated depreciation, and ADFIT adjustments in the Test Year for these additions. Staff's proposed method would extend the Test Year accumulated depreciation and ADFIT adjustments to all plant, not just 2023 capital additions.

The difference can be seen most plainly with assuming the only plant the Company has is all new plant that comes on-line in December 2023. If rate base is determined with the PTPSS method, the customer rates will be calculated assuming this new plant is not reduced due to depreciation at all throughout the Test Year. If rate base is determined with the average-of-monthly averages method, customer rates will be calculated assuming the new plant is reduced during the test year as a result of depreciation.

**Q. Is it important that the Test Year rate base reflect actual depreciation during the Test Year?**

A. Yes. Otherwise, ratepayers will overcompensate Avista for the return Avista is allowed to earn on its rate base. The key is that retail customers are paying for depreciation expense that occurs in 2024 but do not see any benefit of those payments in net plant and the return associated with that net plant.

**Q. Has the Commission previously recognized that it is appropriate to use the average of monthly averages method to match revenues and costs as opposed to the PTPSS (aka year-end method)**?

A. Yes. In Order No. 74-898 the Commission wrote:

> The company proposes a year-end adjusted rate base of $14,117,688. Staff proposes an average of the monthly averages, which results in an adjusted rate base of $13,174,075.
>
> …Staff's method has long been approved for use in utility rate making in Oregon because an average rate base more closely relates to the operating results during the test year. The use of average rate base tends to preserve the significance of the test period as a basic regulatory tool. The average rate base is adopted.[4]

In 1976, the Commission wrote:

> The commissioner's staff recommends adoption of an average-of-monthly averages rate base. The company's adjustments pertaining to 1974 rate base have not been subjected to audit by the commissioner's staff. The staff's average-of-monthly averages rate base approach provides the most certain method for determining the company rate base and, absent detailed and persuasive evidence from the company concerning the need for adoption of a rate base, should be accepted.
>
> An average-of-monthly averages rate base is adopted. It protects the interest of the ratepayers by preserving the relationship of known revenues and expenses to rate base. As applied in this case, it does not deny the company the opportunity to enjoy a reasonable return on its investment.[5]

**Q. Are there many cases in which the Commission has discussed use of the average of monthly averages for determining rate base?**

4 *In re Cascade Natural Gas Company,* UF 3094, UF 3129, Order No. 74–898 (November 21, 1974) (1974 WL 391913). *See also, In re:* Northwest Natural Gas Company, UF 3222, Order No. 76-954 (August 30, 1976) (1976 WL 421881) (Rate base computed on a monthly average basis).

5 *In re Continental Telephone Co. of the Northwest, Inc*., UF 3162, Order No. 76-061 (January 24, 1976) (1976 WL 419228).

A. There are several from the 1970s. They demonstrate the average of monthly averages method was used by the Commission in dockets dating back to before 1970. For example, in Order No. 70-797, the Commissioner wrote:

> Staff, on the other hand, adopts for its computation of rate base the monthly average of the test-year months divided by twelve, or what is sometimes called ‘average-of-monthly-averages‘ method.
>
> The commissioner has recently used the average-of-monthly-averages method in two major rate cases. Portland General Electric Company urges that the end-of-the-year method more fairly reflects plant valuation as of the effective date of new tariff schedules. No compelling reason has been presented in the instant case to justify departure from the averaging method long approved for utility rate making in Oregon.[6]

Staff is unaware of any order in an energy rate case since 1976 in which the Commission addressed whether an average of monthly averages or PTPSS calculation should be used to calculate rate base. Staff is also unaware of any docket in which the end-of-year method was used to determine rate base until Avista did so in 2014. There were multiple rate cases between 1976 and 2014 resolved by stipulations. The orders Staff reviewed in stipulated cases all reflect the stipulations were based on “average rate base.” Lastly, no order in a non-stipulated energy rate case, to Staff’s knowledge, addresses this issue or authorizes a utility to use the PTPSS method to calculate rate base; or explains that the Commission chose to depart from the “average of monthly averages” to the PTPSS.

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[6] *In re Portland General Electric Company*, UF 2811, Order No. 70-797 (December 11, 1970) (1970 WL 224163).

**Q. In what docket did Avista begin using the PTPSS method for the rate base calculation?**

A. In 2014, in the GRC docketed as UG 284. In that case, the rate base proposed by Avista in its initial filing used the PTPSS rate base calculation.

**Q. Did Avista provide a rationale at that time for departing from the average of monthly averages method?**

A. No. Avista proposed the PTPSS method with a statement that rate base is calculated on a PTPSS basis but did not mention that this represented a change in long established average of the monthly averages rate base calculation formula and no discussion on the reason for the change. The rate base stipulated to by parties was $9 million less than that proposed by Avista in its initial filing. Of that $9 million reduction, $4.6 million is related to reduced working capital and $4.3 million is related to removing prepaid pension benefits, plus two other minor adjustments. The methodology used to calculate the rate base was not discussed in the stipulation or Commission order.[7]

**Q. Did Staff provide testimony opposing Avista's proposed calculation of rate base in UG 284?**

A. No. It does not appear the issue was raised for Commission consideration. In all Avista general rate cases since Docket UG 201, filed in 2010, the rate base has been agreed upon through stipulation. This means that the Commission has accepted the rate base figures as part of a package of other agreed-to

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[7] *In the Matter of Avista Utilities, Request for a General Rate Revision*, UG 284, Order No. 15-109 p. 3 (April 9, 2015).

terms. There has been no meaningful discussion of this issue in testimony. Staff believes that this issue is of sufficient importance to warrant a full discussion of the topic in a rate case proceeding. Whatever the Commission's choice on the method to calculate rate base, we think it is best to base it on an informed discussion and be done so explicitly so that it can be evaluated by the Commission.

As noted above, the revenue requirement difference between the Avista-proposed and the Staff-proposed approaches $1 million.

**Q. Did you review recent OPUC Orders to look for language authorizing the change from average of the monthly averages to PTPSS rate base, and did you review testimony in OPUC Dockets from 2012 to present to look for discussion either supporting or opposing the change in rate base calculation?**

A. Yes. We did. Table 1 on the following page shows the OPUC Dockets we examined between 2012 and 2023, in addition to the dockets listed in the above testimony. We could not find any testimony from a utility, Staff, or any intervenor which thoroughly discusses changing the rate base calculation from average of the monthly averages to PTPSS.

**Table 1. OPUC Docket Search**

| Portland General Electric | PacifiCorp | Avista |
|---|---|---|
| UE 262 | UE 246 | UG 201 |
| UE 294 | UE 263 | UG 256 |
| UE 319 | UE 374 | UG 284 |
| UE 335 | UE 399 | UG 325 |
| UE 394 | - | UG 366 |
| - | - | UG 389 |
| - | - | UG 433 |

**Q. What is Avista's explanation of its choice to use the PTPSS calculation?**

A. In DR 162, Staff asked why Avista thought the PTPSS methodology was appropriate. Avista responded with the following statement:

> Consistent with UG 433, the Company adjusted its existing net plant as of 09/30/2022 to 12/31/2023 end-of-period rate base. The Company then pro formed all Oregon direct and allocated capital additions, beyond the historical test period (12ME 09.30.2022), for the period 10/01/2022 – 12/31/2023 to an end-of-period (EOP) basis as of 12/31/2023. At this point, net plant (rate base) is at a 12/31/2023 EOP basis.[8]

**Q. Does Staff agree with this logic?**

A. No. While Staff agrees that large individual capital additions in the Test Year should not be included, to be in compliance with ORS 757.355(1), Staff disagrees that it is appropriate to exclude the effects of Test Year depreciation from the Test Year rate base. Because customers are paying for the depreciation, they should get the benefit of that depreciation and its effect on rate base. The average of monthly averages approach better aligns the costs

8 Exhibit 1403, Avista response to Staff DR 162.

the utility incurs with the revenues it receives. In Staff's view, Avista's explanation looks like an attempt to craft a remedy for the regulatory lag that may be due to ORS 757.355(1), as opposed to calculating the rate base in the most accurate way possible in light of ORS 757.355(1).

Even if the Commission were inclined to expressly adopt Avista's proposal, Staff believes it thwarts the purpose of ORS 757.355 in the sense that customer rates could end up higher than in a world where ORS 757.355 did not exist.

**Q. Are there any other considerations that argue against using the PTPSS approach given ORS 757.355(1)?**

A. Yes. Avista is in control as to the timing of when it files its general rate cases. To the extent Avista is aware of a new large capital investment being constructed, it can time its rate case so that new rates incorporate this new capital investment. This shortens the regulatory lag between the time that the project is completed and the effective date of the Commission-ordered rates.

**Q. Please summarize Staff's position.**

A. The methodology used to determine a utility's rate base in a GRC can have a significant impact on the utility's revenue requirement. The Commission previously determined that the average of monthly averages method is appropriate as discussed in previous Commission orders. There has not been a thorough discussion into the change in rate base calculation that Avista began using in UG 284. Staff does not support Avista's approach and recommends the Commission use its past practice of average of monthly averages method, which has been used by the Commission for decades.

To be clear, Staff has and continues to support including growth related capital additions tied to customer load growth. Avista includes customer-growth distribution plant that occurs in the test year.

**Q. Please discuss your adjustment as it applies to this specific filing and the resulting revenue requirement reduction.**

A. Staff is recommending a revenue requirement reduction of $962,422. This represents the reduction to Avista's required return based on Staff's proposed rate base methodology as calculated by Avista in response to Staff DR 302. The calculation can be seen in Staff/1402.

## SUMMARY

**Q. What methodology should the Commission use to calculate Avista's rate base in UG 461?**

A. For the purposes of calculating Avista's required return, Staff recommends changing Avista's proposed rate base calculation to reflect an average of the monthly averages based on gross plant in service, accumulated depreciation, accumulated deferred income taxes and depreciation expense for the Test Year excluding major capital additions. This change produces an adjustment of $962,422. Staff's recommendations may change based on further review and as informed by the testimonies offered by other parties.

**Table 2. Staff Adjustments**

| Adjustment | Change to Revenue Requirement |
|---|---|
| Change from PTPSS to Average of the Monthly Averages Rate Base Calculation | $962,422 |

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

A. Yes.

CASE: UG 461
WITNESS: Bret Stevens and Robert Young

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1401

# Witness Qualifications Statement

**July 7, 2023**

**ROBERT E. YOUNG** **Managing Director**
**Economists.com** **Portland, Oregon**

***"Innovative Solutions for 21st Century Infrastructure Industries"***

***SUMMARY:***

Mr. Young has extensive experience in economic, regulatory and financial and information technology consulting for the utility industry. Mr. Young advises several Pacific Island Electric utilities on diesel and solar generation, integrated resource planning, cost of service and rate design, and fuel adjustment clause design. He served recently as Staff of the Guam Public Utility Commission on water and wastewater regulation.

As part of the Glarus Group Team, Mr. Young used the AURORAxmp electric market forecasting and resource planning model to estimate the benefits of increased power sales between the **Mountain West Transmission Group** (MWTG) and the **Southwest Power Pool** (SPP).

Mr. Young worked as part of the Modern Grid Solutions team which advised **Puget Sound Energy** on the redesign of the distribution grid in preparation for high penetration of distributed energy resources such as roof-top solar, electric vehicles, and energy storage. Projects included development of ADMS business case, integration of distribution planning into an integrated resource plan, prepared a feeder level forecasting whitepaper, distributed energy resource (DER) vision and strategy and preparation of IRP chapter in integration of distribution planning,

He served recently as Staff of the Guam Public Utility Commission on water and wastewater regulation. Prepared expert testimony in regulatory proceedings filed by Guam Waterworks Authority, Guam Public Utility Commission Docket 19-08, Phase 1 and Phase 2.

Mr. Young serves on the Advisory Board of Digital Iron Network, a startup that plans to build a global network of Nvidia DGX-H100 supercomputers.

Mr. Young worked with Intel on a high-performance computing initiative to improve the performance of computer models used to prepare Integrated Resource Plans. He consulted with electric utilities concerning entry into the telecommunications business and developed a fiber optic strategy for Bonneville Power Administration. In addition, he developed a financial model of the fiber program for BPA and provided litigation support for a dispute with a telecom company that leased some of BPA's fiber.

Mr. Young has provided expert testimony on cost allocation and rate design before the Oregon Public Utility Commission, the Washington Utilities and Transportation Commission (WUTC), Guam Public Utilities Commission, Commonwealth Public Utilities Commission of the US Commonwealth of the Northern Marianas Islands, the Bonneville Power Administration (BPA), and the U.S. Department of Commerce.

Robert Young served as the lead damages witness for Isolux, a large multi-national construction company that built over $800 million of transmission plant for an independent transmission company as part of the $7 billion Texas Competitive Renewable Energy Zone project, designed to integrate wind generation from west Texas into central Texas, the location of most of the state's electric load.

Assisted Rio Tinto in the $38 billion acquisition of Alcan Aluminum in 2007. Working directly for CFO, Mr. Young provided a valuation of Alcan's over 4,100 MW of hydro generation and other merger related issues.

Mr. Young prepared an expert report and reply report in a contract dispute between two aluminum companies before the International Chamber of Commerce, International Court of Arbitration.

Developed an information systems architecture plan for the Transmission Business Line (TBL). Mr. Young advised TBL on the development of new transmission billing, metering, scheduling, and contracts systems. He has also provided strategic consulting to US Generating Co. and PacifiCorp. Mr. Young has assisted large high-tech manufacturing companies with negotiating open access electric power sales agreements and advised a large independent power producer on electric power pricing issues for a proposed new aluminum smelter.

Mr. Young taught a variety of classes on engineering economics, regulatory economics and accounting, rate of return, cost allocation and rate design, and economic and financial analysis at numerous utilities in the US and in small Pacific Island utilities. He enjoys teaching classes to the next generation of electric utility industry leaders throughout the world and has in excess of 500 in-class hours of electric utility training experience.

Represented the **Oregon Department of Corrections** (DOC) in contract negotiations and mediation of rates for fire service at the Snake River Correctional Institution (SRCI). Worked with DOC management and Oregon Department of Justice attorneys to research comparable rates for SRCI fire service and developed a financial model of the Ontario Fire Department to determine their cost of fire service for SRCI.

Developed a comprehensive capital budgeting methodology for the transmission group of **Saudi Electricity Company**.

Represented **Energy Northwest** (then Washington Public Power Supply System, **Portland General Electric**, **and Xcel Energy** (then Public Service of Colorado) on setting rates for disposal of low-level-radioactive waste before the Washington Utilities and Transportation Commission.

Mr. Young taught a variety of classes on engineering economics, regulatory economics and accounting, rate of return, cost allocation and rate design, and economic and financial analysis at numerous utilities in the US and small Pacific Island utilities. He enjoys teaching classes to the next generation of electric utility industry leaders throughout the world and has more than 500 in-class hours of electric utility training experience.

Mr. Young received a B.S. and a M.S. in Economics from Southern Illinois University.

## PROFESSIONAL EXPERIENCE

**ECONOMISTS.COM** **Portland, Oregon**

**Managing Director**

- Analyzed engineering, economic, and regulatory issues related to competitive alternatives to **Commonwealth Utilities Corporation** (CUC) energy services to its customers, including solar, wind, liquefied natural gas, and new diesel generation. Provided estimates of the costs to customers of alternative energy supplies, and assisted CUC with the development of their first integrated resource plan. Testified in Commonwealth Public Utility Commission Dockets 13-01, 15-01 and 16-01
- Assisted **Commonwealth Utilities Corporation** with analysis of responses to a fuel supply contract. Served on CUC's Source Selection Committee that awarded a new six-year fuel supply contract that represents almost 70% of CUC's annual operating expense.
- Provides rate design, financial strategy, resource planning, fuel supply, and other services to the **Guam Power Authority**, **Commonwealth Utilities Corporation, American Samoa Power Authority**, **Electric Power Corporation of Samoa, and the Palau Public Utilities Corporation.**
- Developed a comprehensive information systems strategic plan for **Bonneville Power Administration Transmission Business Line**. Elements included business imperatives for change, assessment of existing technology, new information technology architecture, data governance, and data stewardship, and implementation plan.
- Advised **Bonneville Power Administration** on the development of new transmission billing, metering, scheduling, and contracts systems.
- Assisted in the development of an IT strategic plan for **Guam Power Authority**. Reviewed existing IT governance processes, operations, software and data architecture, networks, hardware assets, and controls. Compared to industry best practices for similar utilities. Recommended changes in IT funding levels and priorities. Assisted in resolving network performance issues.
- Assisted **Bonneville Power Administration** with the development and implementation of the 2008 Average System Cost Methodology (ASCM). Researched accounting issues and prepared issue papers related to the use of the FERC Form 1 as the basis for the new ASCM. Appeared as an expert witness in WP-07S and WP-10 BPA Rate Cases on ASC technical and policy issues. Identified regulatory and financial concerns of participating public and private utilities, and analyzed economic, legal, and political factors. Reviewed transfer pricing arrangements between PacifiCorp and its mining subsidiaries. Addressed customer and party concerns in resolving complex program issues. Reviewed and analyzed over 60 ASCM filings by participating utilities.
- Provided a variety of energy management services for **Nordstrom**. Reviewed electric and gas commodity contracts, assessed performance vs. regulated tariffs, and recommended a revised portfolio strategy. Prepared annual electricity budget and quarterly variance report for over 200 Nordstrom facilities nationwide. The electricity budget for kWh sales and revenue were consistently within 1% on kWh sales and 2% on cost. Defined requirements for a new energy information

management system and processing of energy bills, identified viable vendors and assisted in vendor selection.

- Reviewed energy risk management policies and practices at **Snohomish PUD**. Identified board objectives for risk management and clarified risk preferences, reviewed risk management manual and formalized practices, and tested risk metrics and analytical methods. Reviewed governance structure, controls, trading book documentation, and trading processes for both physical and derivative transactions. Recommended appropriate risk management improvements, and outlined methods for integrating risk management and resource planning more effectively.
- Provided litigation support for **Snohomish PUD** in litigation before the FERC. Litigation focused on alleged overcharges, unreasonable contractual terms, and exercise of market power by certain power marketers during the Western power crisis of 2000-2001. Quantified economic impacts on clients, identified bounds for just and reasonable terms based on competitive market fundamentals, and accepted industry practices demonstrated compelling public interest to justify contract modification, and outlined proposed remedies. Supported client counsel in case strategy, discovery, and briefing.
- Developed North American market strategy for **Alstom's** Energy Management and Markets business unit. EMM is a leading vendor of critical operations control and telecommunication systems for electricity and gas companies. Identified critical business issues facing Alstom's customers, assessed profitability and attractiveness of available segments of the customer value chain, analyzed competing vendors and recommended break-out growth strategy. Developed business case tool and assisted in the rollout of the sales campaign. Drove a major strategic alliance with a global electronics manufacturer.
- Served as an expert witness in an arbitration proceeding for **Kaiser Aluminum** against Rio Tinto/Comalco before the International Chamber of Commerce, International Court of Arbitration concerning legal disputes related to the enforceability of commodity supply contracts in unusual market conditions during the West Coast electricity crisis. Identified key issues to be addressed, used electric industry market data and personal expertise to compile the documentary record, analyzed market fundamentals and related price behavior, and drafted initial and reply reports. Considered issues related to client bankruptcy filings. Coordinated with outside and inside counsel in case strategy, discovery, depositions, hearings, and briefs.
- Provided acquisition integration assistance to the President of **US Generating Co**. for the transformation of the Boston, MA. office of the former J. Makowski & Associates into US Generating's first major regional office. Defined overall organizational structure for the regional office, integrated and refined strategic direction and intent of the consolidated organization, and communicated results to Boston office staff.
- Successfully represented **Norsk Hydro Canada, Inc.,** (NHCI) owner of the largest magnesium plant in North America, in defense of a counter-veiling duty petition filed by a U.S. Magnesium producer. The petition argued that the variable rate power contract between NHCI and Hydro Quebec constituted a government

subsidy. Prepared a report and briefed U.S. Commerce Department staff on utility rate design and cost allocation for large industrial customers and the worldwide development and use of variable rate power contracts for large, nonferrous metal smelters. Presented Oral Argument before the US Department of Commerce during the hearings phase of this dispute.

- Reviewed energy risk management policies and practices at **Snohomish PUD**. Identified board objectives for risk management and clarified risk preferences, reviewed risk management manual and formalized practices, tested risk metrics and analytical methods. Reviewed governance structure, controls, trading book documentation, and trading processes for both physical and derivative transactions. Recommended appropriate risk management improvements, and outlined methods for integrating risk management and resource planning more effectively.
- Provided litigation support for **Snohomish PUD** in litigation before the FERC. Litigation focused on alleged overcharges, unreasonable contractual terms, and exercise of market power by certain power marketers during the Western power crisis of 2000-2001. Quantified economic impacts on clients, identified bounds for just and reasonable terms based on competitive market fundamentals and accepted industry practices, demonstrated compelling public interest to justify contract modification, and outlined proposed remedies. Supported client counsel in case strategy, discovery, and briefing.
- Assisted the **City of Portland** with determining the effects of electric utility restructuring on franchise fee revenues after Oregon Senate Bill 1149 was signed into law. Analyzed the effect of a volumetric approach to franchise fee collection on revenues and customer classes for SB 1149. Prepared report for the City of Portland analyzing various volumetric franchise fee scenarios consistent with the provisions of SB 1149.
- Assisted an Independent Power Producer in preparation of responses to utility resource RFPs. Reviewed and analyzed responses to public utility resources RFPs. Assisted in the development and sale of a proposed wood-fuel resource in British Columbia.
- Assisted **PacifiCorp** in the development of their least-cost plan, Resource and Market Planning Program-3.
- Negotiated open market electric power sales contracts under PGE's Customer Choice Pilot Program for **Komatsu Silicon America** and **Integrated Device Technology**. Assisted **NEC America** with contract negotiations and analysis for an open market electric power sales contract.
- Represented the **Port of Morrow**, an Oregon port district in economic, financial, and regulatory matters for the construction of two 220 MW cogeneration units.
- Reviewed cable TV rate filings for a variety of cities across the US. Analyzed rate design, cost allocation, and rate of return for compliance with FCC regulations.
- Assisted **BPA** in preparation of its Business Plan Environmental Impact Statement (BPEIS). Faced with continuous radical changes in the electric utility industry, BPA engaged in an intensive and thorough review of its business strategy. The result

was BPA's Business Plan and the associated BPEIS, which were published in 1995. The BPEIS was used as the basis for several BPA Record of Decisions including new transmission agreements for BPA's large industrial customers (DSIs). These new contracts were challenged at the 9th Circuit Court of Appeals by a group of BPA customers and others. The 9th Circuit affirmed BPA's right to offer new transmission agreements and the validity of the BPEIS.

- Advised major European energy company on West-coast electric market economics and performed feasibility analysis on location of new generating capacity in the Pacific Northwest.
- Reviewed and external benchmarking study for Portland General Electric.

**DELOITTE & TOUCHE CONSULTING** **Portland, Oregon**
**Manager**

- Managed consulting team of over 15 financial analysts, auditors, and economists to assist **Bonneville Power Administration** in administering the Average System Cost rate equalization program. This program distributes over $150 million annually to Northwest utilities for equalizing residential electric rates. Identified regulatory and financial issues relating to participating public and private utilities, and analyzed economic, legal, and political factors. Incorporated customer and party concerns in successfully resolving complex issues facing the program. Reviewed and analyzed over 75 cost allocation and rate design studies for compliance with Average System Cost Methodology procedures.
- Assisted **Bonneville Power Administration**'s Transmission Business Line with the development of a revenue forecasting system. Specified business objectives and functional requirements for actual and forecasted revenue by product, customer, and contract. Evaluated software and hardware options, and developed high-level system design. Planned package modification, programming, testing, and roll-out of the completed system.
- Conducted a study for **Bonneville Power Administration** comparing transmission operations and maintenance practices and management at five large North American utilities. Conducted on-site visits, developed engineering and accounting information consistently across utilities, analyzed system characteristics, and compared key practices and performance measures.
- Directed a team of consultants which developed a comprehensive model of the resource plans, finances, and rates of over sixty Northwest utilities **for Bonneville Power Administration**. Developed load/resource balance models, reviewed and revised load forecasts, developed resource stacks ordered by cost-effectiveness, projected long-term resource additions and financial impacts, and analyzed key sensitivities.
- Directed **Bonneville Power Administration** team in analysis and position development in utility merger regulatory proceedings before state PUCs and FERC. Determined operational and financial effects of the PP&L/UP&L merger, reviewed transfer pricing arrangements between PacifiCorp and Utah Power and

Light and their coal mining subsidiaries, reviewed filings, and drafted testimony. Assessed competitive implications.

- Managed the development of the Financial Strategy for **Bonneville Power Administration**. This strategy was used as the basis for the development of BPA's long-term financial plan, resulting in positive Net Revenues (retained earnings) for the first time in over 10 years.

- Directed an analysis to determine the price for the sale of long-term transmission rights for **Bonneville Power Administration**. Identified highest-value transactions over the line, determined net benefits, evaluated private opportunity costs, considered market constraints on pricing, assessed regulatory and technological risks, and developed positions on financing and contractual issues.

**DIRECT SERVICE INDUSTRIES, INC.** Portland, Oregon
**Director of Rates and Technical Issues**

- Responsible for the coordination of policy analysis on all energy issues affecting member companies of Direct Service Industries, Inc., a trade association consisting of 11 members with 15 energy-intensive plants whose annual electric energy cost exceeded $700 million per year and purchased over 3,200 AvMW of electricity at full production.
- Participated in the development of a detailed production-costing model of the Pacific Northwest aluminum industry. The model forecasts aluminum industry electricity loads and revenues.

**Portland General Electric Company** Portland, Oregon
**Rate Analyst**

- Developed a 20-year generation-expansion model to determine the need for future generating resources.
- Designed electric rates and prepared cost-of-service studies.

**Professional Memberships (and Offices Held)**

Western Energy Institute Executive Committee, Board of Directors 2016

Western Energy Institute Board of Directors 2003 – 2006, 2013 – 2016

American Nuclear Society

**Civic/Charitable Organizations (*selected, and offices held*)**

Ainsworth Public School Foundation

Co-Chair Board of Directors 2003 - 2005

Board of Directors, 2002 - 2005

Oregon Ballet Theatre

Treasurer, Board of Directors, 1992 - 1993

Board of Directors, 1989 - 2002

Pacific Ballet Theatre

Vice-President, Board of Directors, 1986-1988

Treasurer, Board of Directors, 1985-1986

Board of Directors, 1984-1988

CASE: UG 461
WITNESS: Bret Stevens and Robert Young

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1402

## Revenue Requirement Adjustment Calculation

**July 7, 2023**

**Adjustment to Change from Year End to
Adjustment for Average of the Monthly Averages
for Rate Base Calculation**

**$000**

| Change in Rate Base[1] | Return on Equity | Net Income Required | Gross up Factor | Revenue Requirement Adjustment |
|---|---|---|---|---|
| **$7,756** | **9.50%** | **$737** | **1.3061** | **$962** |

[1] See Staff DR 302 for calculation.

CASE: UG 461
WITNESS: Bret Stevens & Robert Young

# PUBLIC UTILITY COMMISSION
# OF
# OREGON

# STAFF EXHIBIT 1403

# Non-Confidential Responses to Staff Data Requests

# July 7, 2023

**OPUC Data Request 162**

Referring to Exhibit/600, Benjamin/5, please describe the method Avista uses to determine rate base value in UG 461 to determine, in part, the net income required to provide shareholders the Commission-determined cost of equity? For example, did you use December 31, 2023 rate base plus average of monthly 2024 average of customer growth additions?

a) Please explain why the Company finds this is the appropriate rate base amount from a conceptual viewpoint.
b) For each method listed below, if Avista did not use this method, please explain why not:
   (a) December 31, 2023 rate base,
   (b) December 31, 2024 rate base,
   (c) Average of monthly averages for the twelve months of calendar year 2024, and
   (d) Average of monthly averages for December 2023 through calendar year 2024 (13 months).

**Avista Response to OPUC Data Request 162**

See Avista's response to Staff-DR-163. In summary, the Company utilized **Method 3** as described in Staff-DR-163:

Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus**, since annualized depreciation expense is used to reflect Rate Period depreciation expense on those plant additions, A/D and ADFIT are adjusted (reducing rate base during the Rate Period) to match the impact of addition expense during the Test Period; **plus** Growth capital only is added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balances, (UG 433 and 461).

Consistent with UG 433, the Company adjusted its existing net plant as of 09/30/2022 to 12/31/2023 end-of-period rate base. The Company then pro formed all Oregon direct and allocated capital additions, beyond the historical test period (12ME 09.30.2022), for the period 10/01/2022 – 12/31/2023 to an end-of-period (EOP) basis as of 12/31/2023. At this point, net plant (rate base) is at a 12/31/2023 EOP basis.

However, the Company included depreciation expense on the 10/01/2022 – 12/31/2023 plant additions on an annualized basis to reflect the expected level of depreciation during the Test Period (calendar 2024) and the new proposed depreciation rates in effect as of January 1, 2024 for those plant additions (assuming the proposed depreciation rates are approved by this Commission). Because the Company reflected annualized depreciation expense on all plant additions in-service between 10/01/2022 – 12/31/2023, the Company also updated Accumulated Depreciation (A/D) and Accumulated Deferred Federal Income Taxes (ADFIT) on these additions to reflect the expense during the 2024 Rate Period - using an Average of monthly averages of December 2023 through December 2024 (13 months). In doing so, the Company reflected a higher A/D and ADFIT, reducing net rate base, to reflect the impact of the annualized depreciation expense during the Rate Period. This results in 12.31.2023 EOP rate base, adjusted (reduced) to reflect higher A/D and ADFIT in the Rate Period (2024) to reflect the annualized depreciation on 2023 plant additions. (As noted in Avista's response to Staff-DR-163, the method used in this case is identical to the method used in Avista's prior GRCs (between UG 284 filed in 09/2014 and UG 389 filed 03/16/2020), but for the incremental A/D and ADFIT added during the Test period as used in UG 433 and UG 461, which has the effect of lowering the Company's proposed net rate base overall compared to the prior GRCs.)

Lastly, the Company included 2024 customer growth additions, using an Average of monthly averages of December 2023 through December 2024 (13 months), for those additions only, and matching A/D, ADFIT and depreciation expense.

The summary described above was explained in Company witness Ms. Benjamin's direct testimony (Exhibit 600), page 5, lines 13 – page 6, lines 11:

> **Q. Please provide an overview of the Company's overall request for rate relief regarding new investment in utility plant to serve customers.**
>
> A. In this filing, the Company is proposing to include in customer rates the costs associated with existing utility plant at September 30, 2022 rolled forward to December 31, 2023 balances and capital additions for the period of October 1, 2022 through December 31, 2023. Avista has also included the costs associated with utility plant related to new customer hookups during the Test Year (January 1, 2024 through December 31, 2024) on an AMA basis.
>
> **Q. Why did the Company include all capital additions from October 1, 2022 through December 31, 2023 and include only capital additions for new customer growth in the Test Year ended December 31, 2024?**
>
> A. In the past, ratemaking practice in Oregon generally limited new plant investment included in retail rates to investment that is transferred to plant-in-service on or before the new retail rates go into effect. By including existing utility plant at September 30, 2022 rolled forward to December 31, 2023 balances and capital additions for the period of October 1, 2022 through December 31, 2023, this reflects the utility plant-in-service as of the beginning of the forecasted Test Year (twelve-months ended December 31, 2024).

Given that the forecasted revenues for the Test Year include incremental revenue resulting from customer growth during the Test Year, it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the Test Year.[1] Therefore, we have included capital additions for new customer growth, on an AMA basis from January 1, 2024 through December

[1] This is consistent with the Company's approach in Docket Nos. UG-366 and UG-389, where the Company included in its calculation of the revenue requirement for the test year the investment associated with the connection of new customers during the test year. These capital investments were included in the revenue request approved in both Docket Nos. UG-366 and UG-389.

31, 2024, for the Test Year. This is consistent methodology as included in prior general rate cases.

Furthermore, Benjamin direct testimony starting at page 3, line 6 through page 4, line 30, provide a description of each adjustment from the base period (12ME 09.30.2022) to the Test Period (12ME 12.31.2024):

**Q. Please summarize the adjustments made to the Company's request for rate relief regarding new investment in utility plant to serve customers.**

A. Avista started with utility plant rate base balances from historical accounting information, which for this case consists of the AMA balances for the twelve-months ended September 30, 2022, and made the following adjustments:

(1) **Adjustment 2.07**: This adjustment adjusts plant-in-service, accumulated depreciation (A/D) and accumulated deferred federal income taxes (ADFIT) to restate the September 30, 2022 AMA rate base to September 30, 2022 end of period (EOP) balances. The impacts of retirements through September 30, 2022 are included in the historic base year.

(2) **Adjustment 2.08:** This adjustment includes three components:
The first component extends A/D and ADFIT balances on utility plant-in-service at September 30, 2022 to December 31, 2023 EOP balances. This component also adjusts plant-in-service, A/D, ADFIT, and depreciation expense to the new allocation factors.2 This component has historically been included in Avista's prior general rates cases. In addition, depreciation expense on plant-in-service at September 30, 2022 was adjusted to reflect the expense for a twelve-month period.

- <u>The second component reflects adjustments specific to additions to plant-in-service between October 1, 2022 and December 31, 2023. The A/D and ADFIT associated with these additions are pro formed on a December 31, 2024 Test Year AMA basis. The depreciation expense on these additions was determined for the twelve-months ended December 31, 2024 Test Year utilizing updated depreciation rates per the proposed Depreciation Study.</u>
- The third component reflects the retirements of plant in service at September 30, 2022 that will occur between October 1, 2022 and December 31, 2023, including adjustments to plant-in-service, A/D, and the effect on depreciation expense during this period.

(3) **Adjustment 2.09:** This adjustment includes two components:

[2] Avista adjusts both plant rate base and income/expenses to the most current allocation factors. The allocation factors in results of operations for the Base Year are based on direct costs and plant using 2021 data. The most current allocation factors use 2022 data. Please see the Allocation Factor Memorandum contained in my workpapers for current allocation factors and Ms. Schultz's testimony for more detail discussing the allocation factor methodology.

- The first component captures the effect of updating natural gas depreciation rates for common/allocated plant effective September 1, 2023 and direct Oregon plant effective January 1, 2024, on plant-in-service at September 30, 2022. The impact of changing depreciation rates for plant-in-service for additions from October 1, 2022 through December 31, 2023, and growth capital additions in 2024, are built into the other capital adjustments (2.08 and 2.10).
- The second component represents specific recovery for the reserve amortization of unrecovered or over-recovered reserves for certain general plant accounts for natural gas and common assets.

See Section V. Depreciation Study for more detail. Mr. Spanos discusses in detail the Company's depreciation study, including the reserve amortization adjustment.

(4) **Adjustment 2.10:** This adjustment reflects the impact of new customer growth capital additions on an AMA basis during the Test Year (January 1, 2024 through December 31, 2024). This adjustment includes the depreciation expense (utilizing updated depreciation rates), A/D, and ADFIT associated with these additions, as well as the related impact of the pro rata share of natural gas distribution retirements to pro form amounts related to new growth capital during the Test Year.

**OPUC Data Request 163**

For each of the Avista general rate cases UG 433, UG 389, UG 366, UG 325, UG 284, UG 246, and UG 201, please describe in detail the method Avista used to determine rate base value to provide the net income required to provide shareholders the Commission-determined cost of equity?

**Avista Response to OPUC Data Request 163**

Below the Company provides a recap of each Avista filed general rate case: UG 201, UG 246, UG 284, UG 288 [added], UG 325, UG 366, UG 389, and UG 433.

**(Staff-DR-164 a.)** In summary, the Company used the following methodologies over the span of 12 years between UG 201 filed 09/30/2010 and UG 433 filed on 10/22/2021. UG-461 (current case) was filed consistent with UG-433 (or Method 3).

- **Method 1** – Net Rate Base as of the twelve-months ended Test Period (Rate Period) on a 13-month average-monthly-average basis, including all plant additions pro formed through the end of the Test Period (rate effective period), including annualized depreciation expense on all additions for the Test Period. (UG 201 and UG 246)

- **Method 2** - Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Growth capital only is added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balances. (UG 284, 288, 325, 366 and 389)

[As discussed further below, the only case capital addition adjustments have been litigated through the 12-year period was GRC UG 288. The Commission approved the Company's pro forma capital adjustments which utilized the **Method 2** approach.]

- **Method 3** - Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus**, since annualized depreciation expense is used to reflect Rate Period depreciation expense on those plant additions, A/D and ADFIT are adjusted (reducing rate base during the Rate Period) to match the impact of addition expense during the Test Period; **plus** Growth capital only is added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balances. (UG 433 and 461)

In effect, the difference between Method 2 and Method 3 includes a reduction to net rate base on EOP net plant included prior to new rates in effect, to reflect the increase in A/D and ADFIT (reducing net plant) during the Test Period, on plant additions included prior to the rate effective date, given the Company included annualized depreciation expense on these plant additions, reflecting expected depreciation during the Test Period. Prior to filing the Company's case in UG 433 it came to the Company's attention, that by appropriately annualizing depreciation expense on the new plant additions (those prior to new rates going into effect) to recognize the depreciation expense level expected during the Test Period, but not recognizing the A/D and ADFIT associated with that incremental depreciation expense during the Test Period, it was overstating net plant during the Test Period. To rectify that, the Company in its GRC UG 433 filing, and again in this case UG 461, reduced rate base (by increasing A/D and ADFIT) to reflect the impact those particular additions' depreciation expense has during the Test Period.

**(Staff-DR-164 b. – c.)** Excerpts from specific Avista Capital witnesses describing the method included by the Company, and the reasoning for its proposed capital investment method, for each GRC between UG 201 filed 09/30/2010 and UG 433 filed on 10/22/2021 are provided below. Specific testimony excerpts are used in lieu of attaching the testimony from each GRC. However, all testimony and exhibits can be obtained from the OPUC filing website. Relevant capital workpapers for each GRC are provided in the zipped folder "Staff_DR_163 – Attachment A," separately for each GRC.

**(Staff-DR-164 d.)** For each of the GRCs listed above, with the exception of UG 288, each Order received from the OPUC approved revenue requirements, capital investment and rate base that were the result of Settlements approved by the Commission. Generally, in Avista's GRC Commission Orders the Commission does not specifically approve a prescribed Company methodology, but rather approved capital investment and rate base as agreed-to by the parties if provided. Given Settlements are not necessarily precedent setting, the Company did not attempt to seek out language in each order related to capital investment. Below, the Company does, however, briefly describe the agreed-to change in capital investment, where appropriate. Each Order per GRC is available at the OPUC filing website.

The exception is UG 288. UG 288, although included a partial settlement of certain issues, fully litigated the capital investment and adjustments as proposed by the Company. The Commission at Preliminary Order 16 076 (dated 2/29/2016), discussed plant additions at pages 5-6, Section “B. Plant Additions”, the Commission Resolution was follows: “We find that Avista has satisfied its burden of proof and allow the Company full recovery of its capital costs related to plant additions.” In the Final Order 16 109 (dated 3/15/2016), pages 10-14, the Commission reiterated its approval of full recovery of Avista’s capital costs associated with plant additions.

**GRC Summaries**

**UG-201 Filed 09/30/2010** - All-Party Settlement Filed 01/31/2011 – Approved and Implemented in 2 parts: 3/15/2011 and 6/1/2011, and deferred acctg was used for 2 additions completed by 11/1/2011.

**Excerpt from Capital Company witness Mr. DeFelice, Exhibit 500, page 2, lines 7-23:**

> **Q. How was rate base for the forecasted test year developed for this filing?**
>
> A. Avista started with rate base using historical accounting information, which for this case is the end of period (EOP) balances for the twelve months ended December 31, 2009. Adjustments were made to plant in service, accumulated depreciation and deferred federal income taxes (DFIT) at December 31, 2009, to restate net plant to the average of monthly averages (AMA) amounts for the twelve months ended December 31, 2011 [filed Rate Period]. In addition, adjustments were made to reflect 2010 and 2011 plant additions and associated accumulated depreciation and DFIT through December 2011 on an AMA basis, such that the proposed rate base reflects the net plant in service that will be used to serve customers during the 2011 forecasted test year.
>
> The objective is to include in retail rates the investment, or rate base, that is providing service to customers, and ensure that there is a proper matching of revenues and expenses during the period that rates are in effect.

Note: The Company argued Ballot Measure 9, codified as ORS 757.355, applied only to new facilities and does not apply to capital improvements to existing facilities that are currently used and useful, like the capital improvements included in this docket. It therefore believed it was appropriate to include all capital investment on an AMA basis through the Test Period.

In summary, the Company included all capital additions through the Test Period and Net Plant on an AMA basis, including annualized depreciation expense for the Test Period. (Method 1)

<u>**UG-246 Filed 08/15/2013**</u> **-** All-Party Settlement Filed 12/17/2013, Approved and Implemented in 2 parts: 2/1/2014 and 11/1/2014. Settlement removed 2014 capital additions, but included 2 projects completed in 06/2014 and 09/2014 as a second step increase effective 11/1/2014.

<u>**Excerpt from Company Capital witness Mr. DeFelice, Exhibit 700, page 2, lines 12 - page 3, line 18:**</u>

> **Q. How was rate base for the forecasted test year developed for this filing?**
>
> A. Avista started with rate base using historical accounting information, which for this case is the average of monthly average (AMA) balances for the twelve months ended December 31, 2012. Adjustments were made to plant in service, accumulated depreciation and deferred federal income taxes (DFIT) at December 31, 2012, to restate net plant to the end of period (EOP) balances June 30, 2014. In addition, adjustments were made to reflect 2013 and 2014 plant additions and associated accumulated depreciation and DFIT through June 30, 2014 on an EOP basis, such that the proposed rate base reflects the net plant in service that will be used to serve customers during the 2014 forecasted test year [12ME 12.2014].
>
> Including the costs associated with this investment in retail rates provides a proper "matching" of revenues from customers with the costs associated with providing service to customers, including the cost of utility plant used to serve customers. ... The "test year" should reflect costs and revenues that will fairly represent the period when prices from the docket will be in effect following a general rate case proceeding. For capital expenditures, the test year rate base reflects capital additions through June 30, 2014. Most of these capital projects, with the exception of the Customer Information System, are blanket projects and are transferred to plant in service monthly. Therefore, using an end of period balance midway through the year, best reflects the conditions during the time new rates will be in effect, as well as the end of the statutory period for this docket. It also ensures that when new base rates go into effect, all plant will be used and useful.

Note: The Company argued Ballot Measure 9, codified as ORS 757.355, applies only to new facilities and does not apply to capital improvements to existing facilities that are currently used and useful, like the capital improvements included in this docket. It therefore believed it was appropriate to include all capital investment on an AMA basis through the Test Period.

In summary, the Company included <u>all</u> capital additions through the Test Period and Net Rate Base on an AMA basis, including annualized depreciation expense for the Test Period. (Method 1)

<u>**UG-284 Filed 09/02/2014**</u> **–** Amended All-Party Settlement Filed 03/06/2015, Approved and Implemented 4/16/2015. Settlement included capital additions as filed, with minor error correction.

<u>**Excerpt from Company Capital witness Mr. DeFelice, Exhibit 700, page 2, lines 2 - page 4, line 12:**</u>

> **Q. What does the Company's request for rate relief include regarding new investment in utility plant to serve customers?**
>
> A. In this filing, we are proposing to include in retail rates, the costs associated with utility plant that will be used to provide natural gas service to our customers up through March 31, 2015. Including the costs associated with investment through March 31, 2015 in retail rates will slightly understate the cost of utility plant actually used to serve customers during the full time period new retail rates will be in effect following the conclusion of this case.
>
> **Q. Why did the Company include additions through March 31, 2015 on an EOP basis, instead of including all additions in 2015 and using a December 31, 2015 AMA basis?**
>
> A. The "test year" should reflect costs and revenues that will fairly represent the period when base rates from this docket will be in effect following a general rate case proceeding. <u>The ratemaking practice in Oregon in the past has generally limited the new plant investment included in retail rates to project costs that are transferred to plant in service on or before the new retail rates go into effect. Using an end of period balance as of March 31, 2015, best reflects the utility plant used to serve customers during the time new rates will be in effect, while limiting the new plant investment in retail rates to projects that are completed and in service.</u>
>
> **Q. If all 2015 plant additions are either expansions or upgrades to existing plant, why did the Company not include the remaining nine months of 2015 capital additions within its request?**
>
> A. <u>The Company believes it would have been appropriate to include all 2015 capital additions within its request on an AMA basis, consistent with the Company's inclusion of all revenue, expenses and customers for the 2015 test period. However, in order to minimize the issues in this proceeding related to the question of "used and useful" during the test period by the parties and to reduce the impact on customers' rates, the Company chose to include only plant through March 31, 2015</u>, but reserves the right to include all test period capital additions in future rate proceedings.
>
> **Q. How was rate base through March 31, 2015 developed for this filing?**

A. Avista started with rate base using historical accounting information, which for this case is the average of monthly average (AMA) balances for the twelve months ended December 31, 2013. Adjustments were made to plant in service, accumulated depreciation and accumulated deferred federal income taxes (ADFIT) to restate the 2013 AMA net plant balances to the end of period (EOP) balances as of March 31, 2015. In addition, adjustments were made to reflect 2014 plant additions and the January 1, 2015 through March 31, 2015 plant additions and associated accumulated depreciation and ADFIT through March 31, 2015 on an EOP basis, such that the proposed rate base reflects the net plant in service that will be used to serve customers when base rates initially go into effect from this case.

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Test Period Growth capital only, added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balance. (Method 2) The reasons for the change in methodology was described above.

**UG-288 Filed 05/01/2015 –** Order approved two partial stipulations, response to disputed items including Staff and other parties disputed plant investment and related rate base as filed by the Company. Rate change implemented 03/01/2016. Order approved Avista as-filed plant investment.

**Excerpt from Company Capital witness Ms. Schuh, Exhibit 600, page 2, lines 9 - page 4, line 12:**

**Q. What does the Company's request for rate relief include regarding new investment in utility plant to serve customers?**

A. In this filing, we are proposing to include in retail rates the costs associated with utility plant through December 31, 2015, as well as the costs associated with utility plant related to revenue growth (new customer hookups) from January 1, 2016 through December 1, 2016. Excluding the costs associated with investment in utility plant during the 12 months ended December 31, 2016, other than new customer hookups, from retail rates will understate the cost of utility plant actually used to serve customers during the period in which new retail rates will be in effect following the conclusion of this case.

**Q. Why did the Company include all capital additions through December 31, 2015 on an end of period (EOP) basis, and include only capital additions for new customer hookups in 2016 on an Average of Monthly Averages (AMA) basis from January 1, 2016 through December 31, 2016?**

A. The 2016 "test year" should reflect costs and revenues that will fairly represent the period when base rates from this docket will be in effect following a general rate case proceeding. Ratemaking practice in Oregon in the past has generally limited the new plant investment included in retail rates to investment that is transferred to plant in service on or before the new retail rates go into effect. Using an End of Period (EOP) balance as of December 31, 2015, reflects the utility plant in service as of the beginning of the forecasted test year (2016). Additionally, given that the forecasted test year revenues include growth in revenue resulting from customer growth, we believe it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the test year. Therefore, we have included capital additions for new customer hookups, on an AMA basis from January 1, 2016 through December 31, 2016, in the forecasted test year.

**Q. How did you develop rate base for this filing?**

A. Avista started with rate base from historical accounting information, which for this case is the AMA balances for the twelve months ended December 31, 2014, and made the following adjustments:

(1) Adjust plant in service, accumulated depreciation, depreciation expense and accumulated deferred federal income taxes (ADFIT) to restate the 2014 AMA rate base to December 31, 2014 EOP levels[1]. The impacts of retirements in 2014 are included in the base period.

(2) Adjust EOP 2014 net plant to EOP 2015 net plant by extending accumulated depreciation and ADFIT balances on utility plant in service from December 31, 2014 to EOP 2015 balances.

(3) Add additions to plant in service during 2015, including the accumulated depreciation, depreciation expense and ADFIT associated with these additions, on a 2015 EOP basis. This also includes an adjustment for the impact of asset retirements in 2015[2].

(4) Add the capital additions for new customer hookups in calendar year 2016 on an AMA basis. This adjustment includes the depreciation expense, accumulated depreciation and ADFIT associated with these additions.

**Footnotes:**

[1] The Company used new depreciation rates as approved in Order 13-168, Docket UM-1626. The depreciation rates for general plant were changed effective January 1, 2013, as approved in the first phase of the settlement in that docket. The depreciation rates for Oregon direct natural gas plant were implemented July 1, 2014, as approved in Order 14-015, Docket UG-246.

[2] The 2014 test year and the adjustment from AMA 2014 to EOP 2014 capture the impacts of retirements for 2014. The adjustment to capital rate base for 2016 is solely limited to capital related to new customer hookups and, therefore, there are no retirements of equipment in 2016. Thus, 2015 is the only year in which a specific adjustment for retirements is included.

**Commission Resolution in Order 16-076 on Contested Plant investment, page 6: "We find that Avista has satisfied its burden of proof and allow the Company full recovery of its capital costs related to plant additions."**

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Test Period Growth capital only, added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balance. UG 288 Order 16-076 approved the Company's proposed Net Rate Base and capital additions. (Method 2) The reasons for the change in methodology was described above.

**UG-325 Filed 11/30/2016 –** All-Party Settlement Filed 05/16/2017, Approved and Implemented 10/01/2017. For Settlement, parties agreed to reduce certain IT, common and other utility plant investment, and to provide attestation of plant investment prior to new rates going into effect.

**Excerpt from Company Capital witness Mr. Machado, Exhibit 600, page 2, lines 9 - page 4, line 12:**

> **Q. What does the Company's request for rate relief include regarding new investment in utility plant to serve customers?**
> A. In this filing, the Company is proposing to include in retail rates the costs associated with utility plant through September 30, 2017 on an end-of period (EOP) basis. Avista has also included the costs associated with utility plant related to revenue growth (new customer connections) from October 1, 2017 through September 30, 2018, the test year, on an average-of-monthly-averages ("AMA") basis.
>
> **Q. How did you develop rate base for this filing?**
> A. Avista started with utility plant rate base balances from historical accounting information, which for this case consists of the AMA balances for the twelve months ended June 30, 2016, and made the following adjustments:
>
> > **(1) Adjustment 2.06**: This adjustment adjusts plant-in-service, accumulated depreciation, and accumulated deferred federal income taxes (ADFIT) to restate the June 30, 2016 AMA rate base to June 30, 2016 EOP balances. The impacts of retirements through June 30, 2016 are included in the base year.

(2) **Adjustment 2.07**: This adjustment includes two components. The first component adjusts EOP June 30, 2016 rate base to EOP December 31, 2016 rate base by extending accumulated depreciation and ADFIT balances on utility plant in service from June 30, 2016 EOP balances to December 31, 2016 EOP balances. This component also adjusts depreciation expense to reflect the full amount of annual expense associated with plant in service as of June 30, 2016 and reflects the impact of retirements from July 1, 2016 through December 31, 2016. The second component reflects additions to plant in service between July 1, 2016 and December 31, 2016 on an EOP basis, inclusive of the accumulated depreciation, depreciation expense, and ADFIT associated with these additions for the period.

(3) **Adjustment 2.08**: This adjustment includes two components. The first component adjusts EOP December 31, 2016 rate base to EOP September 30, 2017 rate base by extending accumulated depreciation and ADFIT balances from December 31, 2016 EOP to September 30, 2017 EOP, including the impact of asset retirements from January 1, 2017 through September 30, 2017. The second component reflects additions to plant in service from January 1, 2017 through September 30, 2017 on a September 30, 2017 EOP basis, including the accumulated depreciation, depreciation expense, and ADFIT associated with these additions.

(4) **Adjustment 2.09**: This adjustment reflects capital additions for new customer growth during the test year (October 1, 2017 through September 30, 2018) on an AMA basis. This adjustment includes the depreciation expense, accumulated depreciation, and ADFIT associated with these additions. *[Footnotes omitted]*

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Test Period Growth capital only, added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balance. (Method 2) This method was consistent with that approved in the litigated case UG 288.

**UG-366 Filed 03/15/2019 –** Approved First and Second Partial Stipulations, Filed 07/03/2019 and 08/14/2019, respectively. New rates implemented 01/15/2020. For Settlement parties agreed to reduce certain capital investment.

**Excerpt from Company Capital witness Ms. Smith, Exhibit 500, page 32, lines 13 - page 3, line 19:**

**Q. Please summarize the adjustments made to the Company's request for rate relief include regarding new investment in utility plant to serve customers, beginning with adjustment 2.06 on page 8 of Exhibit No. 501.**

A. Avista started with utility plant rate base balances from historical accounting information, which for this case consists of the AMA balances for the twelve-months ended December 31, 2018, and made the following adjustments:

**(1) Adjustment 2.06**: This adjustment adjusts plant-in-service, accumulated depreciation, and accumulated deferred federal income taxes (ADFIT) to restate the December 31, 2018 AMA rate base to December 31, 2018 EOP balances. The impacts of retirements through December 31, 2018 are included in the base year.

(2) **Adjustment 2.07**: This adjustment includes three components. The first component adjusts EOP December 31, 2018 rate base to EOP December 31, 2019 rate base by extending accumulated depreciation and ADFIT balances on utility plant in service from December 31, 2018 EOP balances to December 31, 2019 EOP balances. This component also adjusts depreciation expense to reflect the full amount of annual expense associated with plant in service as of December 31, 2018 and reflects the impact of retirements from January 1, 2019 through December 31, 2019. The second component reflects additions to plant in service between January 1, 2019 and December 31, 2019 on an EOP basis, inclusive of the accumulated depreciation, depreciation expense, and ADFIT associated with these additions for the period. The third component adjusts for new depreciation rates using the depreciation rates approved in Oregon Commission Order 18-451, dated December 4, 2018 (Docket No. UM 1933).

(3) **Adjustment 2.08**: This adjustment reflects capital additions for new customer growth during the Test Year (January 1, 2020 through December 31, 2020) on an AMA basis. This adjustment includes the depreciation expense, accumulated depreciation, and ADFIT associated with these additions.

**Q. Why did the Company include all capital additions through December 31, 2019 and include only capital additions for new customer growth in the Test Year ended December 31, 2020?**

A. Ratemaking practice in Oregon in the past has generally limited the new plant investment included in retail rates to investment that is transferred to plant in service on or before the new retail rates go into effect. Using an end of period ("EOP") balance as of December 31, 2019, reflects the utility plant in service as of the beginning of the forecasted Test Year (twelve-months ended January 1, 2020).

> However, given that the forecasted Test Year revenues include incremental revenue resulting from customer growth during the Test Year, it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the Test Year.[10] Therefore, we have included capital additions for new customer growth, on an AMA basis from January 1, 2020 through December 31, 2020, in the Test Year.
>
> Footnote 10: This is consistent with the Company's approach in Docket No. UG 325, where the Company included in its calculation of the revenue requirement for the test year the investment associated with the connection of new customers during the test year. These capital investments were included in the revenue request approved in UG 325.

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Test Period Growth capital only, added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balance. (Method 2) This method was consistent with that approved in the litigated case UG 288.

**UG-389 Filed 03/16/2020 –** Approved First, Second and Third Partial Stipulations, Filed 05/18/2020, 08/13/2020 and 09/03/2020, respectively. New rates implemented 01/15/2021. For Settlement parties agreed to reduce the overall level of 2020 pro forma capital additions.

**Excerpt from Company Capital witness Ms. Schultz, Exhibit 600, page 2, line 20 - page 6, line 8:**

> **Q. Please summarize the adjustments made to the Company's request for rate relief regarding new investment in utility plant to serve customers.**
>
> A. Avista started with utility plant rate base balances from historical accounting information, which for this case consists of the AMA balances for the twelve-months ended December 31, 2019, and made the following adjustments:
>
> **(1) Adjustment 2.06**: This adjustment includes two components. The first component adjusts plant-in-service, accumulated depreciation and accumulated deferred federal income taxes (ADFIT) to restate the December 31, 2019 AMA rate base to December 31, 2019 end of period (EOP) balances. The second component adjusts plant-in-service and accumulated depreciation to new allocation factors as of December 31, 2019 on an EOP basis. Both of these components historically have been included in Avista's prior general rates cases. The impacts of retirements through December 31, 2019 are included in the base year.

(2) **Adjustment 2.07**: This adjustment includes three components. The first component adjusts EOP December 31, 2019 rate base to EOP December 31, 2020 rate base by extending accumulated depreciation and ADFIT balances on utility plant-in-service from December 31, 2019 EOP balances to December 31, 2020 EOP balances. This component also adjusts depreciation expense for new allocation factors and new depreciation rates to reflect the full amount of annual expense associated with plant-in-service as of December 31, 2019 on an EOP basis. The second component reflects additions to plant-in-service between January 1, 2020 and December 31, 2020 on an EOP basis, inclusive of the accumulated depreciation, depreciation expense, and ADFIT associated with these additions for the period. The third component reflects the impact of retirements from January 1, 2020 through December 31, 2020.

(3) **Adjustment 2.08**: This adjustment reflects capital additions for new customer growth during the Test Year (January 1, 2021 through December 31, 2021) on an AMA basis. This adjustment includes the depreciation expense, accumulated depreciation, and ADFIT associated with these additions, as well as the related impact of natural gas distribution retirements only during the Test Year.

**Q. Why did the Company include all capital additions through December 31, 2020 and include only capital additions for new customer growth in the Test Year ended December 31, 2021?**

A. In the past, ratemaking practice in Oregon has generally limited new plant investment included in retail rates to investment that is transferred to plant-in-service on or before the new retail rates go into effect. Using an EOP balance as of December 31, 2020, reflects the utility plant-in-service as of the beginning of the forecasted Test Year (twelve-months ended January 1, 2021).
However, given that the forecasted Test Year revenues include incremental revenue resulting from customer growth during the Test Year, it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the Test Year. Therefore, we have included capital additions for new customer growth, on an AMA basis from January 1, 2021 through December 31, 2021, in the Test Year.

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus** Test Period Growth capital only, added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balance. (Method 2) This method was consistent with that approved in the litigated case UG 288.

**UG-433 Filed 10/22/2021 –** Approved First and Second Partial Stipulations, Filed 01/19/2022 and 03/18/2022, respectively. New rates implemented 08/22/2022. Settlement was based on a "Black Box" revenue requirement.

**Excerpt from Company Capital witness Mr. Baldwin-Bonney, Exhibit 700, page 3, line 2 - page 6, line 1:**

> **Q. Please summarize the adjustments made to the Company's request for rate relief regarding new investment in utility plant to serve customers.**
>
> A. Avista started with utility plant rate base balances from historical accounting information, which for this case consists of the AMA balances for the twelve-months ended December 31, 2020, and made the following adjustments:
>
> (1) Adjustment 2.06: This adjustment adjusts plant-in-service, accumulated depreciation and accumulated deferred federal income taxes (ADFIT) to restate the December 31, 2020 AMA rate base to December 31, 2020 end of period (EOP) balances. The impacts of retirements through December 31, 2020 are included in the historic base year.
>
> (2) Adjustment 2.07: This adjustment includes four components:
>
> The first component adjusts plant-in-service, accumulated depreciation, ADFIT, and depreciation expense to the new allocation factors as of December 31, 2020 on an EOP basis.3 This component has historically been included in Avista's prior general rates cases.
>
> The second component extends accumulated depreciation and ADFIT balances on utility plant-in-service at December 31, 2020 to August 31, 2022 EOP balances. This component calculates using the new allocation factors for all balance sheet balances. In addition, depreciation expense on plant in service at December 31, 2020 was adjusted to reflect the expense for a twelve-month period.
>
> The third component reflects adjustments specific to additions to plant-in-service between January 1, 2021 and August 31, 2022. The accumulated depreciation and ADFIT associated with these additions are pro formed on an August 31, 2023 Test Year AMA basis. The depreciation expense on these additions was determined for the twelve-months ended August 31, 2023 Test Year.
>
> The fourth component reflects the retirements of plant in service at December 31, 2020 that will occur between January 1, 2021 and August 31, 2022, including adjustments to plant in service,

[3] Avista adjusts both plant rate base and income/expenses to the most current allocation factors. The allocation factors in results of operations for the base period are based on direct costs and plant using 2019 data. The most current allocation factors use 2020 data. Please see the Allocation Factor Memorandum contained in my workpapers for current allocation factors and Ms. Schultz's testimony for more detail discussing the allocation factor methodology.

accumulated depreciation, and the effect on depreciation expense during this period.

(3) Adjustment 2.08: This adjustment reflects the impact of new customer growth capital additions during the Test Year (September 1, 2022 through August 31, 2023). This adjustment includes the depreciation expense, accumulated depreciation, and ADFIT associated with these additions, as well as the related impact of the pro rata share of natural gas distribution retirements to pro form amounts related to new growth capital during the Test Year.

**Q. Why did the Company include all capital additions from January 1, 2021 through August 31, 2022 and include only capital additions for new customer growth in the Test Year ended August 31, 2023?**

A. In the past, ratemaking practice in Oregon generally limited new plant investment included in retail rates to investment that is transferred to plant-in-service on or before the new retail rates go into effect. By including existing utility plant at December 31, 2020 rolled forward to August 31, 2022 balances and capital additions for the period of January 1, 2021 through August 31, 2022, reflects the utility plant-in-service as of the beginning of the forecasted Test Year (twelve-months ended August 31, 2023).

Given that the forecasted revenues for the Test Year include incremental revenue resulting from customer growth during the Test Year, it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the Test Year.4 Therefore, we have included capital additions for new customer growth, on an AMA basis from September 1, 2022 through August 31, 2023, for the Test Year.

In summary, the Company included Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions; **plus**, since annualized depreciation expense is used to reflect Rate Period depreciation expense on those plant additions, A/D and ADFIT are adjusted (reducing rate base during the Rate Period) to match the impact of addition expense during the Test Period; **plus** Growth capital only is added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balances. (Method 3) With the exception of the additional increase in A/D and ADFIT on the plant additions included through August 31, 2022, reducing Test Period net plant, as described above, this method was consistent with that approved in the litigated case UG 288.

The current case UG 461 was filed consistent with UG 433, utilizing Method 3. See Avista's response to Staff-DR-162.

[4] This is consistent with the Company's approach in Docket Nos. UG-366 and UG-389, where the Company included in its calculation of the revenue requirement for the test year the investment associated with the connection of new customers during the test year. These capital investments were included in the revenue request approved in both Docket Nos. UG-366 and UG-389.

**OPUC Data Request 302**

Please provide a schedule with Accumulated Depreciation, Accumulated Deferred income taxes and depreciation expense calculated using the average of the monthly averages methodology for the Test Year. This should be similar to what is done for 2023 capital additions in the workpaper titled "2.07-2.10 Capital Additions Model.xls". Please provide all supporting work papers for the calculation in an Excel file with all formulas and links intact.

**Avista Response to OPUC Data Request 302**

See Staff_DR_302 Attachment A for the requested information.

See also Avista's responses to Staff_DR_162 - 167. As described in Staff_DR_163, in summary, the Company utilized the following methodology as described in Staff-DR-163:

> Net Rate Base as of the twelve-months ended period prior to new rates in effect, including all capital additions prior to new rates in effect on an end-of-period basis and annualized depreciation expenses on all additions *[consistent methodology since UG 284 filed 2014]*; **plus**, since annualized depreciation expense is used to reflect Rate Period depreciation expense on those plant additions *[2023 additions]*, A/D and ADFIT are adjusted (reducing rate base during the Rate Period) to match the impact of addition expense during the Test Period *[methodology added UG 433 filed 2021, lowering rate base and benefiting customers]*; **plus** Growth capital only is added on a 13-month average-monthly-average basis and depreciation expense based on the AMA balances *[consistent methodology since UG 284 filed 2014]*, (UG 433 and 461). *(emphasis added)*

The Company has utilized this methodology described above with regards to existing plant and capital additions prior to when new rates go into effect since the Company's GRC UG 284 filed in 2014. The effect of this methodology, in lieu of including all transfers to plant on an AMA basis during the Test Period which the Company had proposed in cases prior to UG 284, while still imposes regulatory lag, is a reasonable method that provides the Company a reasonable opportunity to earn its authorized rate of return.

Specifically in this case, consistent with UG 433, the Company adjusted its existing net plant as of 09/30/2022 to 12/31/2023 end-of-period rate base. The Company then pro formed all Oregon direct and allocated capital additions, beyond the historical test period (12ME 09.30.2022), for the period 10/01/2022 – 12/31/2023 to an end-of-period (EOP) basis as of 12/31/2023, prior to new rates in effect 01.01.2024 (Test Period). At this point, net plant (rate base) is at a 12/31/2023 EOP basis. Also noted in Staff_DR_163 (and explained in Company witness Ms. Benjamin's direct testimony (UG 461 Exhibit 600), page 5, lines 13 – page 6, lines 11):

> … the Company included depreciation expense on the 10/01/2022 – 12/31/2023 plant additions on an annualized basis to reflect the expected level of depreciation during the Test Period (calendar 2024) and the new proposed depreciation rates in effect as of January 1, 2024 for those plant additions (assuming the proposed depreciation rates are approved by this Commission). Because the Company reflected <u>annualized</u> depreciation expense on <u>all plant additions</u> in-service between 10/01/2022 – 12/31/2023, the Company also updated Accumulated Depreciation (A/D) and Accumulated Deferred Federal Income Taxes (ADFIT) on these additions to reflect the expense during the 2024 Rate Period - using an Average of monthly averages of December 2023 through December 2024 (13 months). In doing so, the Company reflected a higher A/D and ADFIT, reducing net rate base, to reflect the impact of the annualized depreciation expense during the Rate Period *[on plant additions]*. This results in 12.31.2023 EOP rate base, adjusted (reduced) to reflect higher A/D and ADFIT in the Rate period (2024) to reflect the annualized depreciation on 2023 plant additions. (As noted in Avista's response to Staff-DR-163, the method used in this case is identical to the method used in Avista's prior GRCs (between UG 284 filed in 09/2014 and UG 389 filed 03/16/2020), but for the incremental A/D and ADFIT added during the Test period as used in UG 433 and UG 461, which has the effect of lowering the Company's proposed net rate base overall compared to the prior GRCs.)
>
> Lastly, the Company included 2024 customer growth additions, using an Average of monthly averages of December 2023 through December 2024 (13 months), for those additions only, and matching A/D, ADFIT and depreciation expense.

With the exception of the further adjustment to AD & ADFIT on plant additions further reducing net rate base (method used in UG 433 and 461), the methodology used here was fully described in the Company's testimony provided within the litigated proceeding UG 288 that was approved by the Commission, as also described in Avista's response to Staff_DR_163:

**<u>UG-288 Filed 05/01/2015</u> –** Order approved two partial stipulations, response to disputed items including Staff and other parties disputed plant investment and related rate base as filed by the Company. Rate change implemented 03/01/2016. <u>Order approved Avista as-filed plant investment.</u>

> **<u>Excerpt from Company Capital witness Ms. Schuh, Exhibit 600, page 2, lines 9 - page 4, line 12:</u>**
>
> **Q. What does the Company's request for rate relief include regarding new investment in utility plant to serve customers?**
>
> A. In this filing, we are proposing to include in retail rates the <u>costs associated with utility plant through December 31, 2015, as well as the costs associated with utility plant related to revenue growth (new customer hookups) from January 1, 2016 through December 1, 2016.</u> Excluding the costs associated with investment in utility plant during the 12 months ended December 31,

2016, other than new customer hookups, from retail rates will understate the cost of utility plant actually used to serve customers during the period in which new retail rates will be in effect following the conclusion of this case.

**Q. Why did the Company include all capital additions through December 31, 2015 on an end of period (EOP) basis, and include only capital additions for new customer hookups in 2016 on an Average of Monthly Averages (AMA) basis from January 1, 2016 through December 31, 2016?**

A. The 2016 "test year" should reflect costs and revenues that will fairly represent the period when base rates from this docket will be in effect following a general rate case proceeding. Ratemaking practice in Oregon in the past has generally limited the new plant investment included in retail rates to investment that is transferred to plant in service on or before the new retail rates go into effect. Using an End of Period (EOP) balance as of December 31, 2015, reflects the utility plant in service as of the beginning of the forecasted test year (2016). Additionally, given that the forecasted test year revenues include growth in revenue resulting from customer growth, we believe it is appropriate under the matching principle that the utility plant required to serve these new customers also be included in the test year. Therefore, we have included capital additions for new customer hookups, on an AMA basis from January 1, 2016 through December 31, 2016, in the forecasted test year.

**Q. How did you develop rate base for this filing?**

A. Avista started with rate base from historical accounting information, which for this case is the AMA balances for the twelve months ended December 31, 2014, and made the following adjustments:
(1) Adjust plant in service, accumulated depreciation, depreciation expense and accumulated deferred federal income taxes (ADFIT) to restate the 2014 AMA rate base to December 31, 2014 EOP levels. The impacts of retirements in 2014 are included in the base period.
(2) Adjust EOP 2014 net plant to EOP 2015 net plant by extending accumulated depreciation and ADFIT balances on utility plant in service from December 31, 2014 to EOP 2015 balances.
(3) Add additions to plant in service during 2015, including the accumulated depreciation, depreciation expense and ADFIT associated with these additions, on a 2015 EOP basis. This also includes an adjustment for the impact of asset retirements in 2015.
(4) Add the capital additions for new customer hookups in calendar year 2016 on an AMA basis. This adjustment includes the depreciation expense, accumulated depreciation and ADFIT associated with these additions. (footnotes excluded)

While the Company understands that this request is asking for the change in rate base to adjust its existing (total) plant from EOP 12.31.2023 to 12.31.2024 AMA for the Test Period, and is a method of establishing net rate base, the Company does not believe this approach is a reasonable one. The Company believes the method should remain consistent with the method utilized since 2014, and approved in UG-288 (2015). As can be seen by the Company's existing normalized earned returns in the table below for the calendar period 2013 – 2022 (per Avista's filed UM-903 Earnings Test), Avista has been significantly under-earning over the past several years (even with the usage of EOP rate base prior to new rates in effect as described above). [5]

| OR - Earnings Test UM-903 | | |
|---|---|---|
| | Actual ROE | Authorized ROE |
| 12.2013 | 9.02% | 10.10% |
| 12.2014 | 4.66% | 9.69% |
| 12.2015 | 5.34% | 9.50% |
| 12.2016 | 7.83% | 9.50% |
| 12.2017 | 7.94% | 9.50% |
| 12.2018 | 7.61% | 9.50% |
| 12.2019 | 6.09% | 9.40% |
| 12.2020 | 7.41% | 9.40% |
| 12.2021 | 8.24% | 9.40% |
| 12.2022 | 7.94% | 9.40% |

Regulatory lag is part cause of the consistent under-earning during the period 2013 - 2022. As noted above, Avista's current methodology excludes all capital additions during the test period (but for growth capital, offset by growth revenues), understating Avista's expected net rate base, and ensuring regulatory lag in past years, and during the Test Period of this case. Requiring Avista to further degrade its expected rate base by approximately $7.8 million during the Test Period, by further reducing existing plant balances for the effect of A/D and ADFIT to an AMA balance for the 2024 Test Period, as shown in Staff_DR_302 Attachment A, increases the regulatory lag to be experienced by Avista during the Test Period, increasing the likelihood of under-earning, and reducing Avista's opportunity to earn its authorized rate of return.

[5] The most current actual Oregon Return on Equity available is as of 05.30.2023 at 8.29%