BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, COMPLAINANT, v. AVISTA CORPORATION, d/b/a AVISTA UTILITIES, RESPONDENT.	DOCKETS UE-170485 and UG-170486 *(Consolidated)*

POST-HEARING BRIEF

OF THE ENERGY PROJECT

FEBRUARY 22, 2018

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I. INTRODUCTION

1. This case presents an opportunity to address a number of issues that are of importance to Avista's low-income customers. Along with other parties, The Energy Project (TEP) recommends approval of the Multiparty Partial Settlement Stipulation which will limit increases in monthly customer charges to modest levels. The settling parties also agree to moderate and incremental rate spread changes for residential customers in order to avoid undue rate impacts while still improving parity ratios for the residential class. Potentially complex and contentious cost-of-service issues have been deferred for consideration to the Generic Cost of Service case where all companies and interested stakeholders can participate.

2. With regard to Avista's low-income programs, three areas are addressed in this case. First, Staff, Avista, and The Energy Project agree that, in the event that a multiyear rate plan is approved, Avista's current Five-Year Plan for the Low-Income Rate Assistance Program (LIRAP) will be extended for an additional year to help meet the additional customer need. The LIRAP program is otherwise working well, and the parties do not recommend other changes at this time. Second, in the case of Avista's low-income weatherization program, both The Energy Project and Avista agree there is a need for additional funding to meet the large unmet need. The Energy Project recommends a more robust response to the need, noting that weatherization funding has remained flat for over seven years.

3. Third, regarding the low-income fuel conversion program, Staff, Avista, Public Counsel, and The Energy Project agree that, in the event the Commission grants Staff's request to discontinue the general residential fuel conversion program, the fuel conversion component of

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low-income weatherization should be allowed to continue to help low-income customers heat more efficiently and substantially reduce their home energy burden.

4. Beyond these low-income specific issues, Avista's rate request raises some general concerns for The Energy Project. The overall size of the request, both initially, and cumulatively over the three years of the proposed rate plan, creates potential for serious "rate shock" for customers, significant increases to household energy burden, and strains on the low-income assistance programs. The impact of this large rate request is exacerbated by the proposed multiyear rate plan which builds in two more annual increases after the first year. The Energy Project is recommending that the Commission not approve a multiyear rate plan in this case. The Energy Project has concerns about the departures from fundamental ratemaking principles on which the plans are based. In addition, given the pending Avista/Hydro One merger, The Energy Project believes it is preferable that the Commission defer any rate changes for the new company until after the merger is completed (if approved) and the new Company's then-current financial situation can be reviewed.

II. AVISTA'S LOW-INCOME PROGRAMS

A. The Low-Income Rate Assistance Program (LIRAP).

5. Avista's LIRAP program is currently operating under a Five-Year Plan approved by the Commission in Avista's 2015 General Rate Case (GRC). The plan provides for an increase in LIRAP funding by 7 percent annually, or twice the percentage increase in Schedule 1 and Schedule 101 base rates, whichever is greater.[1] The LIRAP program is operating satisfactorily

[1] Collins, Exh. SMC-1T at 4:1-10. LIRAP has four components: LIRAP HEAT ("regular" energy assistance), LIRAP Emergency Share, LIRAP Senior Outreach, and the Senior/Disabled Rate Discount Pilot.

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under the Five-Year Plan and neither Avista nor The Energy Project proposed any changes in their initial testimony in this case.

6. Commission Staff has proposed that the LIRAP Plan be extended for one additional year, through 2020, to provide additional relief to low-income households from the rate increases called for in the third year of the Avista and Staff rate plan proposals.[2] Staff's proposal is predicated on approval of either multi-year plan.[3] Avista agreed with this recommendation in its Rebuttal Testimony.[4] The Energy Project also supports Staff's proposal as reasonable. Although The Energy Project does not support approval of a multi-year rate plan, if such a plan is approved for Avista, extension of the current LIRAP Five-Year Plan to cover the full period of a new rate plan is appropriate and necessary.

B. Funding For Low-Income Weatherization Should Be Increased.

7. There is no dispute about the scale of the need for weatherization services for low-income customers in Avista's service territory. The Eastern Washington University Study (EWU Study) filed by Avista with the Commission in 2015 indicated that more than 85,000 Avista households, approximately 37.5 percent of the total, live at or below 200 percent of the Federal Poverty Level, the eligibility level for low-income weatherization.[5] Nor is The Energy Project aware of any dispute in this case that an increase in weatherization funding is warranted. Both The

[2] Hancock, CSH-1T at 23:11-13; Exh. CSH-8X.
[3] Exh. CSH-9X.
[4] Christie Rebuttal, Exh. KJC-2T at 23:11-18 ("[I]t is reasonable to add one more year to the plan in an effort to continue to reduce the unmet need of the eligible low-income population in Avista's service territory.")
[5] Collins, Exh. SMC-1T at 7:6-11.

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Energy Project and Avista have proposed increases to low-income weatherization funding to help meet the substantial level of need. No other party has opposed the requests.

8. The Energy Project recommends an increase of $350,000 in annual low-income weatherization funding, in conjunction with a single year rate increase, if a rate increase is approved by the Commission. Alternatively, if a multi-year rate plan is approved in the case, TEP recommends an increase of $350,000 in weatherization funding for each year of the rate plan.[6] For a three-year rate plan, this would result in a cumulative increase over the plan of approximately $1.05 million (50 percent) in weatherization funding.[7] Responding to The Energy Project's proposal, Avista has supported the concept of an increase to weatherization funding, albeit at a more modest level. Avista proposes an increase in funding of 7 percent or $140,000 per year, with a cumulative increase of $450,086 (22.5 percent) over the three-year plan Avista proposes.[8]

9. While The Energy Project appreciates Avista's support for an increase in funding, the rationale for this relatively small level of increase is not persuasive. The explanation offered by Avista for the choice of the 7 percent number was to mirror the current LIRAP Five-Year Plan.[9] Avista does not explain why it makes sense to apply the LIRAP formula to weatherization. There is no intrinsic reason to do so. LIRAP and weatherization are two distinct programs with

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[6] The Energy Project does not support adoption of a multi-year rate plan.

[7] Collins, Exh. SMC-1T at 8:16-18. The Energy Project also requested that Avista commit to a contribution of shareholder dollars in a manner similar to PSE. *Id.* at 8:22-9:8, Table 1. Avista has not made a shareholder funding commitment. Christie, KJC-2T at 26:5-10 (willing to discuss with Advisory Group need for and source of flexible weatherization funds).

[8] Christie Rebuttal, Exh. KJC-2T at 26, Table 2.

[9] Christie, Exh. 7X.

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different types of funding, different purposes, different delivery structures, different eligibility rules, and different tariffs. Moreover, the mirroring of LIRAP is incomplete. Avista omits the part of the LIRAP formula that allow increases of twice the base rate increase awarded in a GRC, where that amount is greater than 7 percent. In this case, for example, if Avista's full initial electric rate request were to be approved, the LIRAP increase would be 26.6 percent in year one, and 7 percent in years 2 and 3. Avista has no clear explanation of the omission other than to say their approach is a "good balance" between need and impact.[10]

10. Avista expresses the concern that TEP's proposal for increased funding on an annual basis "far exceeds the annual increases approved for LIRAP."[11] This does not appear to be accurate. Avista's most recent LIRAP compliance filing in 2017, implementing the annual minimum 7 percent increase for that year, stated that the "estimated annual revenue change associated with this filing is an increase of approximately $0.35 million [i.e., $350,000], or an increase of 0.1 percent in overall billed revenue."[12] Rather than being far in excess, The Energy Project's requested amount appears to be identical to the annual LIRAP increase for 2017.

11. When asked in discovery for any specific or independent rationale for their recommendation beyond mirroring LIRAP, Avista stated: "the 7 percent annual increase, already approved by the Commission for LIRAP was the Company's recommendation that would provide for an increase, and yet balance the interests to all ratepayers."[13] Avista also states,

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[10] *Id.*

[11] Christie, Exh, KJC-2T at 25:20.

[12] Schedule 92, Fifth Revision Sheet 92, filed July 28, 2017 (2017 LIRAP Compliance Filing). The Commission may take official notice of tariff filings. WAC 480-07-095(2)(a)(i)(C).

[13] Exh. KJC-9X.

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"[t]he Company believes that 7 percent is a good balance between covering the need and minimizing the overall customer impact."[14] No further detail was provided. According to the 2017 LIRAP Compliance Filing referenced above, an increase of $350,000 would have a small monthly bill impact, about $0.06 (0.1 percent) for an average residential electric user.

12. Another point supporting TEP's request is the fact that the eligible population for weatherization is significantly larger than for LIRAP. The eligibility level for standard LIRAP bill assistance is household income at or below 150 percent of Federal Poverty Level,[15] while for weatherization the income eligibility level is 200 percent of FPL. According to the EWU Study,[16] in 2015, there were over 22,000 more households eligible for low-income weatherization than for LIRAP.[17] While comparing LIRAP to low-income weatherization is not "apples to apples," this does reflect that the scale of the need warrants a more robust response than proposed by Avista.

13. The Energy Project's increase request is also reasonable given that Avista's level of funding for low-income weatherization has remained static at $2 million since 2010.[18] By contrast, in the case of LIRAP, stakeholders adopted the Five-Year-Plan with the express intent

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[14] Christie, Exh. KJC-7X.

[15] Schedule 92. The eligibility was recently changed from 125 to 150 FPL effective October 2017.

[16] Exh. SMC-1T at 7, n.15.

[17] Exh. SMC-1T at 3:1-8; Exh. SMC-1T at 7:4-11. EWU Study, Table 3 (125 percent FPL), Table 5 (200 percent FPL). In 2015, 85,159 households were at or below 200 percent of FPL, while 62,946 were at or below 150 percent, a difference of 22,213.

[18] *Washington Utilities & Transportation Commission v. Avista Corp. d/b/a Avista Utilities,* Dockets UE-100467/UG-100468, Order 07, ¶ 15, n.14 (Noting that under the approved settlement, the "total funding for low-income DSM would reach $2 million"); Current level of $2 million: Collins, Exh. SMC-1T at 7:13; Christie Rebuttal, Exh. KJC-2T at 25:18-19 and at 26 Table 2; Avista 2018 Annual Conservation Plan, Appendix A, 2018 Program Plans, at 2 (2018 Low-Income Funding by CAP Agency, total $2 million).

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of increasing the penetration of the program over time through increased funding.[19] Weatherization has not had the benefit of such a plan. The Energy Project's proposal is intended to help remedy this. While the intent is positive, Avista's proposed 7 percent increases will not do enough to help increase the number of customers reached by the weatherization program.[20]

C. The Fuel Conversion Program For Low-Income Customers Should Be Preserved.

14. Commission Staff has filed testimony in this proceeding recommending the Commission discontinue Avista's funding of electric to natural gas fuel conversion for residential customers under the conservation tariff rider.[21] Staff restated its recommendation in comments filed in connection with the consideration of Avista's Biennial Conservation Plan (BCP).[22] In early January, the Commission notified parties of its intent to address the fuel conversion program in this GRC proceeding where there would be an opportunity for a more fully developed record on the issue.[23]

15. The Energy Project has not taken a position on the broader issues raised by Staff regarding fuel conversion but does have a concern about the ramifications of the proposal as it could affect fuel conversion provided as part of low-income weatherization. Should the Commission decide

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[19] *Washington Utilities & Transportation Commission v. Avista Corp. d/b/a Avista Utilities*, Dockets UE-140188/UG-140189, Order 07, ¶ 5.

[20] Indeed, while the weatherization increases have been presented in the context of potential rate increases, there is ample support in the record for an increase to weatherization funding, even if no rate increases were to be granted in this case.

[21] Snyder, Exh. JES-1T at 24:11-14.

[22] Avista 2018-2019 Electric Biennial Conservation Plan (BCP), Docket UE-171091; Bench Exhibit BR 2, Staff Open Meeting Memorandum, Docket UE-171091, December 20, 2017 (Scanlan).

[23] Notice of Intent To Address Fuel Conversion Program In Pending General Rate Case Proceeding, Dockets UE-170485/UG-170486 and UE-171091 (January 5, 2018).

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to discontinue the general residential fuel conversion program, The Energy Project strongly believes it is essential that the low-income fuel conversion program be continued.

16. Continuation of low-income fuel conversion is supported by Commission Staff, as well as Avista and Public Counsel. Staff witness Jennifer Snyder testified that "Staff sees no reason not to allow these agencies to fund low-income fuel conversions in cases where it is in the best interest of the low-income customer."[24] Public Counsel, while preferring that the entire fuel conversion program be protected, also supports preserving low-income fuel conversion in the event that the Commission discontinues the general program.[25] Avista witness Kevin Christie testified that "fuel conversions should continue to be allowed within the low-income conservation program funded by the Tariff Rider, as the program provides both bill savings and energy savings."[26].

17. There are a number of reasons why continuing fuel conversion for low-income customers makes sense. Fuel conversion for low-income customers is already offered separately from Avista's general residential fuel conversion program, as part of the low-income weatherization programs administered by the six Community Action Partnership (CAP) agencies and one tribal organization that service Avista's service territory.[27] Weatherization generally helps low-income customers maintain their utility service through investments in energy efficiency measures that help lower customer bills. In some cases, the scope of work on a weatherization project includes fuel conversion from electric to natural gas space heat or hot water heating. In such cases, utility

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[24] Snyder, Exh. JES-1T at 24:4-9. Tr 270:3-6.
[25] Colamonici, TR. 447:11-18.
[26] Christie Rebuttal, Exh. KJC-2T at 17:3-9.
[27] Collins Cross-Answering, Exh. SMC-4T at 9:7-11.

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affordability, i.e., reducing the energy burden, is a significant consideration in assessing fuel switching as part of a potential weatherization project.[28] Fuel conversion measures in the low-income program have been found to achieve higher than expected energy savings.[29]

18. While fuel conversion can offer affordability benefits to all residential customers (given current gas price levels),[30] the benefits in terms of the home energy burden are most significant and qualitatively important for lower-income households. Home energy burden is determined by the percent the energy bill represents of household income.[31] An energy burden of 6 percent or less is generally considered affordable, while an energy burden over 10 percent is considered very high.[32] A high energy burden can be characteristic of "energy poverty" in which energy costs can force customers to choose between paying for utilities, food, medicines, housing, or other necessities. To the extent high heating costs are a cause of high energy burden, fuel conversion can make a critical difference for households. Staff witness Jennifer Snyder also made the point at the hearing that continuing the program is justified for low-income customers because they do not have the ability to switch on their own by taking on the capital costs or obtaining financing.[33]

19. Staff has raised concerns about the overall scale of the general fuel conversion program proposed budget of $4.9 million for 2018-2019. The low-income fuel conversion proposed

[28] *Id.* at 10:5-6.

[29] Collins Cross-Answering, Exh. SMC-4T at 9:14-15. Bench Exhibit, BR 3 (Letter of November 30, 2017, Shawn Collins for The Energy Project).

[30] Collins, Tr. 15-19.

[31] Collins, Tr. 317:22-318:3 Kevin Christie's definition offered at hearing of "energy burden" as "out-of-pocket" expenses is incomplete because it does not incorporate the ratio of utility expense to income. Tr. 219:9-15.

[32] Collins, Tr. 318: 1-9.

[33] Snyder, Tr. 278:1-9 (questions from Commissioner Balasbas).

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budget, by contrast, is much smaller, a modest $296,672, for 2018-2019. This represents less than one percent of the total Avista energy efficiency portfolio and approximately 12 percent of the low-income weatherization budget.[34]

20. In the event the general fuel conversion program is discontinued, the mechanics of continuing low-income fuel conversion should be straightforward. Low-income fuel conversion is currently funded through the conservation tariff rider, Schedule 91, as part of the general fuel conversion program.[35] This arrangement could simply continue with respect to the low-income fuel conversion component. Avista supports continued funding through the conservation tariff rider[36] and Staff concurs that this approach is an option open to the Commission.[37] If considered helpful for clarity, Avista could amend Schedules 90/91 to specify that low-income fuel conversion measures are included under the tariff, although Staff has opined that this is not technically necessary.[38]

21. Although Ms. Snyder clarified at the hearing that this option is not a Staff recommendation, an alternative idea raised by Staff is funding low-income fuel conversion under the LIRAP tariff.[39] This approach may present some challenges. For example, as Staff acknowledges, the LIRAP tariff would have to be amended to authorize use of monies collected under the LIRAP tariff rider for low-income fuel conversion, whereas funding under the DSM

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[34] Collins Cross-Answering, Exh. SMC-4T at 9:15-18.

[35] As the Staff BCP memorandum notes, the fuel conversion budget is separate from the other components of Avista's DSM program budgets, including low-income. Bench Exhibit BR 4 at 3, Table 2.

[36] Christie Rebuttal, Exh. KJC-2T at 17:8.

[37] Snyder, Tr. 270:24-271:11. Exh. JES-13X, Response to TEP Data Request No. 3 (a) and (b).

[38] *Id.*

[39] Snyder, Tr. 271:3-11.

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tariff rider is currently permitted.[40] In addition, no funds for fuel conversion are currently included in the LIRAP budget. As a result, placing fuel conversion under LIRAP would have the effect of reducing funding for bill assistance by at least $297,0000, absent an upward adjustment in LIRAP funding.[41] For that reason, should the Commission decide to move low-income fuel conversion to LIRAP funding, it would be essential for the Commission to order an increase in LIRAP funding of at least $297,000 annually, in order to hold harmless existing LIRAP funding for bill assistance.[42]

III. MULTIPARTY PARTIAL SETTLEMENT STIPULATION

A. The Customer Charges Agreed To In The Multiparty Settlement Represent A Reasonable Compromise.

22. The Energy Project is a party to the Multiparty Partial Settlement Stipulation (Settlement) filed in this docket on November 1, 2017. The Energy Project's Director Shawn Collins filed supporting testimony stating that the Settlement is in the public interest and should be approved.[43] Two areas of particular concern to TEP were addressed in the Settlement. The primary issue was Avista's proposal to increase the electric customer charge from $8.50 to $10.00, and the natural gas customer charge from $9.00 to$10.00. Customer charge increases are best avoided or minimized to the extent possible, due to their disproportionate effect on low-volume customers and reduction of the incentive to conserve. The Settlement reached a reasonable compromise on the issue, approving a more modest increase of $0.50 for each service

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[40] Exh. JES-13X.

[41] Snyder, Tr. 271:3-272:5. Exh. JES-14X, Response to TEP Data Request No. 4 (b)("the company budgets $296,672 for low-income conversions over the two years").

[42] *Id.*

[43] Collins, Exh. SMC-3T at 5:12-13.

which will have a smaller impact on low-income customers and low-volume users. No additional customer charge increases would occur during any multiyear rate plan, thus helping preserve rate stability.

B. The Rate Spread Settlement Is In The Public Interest.

23. In order to address parity concerns, the Settlement also provides that residential customers will receive a slightly larger portion (106 percent) of any increase approved, or a slightly smaller decrease (94 percent).[44] This moves the residential class closer to parity in moderate manner, avoiding rate shock. Policy and analytic questions about cost-of-service methodology are deferred to the Generic Cost-of-Service Case, which saves the parties and Commission from inefficient expenditure of resources on litigation of the issues in this docket.[45] As discussed below, this approach to cost-of-service issues is preferable to the ICNU recommendations.

IV. ICNU PROPOSALS REGARDING RATE SPREAD AND DEMAND SIDE MANAGEMENT

A. ICNU's Rate Spread Recommendation Should Not Be Adopted.

24. Industrial Customers of NW Utilities (ICNU) witness Robert Stephens presents extensive cost-of-service analysis in support of his recommendation that all or most rate increases in the case should be allocated to the residential class.[46] Under his approach, for example, even if Avista's rate request were cut in half, residential customers would still experience the same magnitude of electric rate increase (13.3 percent) as if Avista's full request had been granted,

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[44] Multiparty Partial Settlement Stipulation at 4, ¶ 6.
[45] Collins, Exh. SMC-3T at 5:4-9.
[46] Stephens, Exh. RRS-1CT at 2:4-22, at 36:3-10.

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while industrial customer classes would see little or no increase.[47] The Energy Project has two concerns with this proposal. First, placing the bulk of the burden of a rate increase on the residential class is not consistent with the Commission's rate spread principles, including perceptions of fairness, rate stability over time, gradualism, and avoidance of rate shock.[48]

25. Second, the Commission has authorized the initiation of a Generic Cost of Service docket to address this contentious area in a comprehensive fashion.[49] Consistent with that, as discussed, the other parties have entered into a Multiparty Partial Settlement Stipulation on rate spread that defers cost-of-service methodology issues to that docket.[50] No useful purpose is served by allowing one party to open up these same issues for litigation in this case. Avista's current cost-of-service methodology uses methodologies it has used in the past and approved by the Commission in previous dockets, as Mr. Stephens acknowledges.[51] ICNU has not shown a compelling need for the Commission to take on the issues at this time in this docket.

B. ICNU's Recommended "Opt-out" For Schedule 25 Should Not Be Approved.

26. Mr. Stephens also recommends an opt-out process be created for Schedule 25 customers, or others most affected, to avoid contributing to Avista's Schedule 91 electric Demand Side Management (DSM) tariff rider.[52] The Energy Project does not support this proposal. Schedule 91 is designed as a non-bypassable system benefit charge collected from all classes of customers.

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[47] *Id.* at 36, Table 5.

[48] Collins Cross-Answering, Exh. SMC-4T at 5:5-14.

[49] *Washington Utilities & Transportation Commission v. Avista Corp. d/b/a Avista Utilities*, Dockets UE-160228/UG-160229, Order 06, ¶¶ 94-100.

[50] While not a signatory to the settlement, Public Counsel does not oppose it.

[51] Stephens, Exh. RRS-1T at 9:7-8.

[52] *Id.* at 39:1-40:15.

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All customers benefit from DSM because DSM provides system benefits, including avoidance of increased generation costs. Accordingly, all customers, including low-income customers, are asked to help pay to support the program. Allowing certain customer classes or individual customers to opt-out would be inequitable and could ultimately undermine the support needed to continue to generate system benefits. The central premise of Mr. Stephens' recommendation -- that there is an inequitable imbalance between Schedule 25 contributions and benefits -- has been effectively rebutted by Commission Staff.[53] The Energy Project concurs with the Avista[54] and Staff[55] recommendations that this proposal should be rejected.

V. OTHER ISSUES AFFECTING LOW-INCOME CUSTOMERS

A. The Commission Should Not Approve A Multiyear Rate Plan.

27. There are additional issues of concern to The Energy Project in terms of their broad affect on residential and low-income customers. Avista's rate request overall is notable for its size, adding up to over $100 million over the life of the rate plan, with total rate increases after three years of 18 percent. The first-year electric rate impact of 13.3 percent is compounded by the two additional annual increases which would occur in the second and third year of the plan. This is a substantial increase by any measure. While the LIRAP program will help some customers deal with the added cost, the majority of Avista low-income customers are not served by the program.

28. The Energy Project does not support the proposals by Avista and Commission Staff for multiyear rate plans. The Energy Project shares the concerns raised by Public Counsel[56] and

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[53] Collins Cross-Answering, Exh. SMC-4T at 7:4-11.
[54] Christie Rebuttal, Exh. KJC-2T at 26:20-27:5.
[55] Snyder Cross-Answering, Exh. JES-12T at 4:16-5:2.
[56] Mark Garrett, Exh. MEG-1T at 9:5-12:21.

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ICNU[57] about the extent to which Avista departs from traditional fundamentals of ratemaking and relies on less reliable projections and escalation factors in order to support its proposal for a series of future increases.

29. In addition, as Shawn Collins testified in his initial testimony in the case, the pending request for approval of the Avista/Hydro One merger makes it more appropriate to order a single increase, in the event a need for added revenue is determined, rather than to build in multiple future rate increases. In response to questioning from Chairman Danner at the hearing, Shawn Collins further explained the basis of the recommendation, stating: "at this point, the needs of a new company are not known…in the rate case, we're looking at Avista ownership and projecting that out into a new ownership structure that is unknown at this point in terms of what operations may or may not look like….. Our recommendation would be to evaluate the Company as it is now and not its future potential self."[58]

30. Public Counsel's expert witness Mark Garrett makes a similar point in his testimony, arguing that "[t]he Company is willing to project with certainty the precise amount of the revenue deficiency it will experience based on its planned expenditures, but ignores the elephant in the room – the potential effects the pending merger will have on its ability to achieve new efficiencies and savings. It makes very little sense for the Commission to approve a series of significant rate increases for ratepayers, with a three-year stay out provision, just as the Company is about to implement changes that could significantly lower its costs."[59]

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[57] Mullins, Exh. BGM-1T at 3:11-4:21, at 6:13-19 (no need for extraordinary rate relief); at 9:23-10:9 (traditional ratemaking methodology sufficient in 2017 PSE GRC).

[58] Collins, Tr. 317:2-14.

[59] Mark Garrett, Exh. MEG-1T at 16:18-17:2.

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B. Customers Should Receive The Benefits Of The Recent Tax Cuts.

31. The Energy Project commends the Commission for acting promptly to ensure that the impact of Tax Cuts and Jobs Act can be taken into account in considering Avista's rate request. Fair, just, and reasonable rates cannot be set without taking the new tax levels into account. The benefits of the tax cuts should be passed on to Avista's ratepayers as part of the determination of rates in this docket.

VI. CONCLUSION

32. For the foregoing reasons, The Energy Project respectfully recommends that the Commission:

- Approve The Energy Project's requested annual increase of $350,000 for low-income weatherization, including for each year of any approved rate plan;
- Approve the Multiparty Partial Settlement Stipulation;
- Approve continuation of the fuel conversion component of the low-income weatherization program under its current Schedule 91 funding mechanism;
- Reject ICNU's DSM opt-out and alternative rate spread proposals;
- Decline to approve the multiyear rate plan proposals and, if any revenue deficiency is found, authorize recovery via a single rate increase.

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- In the event a multiyear rate plan is approved, grant Staff's request for a one-year extension of the LIRAP Five-Year Plan.

DATED this 22nd Day of February, 2018.

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