

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3
4 UG 366

5
6 In the Matter of)
7 AVISTA CORPORATION, dba)
8 AVISTA UTILITIES) JOINT RESPONSE TO
9) SEPTEMBER 6, 2019 BENCH
10 Request for a General Rate Revision) REQUEST
11)
12 _____)
13

14 COME NOW, Staff of the Public Utility Commission of Oregon (“Staff”), Oregon
15 Citizens’ Utility Board (“CUB”), Alliance of Western Energy Consumers (“AWEC”), and Avista
16 Corporation (“Avista” or the “Company”), hereafter “the Parties,” respectfully submits their Joint
17 Response in the above-captioned matter, responding to ALJ Lackey’s Bench Request dated
18 September 6, 2019, requesting additional information on the items discussed below.

19
20 **I. I request that the stipulating parties provide billing comparison for each rate**
21 **class for the rates proposed for effect January 15, 2020 under the two**
22 **stipulations.**
23

24 Table No. 1 below details the billing comparison for each rate class reflecting the remaining
25 revenue requirement at the time of the first stipulation dated July 3, 2019. The rate spread to the
26 individual schedules is reflective of the agreed upon rate spread as detailed in the second
27 stipulation dated August 14, 2019.

1 **Table No. 1 – Stipulation 1**

<u>Schedule Description</u>	<u>Rate Schedule</u>	<u>Revenue Increase (\$000s)</u>	<u>% Increase in Base Revenue</u>	<u>% Increase in Billed Revenue*</u>
Residential	410	\$3,575	8.5%	6.6%
General Service	420	\$1,529	8.5%	6.1%
Large General Service	424	\$0	0.0%	0.0%
Interruptible Service	440	\$0	0.0%	0.0%
Seasonal Service	444	\$0	0.0%	0.0%
Transportation Service	456	<u>\$257</u>	<u>8.5%</u>	<u>9.0%</u>
Total		<u>\$5,361</u>	<u>8.3%</u>	<u>6.2%</u>

8 * Billed Revenue includes base rate revenue plus revenues associated with natural gas supply, energy
9 efficiency, intervenor funding, and other items.

10 Table No. 2 below details the billing comparison for each rate class reflecting the revenue
11 requirement and rate spread as detailed in the second stipulation dated August 14, 2019, which
12 incorporates the effects of Stipulation 1 (i.e., it includes the agreed-upon cost of capital and the
13 other adjustments):

14 **Table No. 2 – Stipulation 2**

<u>Schedule Description</u>	<u>Rate Schedule</u>	<u>Revenue Increase (\$000s)</u>	<u>% Increase in Base Revenue</u>	<u>% Increase in Billed Revenue*</u>
Residential	410	\$2,408	5.8%	4.5%
General Service	420	\$1,033	5.8%	4.1%
Large General Service	424	\$0	0.0%	0.0%
Interruptible Service	440	\$0	0.0%	0.0%
Seasonal Service	444	\$0	0.0%	0.0%
Transportation Service	456	<u>\$170</u>	<u>5.8%</u>	<u>6.1%</u>
Total		<u>\$3,611</u>	<u>5.6%</u>	<u>4.2%</u>

21 * Billed Revenue includes base rate revenue plus revenues associated with natural gas supply, energy
22 efficiency, intervenor funding, and other items.

23 Again, Table No. 2 reflects all of the agreed-upon adjustments from both Stipulations.

1 Table No. 3 below details the rate impacts for each rate class incorporating the rate
 2 design as agreed to in the second stipulation.

3 **Table No. 3 – Rate Impacts**

Class of Service	Rate Schedule	Volumetric Rate Blocks	RATE IMPACTS				BILL IMPACTS					
			Current Rate per Therm	Proposed Rate per Therm	Change Rate per Therm	%-Change Rate per Therm	Annual Therms/ Month	Current Customer Charge	Proposed Monthly Bill	Change Monthly Bill	%-Change Monthly Bill	
Residential												
	410	All Therms	\$0.82851	\$0.87519	0.04668	5.6%	47	\$10.00	\$48.94	\$51.13	\$2.19	4.5%
Small Commercial & Industrial												
	420	All Therms	\$0.79773	\$0.83430	0.03657	4.6%	198	\$17.00	\$174.95	\$182.19	\$7.24	4.1%
Large Commercial & Industrial												
	424	All Therms	\$0.39864	\$0.39864	0.00000	0.0%	4,035	\$50.00	\$1,658.51	\$1,658.51	\$0.00	0.0%
Interruptible												
	440	All Therms	\$0.21115	\$0.21115	0.00000	0.0%	17,284		\$3,649.52	\$3,649.52	\$0.00	0.0%
Seasonal												
	444	All Therms	\$0.43093	\$0.43093	0.00000	0.0%	4,173		\$1,798.27	\$1,798.27	\$0.00	0.0%
Transportation												
	456	First 10,000	\$0.14581	\$0.15479	0.00898	6.2%	94,391	\$275.00	\$7,256.90	\$7,698.20	\$441.30	6.1%
		10,001 - 30,000	\$0.08617	\$0.09158	0.00541	6.3%						
		30,001 - 50,000	\$0.07012	\$0.07456	0.00444	6.3%						
		50,001 - 250,000	\$0.05402	\$0.05750	0.00348	6.4%						
		Over 250,000	\$0.02545	\$0.02721	0.00176	6.9%						

12 Adoption of both stipulations results in an increase in the average residential customer's
 13 monthly bill of \$2.19, or 4.5%, an increase in the small commercial and industrial customer's
 14 monthly bill of \$7.24, or 4.1%, and an increase in the transportation customer's monthly bill of
 15 \$441.30, or 6.1%.

16
 17 **II. Provide a detailed description of the nature and scope of the updates to the load**
 18 **forecast relied upon in the second partial stipulation.**
 19

20 By way of background, the Company's six year customer and load forecasts have
 21 historically been updated on an annual basis, in the spring of each year.¹ The forecast incorporated
 22 in the Company's original filing was completed in June 2018. Subsequent to the initial filing made
 23 on March 14, 2019, the Company completed its annual load and customer forecast in the spring of
 24 2019. Through the discovery process all parties were provided the updated forecast on June 6,

¹ Depending on how economic conditions evolve, an updated forecast run in the winter is sometimes performed. On a go forward basis, the Company has decided to update the customer and load forecast on a semi-annual basis.

1 2019 and had the opportunity to thoroughly analyze and evaluate the load forecast prior to
2 settlement negotiations.² Ultimately, as part of the negotiation process all parties agreed to include
3 the updated load forecast as part of the second settlement stipulation.

4 Both the June 2018 and June 2019 load forecasts were based on the same primary
5 forecasting principles. The primary updates between forecasts was the inclusion of the most
6 recently available data related to schedule 410 residential rates, western housing starts, industrial
7 production, and population growth which were the key drivers of the changes between forecasts.
8 The inclusion of the updated forecasted resulted in (1) lower customer forecasts across residential,
9 commercial, and industrial customers; (2) lower use-per-customer (UPC) forecasts for schedule
10 410 customers; and (3) lower UPC forecasts for commercial and industrial customers. The
11 inclusion of the most recently available data provides a more accurate and precise load forecast of
12 the number of customers and therm usage that is likely to occur in the rate effective period and
13 therefore was agreed to by the parties. In the end, the forecasting methodology used in the 2018
14 and 2019 forecasts was the same, it was only key inputs and factors, updated for more current
15 information that changed. The 2019 forecast is, in the Parties' view, more representative of what
16 the Company will experience in the rate effective period.

17 **III. Conclusion**

18
19 In conclusion, the Parties respectfully submit this supplemental information on issues
20 raised in the Bench Request, believing that the Settlement Stipulation is well-supported, and
21 addresses questions raised in the Bench Request. Should any questions remain, the Parties stand
22 ready to respond.

² All parties received the updated customer and load forecast in the Company's response to the data request labeled "Staff_DR_259". Attachment A to this Joint Response is the Company's summary response to Staff data request 259. The attachments to that response have not been included due to the electronic and technical nature, but can be made available upon request.

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RESPECTFULLY SUBMITTED this 18th day of September 2019.

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: 
David J. Meyer

By: _____
Kaylie Klein

Date: Sept 18, 2019

Date: _____

ALIANCE OF WESTERN ENERGY
CONSUMERS

CITIZENS' UTILITY BOARD OF
OREGON

By: _____
Chad M. Stokes

By: _____
Michael Goetz

Date: _____

Date: _____

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AVISTA CORPORATION

By: _____
David J. Meyer

Date: _____

ALIANCE OF WESTERN ENERGY
CONSUMERS

By: _____
Chad M. Stokes

Date: _____

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: Kaylie Klein
Kaylie Klein

Date: 9/17/19

CITIZENS' UTILITY BOARD OF
OREGON

By: _____
Michael Goetz

Date: _____

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RESPECTFULLY SUBMITTED this ____ day of September 2019.

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
David J. Meyer

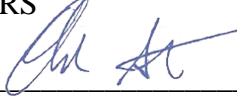
By: _____
Kaylie Klein

Date: _____

Date: _____

ALIANCE OF WESTERN ENERGY
CONSUMERS

CITIZENS' UTILITY BOARD OF
OREGON

By:  _____
Chad M. Stokes

By: _____
Michael Goetz

Date: 9/17/19 _____

Date: _____

RESPECTFULLY SUBMITTED this ____ day of September 2019.

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
David J. Meyer

By: _____
Kaylie Klein

Date: _____

Date: _____

ALIANCE OF WESTERN ENERGY
CONSUMERS

CITIZENS' UTILITY BOARD OF
OREGON

By: _____
Chad M. Stokes

By:  _____
Michael Goetz

Date: _____

Date: 9/17/19

Attachment A

UG 366

Joint Response to Bench Request

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Oregon	DATE PREPARED:	05/31/2019
CASE NO.:	UG 366	WITNESS:	Grant D Forsyth
REQUESTER:	PUC Staff	RESPONDER:	Grant D Forsyth
TYPE:	Data Request	DEPT:	Financial Planning and Analysis
REQUEST NO.:	Staff – 259	TELEPHONE:	(509) 495-2765
		EMAIL:	grant.forsyth@avistacorp.com

REQUEST:

Has the Company updated its load forecast since its initial filing? If so, please provide any updated information related to the load forecast.

RESPONSE:

The updated load forecast is included in the compressed file titled Staff_DR_259 Attachment A - "Forsyth Master Folder." 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 testimony (Exhibit 601), the Master Folder contains the updated forecast manual titled, "Forecasting Methodology June 2019 Forecast.doc." This reflects the regression equations used for the June 2019 forecast. The Oregon equations can be found in Chapter 7 (pages 73-96) of the forecast manual. Note also that the forecast procedure for Western Housing Starts changed in the June 2019 forecast. The discussion of the new procedure can be found in Chapter 8 (pages 99-100) of the forecast manual. The conversion of the annual WHS forecast to a monthly forecast can be found in the file "Regional Indicator Data Base Locked-in for June 2019 Forecast.xlsx" (under the tab "WHS Forecast Model") which is the major folder "June 2019 Forecast Assumptions Sheets." The impact of the updated load forecast is an increase to the filed revenue requirement by approximately \$444,000.