

BEFORE THE PUBLIC UTILITY COMMISSION

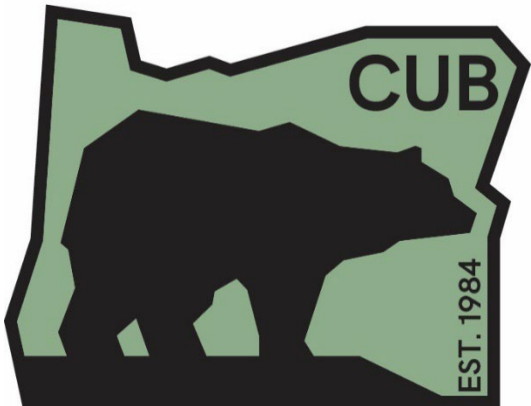
OF OREGON

UG 519

In the Matter of)
Avista Corporation dba Avista Utilities,)
Request for General Rate Revision.)
_____)

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

March 4, 2025



BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UG 519

OPENING TESTIMONY OF RYAN TRAN

ON BEHALF OF THE OREGON CITIZENS' UTILITY BOARD

MARCH 4, 2025

Schedule 411

Schedule 410 and 411 Customer Charge

Long Run Incremental Cost Study

Arrearage Management Plan

Avista Oregon Low Income Energy Efficiency Program



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Introduction

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

A. My name is Ryan Tran. I am an Economist employed by Oregon Citizens’ Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400 Portland, Oregon 97205.

Q. Please describe your educational background and work experience.

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

A table of contents for my testimony is as follows:

Contents

Introduction..... 2
II. Schedule 411 4
III. Schedules 410 and 411 Customer Charge 14
IV. Long Run Incremental Cost Study 30
V. Arrearage Management and Forgiveness..... 33
VI. Avista Oregon Low-Income Energy Efficiency (AOLIEE)..... 41
VII. Conclusion..... 45

Q. Are you sponsoring exhibits in this proceeding?

A. Yes. I am sponsoring 11 additional exhibits outside of Exhibit 100. They are as follows:

1

2 CUB/101 Tran/‘Witness Qualification Statement’

3 CUB/102 Tran/Avista’s response to Staff DRs 166 and 167 containing customer

4 billing data

5 CUB/103 Tran/Discovery related to Section 2: Schedule 411

6 CUB/104 Tran/Avista’s 903 workpaper, tab Exh-C Brief

7 CUB/105 Tran/Distribution of annual bill changes

8 CUB/106 Tran/Distribution of January bill changes

9 CUB/107 Tran/Discovery related to Section 3: Schedule 410 and 411 Customer

10 Charge

11 CUB/108 Tran/Discovery related to Section 4: Long Run Incremental Cost Study

12 CUB/109 Tran/Discovery related to Section 5: Arrearage Management Plan

13 CUB/110 Tran/Avista’s response to CUB DR 60, Attachment 1

14 CUB/111 Tran/Avista’s response to CUB DR 62, Attachment 1

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II. Schedule 411

Q. Please summarize Schedule 411.

A. Schedule 411 is a residential class Schedule for multifamily households. The Company agreed to separate out multifamily and single-family premises by creating a new Schedule specifically for multifamily ratepayers in its last rate case.¹ That Schedule was created and began service in April 2024, and the Company is forthright in testimony and data responses that it is relatively new and still a work-in-progress.² CUB has some recommendations that can help.

Q. Please list the issues that CUB has regarding Schedule 411.

- A.**
1. Schedule 411's forecasted Use Per Customer (UPC) is over-projected, which has implications for ratemaking.
 2. There is evidence that remnant multifamilies continue to be billed on Schedule 410.

Q. Could these two issues be related?

A. Yes. UPC for each customer class is calculated by dividing forecasted total usage by the forecasted number of customers, and the resulting number is subsequently divided by 12 for a monthly average. Mathematically, that means that either the

¹ Order No. 23-384, accessed at <https://apps.puc.state.or.us/orders/2023ords/23-384.pdf>

² Exhibit CUB/103 Tran/Discovery related to Section 2: Schedule 411, Avista's response to CUB DR 66, and Avista/700 Forsyth/18-19

1 forecast for total therms is too high, or there are too few customers. Greater
2 precision in either will bring UPC closer to accuracy.

3

4 **Q. Why is it important for Avista to get Use Per Customer correct?**

5 **A.** Amongst other ratemaking functions, UPC is used to inform cost allocation
6 between customer classes during rate spread, and one that is too high will result in
7 those customers unfairly receiving too much of the allocated costs.

8

9 **Q. What is the Company's explanation for why Use Per Customer is off?**

10 **A.** Avista is primarily concerned with not creating unusually large forecasting
11 methodology changes in total residential UPC as it copes with splitting residential
12 customers into two Schedules.³ By keeping the UPC roughly similar between
13 multifamily and single-family ratepayers, achieving this objective is easier. In
14 addition, the Company admits that the Schedule 411 forecast is still a work-in-
15 progress.⁴

16

17 **Q. What evidence does CUB have that Schedule 411's Use Per Customer is too**
18 **high?**

19 **A.** Avista's forecasts are compared against actual billing data in 2022 and 2023 for
20 Schedules 410 and 411.⁵ In other words, CUB looked at all billing periods for both
21 Schedule 410 and 411 and determined the mean for each individually.⁶

³ Exhibit CUB/103 Tran/Discovery related to Section 2: Schedule 411, Avista's response to CUB DR 64

⁴ Exhibit CUB/103 Tran/Discovery related to Section 2: Schedule 411, Avista's response to CUB DR 66

⁵ Exhibit CUB/102 Tran/Avista's response to Staff DRs 166 and 167 containing customer billing data

⁶ Median will be 30 and 20 for 410 and 411, respectively. UPC should be compared to mean, not median.

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Table 1: Comparing forecast UPC with 2022 and 2023 actuals

Schedule	Avista's Forecast UPC ⁷	Mean therms billed
410	47	49
411	47	34

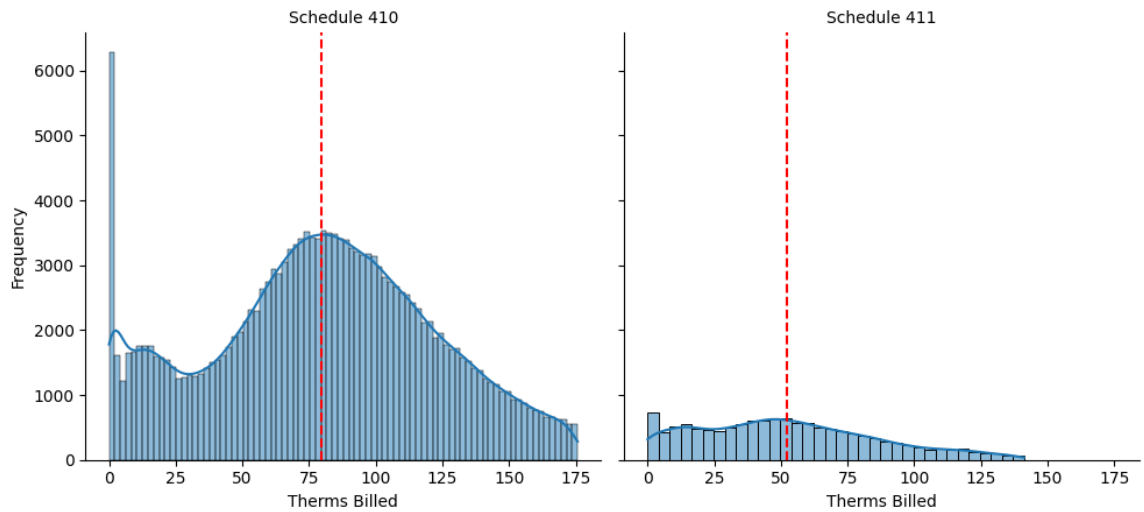
We can observe that while forecast UPC is quite close to the average of actuals for 410, there is a 13 therm difference for 411. This equates to a non-immaterial 38% difference. While forecasts and actuals are two different things and it is reasonable to expect very slight differences (i.e. a 4% difference for Schedule 410), the purpose here is to show that there is a clear differentiation in UPC between the two.

⁷ Exhibit CUB/104 Tran/Avista's 903 workpaper, tab Exh-C Brief

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Figure 1: The Winter Usage Disparity of Single-Family and Multifamily

Distributions of Therms Billed by Schedule (January, outliers removed, 2022 and 2023)



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5 The visual distributions of actual therms billed for both Schedules in January in
6 Figure 1 will provide additional supporting evidence that the two are different;
7 single-families huddle around 77 therms, while multi-families huddle around 51
8 therms. Taken together, in CUB’s opinion, this is all well enough proof that the
9 411 UPC is over-forecasted.

10

11 **Q. Why did you use the mean of therms billed to figure out if Use Per Customer is**
12 **too high?**

13 **A.**

14 Avista’s calculation of Use Per Customer⁸ forecast can be reasonably compared to
15 the mean of all actual billing periods within whole years as it represents a

⁸ UPC = total customer class usage divided by count of customers divided by 12

1 customer's annual average forecast divided by 12 to get the monthly average.

2 Again, the purpose here is not for the sake of precision between forecast and

3 actuals, but the clear delineation between single-families and multi-families.

4

5 **Q. Can you explain the second issue about multifamilies still being billed on**
6 **Schedule 410, which is meant exclusively for single families?**

7 **A.** Avista's Exhibit 801 shows that multi-families comprise 5% of total residential
8 customers. That figure is likely to be too low to be an accurate estimate. What may
9 be contributing to this under-forecast of multifamily customers is that, in CUB's
10 analysis, there are still thousands of multifamily premises being billed on Schedule
11 410.⁹ Filtering for the string 'APT' or 'UNIT' (both highly suggestive of
12 multifamily dwellings) in the mailing address of all Schedule 410 customers will
13 show that approximately 3,663¹⁰ unique premises are likely taking service under
14 the wrong Schedule. For example, a transfer of 3,663 customers from 410 to 411 in
15 Avista's forecast number of customers will result in multifamily customers
16 comprising about 9% of residential customers (compared to 5% before), which
17 seems more reasonable.

18

19 Lastly, the implication of a multifamily customer still taking service on Schedule
20 410 after April 1st 2024 is that they are overpaying the Customer Charge as a
21 result. The Company needs to designate these customers into Schedule 411 as soon

⁹ Exhibit CUB/102 Tran/Avista's response to Staff DRs 166 and 167 containing customer billing data
¹⁰ 2,238 for APT, 1,425 for UNIT

1 as possible to address this monthly overcharge, and determine an appropriate
2 course of action to credit/refund these customers back.

3
4 **Q. How much do you estimate that the average multifamily resident that was**
5 **billed on Schedule 410 instead of 411 has overpaid?**

6 A. The difference between the 410 and 411 CC is \$1.50. If a multifamily customer has
7 been taking service on Schedule 410 since April 1st, 2024, one year later, Avista
8 would have over-collected from this customer by \$18, with it increasing with
9 time.¹¹

10
11 **Q. Will any of the issues presented result in Schedule 411 customers being**
12 **significantly overcharged?**

13 A. While the projected closeness of the average monthly bill between Schedule 410
14 and Schedule 411 in Exhibit 903¹² may be eye-watering from the perspective of the
15 latter, it's not an accurate representation because multifamily customers' actual
16 usage tend to be significantly less, as shown in Table 1. In addition, CUB is not
17 aware of absolutely everything where forecasted UPC is utilized in ratemaking.

18
19 With that said, this testimony also analyzes how a more reasonable UPC affects
20 the Long Run Incremental Cost (LRIC) study.

21
22

¹¹ There has no difference in the Base Rate between Schedules 410 and 411 since the inception of the latter
¹² Exhibit CUB/104 Tran/Avista's 903 workpaper, tab Exh-C Brief. (In addition to providing the workpaper
to the parties, Avista presented this workpaper at the Public Comment Hearing in this docket).

1

Table 2: CUB’s Recommended Change to Schedule 411 Forecast

	Schedule 411 Proposed (no other changes from initial filing)	Schedule 411 with CUB’s recommendation
Test Year Annual Therm Deliveries	2,620,145	1,912,296
Test Year Customers	4,687	4,687
Average Annual Therm Deliveries Per Customer	559	408

2

3 The more reasonable UPC is determined by making the change shown in Table 2.
 4 UPC is the annual delivery per customer divided by 12. This adjustment to the
 5 LRIC¹³ will show that the LRIC “Target Change by Schedule”¹⁴ for 411 will
 6 decrease by 18%¹⁵. Because this metric is directly used to inform rate spread by
 7 way of “Target Increase as a Percent of Present Distribution Margin Revenue”
 8 (Table 3), this warrants an adjustment to Avista’s proposed rate spread.

9

10 **Q. What is the Target Change by Schedule?**

11 **A.** The Target Change by Schedule is the difference between any Schedule’s proposed
 12 cost informed by the LRIC model, and distribution margin revenue at present rates.

13 The primary purpose of it is to measure the difference between what the LRIC

¹³ Using LRIC workpaper as filed, assume 34 UPC for Schedule 411 and keep the number of customers constant. Adjust test year annual therm deliveries for 411, and adjust 410 by the same amount in the opposite direction to keep Oregon total the same.

¹⁴ UG 519 – Avista/Exhibit 801 and 802 Anderson

¹⁵ From -574,195 to -675,865

1 model suggests is an ideal cost allocation, and the revenue the Company is
2 currently collecting from that customer class.

3
4 **Q. Based on CUB’s estimate of a more precise UPC for Schedule 411 used in**
5 **the Long Run Incremental Cost model, what change does CUB recommend**
6 **for rate spread?**

7 **A.** In its filing, Avista proposes to allocate 75% of overall margin increase for
8 Schedules 411, 444, and 456 due to the sameness of their target increase as a
9 percent of present distribution margin revenue.¹⁶

10
11
12 **Table 3: Change in “Target Increase as a Percent of Present Distribution**
13 **Margin Revenue” using CUB’s Recommendation¹⁷**

	Total	410	411	420	424	440	444	456
Old	9.23%	12.87%	-22.47%	12.45%	0.02%	-33.82%	-20.33%	-20.38%
New	9.23%	13.06%	-26.35%	12.45%	0.02%	-33.82%	-20.34%	-20.38%

14
15 After making an adjustment to the Company’s LRIC model to incorporate CUB’s
16 estimate, what results is that 411’s Average Annual Therm Deliveries Per
17 Customer is 73% of 410, compared to 69% as observed in Table 1. What will result
18 in rate spread is that Schedule 411’s “Target Increase as a Percent of Present
19 Distribution Margin Revenue” differentiates itself from 444 and 456, as seen in

¹⁶ UG 519 – Avista/Exhibit 903 Miller/2

¹⁷ Does not include any of CUB’s other recommended changes to the LRIC

1 Table 3, sitting between the latter two and Schedule 440. This makes it reasonable
2 to recommend a change in rate spread by lowering 410's overall margin increase
3 under 75%. CUB does not provide an explicit recommendation at this time and will
4 consider other parties' proposal, nonetheless the final determination of rate spread
5 will need to account for Schedule 411 being over-allocated in the Company's initial
6 filing.

7 **Q. What are CUB's recommendations pertaining to Schedule 411?**

8 **A.**

- 9 1. Transfer multifamily customers still on Schedule 410 to Schedule 411 as soon
10 as possible.
- 11 2. Consider an option for multifamily residents to easily self-attest as multifamily
12 customers if it reduces time or costs associated with transferring customers to
13 the new Schedule.
- 14 3. Provide a bill credit or refund for Schedule 411 customers who were incorrectly
15 charged as Schedule 410 customers. The credit/refund amount that is applied
16 should be the sum of all incorrect charges related to being on the wrong
17 Schedule since April 1st, 2024.
- 18 4. Continue to make improvements to the Schedule 411 forecast methodology,
19 improving its accuracy, and as Avista puts it, allowing the Schedule's unique
20 attributes to "speak for itself"¹⁸, preferably before Avista's next rate case.
- 21 5. Use CUB's estimate of 34 as a more precise Use Per Customer number in the
22 LRIC model to inform final determination of rate spread.

¹⁸ Exhibit CUB/103 Tran/Discovery related to Section 2: Schedule 411, Avista's response to CUB DR 66

1 **Q. Do you have any other recommendations involving Schedule 411?**

2 **A.** Yes. CUB noticed that there were a decent amount of manufactured/mobile homes
3 accidentally taking service under Schedule 411. One way in which Avista can
4 quickly move them back to Schedule 410 is to filter the mailing addresses of
5 Schedule 411 customers with the string value ‘SPC’¹⁹. Checking whether the
6 premises are indeed manufactured/mobile housing can be helpful. CUB estimates
7 there are 232 unique premises in Schedule 411 that fit this criteria.

8

9

¹⁹ SPC is abbreviation for “space”, which is commonly used in mobile home parks, manufactured home communities, or RV parks to designate specific lots.

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III. Schedules 410 and 411 Customer Charge

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Q. What is Avista proposing regarding the Schedule 410 and 411 Customer Charges?

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A. It is proposing an increase for Schedule 410 to the current monthly Customer

6

Charge (CC) of \$1.75 per month from \$11.25 to \$13.²⁰ The Company references

7

the estimated amount of fixed costs as justification for doing so.²¹ The CC

8

increased by \$0.75 from \$10.50 to \$11.25 in 2024. Granting the proposed increase

9

would be a 24% increase in the CC in 2 years. For Schedule 411, Avista is

10

proposing a \$0.75 increase from \$9.75 to \$10.50.²²

11

12

Q. What are CUB's recommendations in this section?

13

A. Reject Avista's proposed increases to the CC for Schedules 410 and 411, and

14

instead, lower them to \$10.50 and \$9, respectively.

15

16

Q. Why did CUB settle on \$10.50 and \$9 specifically?

17

A. It represents a good compromise between various competing objectives for CUB.

18

For the former, this was the amount of the CC between 2021-2023, so it's a

19

number that customers will be familiar to.

20

²⁰ UG 519 - Avista/900 Miller/10

²¹ UG 519 - Avista/900 Miller/11

²² UG 519 - Avista/900 Miller/11

1 **Q. According to Avista the fixed costs of serving Schedule 410 and 411**
2 **customers are \$26.35²³ and \$18.32.²⁴ Why is CUB proposing to move in the**
3 **opposite direction?**

4 **A.** Staff uses 3 guiding principles to set the fixed costs on residential schedules: cost
5 causation, equity, and gradualism. While CUB agrees they deserve consideration,
6 weighing these factors is an art, not a science, and furthermore CUB perceives
7 other factors that are worthy of consideration.

8

9 **Q. What are the additional benefits that CUB sees in a smaller fixed charge?**

10 **A.** Ascribing a bigger portion of the allocated residential revenue requirement to the
11 volumetric charge is superior from an energy efficiency (EE) perspective, and EE
12 is Oregon's second largest energy resource after hydropower.²⁵ When customers
13 are cognizant that usage is very highly correlated with their billed amounts, they
14 are more likely to proactively scrutinize their energy usage in order to make better
15 energy decisions.

16

17 In a similar vein, CUB prefers when residential customers have greater flexibility
18 to manage their billing through their energy choices. That is, a variable charge
19 making up a greater portion of their bill such that proactively reducing usage can
20 have meaningful impacts on their personal finances rather than being locked into
21 fixed rates that are out of their control.

²³ UG 519 - Avista/900 Miller/11, line 4

²⁴ UG 519 - Avista/900 Miller/12, line 4

²⁵ Oregon Department of Energy 2024 Biennial Report, accessed at <https://energyinfo.oregon.gov/ber>

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Lastly, specifically for gas, a higher volumetric rate can act as quasi-carbon pricing on natural gas consumption, which has many benefits in a state with existing emission mandates and new mandates to be expected soon.²⁶ While the fixed charge can possibly accomplish the same task²⁷, it is a relatively ineffective method to send a price signal, resulting in bad policy.

Q. Can you explain at a high level why there is an equity component to choosing a Customer Charge?

A. Adjustments to the CC have differential implications across residential ratepayers. Customers with near-average UPC will see little to no difference in their bills from adjustments to the CC; however, the opposite is true for low and high energy users. Low users benefit from a lower CC while high users benefit from a higher CC.

Q. What are the different ways in which CUB has evaluated the equitability of their proposal?

- A.** CUB has evaluated:
- 1. The vulnerability of low-income customers
 - 2. The effect on winter bills
 - 3. The vulnerability of Klamath Falls residential customers

²⁶ ECONOMISTS’ STATEMENT ON CARBON DIVIDENDS, accessed at <https://www.econstatement.org/>
²⁷ customers who are forced to pay the CC each month while using zero therms all summer will likely be considering electrification

1 **Q. Please explain why it is important to focus on these 3.**

2 **A.** Avista’s Low Income Rate Assistance Program (LIRAP) is a bill discount program
3 and arrearage management and forgiveness program that serves the Company’s
4 low-income customers.²⁸ Because low-income customers are more vulnerable than
5 the average customer, any sudden bill increases can increase the likelihood of
6 increasing energy burden and possibly a downward spiral into unmanageable
7 utility bills. This should be avoided wherever possible.

8
9 Examining January bills is especially important because residential customers use
10 the most in this month. The implication of increasing the volumetric charge is that
11 January bills will generally increase as a result, which warrants careful
12 consideration.

13
14 While the distributions of annual bill change is later provided for the most
15 populated locations that Avista serves, Klamath Falls is spotlighted because
16 relative to other Oregon locations, it is significantly more vulnerable due to
17 households living in poverty.

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²⁸ Avista Schedule 493

Table 4: Income Statistics on Avista’s OR Service Territories

City	Median Household Income ²⁹	Persons in poverty, percent ³⁰
Klamath Falls	47,268	23%
Roseburg	52,928	22%
La Grande	56,409	21%
Grants Pass	56,877	16%
Medford	70,497	13%
Ashland	71,782	14%

In addition to having one of the lowest median household incomes, Klamath Falls is one of Avista’s Oregon service territories with the highest usage due to the harsher climate within which the city resides, which is likely combined with inadequate weatherization. A combination of low income and high average use per customer will result in high energy burden, which requires paying special attention to. In addition, accounting for one of the most populated service areas, which is also one of the most vulnerable, is a practical way to make equitable policy decisions, as it is likely to mean better outcomes for everyone else also.

²⁹ Census, in 2023 dollars, 2019-2023

³⁰ Census

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Q. What methodology is CUB relying on to assess all 3 measures of equity?

A.

Applying hypothetical rates and Avista’s proposed rates to actual billing data in 2023³¹ will give insight into the equity effects of CUB’s proposal.³²

Table 5: Rates Used in the Rate Design Experiment

	\$13 CC Bill (Avista’s proposal)	\$10.50 CC Bill
Customer Charge (fixed rate)	\$13.00	\$10.50
Base Rate (volumetric rate)	\$ 0.82175 per therm	\$ 0.87454 per therm

The above CC/Base Rate combinations are applied to each customer’s annual bill by summing up all 12 bills in the year for both methods to determine the difference.

Let delta_i represent customer i ’s annual bill change. Then:

$$\text{delta}_i = \text{annual bill } 13_i - \text{annual bill } 10.5_i$$

³¹ Exhibit CUB/102 Tran/Avista’s response to Staff DR 166 and 167, Schedule 410 and 411 customer billing data
³² Schedule 410 revenue requirement is held constant at Avista’s proposal in UG 519. This analysis assumes Avista is granted its 410 revenue requirement.

1 where annual bill 13_i is customer i 's total 2023 bill using rates in the first column
2 of Table 5, and annual bill 10.5_i is customer i 's total 2023 bill using rates in the
3 second column. Mathematically, a positive Δ_i will imply that over the course of
4 the whole year, customer i will pay less for natural gas service using a \$10.50 CC,
5 and vice versa for a negative Δ_i .

6
7 This equity analysis functions as discrete movement between CUB's
8 recommendation and Avista's proposal. What that means is that while the equity
9 tradeoffs remain generalizable, the magnitude of changes CUB will express as
10 dollar amounts, while insightful, are purposefully overinflated and should be
11 interpreted as very conservative estimates. The reason for this is that the currently
12 existing CC amounts sit between both recommendations, and any actual movement
13 in the CC amount will start from there. What this entails is that phrases such as
14 "CUB's recommendation will result in a \$5 decrease to Ashland customers"
15 precisely means that there will be a \$5 decrease in the scenario that Avista's
16 proposal first goes into effect, only to be subsequently overrode by CUB's
17 recommendation, or vice versa. As a result, CUB recommends to take as true the
18 general insights into equity, but put less weight on the dollar amount changes as
19 they represent conservative estimates.

20

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1 **Q. How is this data used to assess equity?**

2 **A.** Every customer's delta is calculated to be observed in a variety of ways in the
3 aggregate. A graph called a histogram³³ of all deltas illustrates the equity of
4 changes to rate design. Each delta_i represents a data point that can be plotted
5 somewhere on a histogram's horizontal axis.

6 At any specific junction along the horizontal axis (bill change in dollars), the higher
7 the vertical bar, the more "stacked" customers there are at that specific spot, or
8 delta. The vertical axis is the normalized count of customers. The green shows
9 LIRAP customers, the pink shows non-LIRAP customers, and the purple shows
10 where the two overlap.

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13 **Q. Please show the equity results by location and explain how CUB interprets**
14 **them.**

15 **A.** See the figure below.

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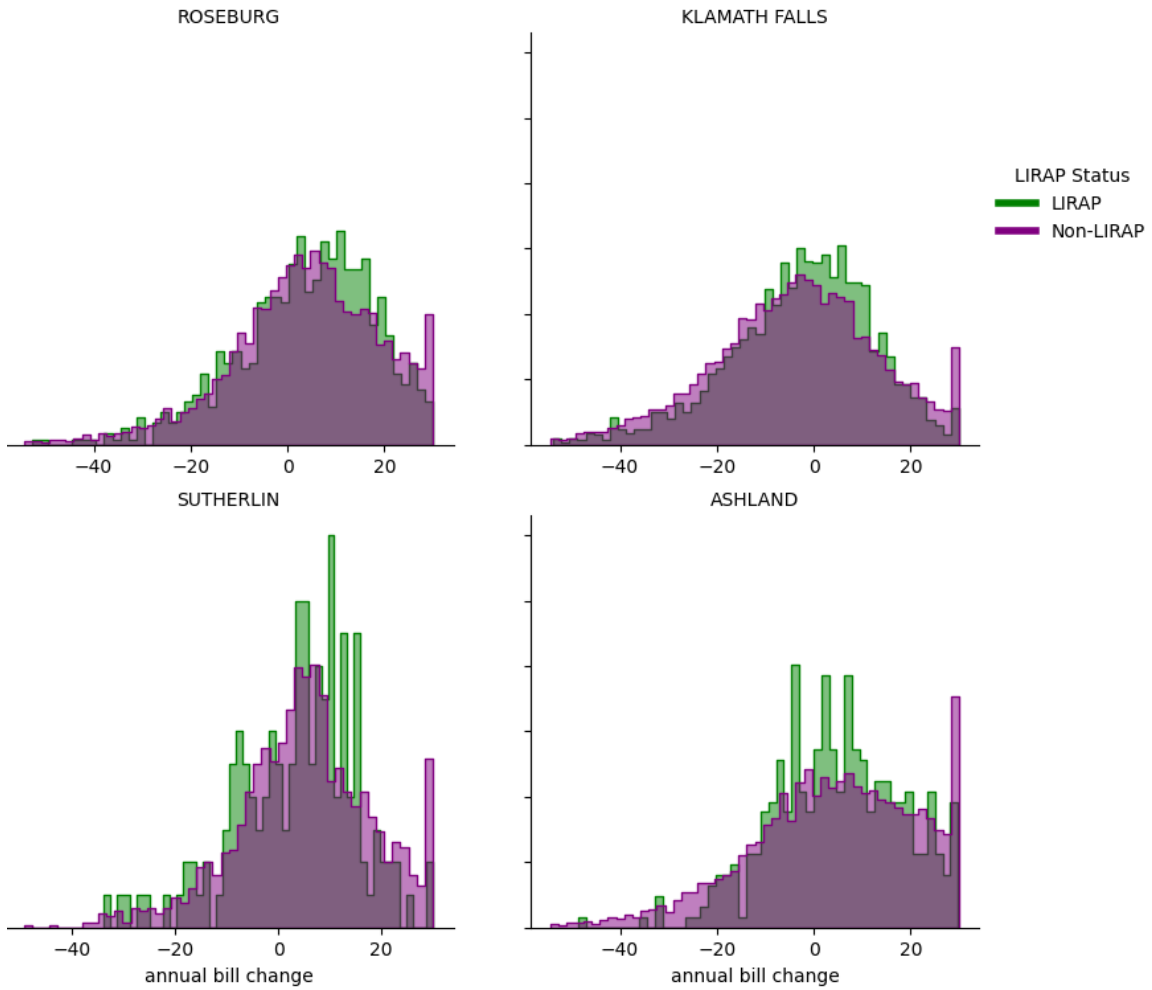
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³³ a histogram is a visual representation of the distribution of a data. By default, a histogram will have taller vertical stacks for larger cities like Medford compared to a small town like Sutherlin because the former is more populated, but the distributions CUB is using are normalized such that population count doesn't dictate stack size. In addition, everything below .01 percentile and above .99 percentile are considered outliers and removed from examination. The left end consists of customers using extraordinarily high amounts that are extremely atypical, and the right end consists of customers using no therms. Both applications make for seamless visual comparability.

1

Snippet of CUB Exhibit 105



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4 Please refer to CUB Exhibit 105 for all subplots. Unsurprisingly, for any location,
5 the vast majority of customers will be huddled around zero on the horizontal axis,
6 implying most customers will see very little difference if at all between a \$13.00
7 and \$10.50 CC. This is especially true for LIRAP customers, as they peak higher
8 near the median with fewer customers distributed at the tail ends. The implication

1 is that more LIRAP customers will see little to no change in their billed amounts
2 compared to non-LIRAP customers³⁴.

3
4 A reliable visual indicator to ascertain the locations that benefit most from a lower
5 Base Rate (i.e. a higher CC) is the area under the distribution greater than zero
6 dollars on the horizontal axis. This appears greatest in Roseburg and Ashland. The
7 opposite is true for distributions with a lot of shaded area less than zero such as
8 Klamath Falls.

9
10

11 **Q. What kind of city/town allocations of revenue requirement will generally**
12 **occur as a result of lowering the Customer Charge?**

13 **A.**

14 In observation of the subplots, CUB's recommendation will shift some revenue
15 requirement recovery from locations like Ashland and Roseburg to locations like
16 Klamath Falls and La Grande. Because the average customer in the latter locations
17 tend to use more therms, a greater portion of them are worse off with a lower CC.

18

19 There are no major differences between Non-LIRAP and LIRAP within locations
20 except that for most locations³⁵, a bigger percentage of LIRAP customers benefit

³⁴ Ashland and Sutherland in particular

³⁵ Klamath Falls, Roseburg, Medford, Grants Pass, and Central Point.

1 slightly from a lower CC³⁶, and for almost all locations, there are relatively fewer
2 LIRAP customers that see bill increases above \$20³⁷.

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5 **Q. Please explain the effects of CUB's recommendation to reduce the Customer**
6 **Charge to \$10.50 for Schedule 410, and \$9 for Schedule 411, on the second**
7 **equity focus, which is January bills.**

8 **A.** See the figure below.

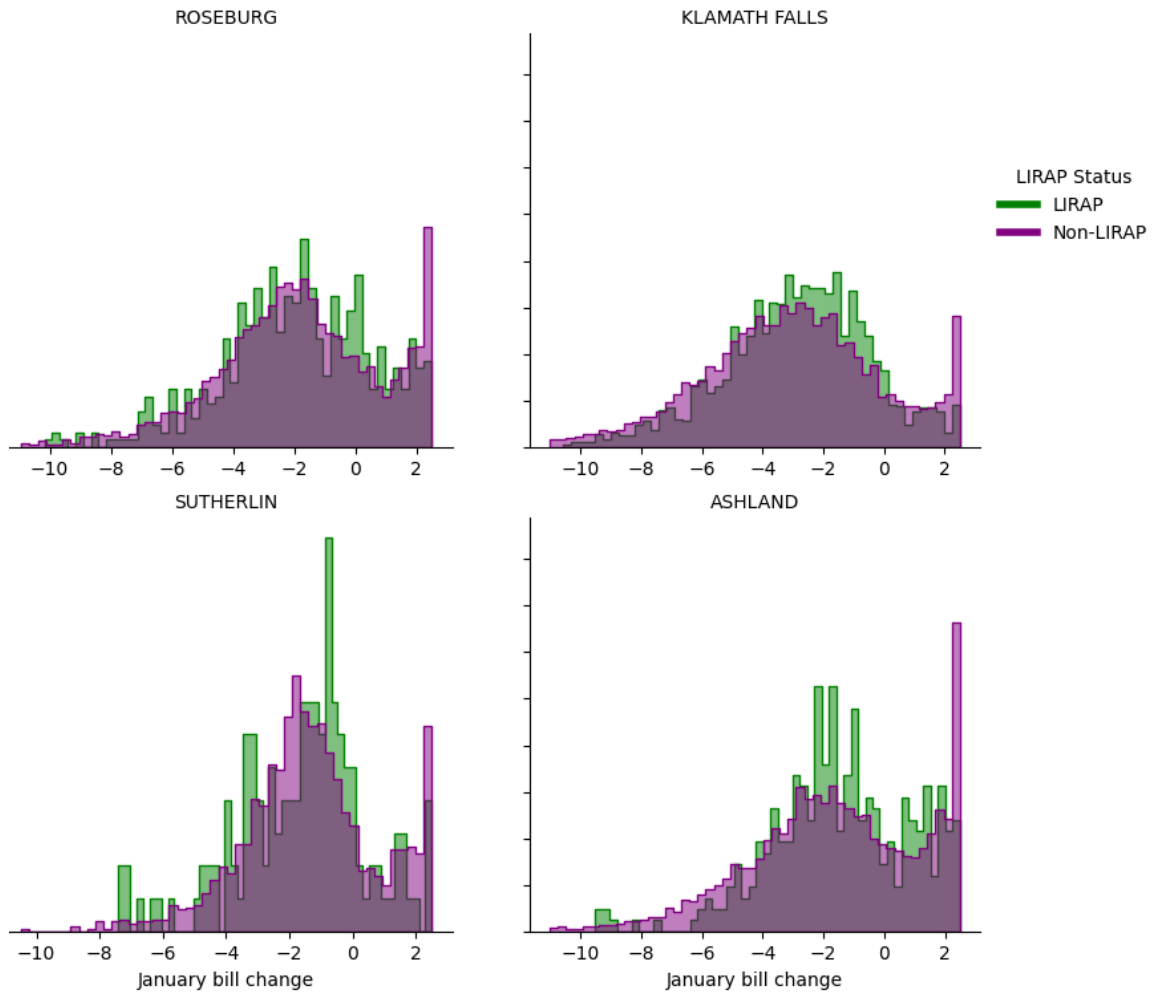
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³⁶ The green histograms tend to be shifted more to the right compared to their purple counterparts.

³⁷ Purple left tail tends to contain more volume, even for Klamath Falls.

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Snippet of Exhibit 106



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Please refer to CUB Exhibit 106 for all subplots. The idea is the same as CUB

5

Exhibit 105 except the focus is on just one month (January) instead of the whole

6

year. The majority of customers in all locations will be worse off in January with a

7

lower CC because usage within the month is almost always the highest of the

8

whole year for any given customer. By observing the area under the curve between

9

-10 and -6 dollars, unsurprisingly, the locations that will be negatively affected the

1 most are Klamath Falls and La Grande, though for the latter there are distinctly
2 few LIRAP customers within the range.

3

4 **Q. CUB has been focused on solving the problem of large winter bills, but is**
5 **making a recommendation here that will ultimately raise bills in January**
6 **for most of Avista's residential customers.**

7 **A.** The histograms will show that for almost all locations the typical customer will see
8 a \$2 increase in January, which is a reasonable amount for CUB. One standard
9 deviation to the left may be roughly around a \$4-6 increase. At the extreme end,
10 some will see their bill increase by \$10 or more, but it's a very small proportion of
11 customers, and very few LIRAP customers. Nevertheless, all customers will make
12 up for it in lower bills outside the winter, not to mention CUB's aforementioned
13 benefits of a lower fixed cost. It's important to remember that outside this focused
14 analysis, in the real world, usage is endogenous; customers will respond to price
15 signals when given the flexibility to manage their billed amounts through a lower
16 CC, including their winter billed amounts. In addition, in CUB's Arrearage
17 Management Plan testimony, it makes an explicit winter recommendation that can
18 help to remedy the concern for some of the most at-risk customers.

19

20

21 **Q. Please explain the results for Klamath Falls, CUB's third equity focus.**

22 **A.** A larger minority of Klamath Falls customers (compared to other locations) will
23 see a January bill increase above \$6 with a lower CC. While this is generally

1 undesirable, importantly, the effect is slightly subdued for LIRAP customers.
2 LIRAP customers in Klamath Falls in the aggregate are more likely to see a
3 smaller rather than a bigger increase in their January bill compared to their non-
4 LIRAP counterparts.³⁸ This allays CUB's greatest concern with regards to a lower
5 CC in Klamath Falls.

6

7 **Q. What is CUB's recommendation?**

8 **A.** Reduce the Customer Charge to \$10.50 for Schedule 410, and \$9 for Schedule
9 411.

10

11 **Q. Please summarize this information and data and why it supports CUB's**
12 **recommendation.**

13 **A.** In considering the CC, CUB's focus is on low-income customers, January bills,
14 and on Klamath Falls. CUB provides evidence that Klamath Falls will be
15 negatively impacted to a greater extent than higher-income locations such as
16 Ashland, but the increase is not so drastic for the specific subgroup that use a lot
17 and thus warrant concern. Moreover, the impact on Klamath Fall's LIRAP
18 ratepayers specifically is slightly less in magnitude. For January in particular, the
19 bulk of LIRAP customers in Klamath Falls will fare better than their non-LIRAP
20 counterparts with increases under \$6.³⁹ Thus, and in alignment with Staff's

³⁸ the green histograms for Klamath Falls are shifted more to the right compared to purple

³⁹ Additionally, Avista's increased budget and modified tariff for AOLIEE ideally will soon begin to serve those customers with the highest usage who need weatherization and energy efficiency upgrades to help control their usage.

1 preference for gradualism, CUB believes it is still reasonable to slightly lower the
2 CC.

3

4 While CUB is loath to make any recommendations that increase winter billing, the
5 vast majority of customers will have January bill increases of a handful of dollars.

6

7 Again, CUB is making this recommendation because it will result in benefits to
8 energy efficiency, customer bill management and flexibility, and is critical as
9 Oregon makes efforts to decarbonize.

10

11 As a reminder, this analysis presents monetary changes that are overinflated to be
12 conservative estimates.

13

14 Taken holistically, CUB finds it reasonable, is comfortable with, and thinks it's
15 better for most customers to recommend lowering the CC for Schedule 410 to
16 \$10.50, and \$9 for Schedule 411.

17

18 **Q. Did CUB do the same analysis for Schedule 411?**

19 **A.** No, the results will likely be somewhat similar between 410 and 411 due to CUB's
20 chosen method to analyze equity.⁴⁰ In addition, Schedule 411 is still a work-in-
21 progress and is less likely to produce reliable results.

⁴⁰ Natural gas bills in Oregon are primarily dictated by space heating, which is primarily dictated by locational climate. As a result, comparisons about usage between locations for multi-families will likely provide the same insight as comparisons about usage between locations for single families.

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Q. Is there a specific residential customer segment that benefits tremendously from a lower Customer Charge?

A. Yes. Customers that use gas exclusively for space heating will benefit from a lower Customer Charge. CUB estimates that roughly 13% of Avista’s Oregon customers use natural gas exclusively for space heating⁴¹, with most in Medford and Klamath Falls, the important implication being these customers can use zero therms in the shoulder and summer seasons without paying a higher CC. This is critical for a location like Klamath Falls with outsized poverty, as these customers are mandated to pay for something that they don’t use for most months of the year.

Q. Does CUB’s recommendation have any implications on the total revenue collected from residential customers?

A. No, the interplay between set rates for the fixed and variable charges are meant to be revenue neutral.⁴² In other words, all else equal, the Company gets to collect the same amount of revenue regardless of what fixed or variable charge CUB advocates for.

⁴¹ Exhibit CUB/102 Tran/Avista’s response to Staff DR 166 and 167, Schedule 410 and 411 customer billing data. 13 is the percentage of Avista 410 customers that strictly use zero therms in July and August, which is a reasonable proxy to estimate the number of customers that exclusively use natural gas for space heating. And of this 13%, 11% are LIRAP customers.
⁴² Exhibit CUB/107 Tran/Discovery related to Section 3: Schedule 410 and 411 Customer Charge, Avista’s response to CUB DR 91

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IV. Long Run Incremental Cost Study

Q. What are CUB’s recommendations in this section?

A.

1. An input assumption to the Long Run Incremental Cost (“LRIC”) model, the main extension feet per customer, should be adjusted for Schedules 410 and 411. The Company’s proposed input is 80 feet per customer. CUB recommends instead using 67 feet per customer for Schedule 410. For Schedule 411 CUB recommends using 34 feet per customer.
2. Another input assumption, the main extension cost per foot, should use the Oregon-specific price per foot of \$51.09 for Schedules 410 and 411.

Q. What justification does Avista use for its proposed 80 feet per customer?

A. The only justification Avista proffers is Staff testimony from UG 288, a general rate case close to a decade ago.⁴³

Q. In CUB’s opinion, does this evidence support Avista’s proposal?

A. No, as it seems Avista selected supporting statements out of a broader context. In the referenced testimony, Staff made a case for a greater timespan of actuals because of volatility in the several years of actuals leading up to that rate case, which biased the average.⁴⁴

⁴³ UG 519 - Avista/800 Anderson/7, line 5
⁴⁴ UG 288 - Staff/1300 Compton/12, line 10

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Q. Did CUB question Avista about the volatility of that time period to determine the reasonableness of its inclusion in the average calculation?

A. Yes, but unfortunately Avista’s response was unhelpful. CUB queried about the anomaly years, hoping to discover what real world events resulted in large swings in actuals for either New Developments or Single Residentials.⁴⁵ Avista didn’t respond as such, simply stating the obvious fact that it was related to the amount of customers/installs involved.

Q. Is there recent volatility today, in the context of UG 519?

A. No. As a matter of fact, the actuals between 2019-2023, the latest data available to Avista, make for a very ideal period to use because it’s a half decade of consistent and stable year-to-year changes for both Single Residentials and New Developments. The largest magnitude change in this time period is a 67% increase in total feet for Single Residential, which occurred between 2022 and 2023. On the other hand, the time range that Avista is using to determine its average goes all the way back to 2006 and includes years where the percentage change in total feet is 795% for New Developments, and 323% for Single Residential.

As a result, CUB believes calculating the average for the years between 2019-2023 instead of 2006-2023 is more likely to be a realistic and precise estimate. This average is 67 feet per customer, and CUB recommends using this in the LRIC

⁴⁵ Exhibit CUB/108 Tran/Discovery related to Section 4: Long Run Incremental Cost Study, Avista’s response to CUB DR 72

1 model. By extension, the feet per customer for Schedule 411 is required to be half
2 of this, or 34. The Company admits that it has limited data about multifamily line
3 extensions which is why this method is used.⁴⁶ CUB finds it reasonable to extend
4 the change to multi-families also because the latter calculation is dependent on the
5 most precise estimate for single-families.

6
7 **Q. Please explain CUB's second recommendation to use the Oregon price per**
8 **foot for the residential Schedules.**

9 **A.** Avista inadvertently used the Washington calculation of average cost per foot of
10 pipe of \$53.16.⁴⁷ The Oregon cost of \$51.09 is the correct number to use.

11
12 **Q. How should CUB's recommendations in this section be used?**

13 **A.** CUB's recommended changes for more accurate inputs in the LRIC model should
14 be considered in all subsequent determinations of LRIC and rate spread related
15 results in this rate case.

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⁴⁶ UG 519 - Avista/800 Anderson/12, line 3

⁴⁷ Exhibit CUB/108 Tran/Discovery related to Section 4: Long Run Incremental Cost Study, Avista's response to CUB DR 71

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V. Arrearage Management and Forgiveness

3

Q. What are CUB's recommendations in this section?

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A.

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6

1. Expand access to arrearage forgiveness for customers who currently qualify for arrearage management but who are over an energy burden threshold;

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8

2. Allow customers to miss up to 4 consecutive payments in the winter months of November-March without being removed from the program for nonpayment;

9

10

3. Several changes to outreach protocols for customers at risk of Arrearage

11

Management Program ("AMP") removal, including increasing the 3-business-day grace period to 10-business days before collections begin, and a way to follow up

12

13

with customers after their first missed payment to alert them more immediately;

14

and

15

4. Include questions within the My Energy Discount ("MED") program's annual

16

customer survey to determine common reasons why customers are unable to meet

17

AMP payments, which will help inform program design.

18

19

Q. Please summarize the issue.

20

A. The purpose of Avista's AMP is to help customers better manage their past due

21

bills. An effective arrears program is one in which enrollees exit the program

22

having paid off their past due bill and are less likely to be disconnected for non-

23

payment. While this is the case for some customers, the program doesn't seem to

1 be working for a significant number of enrollees; roughly half of all customers
2 who enroll into the AMP are removed due to missing two consecutive payments.⁴⁸

3
4 In addition, of 644 customers who were removed from the AMP due to non-
5 payment since October 2022, 155 were disconnected one or more times in the 12
6 months following removal from the AMP, with a majority of disconnections
7 occurring within the first month after removal.⁴⁹

8
9 Even as the program has matured, for almost all months in 2023-2024, more
10 customers are removed from the AMP for non-payment than there are customers
11 who complete the program—customers who “successfully” make all arrearage
12 payments on top of their existing bills.⁵⁰ As a result, CUB believes changes to the
13 AMP that can make its intended purpose more effective, and customer-centered,
14 should be considered.

15
16 **Q. What might be one of the reasons why customers are struggling to get**
17 **through the program?**

18 **A.** Avista speculates that customers who enroll in the program outside of winter
19 months are more successful because they stay enrolled for more days on average.⁵¹

20 To illustrate, a customer who enrolls in June is actively enrolled for 280 days on

⁴⁸ Exhibit CUB/109 Tran/Discovery related to Section 5: Arrearage Management Plan, Avista’s response to Staff DR 264

⁴⁹ *Id.*, Avista’s response to CUB DR 60

⁵⁰ Exhibit CUB/110 Tran/Avista’s response to CUB DR 60, Attachment 1, tab b

⁵¹ Exhibit CUB/109 Tran/Discovery related to Section 5: Arrearage Management Plan, Avista’s response to CUB DR 60

1 average, compared to 173 days for someone who enrolled in October, while it takes
2 between 340 and 395 days of active participation to complete the 12-month
3 program “successfully”.⁵² The implication is that the sum of both AMP payments
4 and winter bills becomes too large of a financial burden. Further support for this
5 speculation is the fact that AMP customers use close to 20% more therms in the
6 winter compared to all 410 customers.⁵³

7
8 CUB agrees with Avista’s speculation, and believes that customers enrolling in the
9 AMP in winter months are less likely to be able to “successfully” complete the
10 AMP because energy use is the highest, making it more difficult for a customer to
11 pay what is effectively two bills at a time.

12
13 But more than anything, this is suggestive that known low-income households in
14 LIRAP make best efforts to pay off their past due debt, and are doing so when it is
15 achievable to them and any additional assistance for the households at risk of AMP
16 incompleteness is genuinely likely to be helpful.

17
18 **Q. Please explain CUB’s proposal to use energy burden as a way to allow**
19 **forgiveness for customers in the AMP.**

20 **A.** The AMP simply isn’t working for a segment of enrollees, and inclusion of them
21 into forgiveness is a reasonable option to help these customers avoid future
22 disconnections by helping them pay off their past due debt. Customers are enrolled

⁵² *Id.*

⁵³ Exhibit CUB/110 Tran/Avista’s response to CUB DR 60, Attachment 1, tab d

1 into either AMP or Arrearage Forgiveness Program (“AFP”) based on State
2 Median Income (“SMI”) and household size. The programs are delineated for
3 households at 20% of SMI, with those below receiving forgiveness and those
4 above in the AMP.⁵⁴ However, income is only one half of the equation for
5 traditional considerations of 3% or greater for natural gas energy burden; the other
6 half is the cost of their utility bill. It stands to reason that while customers at or
7 below 20% SMI are lower income than those who qualify for AMP, some
8 customers within the AMP may be considered more energy burdened than some
9 AFP customers largely as a result of the amount of therms they are using.

10
11 Avista has customer self-attested income and usage data on its LIRAP customers
12 and can calculate individual energy burden for each of them. This can be utilized
13 to precisely determine the AMP enrollees with the highest energy burden, very
14 likely to be the same customers with higher-than-average usage the AMP cannot
15 effectively service.

16
17 **Q. What are the cost implications of this recommendation?**

18 A. The average cost of providing AFP for one customer is 37% more (\$123) than the
19 average cost of providing AMP for one customer.⁵⁵ CUB believes it is reasonable
20 to fund this amount because the evidence suggests this to be movement from
21 ineffective to effective assistance, with the real-world effect of preventing
22 disconnections.

⁵⁴ Avista Schedule 493

⁵⁵ Avista’s LIRAP budget workpaper

1 CUB does not provide a specific energy burden threshold for the Company to use
2 at this time⁵⁶, but implores the Company to determine one that is inclusive of as
3 many at-risk customers as possible by starting at the most energy-burdened AMP
4 enrollees and capturing customers in descending order, while still being a practical
5 aggregated amount of forgiveness to fund through Schedule 493.

6
7 **Q. Did CUB consider other metrics as a way to allow forgiveness for customers in**
8 **the AMP?**

9 A. Yes. CUB considered usage as a metric. Usage and energy burden are related
10 because usage is, for all intents and purposes⁵⁷, one half of the equation of energy
11 burden. As CUB considers AMP enrollees, income is already a criteria, the other
12 half of the equation. Using energy burden in this context can be considered a way
13 of applying usage.

14
15 That said, CUB prefers using energy burden because it speculates it to be better at
16 targeting the most vulnerable within the AMP for forgiveness. Additionally, CUB
17 is concerned that applying usage as a metric could have unintended consequences.
18 It is not a far-fetched idea that some AMP customers can have energy burden
19 greater than some AFP customers, lending credence to the idea that residential
20 customers in AMP are just as requiring of forgiveness.

21

⁵⁶ Energy burden threshold for gas is 3%

⁵⁷ Usage is very positively correlated with the resulting utility bill

1 **Q. Why does CUB believe that allowing customers to miss up to 4 consecutive**
2 **AMP payments in the winter months of November-March without being**
3 **removed from the program is more conducive to an effective program?**

4 **A.**

5 Of the customers who were able to complete their AMP, 48 out of 391 of them
6 missed a payment at one time or another – but never two consecutive payments.⁵⁸

7 This is evidence that it is not atypical for AMP enrollees to not be able to meet
8 their obligations in a typical 12-month period, but being “extended an additional
9 lifeline” in the form of extension beyond the usual 12-month repayment timeframe
10 helped them to see through the program “successfully”.

11
12 In addition, the increased flexibility will allow customers to better prevail over the
13 winter billing period, which is very suggestive to be one of the reasons why AMP
14 enrollees are removed from the program for nonpayment. Again, it appears that
15 AMP participants are less likely to be able to complete AMPs when they begin in
16 the winter heating season.

17
18 **Q. Explain CUB’s third recommendation for changes to outreach protocol.**

19 **A.** CUB believes that being provided only 3 days’ notice to make a payment, after a
20 second consecutive missed payment,⁵⁹ is unreasonable, particularly because Avista
21 does not currently alert customers to their first missed payment. Further

⁵⁸ Exhibit CUB/110 Tran/Avista’s response to CUB DR 60, Attachment 1/tab c

⁵⁹ Exhibit CUB/109 Tran/Discovery related to Section 5: Arrearage Management Plan, Avista’s response to Staff DR 343

1 complicating matters is the fact that it is typical for electronic money transfers to
2 take up to a whole week. As a result, CUB recommends changing it to 10 days.

3
4 Per Avista, it appears that no direct outreach is made to customers after they miss
5 any payment that is not a second consecutive non-payment⁶⁰, even though a
6 consecutive month missed would result in their removal. CUB encourages the
7 Company to consider a reasonable nudge or reminder outreach method after all
8 missed payments that reminds customers, in a non-threatening and non-punitive
9 way, that their next consecutive missed payment will result in their removal from
10 the AMP. Friendly, non-punitive worded text messages and email notices after the
11 first non-consecutive missed payment are important to support customers who are
12 already struggling to make ends meet and keep track of various bills. AMPs need
13 to be designed to best support customers. Email reminders for past due bills are
14 common for healthcare bills, credit card bills, housing bills, etc.

15
16 **Q. Explain CUB's fourth recommendation to survey LIRAP customers about**
17 **AMP payments.**

18
19 A. Avista is willing to add questions to an existing annual survey distributed to My
20 Energy Discount program participants to figure out exactly why customers are
21 unable to meet their AMP payments⁶¹. CUB encourages this, as it believes this can
22 provide crucial insight not only into the most common reasons why customers are

⁶⁰ *Id.*

⁶¹ *Id.*, Avista's response to Staff DR 345

1 missing AMP payments, but also effective program design. However, in addition
2 to the questionnaire being carefully curated, a robust response rate is necessary in
3 order for the results to be informative and usable. CUB prefers if the results will
4 provide insight into any administrative difficulties and/or confusion about the
5 AMP itself, external financial and/or societal considerations, and/or the
6 combination of AMP and utility payments being too large of a burden.

7

8 **Q. Does CUB have any additional thoughts about the AMP?**

9 **A.** While CUB understands that AMP and Comfort Level Billing are two different
10 mechanisms that customers can use to meet utility payments, CUB believes that
11 granting AMP customers the opportunity to levelize their bills throughout the year
12 may be helpful because higher bills in the winter make AMP payments more
13 difficult. CUB encourages Avista to explore practical ways to accomplish this and
14 better support its known low-income customers.

15

16

17

1 **VI. Avista Oregon Low-Income Energy Efficiency (AOLIEE)**

2
3 **Q. Please provide a recent summary about the AOLIEE.**

4 **A.** The Avista Oregon Low-Income Energy Efficiency (“AOLIEE”) program
5 provides energy efficiency services to customers that are at or below 200% Federal
6 Poverty Level or 60% Oregon State Median Income, whichever is greater.
7 Historically the funds were used by Community Action Agencies (Agencies) to
8 deliver weatherization services.

9
10 Although there is an annual budget that Avista ratepayers pay into to support the
11 program⁶² for weatherizing qualifying low-income households, the budget has
12 been chronically and significantly underspent all years going back to 2019⁶³ for a
13 multitude of reasons including COVID, supply chain disruptions, and various
14 administrative difficulties. This issue has been raised in the past⁶⁴ and changes to
15 the AOLIEE to increase the annual budget, but not the level of customer funding
16 were stipulated.⁶⁵ This is amongst other stipulated promises from Avista to,
17 “conduct home energy assessments for high-usage Low-Income Rate Assistance
18 Program (LIRAP) customers and prioritize those customers for energy efficiency
19 improvements, and to review and prioritize customers identified in the 2022

⁶² AOLIEE funds are collected through the Public Purpose Charge, which includes several other budgeted items such as the surcharge for the Energy Trust of Oregon. As a result, spending can be intermixed within the PPC, but for this specific time period, all PPC items were generally underspent, so the unused AOLIEE budget isn’t diverted to them but carried into the next year.

⁶³ Exhibit CUB/111/1, Avista’s response to CUB DR 62, attachment 1

⁶⁴ UG 461 – Environmental Intervenors/Springer 400

⁶⁵ UG 461 Order, accessed at <https://apps.puc.state.or.us/orders/2023ords/23-384.pdf>

1 *Energy Burden Assessment for energy efficiency improvements and*
2 *weatherization.*”⁶⁶

3
4 At a public meeting on December 10, 2024, the Commission approved
5 recommended changes to the AOLIEE in Docket No. ADV 1656.⁶⁷ Changes
6 include allowing additional organizations to implement the program (while still
7 prioritizing Agencies), aligning two separate income requirements, and
8 modifications to the administration and delivery costs for all Implementing
9 Organizations.

10
11 **Q. What does CUB think about this?**

12 A. CUB is an ardent supporter of the AOLIEE program and prefers an effective
13 program that weatherizes as many low-income households as funding allows. CUB
14 shares the same past concerns about chronic underspending; ratepayer funds should
15 be used to deploy the intended benefits in a timely manner. CUB is generally
16 supportive of changes made to Schedule 485 in ADV 1656 and is optimistic and
17 keen on seeing more vulnerable customers weatherized⁶⁸ compared to previous
18 years.

19

⁶⁶ *Id.*

⁶⁷ ADV 1656, *Avita's Advice No. 24-08-G, Revisions to Schedule 485. The purpose of these requested tariff revisions is to update the Company's Avista Oregon Low Income Energy Efficiency (AOLIEE) tariff*, ALJ Acknowledgment letter (Dec. 10, 2024) accessed at <https://edocs.puc.state.or.us/efdocs/UBF/adv1656ubf333432170.pdf>

⁶⁸ whether that is based on project completion rate or any other metric insightful to gauge program effectiveness

1 **Q. What in particular makes CUB optimistic that more vulnerable customers will**
2 **be weatherized⁶⁹ compared to previous years?**

3 A. CUB met with Avista to discuss what has taken place since the recent changes
4 adopted in ADV 1656. It is CUB's impression that Avista and in concert with
5 Implementing Organizations are laying the groundwork to eventually be able to
6 weatherize more homes compared to previous years. As such, it appears that
7 AOLIEE is on track to operate much more effectively in the near future compared
8 to recent years.

9

10 **Q. If there is momentum to solve the issue, why is CUB raising the AOLIEE in**
11 **testimony?**

12 A. CUB would like to mention several things related to the AOLIEE:

13

14 1. CUB wants to ensure that Avista's Equity Advisory Group becomes an
15 effective resource which Avista actually utilizes to better implement, manage,
16 and track the AOLIEE for qualifying customers. This includes Advisory Group
17 members having a clear and regular understanding of their impact on the
18 AOLIEE program's policies and processes (*e.g.* if, how, and when Avista
19 implements feedback and considerations from the group). This should be
20 determined by the end of the first year of the Group's existence and
21 memorialized in writing.

⁶⁹ whether that is based on project completion rate or any other metric insightful to gauge program effectiveness

- 1 2. Given that Avista’s Equity Advisory Group was an outcome of a UG 461
2 stipulation, as were other promises regarding the AOLIEE program, Avista
3 needs to give a status update to this group on the AOLIEE outcomes from
4 Order 23-384 from UG 461. Avista should answer “How have these process
5 changes resulted in material impacts for Avista’s customers?” This should be
6 completed by the end of the first year of the Group’s existence and
7 memorialized in writing.
- 8 3. As soon as it is determined that the recent changes to the AOLIEE are still
9 inadequate, consideration of new structural changes need to occur, and Avista
10 needs to be nimble in response to Advisory Group input.
- 11 4. CUB Witness Garrett’s testimony in Exhibit 300 describes a specific way to
12 target AOLIEE funding to income-qualified customers.

13

VII. Conclusion

Q. Please summarize all your recommendations to the Commission.

A.

1. Forecast Schedule 411 accurately so that all ratemaking functions involved work as intended.
2. Use CUB's estimate for a more precise Use Per Customer of 34 for Schedule 411 in the LRIC model to inform final determination of rate spread.
3. Move all multifamily customers still taking service under Schedule 410 to Schedule 411.
4. Reject Avista's proposed increases to the residential Customer Charges, and instead reduce the Schedule 410 and 411 Customer Charges to \$10.50 and \$9.
5. Use 67 feet instead of 80 feet as the average length of the main extension per customer in the LRIC for Schedule 410. Change Schedule 411 to 34 feet accordingly, as it is calculated as half of an accurate estimate for 410. In addition, for the same Schedules, correct the price per foot from \$53.16 to \$51.09.
6. Expand access to arrearage forgiveness for customers who currently qualify for arrearage management but are over an energy burden threshold.
7. Allow customers to miss up to 4 consecutive payments in the winter months of November-March without being removed from the program for nonpayment.
8. Several changes to outreach protocols for customers at risk of Arrearage Management Program removal, including increasing the 3-business-day grace

1 period to 10-business days before collections begin, and a way to follow up
2 with customers after their first missed payment to alert them more
3 immediately.

4 9. Include carefully curated questions within the My Energy Discount (MED)
5 program's annual customer survey to determine common reasons why
6 customers are unable to meet AMP payments, which will help inform program
7 design.

8 10. Ensure recent changes to the AOLIEE program are going smoothly and will
9 continue to do so in this interim period, and that the program is ramping up
10 and will be set up for success such that achieving close to program capacity
11 for future years is expected.

12 11. Ensure that Avista's Equity Advisory Group becomes an effective resource
13 for the AOLIEE. In addition, ensure that members are provided any relevant
14 status updates, the material impacts of members on various objectives, and the
15 resulting outcomes on customers. All of this should be determined by the end
16 of the first year of the Group's existence and memorialized in writing.

17 12. If recent changes to the AOLIEE prove to be inadequate to the Advisory
18 Group, consideration of new structural changes need to occur, and Avista
19 needs to be nimble in response to Group input.

20
21
22 **Q. Does this conclude your testimony?**

23 **A. Yes.**

WITNESS QUALIFICATION STATEMENT

NAME: Ryan Tran

EMPLOYER: Oregon Citizens' Utility Board

TITLE: Economist

ADDRESS: 610 SW Broadway, Suite 400
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EDUCATION: MS, Economics
University of Oregon, Eugene, OR

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University of Houston, Houston, TX

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University of Houston, Houston, TX

EXPERIENCE: Provided written testimony in UE 426 and UE 435.

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

JURISDICTION:	Oregon	DATE PREPARED:	12/23/2024
CASE NO:	UG 519	WITNESS:	Grant Forsyth
REQUESTER:	PUC Staff	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 166C	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

REQUEST:

Please provide raw anonymized household-level billing data for all Schedule 410 customers for the calendar years 2022 and 2023. Please provide this in an MS Excel file. If necessary, multiple Excel files can be used. Please include any bill for which the billing period or due date starts or ends in calendar year 2022 or 2023. An example as to how the data should generally be structured is shown in Attachment 1 of this DR. If the company does not track any of these data elements, please indicate this in your response and return the rest of the data elements. If you have any questions about this request, please reach out to the Staff Initiator, Bret Stevens, as soon as possible. Please include the following data elements – the preferred data type are in parentheses:

- a. Anonymized customer account ID (string or numeric)
 - i. Anonymized site ID (string or numeric)
 - ii. Please ensure that the anonymized customer ID and anonymized site ID are persistent across different bills.
 - iii. Please ensure that the key linking the anonymous account and site IDs to their respective accounts and sites are retained by the company after anonymization.
- b. Bill start date (string or date variable in Excel)
- c. Bill end date (string or date variable in Excel)
- d. Bill total (numeric)
- e. Therm consumption for billing period (numeric)
- f. Customer payments made for billing period (numeric)
- g. Customer address (string)
- h. 5-digit ZIP code (numeric or string)
- i. City (string)
- j. Sum of HDD over billing cycle from nearest weather station (numeric)
- k. Heating fuel type – if available (binary or string)
- l. Cooking fuel type – if available (binary or string)
- m. Water heater type – if available (binary or string)
- n. Service Initiation Date
- o. Housing type (binary variable or string)

- p. House square footage – if available (numeric)
- q. Enrolled in income qualified bill discount program? (binary or string)
- r. Enrolled in WARM? (binary or string)
- s. Received weatherization assistance (binary or string)
 - i. If yes, date of most recent assistance (string or date variable in Excel)
- t. Customer has been previously disconnected (binary or string)
 - i. If yes, date of most recent disconnection
- u. Customer account is currently receiving LIHEAP (binary or string)
- v. Customer account is not receiving LIHEAP, but has in the past 5 years (binary or string)
- w. Customer arrears balance for billing period (numeric)

RESPONSE:

The attachment provided is **CONFIDENTIAL SUBJECT TO GENERAL PROTECTIVE ORDER**.

Please see UG 519_CONF_AVAtOOPUC_DR166R_Attach1_12232024 for the requested data. Items A, B, C, D, E, F, G, H, I, N, Q, S, T, U, and V are included in Attachment 1. Items J, K, L, M, O, P, R, and W are not readily available in the Company's billing system.

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

JURISDICTION:	Oregon	DATE PREPARED:	12/23/2024
CASE NO:	UG 519	WITNESS:	Grant Forsyth
REQUESTER:	PUC Staff	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 167C	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

REQUEST:

Please provide raw anonymized household-level billing data for all Schedule 411 customers for the calendar years 2018-2023. Please provide this in an MS Excel file. If necessary, multiple Excel files can be used. Please include any bill for which the billing period or due date starts or ends in calendar year 2018-2023. This data should be structured similarly to the response to the DR immediately preceding this one. If the company does not track any of these data elements, please indicate this in your response and return the rest of the data elements. If you have any questions about this request, please reach out to the Staff Initiator, Bret Stevens, as soon as possible. Please include the following data elements – the preferred data type are in parentheses:

- a. Anonymized customer account ID (string or numeric)
 - i. Anonymized site ID (string or numeric)
 - ii. Please ensure that the anonymized customer ID and anonymized site ID are persistent across different bills.
 - iii. Please ensure that the key linking the anonymous account and site IDs to their respective accounts and sites are retained by the company after anonymization.
- b. Bill start date (string or date variable in Excel)
- c. Bill end date (string or date variable in Excel)
- d. Bill total (numeric)
- e. Therm consumption for billing period (numeric)
- f. Customer payments made for billing period (numeric)
- g. Customer address (string)
- h. 5-digit ZIP code (numeric or string)
- i. City (string)
- j. Sum of HDD over billing cycle from nearest weather station (numeric)
- k. Heating fuel type – if available (binary or string)
- l. Cooking fuel type – if available (binary or string)
- m. Water heater type – if available (binary or string)
- n. Service Initiation Date
- o. Housing type (binary variable or string)

- p. House square footage – if available (numeric)
- q. Enrolled in income qualified bill discount program? (binary or string)
- r. Enrolled in WARM? (binary or string)
- s. Received weatherization assistance (binary or string)
 - iv. If yes, date of most recent assistance (string or date variable in Excel)
- t. Customer has been previously disconnected (binary or string)
 - v. If yes, date of most recent disconnection
- u. Customer account is currently receiving LIHEAP (binary or string)
- v. Customer account is not receiving LIHEAP, but has in the past 5 years (binary or string)
- w. Customer arrears balance for billing period (numeric)

RESPONSE:

The attachment provided is **CONFIDENTIAL SUBJECT TO GENERAL PROTECTIVE ORDER**.

Please see UG 519_CONF_AVAtOOPUC_DR167R_Attach1_12232024 for the requested data. Items A, B, C, D, E, F, G, H, I, N, Q, S, T, U, and V are included in Attachment 1. Items J, K, L, M, O, P, R, and W are not readily available in the company's billing system.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/30/2025
CASE NO:	UG 519	WITNESS:	Grant D. Forsyth, Ph.D.
REQUESTER:	CUB	RESPONDER:	Grant D. Forsyth, Ph.D.
TYPE:	Data Request	DEPT:	Financial Planning & Analysis
REQUEST NO.:	CUB – 64	TELEPHONE:	(509) 495-2765
		EMAIL:	grant.forsyth@avistacorp.com

REQUEST:

Is the Company forecasting use per customer (UPC) of Schedule 411 and Schedule 410 together in a combined residential group such that it results in no difference in forecasted UPC between the two schedules? Please provide a narrative explanation.

RESPONSE:

The Company is using a forecasting approach that does not create an unusually large forecast-to-forecast change in *total* residential UPC. The method *does not* automatically assume the UPC is exactly the same between schedule 410 and 411; however, this method does keep the system UPC forecasts for the two schedules from varying significantly from each other. The forecasted system UPC forecasts for 410 and 411 are shown below for the 2025-2029 period:

Year	Sch. 410 UPC, Therms	Sch. 411 UPC, Therms
2025	46.42	46.04
2026	46.60	46.04
2027	46.63	46.04
2028	46.62	46.04
2029	46.63	46.04

This data comes from the Fall 2024 forecast provided with Dr. Forsyth's testimony for the current rate filing, Docket UG 519. Additional usage data is needed before the UPC between the two schedules can be more accurately identified.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/30/2025
CASE NO:	UG 519	WITNESS:	Grant D. Forsyth, Ph.D.
REQUESTER:	CUB	RESPONDER:	Grant D. Forsyth, Ph.D.
TYPE:	Data Request	DEPT:	Financial Planning & Analysis
REQUEST NO.:	CUB – 66	TELEPHONE:	(509) 495-2765
		EMAIL:	grant.forsyth@avistacorp.com

REQUEST:

Avista's UPC forecasting methodology resulted in nearly the same UPC for Schedules 410 and 411. Does Avista believe this to be accurate? Please explain why or why not.

RESPONSE:

The Company believes its method is a reasonable *starting* estimate that prevents difficult to explain forecast-to-forecast changes in *total* residential UPC; however, the Company does intend to improve the forecast for Schedule 411 such that Schedule 411's behavior is allowed to "speak for itself" in future forecasts. As is discussed in CUB DR 68, other methods resulted in forecast-to-forecast changes in total residential UPC that did not seem reasonable based on past forecasts.

Avista Utilities
Docket No. UG-461
Rate Spread Summary
Oregon - Natural Gas
Pro Forma 12 Months Ended August 31, 2026

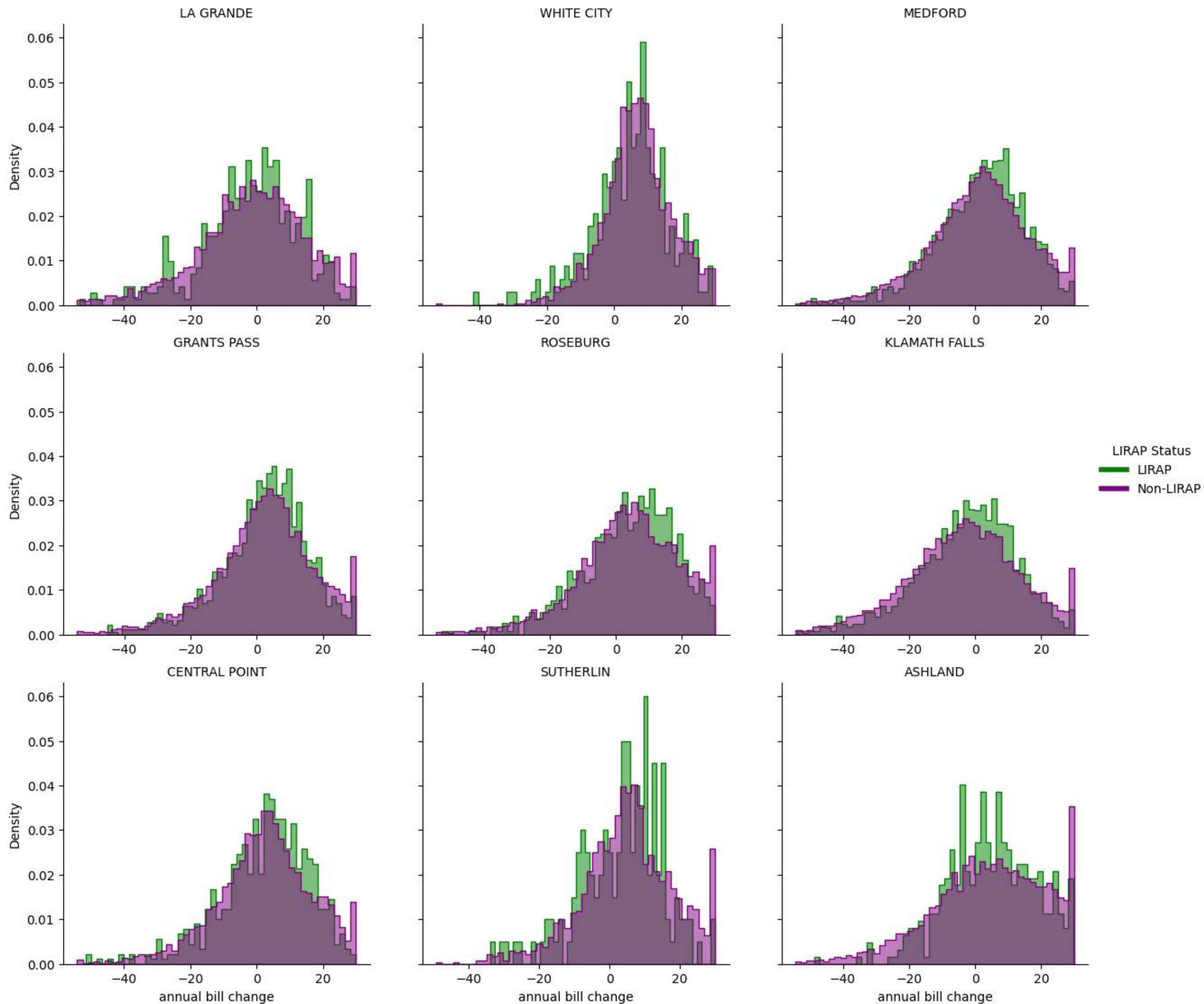
	Type of Service	Schedule Number	Avg. No. of Customers	Annual Therms	Avg. Use per Customer per Month	Distribution	Distribution	Distribution	Distribution	Avg. Increase per Customer per Month	Distribution	Avg. Bill Under Prop. Rates
						Revenue at Pres. Rates (\$000's)	Avg. Bill Under Pres. Rates	Revenue Percentage Increase	Revenue Increase (\$000's)		Revenue at Prop. Rates (\$000's)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Single-Family Residential	410	90,809	51,599,853	47	\$51,786	\$47.52	9.2%	\$4,783	\$4.39	\$56,569	\$51.91
2	Multi-Family Residential	411	4,687	2,620,145	47	\$2,555	\$45.44	6.9%	\$177	\$3.15	\$2,732	\$48.59
3	General Service	420	11,996	30,135,310	209	24,570	\$170.68	10.2%	\$2,497	\$17.34	27,066	\$188.02
4	Large General Service	424	99	5,438,862	4,595	842	\$711	9.2%	\$78	\$66	920	\$777
5	Interruptible Service	440	46	20,101,002	36,038	2,369	\$4,248	4.6%	\$109	\$0	2,478	\$4,248
6	Seasonal Service	444	2	175,379	8,399	31	\$1,462	6.9%	\$2	\$101	33	\$1,563
7	Transportation Service	456	30	29,837,658	82,882	2,550	\$7,084	6.9%	\$176	\$490	2,727	\$7,574
8	Total		107,669	139,908,208		\$84,703		9.2%	\$7,822		\$92,525	

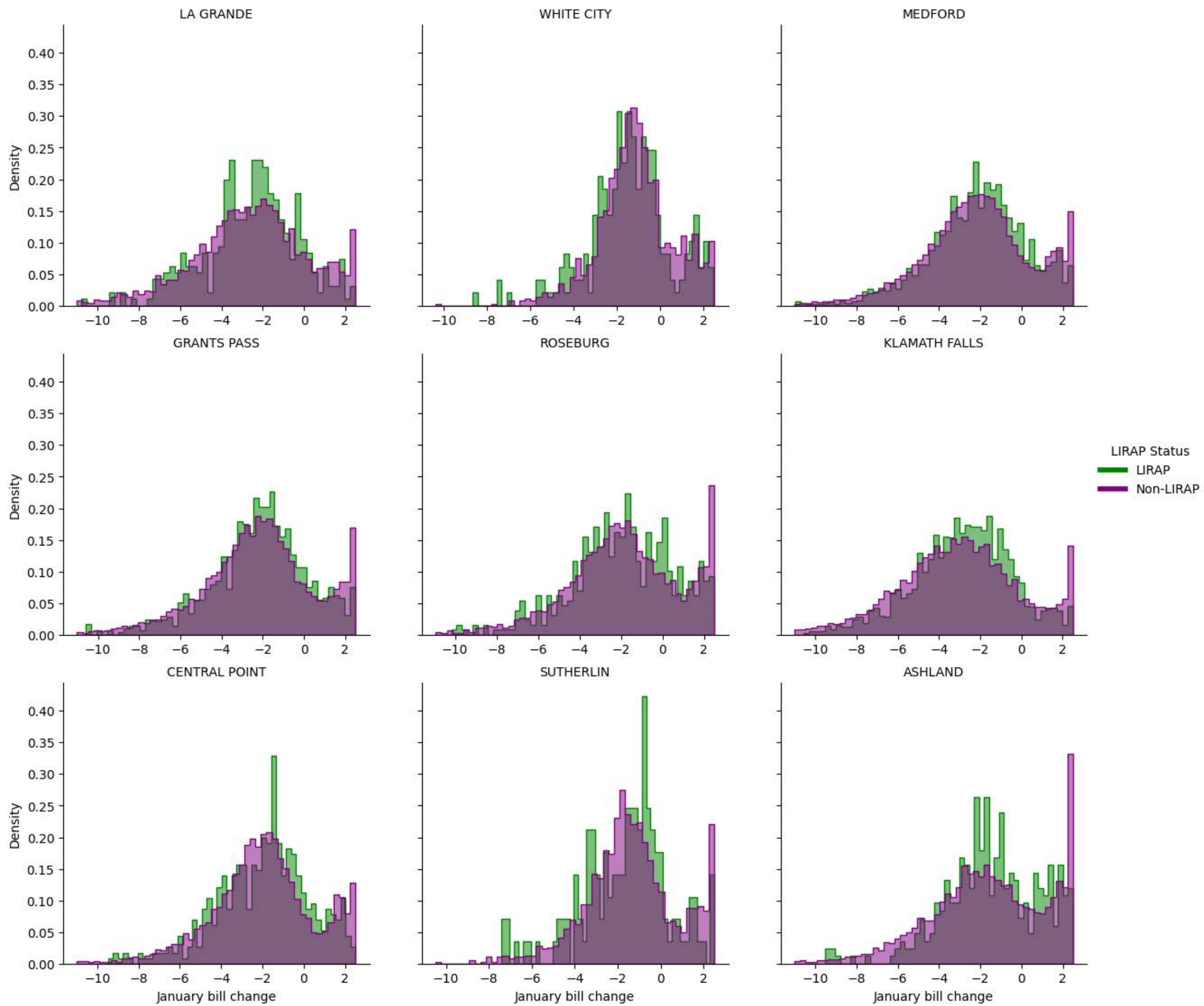
EXHIBIT C

Distribution of annual bill change by location, 13 – 10.50 CC, SCHEDULE 410

UG 519/CUB/105

Tran/1





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

JURISDICTION:	Oregon	DATE PREPARED:	02/04/2025
CASE NO:	UG 519	WITNESS:	Joel Anderson/Joseph Miller
REQUESTER:	CUB	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB - 91	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

REQUEST:

Please confirm that, all else equal, any change in the residential Customer Charge is revenue neutral with the Base Rate of Schedules 410 and 411.

RESPONSE:

Yes, all else equal, changes in the residential customer charge is revenue neutral with the Base Rate volumetric charge on Schedules 410 and 411.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/30/2025
CASE NO:	UG 519	WITNESS:	Joel Anderson
REQUESTER:	CUB	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB 72	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

REQUEST:

Please refer to the workpaper titled '2024 Main Extension Summary'.

- a. Please explain the anomaly of higher footage for 2016-2018 for single residential.
- b. Please explain the anomaly of higher footage for 2006-2007 for new developments.

RESPONSE:

- a. The higher footage for these years is directly related to the number of installs during the same time frame. In 2016 there were 55 installs, in 2017 there were 56, and in 2018 there were 44. Between the years of 2006 and 2023, the average number of installs was 28 per year.
- b. The higher footage for these years is directly related to the number of installs during the same time frame. In 2006 there were 2,046 installs, and in 2007 there were 1,018. Between the years of 2006 and 2023 the average number of installs was 439 per year.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/30/2025
CASE NO:	UG 519	WITNESS:	Joel Anderson
REQUESTER:	CUB	RESPONDER:	Joel Anderson
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB 71	TELEPHONE:	(509) 495-2811
		EMAIL:	joel.anderson@avistacorp.com

REQUEST:

Please refer to the workpaper titled 'Pipe by size – 2024' and Exhibit 801.

- c. Why is the average cost of \$53.16, which is the calculation for WA in the WA tab (cell H10), used, instead of the OR average cost of \$51.09 from the same workpaper but in the OR tab (cell H10)?
- d. Please refer to the tab 'Avg Fixed Costs Trench'. Please provide the referenced 'robb k cpc price sheet'.

RESPONSE:

- a. The average costs from the WA tab were inadvertently used instead of the average costs from the OR tab. Use of the WA average costs in Exhibit 801 did not materially change the results of the COS study and would not affect the Company's rate spread proposal. Please see CUB DR 71 Attachment 1 for an updated Avista witness Anderson, Exhibit 801.
- b. The figures in the 'Avg Fixed Costs Trench' are estimated costs based on prices provided to Avista by the Contractors who primarily perform the work. Also included in these estimates are other incurred costs, such as transportation of materials and traffic control at the work site. These prices change periodically and are used as an estimate for purposes of calculating install costs of providing service to customers.

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Oregon	DATE PREPARED:	01/24/2025
CASE NO:	UG 519	WITNESS:	Joe Miller
REQUESTER:	CUB	RESPONDER:	Jaime Majure
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB – 60	TELEPHONE:	(509) 495-7839
		EMAIL:	jaime.majure@avistacorp.com

REQUEST:

Please refer to Avista's response to OPUC DR 264.

- a. Is the information presented in Table 2 meant to represent a closed system of accounting of customers in the AMP? In other words, are there customers enrolled in the AMP since October 2022 who can be considered "incomplete" and thus are not accounted for in this table? If so, please explain.
- b. For each discount tier, please provide the number of new enrollments into the AMP, the number of cancellations for nonpayment, the number of completions due to more than 85% paid by AMP+EA, and total AMP enrollments, by month, since October 2022.
 - i. Please also include how many new enrolling customers opt for Comfort Level Billing at the time of their enrollment, and how many, if any, enroll in Comfort Level Billing during their AMP.
- c. For customers who "successfully" complete an AMP matching with Avista, please outline what months those customers began their AMP and what months they ended their AMP. Please also include if any of these customers missed any months which were not two consecutive months.
- d. How does the average usage of AMP customers compare to residential customers in general? Does Avista have any insight into how a customer enrolling into the program affects their use?
- e. For the 391 and 122 customers (last two columns in Table 2) who "successfully" completed the AMP, what internal indicators, if any, does the Company use to determine the AMP has allowed these customers to continue to stay financially afloat? What proportion of them experience disconnection in the 12 months immediately following completion? Does Avista track bill payment patterns for LIRAP customers who are both enrolled in AMP and not enrolled in AMP? Please explain.
 - i. Can Avista compare bill pattern payments of those LIRAP customers enrolled in AMP, with those LIRAP customers not enrolled in AMP, by tier, across a year's time?
 - ii. If Avista does not track bill payment patterns, what data would Avista utilize to look at these patterns?
- f. For the 644 customers who were removed from the AMP for non-payment, please provide the count of them that experience disconnection in the first month following completion, second month following completion, ... and twelfth month following completion.
- g. Does Avista have any insight as to why some customers "complete" the AMP by being removed for nonpayment, and others "complete" the program in the more intended

manner? For example, why is Avista considering an AMP “completed” when it was cancelled for non-payment? CUB is curious to know if there are clear reasons why the AMP isn’t working for certain customers but is for others.

RESPONSE:

Table No. 2, “AMP Closures/Completions by Reason”, from Avista’s response to OPUC DR 264 is provided again below for ease of reference.

Discount Tier	Cancellation for Non-Payment	Less than 85% Paid by AMP	More than 85% Paid by AMP	More than 85% Paid by AMP+EA
15%	215	62	147	38
25%	429	117	244	84
Total	644	179	391	122

- a. OPUC DR 264 asks Avista to “provide the number of customers who have, since October 2022, completed an arrearage management program” [Emphasis added], therefore, the response provided (including Table No. 2) only includes data regarding AMPs that have been closed or completed between 10/2022-11/2024. As provided in Avista’s response to OPUC DR 264, this includes AMP completion/closure due to not only having completed the 12-month payoff AMP period, but also includes arrangements completed, stopped, or cancelled for reasons such as stopped service, non-payment cancellations, customer requested, or AMP paid in full by additional energy assistance (EA). Since AMP is designed to be a twelve-month payment arrangement, customers whose arrangement is still in “active” status are not included in the table.
- b. Please refer to CUB DR 60 Attachment 1. It is worth noting that Table No. 2 above is counting distinct accounts for the entire period (10/2022-11/2024), which does not consider accounts with multiple enrollments during that timeframe, while Attachment 1, in counting distinct accounts by month, may capture multiple enrollments (resulting in a higher customer count).
 - i. Customers cannot be enrolled in both the AMP and Comfort Level Billing (CLB) simultaneously, as the two programs are not compatible within Avista’s billing system.
- c. Please refer to CUB DR 60 Attachment 1. This data shows that while customers who successfully completed the AMP without any missed months had between 340 and 395 days of active participation, there were about 48 customers enrolled in the AMP for 395 or more days. This suggests that these 48 customers had instances of non-compliance with the required payment schedule (i.e., they missed a payment, but then caught up prior to being removed from the program for missing two consecutive payments, allowing them to remain enrolled in the AMP but extending the initial 12-month repayment timeframe).
- d. Please refer to CUB DR 60 Attachment 1 for both the data utilized in this response as well as an illustrative chart related to seasonal usage patterns. On average, AMP customers in Oregon use approximately 121% more energy than Schedule 410 residential customers, indicating higher energy needs. Despite this, AMP enrollment does not seem to significantly alter energy usage habits. Both AMP and non-AMP customers exhibit similar seasonal patterns, with increased energy consumption during colder months (December to February) due to heating needs, and decreased usage during warmer months (June to

August). This consistency suggests that weather conditions are the primary driver of energy consumption for both groups. The ratio of increased energy usage during colder months compared to warmer months is similar for both AMP and non-AMP customers.

- e. Avista does not have any internal indicators that it tracks on a regular basis to determine if the AMP has allowed customers to “continue to stay financially afloat”. As part of its Low-Income Rate Assistance Program (LIRAP) reporting process each year, however, the Company does review AMP participation history in order to identify trends such as customers that may be utilizing the AMP repeatedly. For example, since the AMP is available to customers once per program year, repeated utilization would indicate chronic accumulation of (and need to receive assistance to pay) past due balances – this trend would clearly indicate an inability to “stay financially afloat”.

Of the 513 customers noted in Table No. 2 as having successfully completed the AMP, 3 of these customers had their natural gas service disconnected within 12 months of AMP completion. All of these customers were enrolled in the Company’s *My Energy Discount* (MED).

- f. Of the 644 customers who did not complete the AMP due to non-payment, 155 of these customers were disconnected for non-payment one or more times in the twelve months following removal from the AMP. The following table illustrates the number of accounts disconnected in each month following AMP removal.

Number of Months between AMP End Date and Disconnection	Number of Disconnections
1	82
2	10
3	27
4	14
5	8
6	8
7	14
8	7
9	2
10	6
11	3
12	1
Total Disconnections	182

- g. Within Avista’s billing system, AMP is established as a payment arrangement service agreement with defined start and end dates. The end date is recorded when a customer discontinues service, fulfills the payment arrangement, or is removed from the program due to non-compliance with program terms. Any AMP enrollment with an end date is considered "completed," indicating the arrangement is no longer active.

Because only one program year's worth of enrollments has been completed in-full, Avista can only speculate the reasons why the AMP is successful for some customers and not others. That said, with this limited available data set, one can speculate there to be a correlation between the duration of active AMPs and the season in which they begin. For the 2022-2023 program year, customers who maintained the longest average participation timeframe typically enrolled in the AMP between April and August, when current bills are generally lower, making compliance easier to achieve.

Enroll Month	Average Days Actively Enrolled
Oct	173
Nov	196
Dec	224
Jan	247
Feb	246
Mar	240
Apr	262
May	260
Jun	280
Jul	270
Aug	259
Sep	239
Grand Total	253

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

JURISDICTION:	Oregon	DATE PREPARED:	01/02/2025
CASE NO:	UG 519	WITNESS:	Joe Miller
REQUESTER:	PUC Staff	RESPONDER:	Jaime Majure
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff – 264	TELEPHONE:	(509) 495-7839
		EMAIL:	jaime.majure@avistacorp.com

REQUEST:

Please provide the number of customers who have, since October 2022, completed an arrearage management program and paid off the customer’s arrearage balance, by tier level.

RESPONSE:

Table No. 1 below provides the number of customers who have, since October 2022, completed an Arrearage Management Plan (AMP); this information is through 11/30/2024. This total number of AMPs completed is not solely customers who have completed a 12-month payoff AMP period, but also includes arrangements completed, stopped, or cancelled for reasons such as stopped service, non-payment cancellations, customer requested, or AMP paid in full by additional energy assistance (EA).

Table No. 1 – Total AMP Closures/Completions as of 11/30/2024

Discount Tier	AMP Completed
15%	462
25%	874
Total	1,336

This information is further broken down in Table No. 2 below. It should be noted that due to rounding, a true 90% (the amount of arrearage balance to be paid by LIRAP for each AMP) is not always achieved, even though the complete AMP arrangement has been satisfied. As such, this reporting includes an 85% threshold to account for rounding. Table No. 2 details several of the reasons for AMP completion or closure, including 1) AMP completed due to cancellation for non-payment, 2) AMP closed with less than 85% of the arrangement paid with AMP credits from LIRAP or another form of EA, 3) AMP completed with at least 85% of the arrangement paid by AMP credits from LIRAP, and 4) AMP completed with at least 85% of the arrangement paid by a combination of AMP credits from LIRAP and an additional form of EA. *If looking for an indication of an AMP arrangement fully satisfied, those completed with more than 85% could most closely be considered a truly “completed” AMP that has paid off the customer’s past due balance.*

Table No. 2 – AMP Closures/Completions By Reason

Discount Tier	Cancellation for Non-Payment	Less than 85% Paid by AMP	More than 85% Paid by AMP	More than 85% Paid by AMP+EA
15%	215	62	147	38
25%	429	117	244	84
Total	644	179	391	122

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

JURISDICTION:	Oregon	DATE PREPARED:	01/31/2025
CASE NO:	UG 519	WITNESS:	Joseph Miller
REQUESTER:	PUC Staff	RESPONDER:	Kelsey Solberg
TYPE:	Data Request	DEPT:	Social Impact
REQUEST NO.:	Staff – 343	TELEPHONE:	(509) 495-7619
		EMAIL:	Kelsey.solberg@avistacorp.com

REQUEST:

Please describe the outreach protocol for customers who have not paid an AMP payment. Please also include any outreach that is conducted prior to a customer defaulting on their AMP.

RESPONSE:

Oregon customers enrolled in an Arrearage Management Plan (AMP) receive a phone call from a Customer Assistance Referral & Evaluation Services (CARES) team member after they have missed their second consecutive AMP payment. There is a 3-business-day grace period between when this second AMP bill is due and when collections begin; it is this collections process that triggers AMP cancellation. Customers encountering this situation are automatically added to a daily-generated report that prompts CARES to conduct this direct outreach via customer callouts. If CARES is able to reach the customer and arrange payment, the collections process is canceled, and the customer remains on the AMP. CARES also has the discretion to cancel collections manually if the customer has a small balance (i.e., less than \$200) and/or has recently called Avista in an effort to address their balance. If the CARES representatives are unable to reach the customer, or if the customer is unable to make the necessary payment, then the collections process proceeds as usual and the customer is removed from the AMP. The customer maintains the AMP credits already received and is eligible to re-enroll in an AMP the following program year.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/31/2025
CASE NO:	UG 519	WITNESS:	Joseph Miller
REQUESTER:	PUC Staff	RESPONDER:	Kelsey Solberg
TYPE:	Data Request	DEPT:	Social Impact
REQUEST NO.:	Staff – 345	TELEPHONE:	(509) 495-7619
		EMAIL:	Kelsey.solberg@avistacorp.com

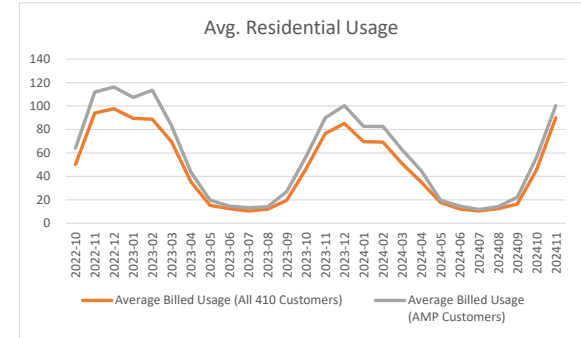
REQUEST:

Has the Company conducted any surveying (formal or informally through CSR discussions) to collect information on why customers are unable to pay their AMP payments? Has the Company considered reaching out to customer to gather information? Why or why not?

RESPONSE:

The Company has not conducted any surveying to collect information on why customers are unable to pay their AMP payments. However, as the LIRAP offerings implemented in 2022 continue to impact and engage customers, Avista is willing to consider the addition of such surveying in conjunction with its annual customer survey for participants in the *My Energy Discount* program.

	All Customers			AMP Customers			
	Sch 410 Billed Usage	Sch 410 Billed Meters	Average Billed Usage (All 410 Customers)	Sch 410 Billed Usage	Sch 410 Billed Meters	Average Billed Usage (AMP Customers)	
2022-10	1,410,155	93,742	15	27,084	1,417	19	127%
2022-11	4,707,377	93,827	50	81,330	1,270	64	128%
2022-12	8,944,607	95,096	94	162,650	1,454	112	119%
2023-01	9,247,038	94,636	98	165,327	1,423	116	119%
2023-02	7,501,839	83,816	90	151,528	1,412	107	120%
2023-03	9,220,482	103,980	89	169,295	1,492	113	128%
2023-04	6,212,366	89,396	69	121,712	1,461	83	120%
2023-05	3,598,403	101,222	36	66,251	1,516	44	123%
2023-06	1,445,168	94,349	15	30,168	1,521	20	129%
2023-07	1,168,250	93,961	12	19,767	1,348	15	118%
2023-08	983,195	93,921	10	19,983	1,509	13	126%
2023-09	1,135,015	94,011	12	18,569	1,328	14	116%
2023-10	1,858,573	94,350	20	40,534	1,495	27	138%
2023-11	4,370,442	94,414	46	74,825	1,321	57	122%
2023-12	6,976,702	91,044	77	130,578	1,451	90	117%
2024-01	8,079,080	94,969	85	150,513	1,499	100	118%
2024-02	6,612,486	95,106	70	123,219	1,490	83	119%
2024-03	6,578,235	94,975	69	122,532	1,482	83	119%
2024-04	4,773,460	93,745	51	91,858	1,466	63	123%
2024-05	3,166,475	90,176	35	65,288	1,456	45	128%
2024-06	1,565,763	87,893	18	25,384	1,295	20	110%
202407	1,120,556	92,101	12	21,085	1,431	15	121%
202408	943,433	89,896	10	16,656	1,420	12	112%
202409	1,123,468	89,751	13	17,931	1,258	14	114%
202410	1,479,117	90,321	16	31,006	1,391	22	136%
202411	4,108,290	90,266	46	67,799	1,211	56	123%
2024-12	8,175,754	90,844	90	132,593	1,321	100	112%
Total	116,505,729	2,511,808	46	2,145,468	38,138	56	121%



Randomized Account	Discount Tier	Randomized Service Agreement	SA Start Date	SA End Date	Days Active	Missed Month(s)	Start Amount	Total AMP Credits	% Paid by AMP Credits	Fully Credited AMP
8821325462	25	1959960570	6/23/2023	11/15/2024	511	Y	\$ 862.86	\$ (747.66)	87%	Y
5877268488	25	5471386586	3/1/2023	7/18/2024	505	Y	\$ 817.78	\$ (736.56)	90%	Y
6253201818	25	1621566100	1/24/2023	5/29/2024	491	Y	\$ 177.54	\$ (159.84)	90%	Y
9842353278	15	7423584837	2/23/2023	6/26/2024	489	Y	\$ 1,147.32	\$ (1,033.56)	90%	Y
2527365887	15	5361677774	4/25/2023	8/21/2024	484	Y	\$ 1,105.83	\$ (995.76)	90%	Y
4227759606	25	7484982781	2/6/2023	5/21/2024	470	Y	\$ 418.08	\$ (372.03)	89%	Y
4020401680	15	1727225119	4/14/2023	7/24/2024	467	Y	\$ 700.14	\$ (612.54)	87%	Y
6732745262	15	6568616070	2/14/2023	5/22/2024	463	Y	\$ 788.45	\$ (709.49)	90%	Y
5272160100	25	8417130476	4/26/2023	7/29/2024	460	Y	\$ 665.37	\$ (599.30)	90%	Y
5673079879	25	5591134916	2/20/2023	5/23/2024	458	Y	\$ 256.99	\$ (232.20)	90%	Y
8759908052	25	5786898232	4/26/2023	7/25/2024	456	Y	\$ 562.48	\$ (506.52)	90%	Y
3182952825	25	2064137724	2/24/2023	5/23/2024	454	Y	\$ 659.27	\$ (594.00)	90%	Y
5222464998	25	3227115497	2/22/2023	5/20/2024	453	Y	\$ 415.24	\$ (373.60)	90%	Y
3392130079	25	8714477293	3/29/2023	6/17/2024	446	Y	\$ 235.88	\$ (212.76)	90%	Y
5486636402	15	9219473140	4/5/2023	6/21/2024	443	Y	\$ 623.82	\$ (551.02)	88%	Y
6434044207	25	6689407859	1/25/2023	4/8/2024	439	Y	\$ 208.55	\$ (184.19)	88%	Y
8425050521	25	3769127078	12/19/2022	2/28/2024	436	Y	\$ 588.09	\$ (519.35)	88%	Y
5522100848	15	9556134246	7/12/2023	9/17/2024	433	Y	\$ 703.47	\$ (686.79)	98%	Y
7687318424	15	5332543625	3/28/2023	5/30/2024	429	Y	\$ 386.78	\$ (338.33)	87%	Y
3875715708	25	5493233569	5/8/2023	7/9/2024	428	Y	\$ 555.15	\$ (490.33)	88%	Y
5978925221	15	5557891537	3/20/2023	5/20/2024	427	Y	\$ 222.13	\$ (196.09)	88%	Y
4046117014	25	7321991797	12/28/2022	2/26/2024	425	Y	\$ 176.67	\$ (155.95)	88%	Y
6273789082	25	5621247610	6/7/2023	8/5/2024	425	Y	\$ 234.63	\$ (207.19)	88%	Y
6004587881	25	2411719361	7/7/2023	9/3/2024	424	Y	\$ 274.92	\$ (245.02)	89%	Y
9152012871	15	3875894326	7/14/2023	9/5/2024	419	Y	\$ 338.68	\$ (301.89)	89%	Y
2222155643	25	6411546502	4/3/2023	5/22/2024	415	Y	\$ 938.69	\$ (836.90)	89%	Y
9536417848	25	2244216064	5/16/2023	7/3/2024	414	Y	\$ 383.73	\$ (338.93)	88%	Y
7413156131	15	5934683256	5/9/2023	6/26/2024	414	Y	\$ 264.52	\$ (238.68)	90%	Y
5573877369	25	1655725356	2/28/2023	4/17/2024	414	Y	\$ 732.27	\$ (646.73)	88%	Y
9974520731	25	1608398675	3/16/2023	5/3/2024	414	Y	\$ 344.95	\$ (307.51)	89%	Y
8948152705	15	5875097818	3/21/2023	5/7/2024	413	Y	\$ 330.10	\$ (294.22)	89%	Y
8415540164	25	7838502360	5/2/2023	6/17/2024	412	Y	\$ 375.60	\$ (334.91)	89%	Y
6172293701	25	2503291690	4/25/2023	6/10/2024	412	Y	\$ 330.31	\$ (294.43)	89%	Y
8880140332	15	5427444379	6/5/2023	7/19/2024	410	Y	\$ 1,000.00	\$ (883.24)	88%	Y
7125000308	25	4442737034	3/10/2023	4/22/2024	409	Y	\$ 725.66	\$ (647.01)	89%	Y
1177598438	25	2564733959	6/16/2023	7/29/2024	409	Y	\$ 319.76	\$ (285.05)	89%	Y
9085581143	15	9118055290	9/25/2023	11/7/2024	409	Y	\$ 1,000.00	\$ (891.58)	89%	Y
3701428946	25	6868120531	5/25/2023	7/1/2024	403	Y	\$ 262.02	\$ (233.55)	89%	Y
6605305735	15	5414698599	2/24/2023	4/1/2024	402	Y	\$ 145.22	\$ (129.36)	89%	Y
7088752838	15	5282336336	9/15/2023	10/18/2024	399	Y	\$ 321.47	\$ (283.95)	88%	Y
7532677932	25	5194939783	3/7/2023	4/8/2024	398	Y	\$ 602.66	\$ (537.27)	89%	Y
9390846493	25	9029166818	9/8/2023	10/10/2024	398	Y	\$ 417.76	\$ (372.39)	89%	Y
7320374252	15	7749234251	7/19/2023	8/19/2024	397	Y	\$ 404.83	\$ (365.04)	90%	Y
9695164544	15	7294103317	7/19/2023	8/19/2024	397	Y	\$ 245.06	\$ (221.40)	90%	Y
2581152013	25	2596341217	1/23/2023	2/23/2024	396	Y	\$ 402.37	\$ (358.69)	89%	Y
3107002889	15	8208256562	4/24/2023	5/24/2024	396	Y	\$ 427.40	\$ (380.99)	89%	Y
5853675187	15	9732896001	4/17/2023	5/17/2024	396	Y	\$ 274.89	\$ (244.99)	89%	Y
8676059772	15	1732573132	9/29/2023	10/28/2024	395	Y	\$ 316.56	\$ (282.24)	89%	Y

AMP Enrollments			
Month Enrolled	15% Discount	25% Discount	Grand Total
10-2022	4	15	19
11-2022	6	21	27
12-2022	19	42	61
01-2023	20	39	59
02-2023	35	80	115
03-2023	41	89	130
04-2023	63	105	168
05-2023	59	112	171
06-2023	46	86	132
07-2023	32	50	82
08-2023	20	36	56
09-2023	20	26	46
10-2023	15	20	35
11-2023	11	8	19
12-2023	10	17	27
01-2024	23	33	56
02-2024	34	34	68
03-2024	36	39	75
04-2024	23	32	55
05-2024	25	56	81
06-2024	15	29	44
07-2024	16	15	31
08-2024	14	23	37
09-2024	21	30	51
10-2024	14	29	43
11-2024	28	36	64
Grand Total	646	1,087	1,733

AMP Cancellations for Non-Payment			
Month Cancelled	15% Discount	25% Discount	Grand Total
10-2022			0
11-2022			0
12-2022		1	1
1-2023		9	9
2-2023	3	7	10
3-2023	6	5	11
4-2023	4	16	20
5-2023	9	17	26
6-2023	8	31	39
7-2023	13	33	46
8-2023	12	36	48
9-2023	6	19	25
10-2023	7	18	25
11-2023	2	2	4
12-2023	9	18	27
1-2024	20	39	59
2-2024	6	12	18
3-2024	9	22	31
4-2024	17	18	35
5-2024	9	11	20
6-2024	15	16	31
7-2024	21	38	59
8-2024	19	20	39
9-2024	13	16	29
10-2024	6	11	17
11-2024	11	13	24
Grand Total	225	428	653

AMP Completions (85%+ paid by AMP and/or EA)			
Month Completed	15% Discount	25% Discount	Grand Total
10-2022			0
11-2022			0
12-2022			0
1-2023			0
2-2023	1	1	2
3-2023	1	2	3
4-2023		4	4
5-2023	1	4	5
6-2023	1	3	4
7-2023	2	5	7
8-2023	2	5	7
9-2023		1	1
10-2023	4	9	13
11-2023	3	6	9
12-2023	8	19	27
1-2024	14	20	34
2-2024	15	29	44
3-2024	17	28	45
4-2024	25	51	76
5-2024	32	46	78
6-2024	19	33	52
7-2024	17	27	44
8-2024	11	12	23
9-2024	5	6	11
10-2024	6	8	14
11-2024	6	4	10
Grand Total	190	323	513

2019 (ADV 870):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/18 (c.)		\$ (49,952)
PPC Collection		\$ (3,178,073)
ETO	\$ 2,091,870	\$ 2,091,870
AOLIEE	\$ 660,000	\$ 476,258
NEEA	\$ 253,000	\$ 230,846
General Labor	\$ 119,887	\$ 123,468
Marketing	\$ 70,000	\$ 69,967
Admin/Travel	\$ 9,000	\$ 19,226
Total	\$ 3,203,757	\$ (216,391)

2022 (ADV 1354):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/21 (c.)		\$ (665,804)
PPC Collection		\$ (5,158,551)
ETO	\$ 4,943,292	\$ 4,943,292
AOLIEE	\$ 874,023	\$ 437,490
General Labor	\$ 167,652	\$ 136,782
Marketing	\$ 100,000	\$ 98,999
Admin/Travel	\$ 13,000	\$ 871
IRP	\$ -	\$ 97,397
Total	\$ 6,097,967	\$ (109,524)

2020 (ADV 1063):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/19 (c.)		\$ (216,391)
PPC Collection		\$ (3,063,259)
ETO	\$ 2,073,292	\$ 2,073,292
AOLIEE	\$ 874,023	\$ 447,209
NEEA	\$ -	\$ (20,058)
General Labor	\$ 145,442	\$ 138,838
Marketing	\$ 100,000	\$ 98,017
Admin/Travel	\$ 11,000	\$ 2,078
	\$ 3,203,757	\$ (540,275)

2023 (ADV 1452):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/22 (c.)		\$ (109,524)
PPC Collection		\$ (3,418,625)
ETO	\$ 3,374,609	\$ 2,193,288
AOLIEE	\$ 874,023	\$ 543,358
General Labor	\$ 184,462	\$ 130,108
Marketing	\$ 125,000	\$ 74,876
Admin/Travel	\$ 13,000	\$ 4,407
IRP	\$ -	\$ 11,369
	\$ 4,571,094	\$ (570,743)

2021 (no rate adjustment filing):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/20 (c.)		\$ (540,275)
PPC Collection		\$ (3,123,807)
ETO	\$ 2,443,292	\$ 2,443,293
AOLIEE	\$ 874,023	\$ 417,904
General Labor	\$ 149,417	\$ 129,250
Marketing	\$ 100,000	\$ 7,756
Admin/Travel	\$ 11,000	\$ 75
	\$ 3,577,732	\$ (665,804)

2024 (no rate adjustment filing):		
Expenditure Type	Budget	Actual (a.)
PPC 12/31/23 (c.)		\$ (570,743)
PPC Collection		\$ (2,930,129)
ETO	\$ 3,304,186	\$ 4,724,738
AOLIEE	\$ 874,023	\$ 485,221
General Labor	\$ 193,212	\$ 139,560
Marketing	\$ 150,000	\$ 128,893
Admin/Travel	\$ 14,000	\$ 4,724
IRP	\$ -	\$ 1,908
	\$ 4,535,421	\$ 1,984,172

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UG 519

OPENING TESTIMONY OF BOB JENKS
ON BEHALF OF THE OREGON CITIZENS' UTILITY BOARD

MARCH 4, 2025

Customer impact of cumulative rate increases

Avista's arguments regarding its Oregon service territory

ROE and Capital Structure



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I. INTRODUCTION

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

A. My name is Bob Jenks. I am the Executive Director of Oregon Citizens' Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400 Portland, Oregon 97205.

Q. Please describe your educational background and work experience.

A. My witness qualification statement is found in exhibit CUB/201.

Q. What is the purpose of your testimony?

A. I wish to discuss:

- CUB concerns about the impact of cumulative rate increases for Avista;
- CUB response to several Avista arguments that are irrelevant to its service in Oregon; and
- CUB recommendation of a 9.3% ROE and a 50/50 Capital Structure.

A table of contents for my testimony is as follows:

Table of Contents

I. INTRODUCTION	2
II. CUSTOMER IMPACT OF CUMULATIVE RATE INCREASES.....	3
III. AVISTA'S ARGUMENTS ARE	5
IRRELEVENT TO ITS SERVICE IN OREGON	5
A. Avista has a great deal of discussion about rate agencies, particularly Moody's and S&P.	8
IV. AVISTA'S ROE AND CAPITAL STRUCTURE	10
A. ROE.....	10
B. Capital Structure	11

Q. Are you sponsoring exhibits in this proceeding?

1 **A.** Yes. I am sponsoring two exhibits. Exhibit No. 202 is Avista’s Investor
2 Presentation from December 2024 and Exhibit 203 is a data response from Avista
3 which shows the effect on Avista’s earning from an increase in Oregon ROE.

4

5 **II.CUSTOMER IMPACT OF CUMULATIVE RATE INCREASES**

6 **Q.** Please describe your concerns about Avista’s recent rate increases?

7

8 **A.** This is the latest in a series of rate cases for Avista as it invests in Oregon gas
9 system. This is the fifth rate case in the last six years:

10

Table 1: Avista GRC results

Avista rate cases	Margin rate increase	Effective date
UG 519	9.24% ¹	8/31/2025
UG 461	9.12% ²	1/1/2024
UG 433	2.64% ³	8/22/2022
UG 389	5.08% ⁴	1/16/2021
UG 366	5.85% ⁵	1/15/2020

11

12 In gas company general rate cases, the PUC determines the costs that are not related
13 to the actual gas, i.e., fuel, costs itself. The costs in a general rate case are called
14 margin costs, and include pipelines and the distribution system, IT systems,
15 company management, billing costs, and nearly all costs that are not directly related
16 to purchasing the natural gas commodity that flows through Avista’s pipeline. Since
17 2020 Avista has had a margin increase of 36%.⁶ Margin costs are fully under

¹ UG 519 – Avista/903/Miller/3

² UG 462 – Avista/1003/Miller/3 and UG 519 – Avista/903/Miller/3

³ UG 433 – Avista/1003/Miller/3 and UG 462 – Avista/1003/Miller/3

⁴ UG 389 – Avista/903/Miller/3 and UG 433 -- Avista/1003/Miller/3

⁵ UG 366 – Avista/703/Miller/3 and UG 389 – Avista/903/Miller/3

⁶ UG 519 – Avista/903/Miller/3 and UG 366 – Avista/703/Miller/3

1 Avista’s control. While Avista has tools to manage gas costs (storage, hedging,
 2 etc.), the cost of purchasing gas from the wholesale market is largely outside of
 3 Avista’s control. But the costs of its network – the margin costs – are fully within
 4 Avista’s control. And while there has been inflation in the economy during this
 5 time, inflation has been 23%⁷, well below Avista’s 36% increase in margin.

6 **Q. How will this affect overall rates?**

7 **A.** It is difficult to know what effect this case will have on overall rates charged to
 8 customers because margin costs determined in a general rate case are combined with
 9 commodity costs that flow through the PGA. They are handled in separate dockets
 10 on separate procedural schedules. In some years, a big increase in margin rates could
 11 be offset by commodity costs, those higher margin rates will flow into the future and
 12 volatile commodity costs will rise. But in other years, a big increase in margin could
 13 be combined with a big increase in the commodity costs and combine to create rate
 14 shock for customers. The table below shows the volatility of PGA costs, increasing
 15 or decreasing by more than 25% each year.

16

Table 2: PGA Rate Changes	
<u>change in PGA cost</u>	<u>rate effective date</u>
-26.4% ⁸	Nov. 1, 2024
-32.9% ⁹	Nov. 1, 2023
49.8% ¹⁰	Nov. 1, 2022
27.6% ¹¹	Nov. 1, 2021

⁷ US Bureau of Labor Statistics, CPA Inflation calculator. See https://www.bls.gov.gov/data/inflation_calculator.htm

⁸ UG 495 – PUC Staff Memo, October 21, 2024

⁹ UG 467 – PUC Staff Memo, October 26, 2023

¹⁰ UG 438 – PUC Staff Memo, October 14, 2022

¹¹ UG 413 – PUC Staff Memo, October 26, 2021

1 The rates in this case will go into effect on August 31, 2025. Two months later
2 there will be a new PGA effective date, and that increase could easily be an
3 increase in gas costs of 25% or more. In addition, much of Avista's gas comes
4 from Canada¹² and there is the potential for tariffs to be added to the price of gas
5 imported from Canada.

6
7 This is problematic. While we know that Avista's margin costs have been
8 increasing significantly faster than the rate of inflation, it is difficult to understand
9 the impact of this case on customer bills without knowing more about PGA costs
10 and what will happen with tariffs on Canadian gas imports. The PGA will be filed
11 on August 1, which is after CUB and other stakeholders have made our final
12 recommendations in this case. So we are left making recommendations without
13 the context of how those recommendations will affect customers when combined
14 with the PGA.

15 **III. AVISTA'S ARGUMENTS ARE**
16 **IRRELEVANT TO ITS SERVICE IN OREGON**
17

18 **Q. What is important to know about Avista's Oregon Operations?**

19 **A.** While Avista serves Oregon customers as a natural gas utility, Avista is first and
20 foremost an electric utility. It used to be called Washington Water Power (WWP).
21 According to its most recent investor presentation, its top three capital projects over
22 the next three years are electric utility investments that will not impact Oregon

¹² Avista 2023 Natural Gas Integrated Resource Plan, pages 4-1 – 4-3.

1 customers¹³. In arguing for higher rates in Oregon, Avista offers a fair amount of
 2 evidence related to the risks that it takes as a primarily electric utility. But these
 3 arguments should be ignored as they are irrelevant to the costs and risks associated
 4 with service to Oregon customers.

5
 6 Below is an excerpt from Avista’s December Investor Presentation.

7
 8
 9
 10 **Table 3: Avista Jurisdictions**

Jurisdiction and Service	Estimated Rate Base as of Sept. 30, 2024 ⁽¹⁾ (\$ in millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Common Equity Ratio
Washington electric	\$2,239	7.03%	9.4% ⁽²⁾	48.5% ⁽²⁾
Washington natural gas	567	7.03%	9.4% ⁽²⁾	48.5% ⁽²⁾
Idaho electric	1,094	7.19%	9.4%	50%
Idaho natural gas	223	7.19%	9.4%	50%
Oregon natural gas	369	7.24%	9.5%	50%
Total	\$4,492			

11
 12 From this we can calculate that natural gas is 25.8% of Avista’s rate base, Oregon is
 13 31.8% of Avista’s gas rate base and Oregon is just 8.2% of Avista’s overall rate
 14 base.

15 **Table 4: Oregon’s Share of Avista’s System**

Jurisdiction and Service	% of System Ratebase
Natural Gas	25.80%
Oregon Natural Gas	8.20%

¹³ CUB Exhibit ____, Avista December Investor Presentation

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Q. How do Oregon Operations relate to arguments that Avista makes in its rate increase request?

A. Avista makes arguments related to this case that are irrelevant based on the fact that Avista’s presence in Oregon is modest and related to natural gas. Avista discusses the risk associated with wildfires, which is one of the big issues affecting its credit rating and stock performance. Avista addresses concerns about rate agencies and stock performance, but Oregon has little ability to affect these things. The goal of regulation in Oregon should be to ensure that Avista gets fair treatment as a natural gas utility, but Oregon has limited ability to solve the larger financial headwinds that Avista faces.

Q. What does Avista say about wildfire risk?

A. Wildfire risk is cited several times by Avista. Avista argues that rating agencies are concerned about wildfire risk and they ask about how wildfire risk affects operating practices, risk mitigation measures, financial exposure, and insurance coverage¹⁴. In addition, Avista argues that wildfire risk impacts “investor’s decisions about whether to purchase debt and equity securities¹⁵”. CUB doesn’t dispute that wildfire risk is a major problem for electric utilities in the West, including Avista. While some of Avista’s customers in Southern Oregon had their homes destroyed in wildfires¹⁶ and wildfires may have caused some delay in the Aldyl-A pipe

¹⁴ UG 519 – Avista/200/Christy/4
¹⁵ UG 519 – Avista/200/Christy/4
¹⁶ UG 519 – Avista/401/Holland/66

1 replacement¹⁷, Avista does not offer any evidence that any of its operations in
2 Oregon *contribute* to the wildfire risk. It also doesn't claim that any of its proposals
3 in this case will reduce wildfire risk. There is simply no basis for Oregon natural
4 gas customers to pay higher rates to offset costs and risks that have grown out of
5 Avista's electric operations in Washington and Idaho.

6 **Q. What does Avista say about Rating Agencies?**

7

8 A. Avista has a great deal of discussion about rate agencies, particularly Moody's and
9 S&P¹⁸.

10

11

Table 5: Avista's Bond Ratings

	S&P	Moody's
Senior Secured Debt	A-	A3
Senior Unsecured Debt	BBB	Baa2
Outlook	Negative	Stable

12

13 CUB doesn't dispute that Avista has had difficulties with rating agencies and that
14 its current ratings are not ideal. But missing from Avista's testimony is evidence to
15 show that Oregon has the ability to improve Avista's credit ratings. Critically
16 missing from Avista's testimony is any analysis showing that Oregon's regulatory
17 approach is negatively affecting Avista with rating agencies and that approving
18 Avista's request in this case will improve Avista's outlook with rating agencies.

19

¹⁷ UG 519 – Avista/602/Benjamin/149

¹⁸ UG 519 – Avista/200/Christy/6-9

1 The investor presentation that Avista gave last December shows that Oregon has
2 been providing a higher ROE than either Idaho or Washington¹⁹. Avista argues that
3 Oregon should increase this ROE significantly, moving it from 9.5% to 10.4%, well
4 above its other states. According to the Company, this is necessary to maintain the
5 Company's financial integrity and attract capital.²⁰ This is an increase of 90 basis
6 points, from 9.5% to 10.4%. But raising Avista's Oregon ROE by 90 basis points,
7 only increases the company's overall ROE by 7 basis points²¹ which makes sense
8 since Oregon is only 8.2% of Avista's rate base²². Because Oregon has a small
9 share of Avista's ratebase, Oregon has limited ability to improve Avista's overall
10 financial performance.

11 **Q. How will this impact Oregon Ratepayers?**

12 **A.** Oregon ratepayers will be paying more to cover the 90 basis points increase while
13 Avista sees little impact to its credit rating. This is an inefficient use of ratepayer
14 dollars.

15 **Q. How should Oregon view issues like ROE, if Oregon has little impact on the**
16 **Company's overall financial performance?**

17 **A.** Oregon's approach to Avista should be to protect utility customers while being fair
18 to shareholders. Customers in Oregon have faced a series of rate increases from
19 Avista over the last five years and Oregon must ensure that utility bills remain
20 affordable. Oregon should also recognize that it can do little to affect the
21 Company's wildfire risk or improve the overall financial results of the Company.

¹⁹ CUB Exhibit 202December Investor Presentation

²⁰ UG 519 – Avista/200/Christy/11

²¹ CUB Exhibit 203 DR 32

²² Id.

1 But Oregon should set rates in a manner that allows Avista fair and reasonable
2 results from its Oregon operations, even if those results have limited impact on the
3 Company's overall performance.

4 **IV. AVISTA'S ROE AND CAPITAL STRUCTURE**

5 **A. ROE**

6 **Q. Does CUB support Avista's request for 10.4% ROE?**

7 **A.** No. Such a figure is out-of-line with other regulated utilities in the state and is not
8 supported by the Company's own ROE analysis. CUB is recommending a ROE of
9 9.3%. CUB's recommendation is primarily based on two factors. First the
10 Company's ROE analysis shows that a 9.3% ROE is supported by a Discounted
11 Cash Flow (DCF) model. Second, because of the frequency of rate cases that Avista
12 files in Oregon, the Company has less risk.

13 **Q. Please explain how Avista's analysis supports 9.3% ROE.**

14 **A.** Avista has extensive testimony on ROE and proposes a variety of models to
15 forecast the ROE that is necessary to attract capital, including DCF, CAPM and
16 equity risk premium. While it is not unusual for utilities to look at a variety of
17 models for estimating ROE, for more than 20 years Oregon's preference has been a
18 multi-state DCF model. Oregon first began primarily relying on this model in
19 2001²³ and in December, 2024, reiterated that it is the method the Oregon
20 Commission has "primarily relied" upon²⁴.

21

²³ Order No. 01-777

²⁴ Order No. 24-454

1 It is important to note that Avista is using a constant growth DCF to model ROE,
2 which assumes a Company will grow at a steady rate, while Oregon's preference is
3 the more complicated multi-stage DCF that allows for different growth rates.
4 However, Avista has the burden of proof in this case and the DCF modeling it has
5 proposed is the constant growth model. The results of Avista's DCF modeling are
6 in the Table below. Because three of these four results show midpoint ROEs at 9.3
7 or below, CUB believes that this achieves a reasonable result.

8 **Table 6: Avista DCF Results²⁵**
DCF RESULTS – GAS GROUP

<u>Growth Rate</u>	<u>Average</u>	<u>Midpoint</u>
Value Line	10.2%	10.4%
IBES	9.5%	9.3%
Zacks	9.5%	9.3%
br + sv	9.1%	8.9%

9
10 **Q. This is a reduction from their currently authorized ROE of 9.5%, is reducing**
11 **Avsita's ROE justified?**

12 **A.** Yes. In its recent decision in UE 435, the Commission reduced PGE's ROE because
13 of financial pressures on customers and a recognition that frequency rate cases
14 reduce shareholder risk²⁶. This is Avista's fifth general rate case in six years, so
15 recognizing the risk reduction of frequent rate cases is justified. In addition, rates
16 (particularly margin rates that are most under Avista's control) have been increasing
17 well above inflation, justifying additional protection for customers.

18 **B. Capital Structure**

19 **Q. What is Avista's proposal for capital structure and does CUB support it?**

²⁵ UG 519 – Avista/300/Thompson/45.

²⁶ Order 24-454.

1 **A.** Avista proposes a capital structure of 50% equity and 50% debt²⁷. CUB somewhat
2 reluctantly supports Avista’s proposed 50/50 capital structure.

3 **Q. What is the source of CUB reluctance?**

4 **A.** Oregon has historically relied on a hypothetical capital structure of 50% equity and
5 50% debt. The Commission recently reasserted the policies behind this historic
6 position:

7 Using a hypothetical capital structure for ratemaking-regardless of
8 whether the actual proportion of equity to debt is lower than the 50/50
9 hypothetical or higher than the 50/50 hypothetical-provides a consistent
10 regulatory signal that a balanced structure supports the long-term best
11 interests of utility ratepayers²⁸.

12 In some previous cases CUB proposed that utilities should provide an analysis to
13 demonstrate that the capital structure of the utility is the best mixture of cost and
14 risk²⁹. Equity is more expensive than debt, but equity has a lower risk than debt.

15 During the aftermath of the Great Recession, when the Federal Reserve was holding
16 interest rates low to stimulate the economy, CUB argued that it was time to move
17 away from assuming a 50/50 capital structure. If the policies of the federal reserve
18 kept borrowing costs artificially low, then it could make sense for utilities to take on
19 a bit more risk to reduce borrowing costs. But CUB was unable to convince other
20 stakeholders and never achieved any traction on changing this historic practice.

21 That combined with the Commission’s very recent reiteration of its historic practice
22 has led CUB to accept the historic practice.

23 **Q. Does this historic practice benefit customers?**

²⁷ UG 519 – Avista/300/Thompson/64-67

²⁸ Order 24-454

²⁹ UE 294 – CUB/100/Jenks-McGovern/20-26; see also UG 325 – CUB/100/McGovern/28

1 **A.** During the Great Recession with interest rates being held artificially low, CUB
2 believed that changing historic practices would provide a customer benefit. Today,
3 it is not so clear. While Avita customers would benefit from using actual capital
4 structure rather than a hypothetical, customers of other utilities would be harmed.

5
6 CUB Exhibit 202 shows that Avista’s actual capital structure includes nearly 55%
7 debt and only 45% equity. Since debt is cheaper than equity, setting rates on this
8 actual capital structure would lower rates. On the other hand, NWN’s is proposing a
9 capital structure is 52% equity and 48% debt³⁰ which would increase rates.

10
11 It should be noted that neither utility has provided the kind of cost/risk analysis that
12 CUB was seeking in earlier dockets when CUB proposed changing Oregon’s
13 practice. Since interest rates are no longer being kept artificially low and the
14 Commission has reiterated its historic practice, CUB recommends the traditional
15 hypothetical 50/50 capital structure.

16 **Q. Please summarize your recommendations to the Commission.**

17 **A.** CUB recommends a 9.3% ROE and a 50/50 Capital Structure.

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

19 **A.** Yes.

³⁰ UG 520 – NWN/100/Palfreyman-Kravitz/Page 14

WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Oregon Citizens' Utility Board of Oregon

TITLE: Executive Director

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

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UE 233, UE 246, UE 283, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UM 1633, and UM 1654. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: National Association of State Utility Consumer Advocates
Board of Directors, OSPIRG Citizen Lobby
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America
Board of Directors (Public Interest Representative), NEEA



Investor Presentation

December 2024

Disclaimer

Except as expressly noted, the information in this presentation is current as of Nov. 6, 2024, and should not be relied upon as being current as of any subsequent date. Avista undertakes no duty to update this presentation, except as may be required by law.

All forward-looking statements in this presentation are based on underlying assumptions (many of which are based, in turn, upon further assumptions). These statements are subject to a variety of risks, uncertainties and other factors. Most of these factors are beyond our control and may have a significant effect on our operations, results of operations, financial condition or cash flows, which could cause actual results to differ materially from those anticipated in our statements.

Such risks, uncertainties and other factors include, among others, those included in the appendix herein and in our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at <https://investor.avistacorp.com>.

Responsible Growth with a Focus on Results

Constructive regulatory outcomes

- Regulatory mechanisms and fixed charges secure 92% of revenue
- Regulatory outcomes demonstrate Commission support and alignment with strategic priorities
- Timely recovery of capital in Washington

Improving regulatory returns

- Utility earnings growth from 2022-2023 of 35 percent
- Pathway for recruiting data center customers while reducing existing customer rates

Mitigating wildfire risk

- Continuous mitigation efforts target vegetation management and grid hardening to areas of highest risk first
- Proactive operational measures include both Fire Safety Mode and Public Safety Power Shutoffs (PSPS)

Exploring investment to meet clean energy goals

- Signed MOU regarding North Plains Connector transmission project
- Serve customers with 100% clean electricity by 2045
- Carbon neutral in our gas operations by 2045

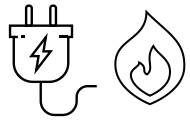
Stable financial metrics continue to improve

- Improved cash from operations due to impact of general rate cases and recovery of deferred costs
- FFO-to-debt expected to support S&P's BBB rating by end of year

Focused on excellence and efficiency

- Continued focus on business value from operational improvements
- Committed to safe, reliable, high-quality service
- Among the lowest electric rates of an investor-owned utility in the U.S.

Avista at a Glance



Primarily a regulated electric and gas utility

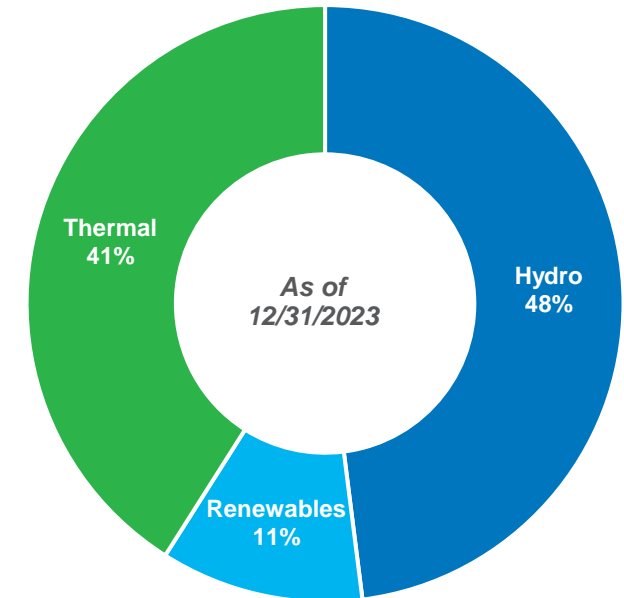


Already one of the lowest carbon-emitting electric utilities in the U.S.*



Incorporated in the territory of Washington in 1889

Generation portfolio
59%
renewable



FINANCIALS AT A GLANCE

\$ 1.7
billion

2023 OPERATING
REVENUE

\$ 171.1
million

2023 NET INCOME
ATTRIBUTABLE TO
AVISTA CORP
SHAREHOLDERS

\$ 2.24

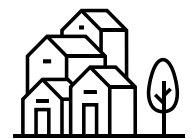
2023 DILUTED
EARNINGS PER
SHARE

\$ 1.90

2024 ANNUALIZED
DIVIDEND PER SHARE

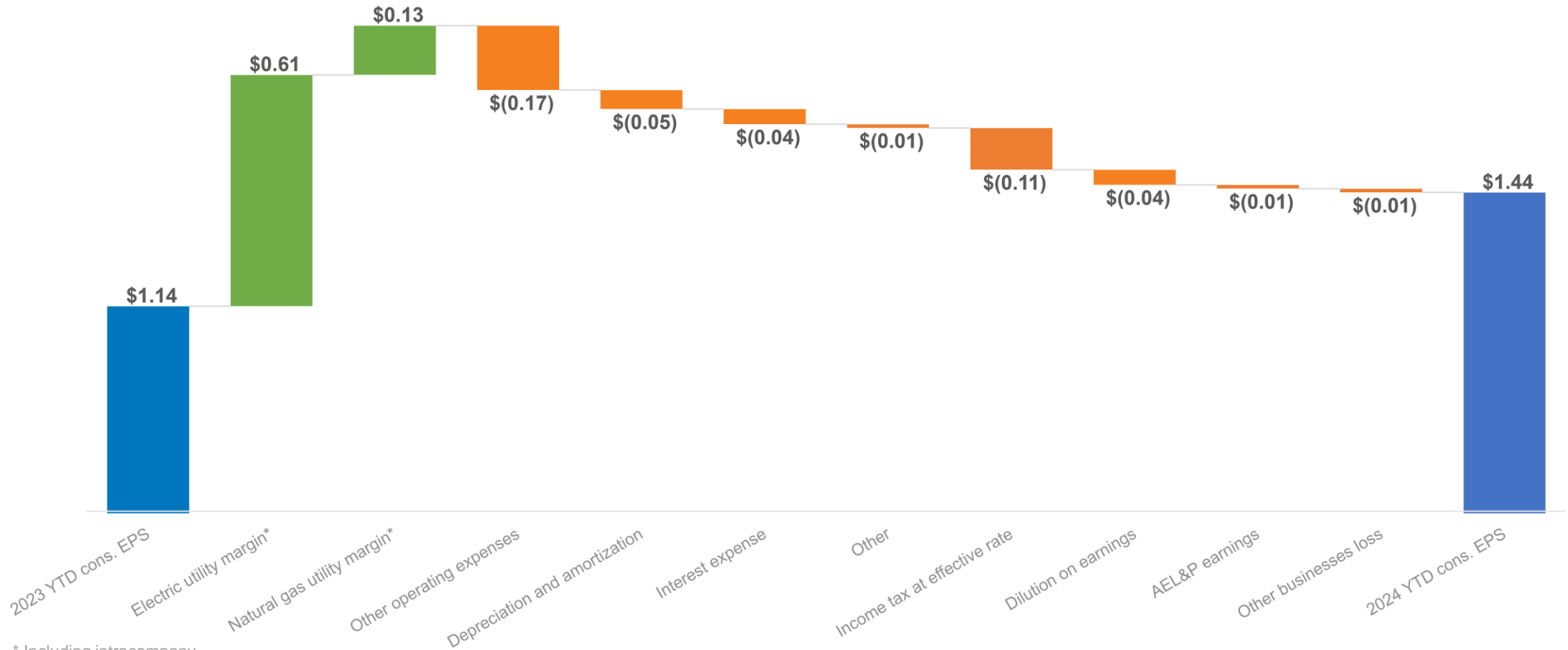
\$ 2.5
billion

AVISTA CORPORATION
SHAREHOLDERS'
EQUITY AS OF
12/31/2023



1% CUSTOMER
GROWTH IN 2023

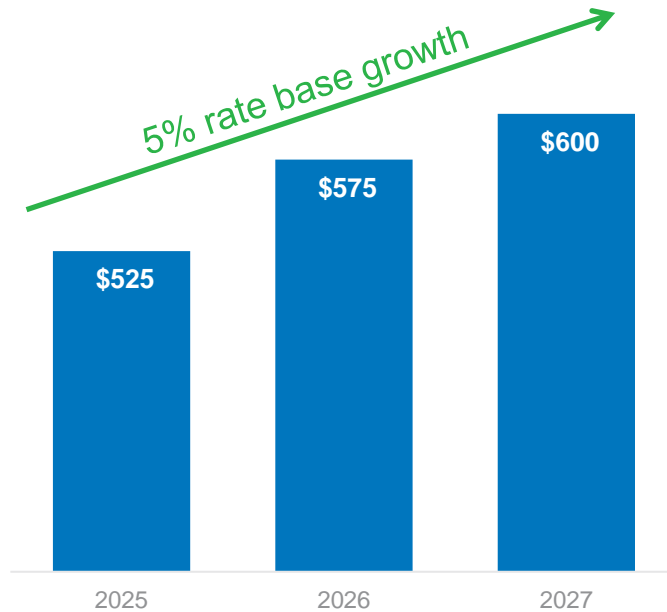
Consolidated Earnings Bridge



* Including intracompany.

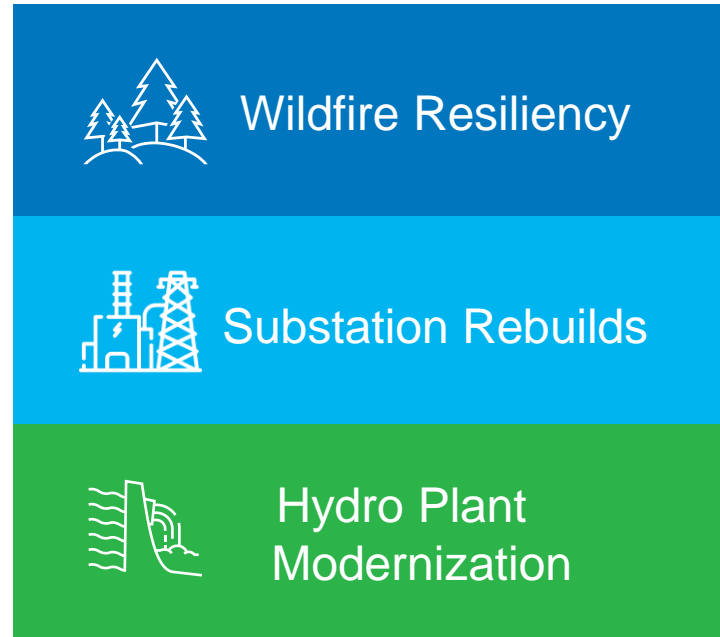
The chart above includes electric and gas utility margin, which are considered non-GAAP financial measures. Refer to page 5 for a reconciliation of these non-GAAP measures.

Investing in the Utility of the Future

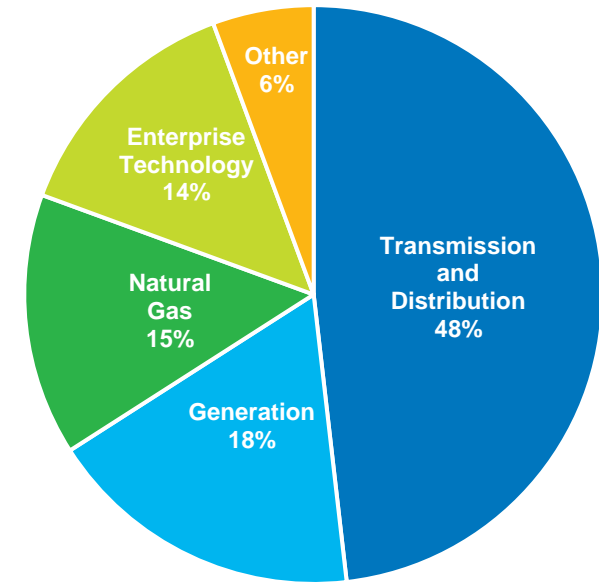


Avista Utilities Expected Capital Spend 2025-2027

\$ in millions



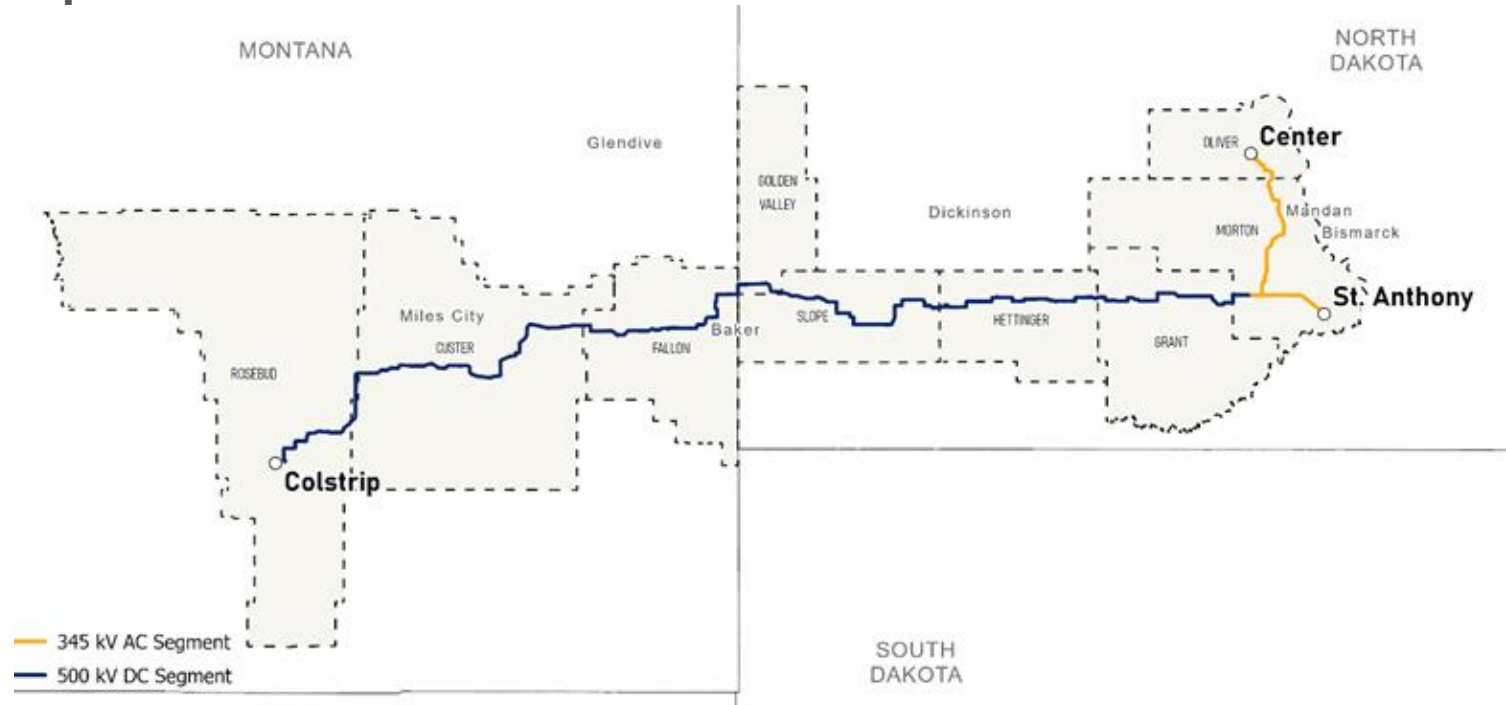
Top 3 Capital Programs 2025-2027



Allocation of Avista Utilities Expected Capital Spend 2025-2027

Signed MOU for North Plains Connector

Proposed Route



The North Plains Connector Transmission Line:

- 3,000 megawatts
- 420 miles
- High-voltage direct-current
- Connecting east and west

- Signed memorandum of understanding seeking 10 percent ownership of the North Plains Connector project
- Definitive agreements expected in the next 6 – 9 months
- **Avista's investment incremental to existing capital plan**

Driving Effective Regulatory Outcomes

Washington



- General rate cases (multiyear rate plans) for electric and gas filed January 2024 for new rates to be effective December 2024.
- Proposed electric revenue increase of \$42.9M (7.3%) in year 1, and \$44.9M (10.9%) in year 2.
- Proposed base gas revenue increase of \$16.8M (13.2%) in year 1, and \$4.0M (2.8%) in year 2.
- Proposed overall rate of return of 7.61% (proposed 48.5% equity ratio, proposed ROE of 10.4%).
- Proposed update to ERM construct to reflect a 90% customer / 10% company sharing of power supply cost above or below authorized, outside an updated deadband of \$2M (rebate) / \$2.5M (surcharge).
- **Rate order expected in December 2024.**

Idaho



- Multiparty settlement approved and new rates effective 9/2023 in two-year GRCs for electric and gas.
- Base electric revenue increase of \$22.1M (8%) in year 1, and \$4.3M (1.4%) in year 2.
- Base gas revenue increase of \$1.3M (2.7%) in year 1, and \$0.003M (0.01%) in year 2.
- Overall rate of return 7.19% (9.4% ROE and 50% equity ratio).
- **Next rate case filing expected in Q1 of 2025.**

Oregon



- **General rate case filed November 2024 for new rates to be effective September 2025.**
- Proposed base revenue increase of \$7.8M (9.2%).
- Proposed ROE of 10.4%, for an overall rate of return of 7.67%.

Alaska



- Rate order received August 2023.
- Rate increase of 6.0% approved.
- ROE of 11.45% and 60.7% equity ratio.
- **Required to file next rate case by August 2027.**

Mitigating our Wildfire Risk



Wildfire Resiliency Plan

- Incorporates grid hardening, vegetation management, situational awareness, and emergency response and operations
- **\$430 million** investment in both capital and O&M planned (**\$124 million** spent since 2020)
- WUI 2 and 3 zones to be addressed first



Proactive Operations

- Leading-edge **fire weather dashboard** enables prediction of wildfire risk at a feeder-level granularity
- **Fire Safety Mode** utilizes a risk-informed approach to operating our system, employs higher sensitivities
- **Public safety power shutoffs (PSPS)** when conditions warrant



Regulatory Support

- Deferral treatment for **wildfire resiliency** costs beyond amounts authorized in rates
- Deferral treatment for **insurance** costs beyond amounts authorized in rates



Legislative Action

- Partnering with neighboring utilities and EEI to seek **Federal support** for wildfire risk
- **Leading regional efforts** to seek state-level support for wildfire risk

Earnings Guidance

	Original 2024	Revised 2024
Avista Utilities	\$2.23 - \$2.39	\$2.23 - \$2.39
AEL&P	\$0.09 - \$0.11	\$0.09 - \$0.11
Other	\$0.04 - \$0.06	\$(0.06) - \$(0.04)
Consolidated	\$2.36 - \$2.56	\$2.26 - \$2.46

as of Nov. 6, 2024

Guidance Assumptions

- Our guidance does not include the effect of unusual or non-recurring items until the effects are probable. Various factors could cause actual results to differ materially from our expectations, including our earnings guidance. Please refer to our 10-K for 2023 and our 10-Q for the quarter ended Sept. 30, 2024, as well as the cautionary statements shared later in this presentation, for a full discussion of these factors.
- We expect Avista Utilities to contribute near the low end of the range for 2024. This includes the expected impact of the ERM on earnings of \$(0.08) per diluted share, in the 90% customer / 10% company sharing band.

COMPANY CONTACT

Stacey Wenz
Investor Relations Manager

☎ (509) 495-2046

✉ stacey.wenz@avistacorp.com



Appendix

About Avista

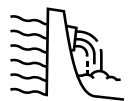
Corporate responsibility

Solid, Stable Utility Foundation

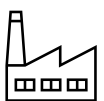
Avista Utilities' service territory covers 30,000 square miles with a population of 1.7 million



Electric ■
Natural Gas ■
Electric and Natural Gas ■



8 HYDRO FACILITIES



7 THERMAL PLANTS



2,800 MILES OF TRANSMISSION LINE

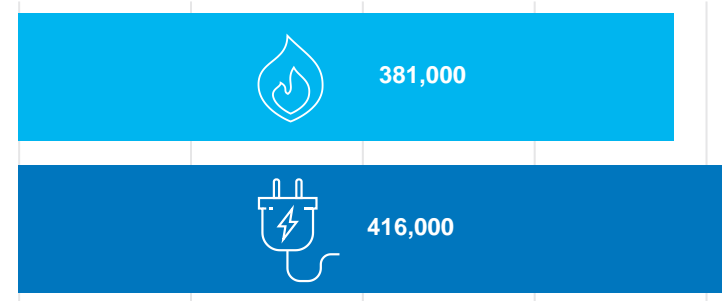


19,700 MILES OF DISTRIBUTION LINE



8,200 MILES GAS DISTRIBUTION MAIN

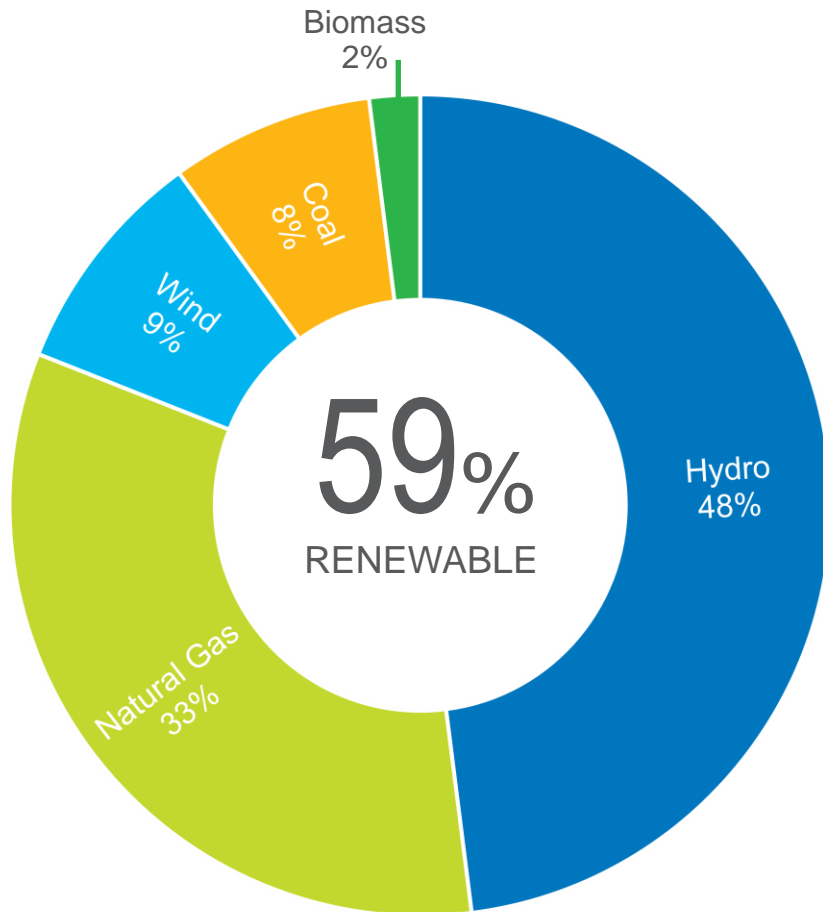
Customers



As of 12/31/2023

135
YEARS
providing **safe and reliable** service

Founded on Clean, Renewable Hydropower in 1889

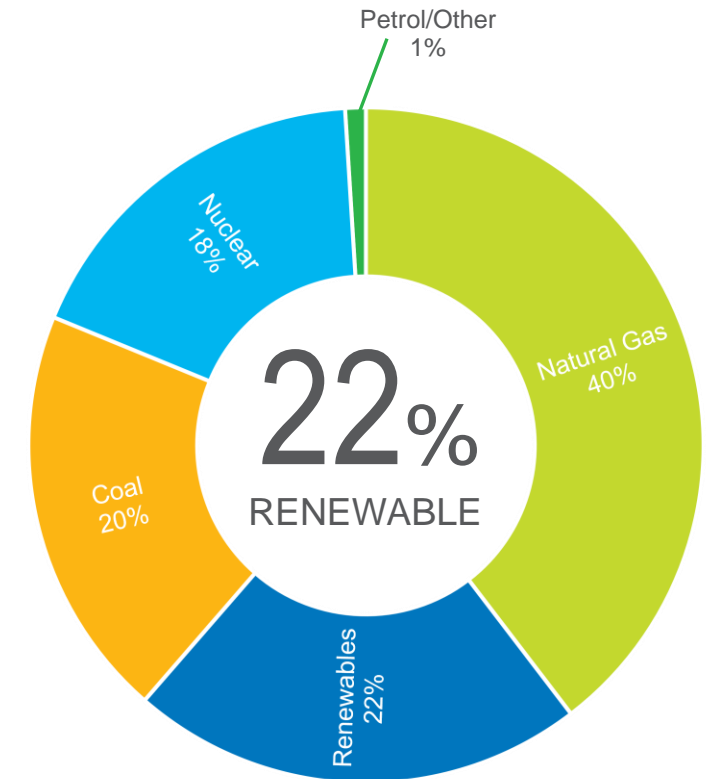


Avista's Generation Portfolio

As of 12/31/2023

Only 4 of the 100 largest electric power producers in the U.S. have lower emissions than Avista












More than 70% of Avista's peak generating capability will be from renewable sources by 2026



U.S. Electric Industry

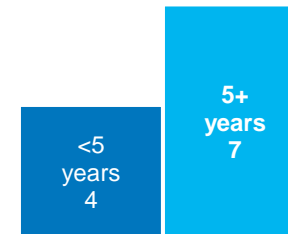
Per U.S. Energy Information Administration

A Skilled and Diverse Board

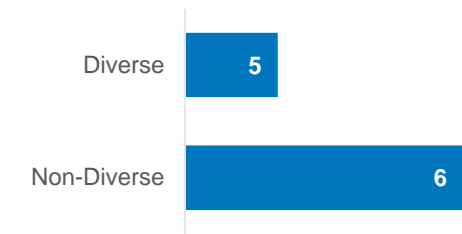
Director	Age	Tenure	Committee Membership
 Julie A. Bentz <i>Independent</i>	59	2 years	<ul style="list-style-type: none"> Environmental Finance
 Donald C. Burke <i>Independent</i>	63	12 years	<ul style="list-style-type: none"> Board Vice Chair Audit (Chair) Executive Governance
 Kevin B. Jacobsen <i>Independent</i>	57	1 year	<ul style="list-style-type: none"> Audit Environmental
 Rebecca A. Klein <i>Independent</i>	58	14 years	<ul style="list-style-type: none"> Compensation Environmental (Chair)
 Sena Kwawu <i>Independent</i>	55	3 years	<ul style="list-style-type: none"> Environmental Finance (Chair)
 Scott H. Maw <i>Independent</i>	56	7 years	<ul style="list-style-type: none"> Compensation (Chair) Governance
 Scott L. Morris* <i>Independent</i>	66	17 years	<ul style="list-style-type: none"> Chairman of the Board Executive (Chair) Finance
 Jeffry L. Philipps <i>Independent</i>	68	4 years	<ul style="list-style-type: none"> Audit Compensation
 Heidi B. Stanley <i>Independent</i>	67	18 years	<ul style="list-style-type: none"> Audit Executive Governance
 Dennis P. Vermillion <i>Chief Executive Officer</i>	62	6 years	<ul style="list-style-type: none"> Executive
 Janet D. Widmann <i>Independent</i>	57	10 years	<ul style="list-style-type: none"> Finance Governance (Chair)

* Mr. Morris retired as an executive officer of Avista Corp. on October 1, 2019, and now meets NYSE independence requirements. The Company continues to maintain an independent Vice Chair.

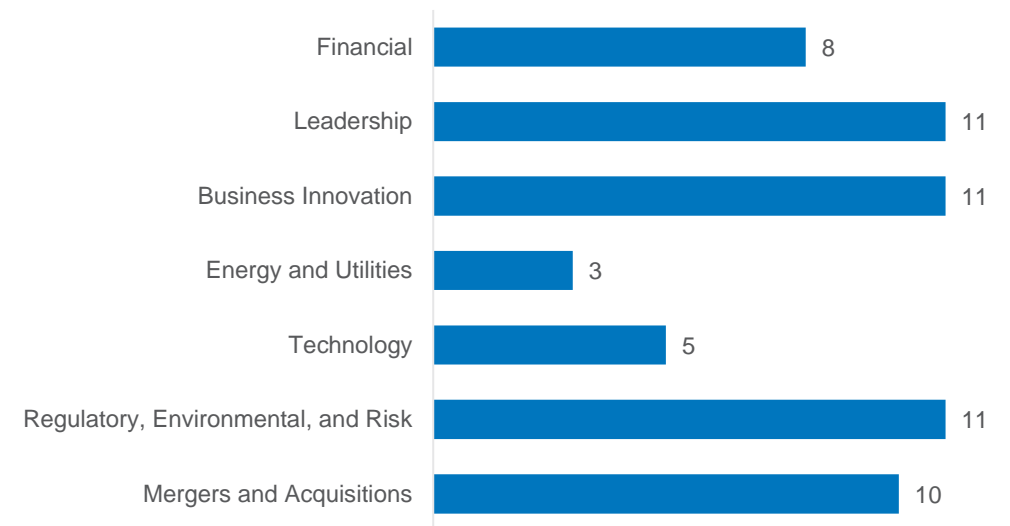
Balanced Board Tenure



Board Diversity



Summary of Board Competencies



Regulatory Landscape

Rates, regulation, and resource planning

Avista Utilities Rate Base

Jurisdiction and Service	Estimated Rate Base as of Sept. 30, 2024 ⁽¹⁾ (\$ in millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Common Equity Ratio
Washington electric	\$2,239	7.03%	9.4% ⁽²⁾	48.5% ⁽²⁾
Washington natural gas	567	7.03%	9.4% ⁽²⁾	48.5% ⁽²⁾
Idaho electric	1,094	7.19%	9.4%	50%
Idaho natural gas	223	7.19%	9.4%	50%
Oregon natural gas	369	7.24%	9.5%	50%
Total	\$4,492			

(1) Based on average-of-monthly averages for the prior 13-month period.

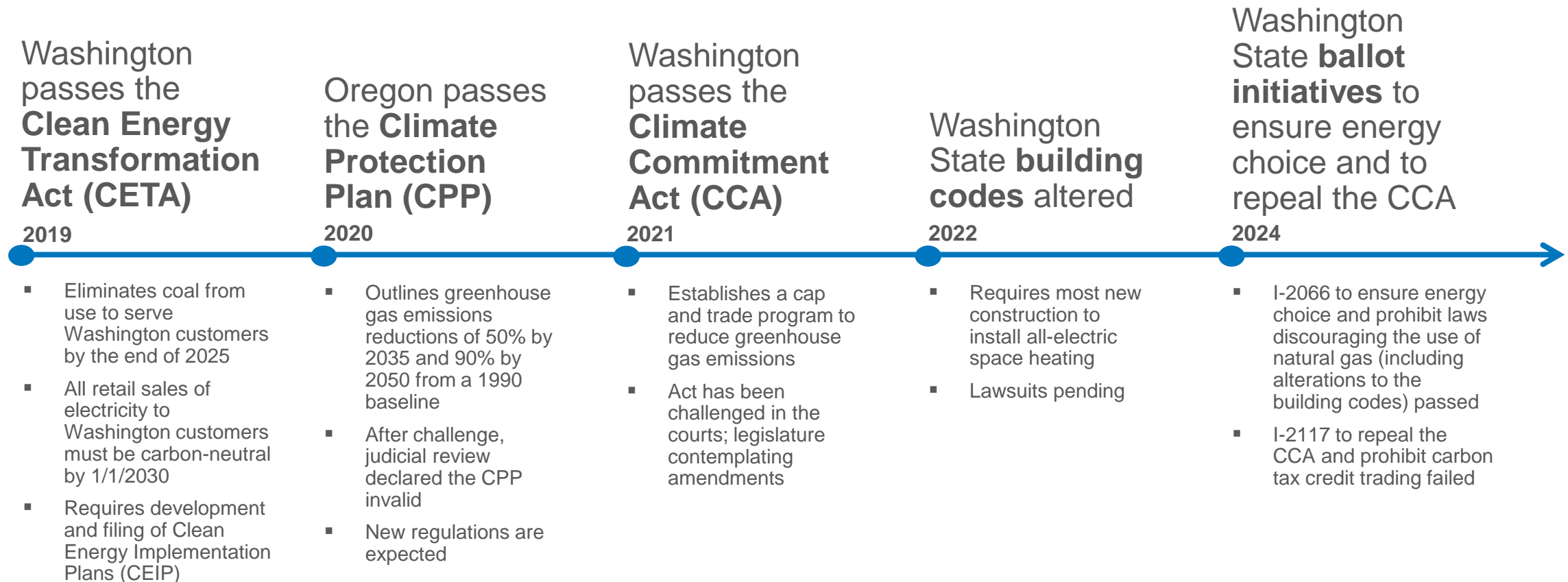
(2) Per hypothetical reconciliation.

Avista Utilities Regulatory Mechanisms

Jurisdiction and Service	Supply Costs	Decoupling / FCA (1)	Wildfire Resiliency	Insurance (2)	Decarbonization Plans (2)
Washington electric	ERM (3)	Yes	Yes	Yes	Clean Energy Implementation Plan (CEIP)
Washington natural gas	PGA (4)	Yes	N/A	Yes	Climate Commitment Act (CCA)
Idaho electric	PCA (5)	Yes	Yes	Yes	N/A
Idaho natural gas	PGA (4)	Yes	N/A	Yes	N/A
Oregon natural gas	PGA (4)	Yes	N/A	N/A	Climate Protection Plan (CPP) (<i>new rules expected</i>)

- (1) Decoupling (also known as the Fixed Cost Adjustment (FCA) in Idaho) is a mechanism designed to sever the link between a utility's revenues and consumers' energy usage. The difference between revenues based on the number of customers and "normal" sales and revenues based on actual usage is deferred and either surcharged or rebated to customers beginning in the following year. Only residential and certain commercial customer classes are included in our decoupling mechanisms.
- (2) The respective regulatory authorities will determine the appropriateness and prudence of any deferred expenses when the Company seeks recovery.
- (3) The Energy Recovery Mechanism (ERM) is an accounting method used to track certain differences between actual power supply costs, net of wholesale sales and sales of fuel, and the amount included in base retail rates for our Washington customers.
- (4) Purchased Gas Adjustments (PGAs) are designed to pass through changes in natural gas costs to customers with no change in utility margin (operating revenues less resource costs) or net income.
- (5) Under the Power Cost Adjustment (PCA) mechanism, we defer 90 percent of the difference between certain actual net power supply expenses and the amount included in base retail rates for our Idaho customers.

Recent Climate Legislation



Electric Resource Needs

Finalization of Integrated Resource Plan expected January 2025

Electric Demand

- Annual load growth forecast to average +0.91% through 2035, +1.4% 2036 through 2045
- Capacity planning for peak hours is our most significant need, with winter and summer peaks forecast to grow more than +1.1% annually

Impact of Extreme Weather

- In January 2024 during an extreme cold snap, regional demand peaked at levels not seen since the 1990s (large industrials left the region in the 1990s)
- Severe weather events are occurring more frequently

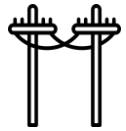
Acceleration of Electrification

- The last 10 years of the IRP show significantly higher load growth with 1.7% annual peak load growth
- Building and transportation electrification driving higher forecast

Accelerating Generation Needs

- Next all-source RFP expected in early 2025
- Expect to include self-build and build-transfer options in 2025 RFP
- 200 MW addition to portfolio in 2029

Maintaining our Momentum Mitigating Wildfire Risk



Distribution grid hardening

Strengthening our system through use of appropriate solutions including steel poles, fiberglass crossarms, animal guards, upgraded conductors, and undergrounding where appropriate.

606
LINE MILES
2020-2023

211
LINE MILES
2024 TARGET

2,747
LINE MILES
BY 2029



Transmission hardening

Strengthening our system through use of steel poles and fire-resistant pole wraps.

389
STEEL POLES
THROUGH 2023

148
STEEL POLES
2024 TARGET

1,000
STEEL POLES*
BY 2029



Wildfire automation

Automating midline reclosers and substation breakers to enable Fire Safety Mode operations at the push of a button.

71% COMPLETE
MIDLINE RECLOSER
INSTALLATIONS

23% COMPLETE
SUBSTATION BREAKER
INSTALLATIONS



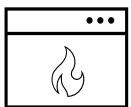
Vegetation management

Identifying and addressing risk trees that could strike power lines, including LiDAR and satellite-derived data to inform activities.

100%
RISK TREES

**SURVEYED
ANNUALLY**

Surveying 100% of risk trees is part of Avista's annual operations.



Situational awareness and operations

Identify fire-weather conditions and align utility system settings to ensure protection, including fire weather dashboard, Fire Safety Mode, and Public Safety Power Shutoffs.

4 TIMES
IN 2023
FIRE SAFETY MODE
ACTIVATED

Weather monitoring, implementing Fire Safety Mode, and PSPS are part of Avista's regular operations.

Alaska Electric Light & Power Company

Alaska Electric Light & Power Company

Oldest regulated electric utility in Alaska, founded in 1893

- Serves 17,000 electric customers in the City and Borough of Juneau, meeting nearly all its energy needs with hydropower
- One of the lowest-cost electric utilities in the state
- Approved capital structure of 60.7% equity ratio and an authorized return on equity of 11.45%



Juneau, Alaska



Strategic Investments

Growth outside core utility, developing platforms for future growth

Creating New Growth Platforms

Energy Impact Partners

- Private equity fund
- Invests in emerging technologies, services, and business models throughout the energy supply chain with a collaborative, strategic investment approach
- Opportunity to learn from invested companies to leverage technologies to innovate within Avista's own operations

South University District Development

- Joint venture real estate development
- Zero-energy, zero-carbon cross-laminated timber building and an energy innovation center coordinating utility grid operations with tenant and building operations
- Grid simulation lab

Energy Capital Ventures

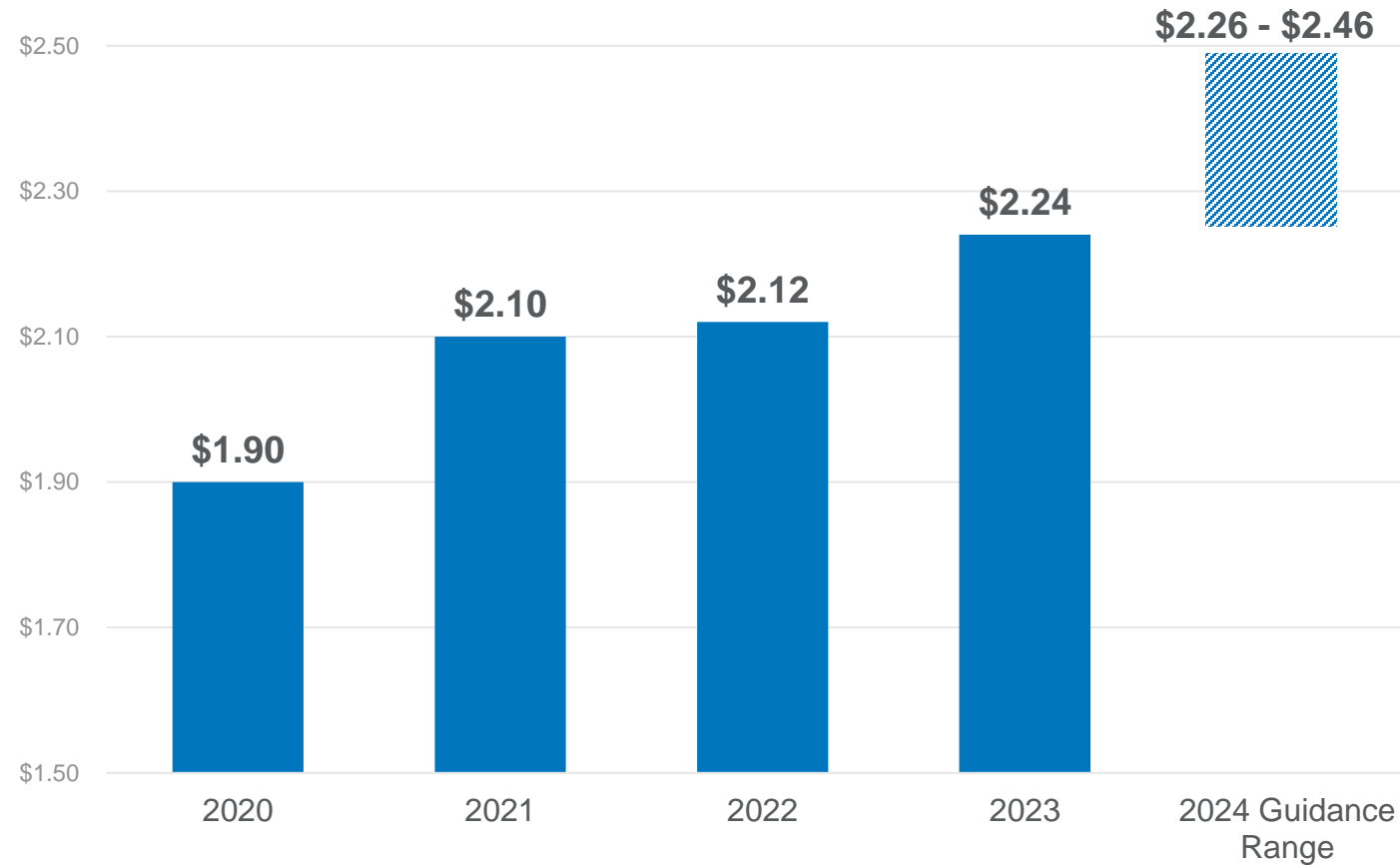
- Venture fund
- Diversified investment risk in emerging energy sector companies
- Focused on decarbonization of the energy value chain
- Collaboration with industry-leading utilities on innovations of interest to LDCs

Plan to invest \$10 million in 2024, \$17 million in 2025, and \$12 million in 2026

Financial Performance Metrics

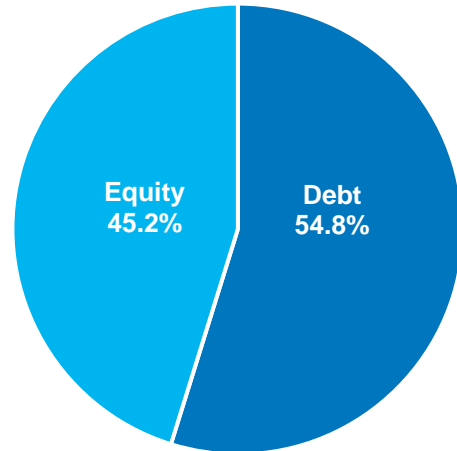
Earnings per Diluted Share

Total Earnings per Diluted Share Attributable to Avista Corporation



Prudent Balance Sheet and Liquidity

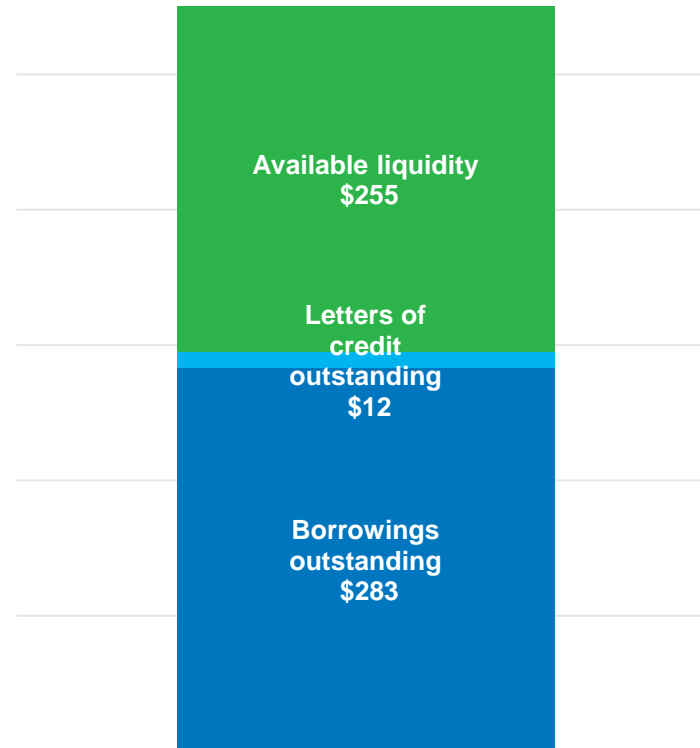
Consolidated capital structure
September 30, 2024



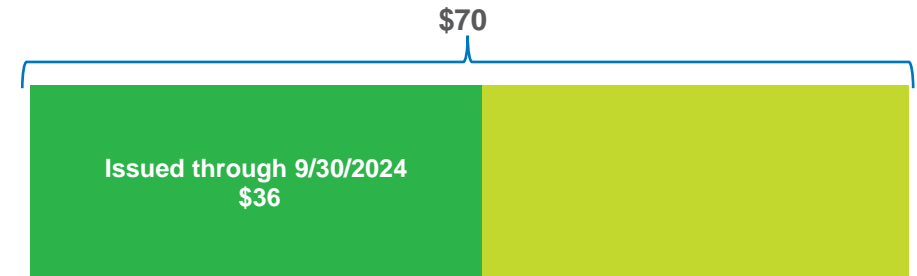
\$83.7M LONG-TERM DEBT

Low-cost debt remarketed, completed April 2024

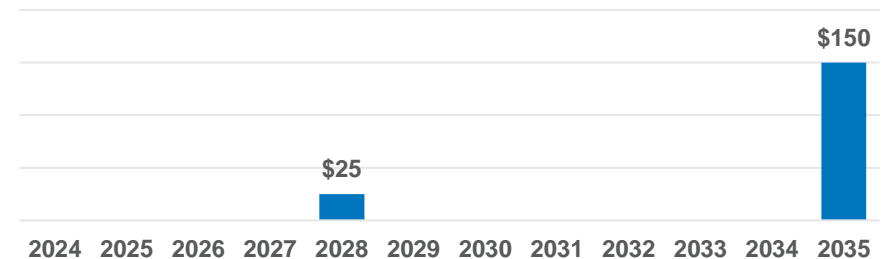
Liquidity
September 30, 2024
(\$ in millions)



Common stock issued and expected
(\$ in millions)



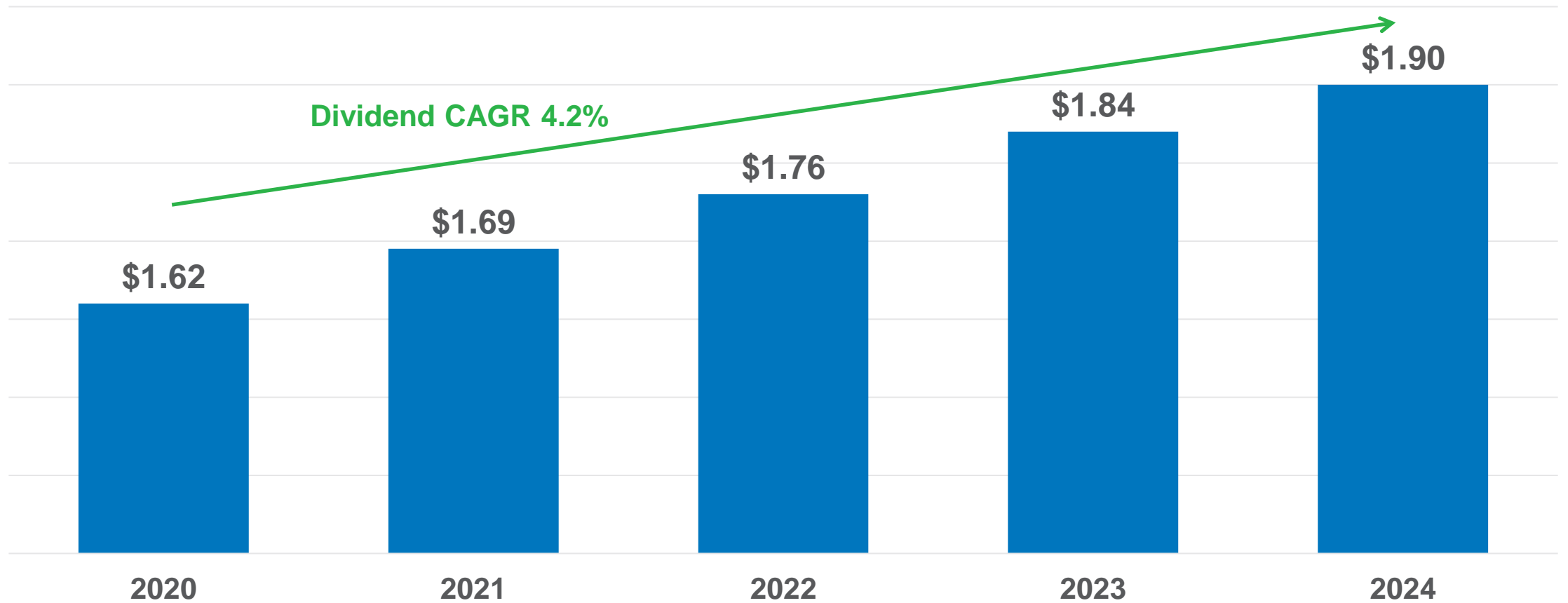
Upcoming debt maturities
(\$ in millions)



Maturities beyond 2035 not shown.

Excludes \$15 million of AERC debt maturing in 2024.

Competitive Dividends



Reconciliation of Non-GAAP Measures

	Operating Revenues	Resource Costs	Utility Margin (Pre-Tax)	Income Taxes (a)	Utility Margin (Net of Tax)
For the three months ended Sept. 30, 2024:					
Electric	\$ 316,692	\$ 107,411	\$ 209,281	\$ 43,949	\$ 165,332
Natural Gas	73,522	39,726	33,796	7,097	26,699
Less: Intracompany	(6,468)	(6,468)	-	-	-
Total	\$ 383,746	\$ 140,669	\$ 243,077	\$ 51,046	\$ 192,031
For the three months ended Sept. 30, 2023:					
Electric	\$ 309,027	\$ 116,729	\$ 192,298	\$ 40,383	\$ 151,915
Natural Gas	74,323	43,741	30,582	6,422	24,160
Less: Intracompany	(13,677)	(13,677)	-	-	-
Total	\$ 369,673	\$ 146,793	\$ 222,880	\$ 46,805	\$ 176,075
For the nine months ended Sept. 30, 2024:					
Electric	\$ 973,059	\$ 364,798	\$ 608,261	\$ 127,734	\$ 480,527
Natural Gas	411,379	226,446	184,933	38,836	146,097
Less: Intracompany	(14,942)	(14,942)	-	-	-
Total	\$ 1,369,496	\$ 576,302	\$ 793,194	\$ 166,570	\$ 626,624
For the nine months ended Sept. 30, 2023:					
Electric	\$ 849,454	\$ 301,764	\$ 547,690	\$ 115,015	\$ 432,675
Natural Gas	378,242	206,460	171,782	36,074	135,708
Less: Intracompany	(29,277)	(29,277)	-	-	-
Total	\$ 1,198,419	\$ 478,947	\$ 719,472	\$ 151,089	\$ 568,383

(a) Income taxes for 2024 and 2023 were calculated using Avista Corp.'s federal statutory tax rate of 21 percent.

Risks, Uncertainties and Other Factors That Could Affect Future Results

Forward-looking statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in such statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements:

Utility Regulatory Risk

state and federal regulatory decisions or related judicial decisions that affect our ability to recover costs and earn a reasonable return including, but not limited to, disallowance or delay in the recovery of capital investments, operating costs, commodity costs, the ordering of refunds to customers and discretion over allowed return on investment; the loss of regulatory accounting treatment, which could require the write-off of regulatory assets and the loss of regulatory deferral and recovery mechanisms;

Operational Risk

weather conditions, which affect both energy demand and electric generating capability, including the impact of precipitation and temperature on hydroelectric resources, the impact of wind patterns on wind-generated power, weather-sensitive customer demand, and similar impacts on supply and demand in the wholesale energy markets; wildfires ignited, or allegedly ignited, by our equipment or facilities could cause significant loss of life and property or result in liability for resulting fire suppression costs and/or damages, thereby causing serious operational, reputational and financial harm; severe weather or natural disasters, including, but not limited to, avalanches, wind storms, wildfires, earthquakes, extreme temperature events, snow and ice storms that could disrupt energy generation, transmission and distribution, as well as the availability and costs of fuel, materials, equipment, supplies and support services; political unrest and/or conflicts between foreign nation-states, which could disrupt the global, national and local economy, result in increases in operating and capital costs, impact energy commodity prices or our ability to access energy resources, create disruption in supply chains, disrupt, weaken or create volatility in capital markets, and increase cyber and physical security risks. In addition, any of these factors could negatively impact our liquidity and limit our access to capital, among other implications; explosions, fires, accidents, mechanical breakdowns or other incidents that could impair assets and may disrupt operations of our generation facilities, transmission, and electric and natural gas distribution systems or other operations and may require us to purchase replacement power or incur costs to repair our facilities; interruptions in the delivery of natural gas by our suppliers, including physical problems with pipelines themselves, can disrupt our service of natural gas to our customers and/or impair our ability to operate gas-fired electric generating facilities; explosions, fires, accidents or other incidents arising from or allegedly arising from our operations that could cause injuries to the public or property damage; blackouts or disruptions of interconnected transmission systems (the regional power grid); terrorist attacks, cyberattacks or other malicious acts that could disrupt or cause damage to our utility assets or to the national or regional economy in general, including effects of terrorism, cyberattacks, ransomware, or vandalism that damage or disrupt information technology systems; pandemics, which could disrupt our business, as well as the global, national and local economy, resulting in a decline in customer demand, deterioration in the creditworthiness of our customers, increases in operating and capital costs, workforce shortages, losses or disruptions in our workforce due to vaccine mandates, delays in capital projects, disruption in supply chains, and disruption, weakness and volatility in capital markets. In addition, any of these factors could negatively impact our liquidity and limit our access to capital, among other implications; work-force issues, including changes in collective bargaining unit agreements, strikes, work stoppages, the loss of key executives, availability of workers in a variety of skill areas, and our ability to recruit and retain employees; changes in the availability and price of purchased power, fuel and natural gas, as well as transmission capacity; increasing costs of insurance, more restrictive coverage terms and our ability to obtain insurance; delays or changes in construction costs, and/or our ability to obtain required permits and materials for present or prospective facilities; increasing health care costs and cost of health insurance provided to our employees and retirees; increasing operating costs, including effects of inflationary pressures; third party construction of buildings, billboard signs, towers or other structures within our rights of way, or placement of fuel containers within close proximity to our transformers or other equipment, including overbuilding atop natural gas distribution lines; the loss of key suppliers for materials or services or other disruptions to the supply chain; adverse impacts to our Alaska electric utility (AEL&P) that could result from an extended outage of its hydroelectric generating resources or their inability to deliver energy, due to their lack of interconnectivity to other electrical grids and the availability or cost of replacement power (diesel); changing river or reservoir regulation or operations at hydroelectric facilities not owned by us, which could impact our hydroelectric facilities downstream;

Climate Change Risk

increasing frequency and intensity of severe weather or natural disasters resulting from climate change, that could disrupt energy generation, transmission and distribution, as well as the availability and costs of fuel, materials, equipment, supplies and support services; change in the use, availability or abundance of water resources and/or rights needed for operation of our hydroelectric facilities, including impacts resulting from climate change; changes in the long-term climate and weather could materially affect, among other things, customer demand, the volume and timing of streamflows required for hydroelectric generation, costs of generation, transmission and distribution. Increased or new risks may arise from severe weather or natural disasters, including wildfires as well as their increased occurrence and intensity related to changes in climate;

Cybersecurity Risk

cyberattacks on the operating systems used in the operation of our electric generation, transmission and distribution facilities and our natural gas distribution facilities, and cyberattacks on such systems of other energy companies with which we are interconnected, which could damage or destroy facilities or systems or disrupt operations for extended periods of time and result in the incurrence of liabilities and costs; cyberattacks on the administrative systems used in the administration of our business, including customer billing and customer service, accounting, communications, compliance and other administrative functions, and cyberattacks on such systems of our vendors and other companies with which we do business, resulting in the disruption of business operations, the release of private information and the incurrence of liabilities and costs;

Risks, Uncertainties and Other Factors That Could Affect Future Results

Technology Risk

changes in technologies, possibly making some of the current technology we utilize obsolete or introducing new cyber security risks and other new risks inherent in the use, by either us or our counterparties, of new technologies in the developmental stage including, without limitation, generative artificial intelligence; changes in the use, perception, or regulation of generative artificial intelligence technologies, which could limit our ability to utilize such technology, create risk of enhanced regulatory scrutiny, generate uncertainty around intellectual property ownership, licensing or use, or which could otherwise result in risk of damage to our business, reputation or financial results; changes in costs that impede our ability to implement new information technology systems or to operate and maintain current production technology; insufficient technology skills, which could lead to the inability to develop, modify or maintain our information systems;

Strategic Risk

growth or decline of our customer base due to new uses for our services or decline in existing services, including, but not limited to, the effect of the trend toward distributed generation at customer sites; the potential effects of negative publicity regarding our business practices, whether true or not, which could hurt our reputation and result in litigation or a decline in our common stock price; changes in our strategic business plans, which could be affected by any or all of the foregoing, including the entry into new businesses and/or the exit from existing businesses and the extent of our business development efforts where potential future business is uncertain; wholesale and retail competition including alternative energy sources, growth in customer-owned power resource technologies that displace utility-supplied energy or may be sold back to the utility, and alternative energy suppliers and delivery arrangements; non-regulated activities may increase earnings volatility and result in investment losses; the risk of municipalization or other forms of service territory reduction;

External Mandates Risk

changes in environmental laws, regulations, decisions and policies, including, but not limited to, regulatory responses to concerns regarding climate change, efforts to restore anadromous fish in areas currently blocked by dams, more stringent requirements related to air quality, water quality and waste management, present and potential environmental remediation costs and our compliance with these matters; the potential effects of initiatives, legislation or administrative rulemaking at the federal, state or local levels, including possible effects on our generating resources, prohibitions or restrictions on new or existing services, or restrictions on greenhouse gas emissions to mitigate concerns over climate changes, including future limitations on the usage and distribution of natural gas; political pressures or regulatory practices that could constrain or place additional cost burdens on our distribution systems through accelerated adoption of distributed generation or electric-powered transportation or on our energy supply sources, such as campaigns to halt fossil fuel-fired power generation and opposition to other thermal generation, wind turbines or hydroelectric facilities; failure to identify changes in legislation, taxation and regulatory issues that could be detrimental or beneficial to our overall business; policy and/or legislative changes in various regulated areas, including, but not limited to, environmental regulation, healthcare regulations and import/export regulations;

Financial Risk

our ability to obtain financing through the issuance of debt and/or equity securities and access to our funds held with financial institutions, which could be affected by various factors including our credit ratings, interest rates, other capital market conditions and global economic conditions; changes in interest rates that affect borrowing costs, variable interest rate borrowing and the extent to which we recover interest costs through retail rates collected from customers; volatility in energy commodity markets that affect our ability to effectively hedge energy commodity risks, including cash flow impacts and requirements for collateral; volatility in the carbon emissions allowances market that could result in increased compliance costs; changes in actuarial assumptions, interest rates and the actual return on plan assets for our pension and other postretirement benefit plans, which could affect future funding obligations, pension and other postretirement benefit expense and the related liabilities; the outcome of legal proceedings and other contingencies; economic conditions in our service areas, including the economy's effects on customer demand for utility services; economic conditions nationally may affect the valuation of our unregulated portfolio companies; declining electricity demand related to customer energy efficiency, conservation measures and/or increased distributed generation and declining natural gas demand related to customer energy efficiency, conservation measures and/or increased electrification; industry and geographic concentrations which could increase our exposure to credit risks due to counterparties, suppliers and customers being similarly affected by changing conditions; deterioration in the creditworthiness of our customers; activist shareholders may result in additional costs and resources required in response to activist actions;

Energy Commodity Risk

volatility and illiquidity in wholesale energy markets, including exchanges, the availability of willing buyers and sellers, changes in wholesale energy prices that could affect operating income, cash requirements to purchase electricity and natural gas, value received for wholesale sales, collateral required of us by individual counterparties and/or exchanges in wholesale energy transactions and credit risk from such transactions, and the market value of derivative assets and liabilities; default or nonperformance on the part of parties from whom we purchase and/or sell capacity or energy; potential environmental regulations or lawsuits affecting our ability to utilize or resulting in the obsolescence of our power supply resources; explosions, fires, accidents, pipeline ruptures or other incidents that could limit energy supply to our facilities or our surrounding territory, which could result in a shortage of commodities in the market that could increase the cost of replacement commodities from other sources;

Compliance Risk

changes in laws, regulations, decisions and policies at the federal, state or local levels, which could materially impact both our electric and gas operations and costs of operations; and the ability to comply with the terms of the licenses and permits for our hydroelectric or thermal generating facilities at cost-effective levels.

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

JURISDICTION:	Oregon	DATE PREPARED:	01/02/2025
CASE NO:	UG 519	WITNESS:	Kevin Christie
REQUESTER:	CUB	RESPONDER:	Patrick Ehrbar
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	CUB – 032	TELEPHONE:	(509) 495-8620
		EMAIL:	pat.ehrbar@avistacorp.com

REQUEST:

If Oregon granted Avista its requested ROE and Idaho and Washington made no change, what would be the resulting change in the weighted cost of equity for Avista?

RESPONSE:

At current ROE's, the weighted average is 9.66%. If the Commission ordered a 10.4% ROE in Oregon, the weighted average would be 9.73%.

UG 519 – CERTIFICATE OF SERVICE

I hereby certify that, on this 4th day of March 2025, I served the foregoing **CUB OPENING TESTIMONY** in UG 519 upon the Commission and each party.

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Respectfully submitted,

/s/ Sharif Morton

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