

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150204

DOCKET NO. UG-150205

REBUTTAL TESTIMONY OF

JOSEPH D. MILLER

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

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Q. Please state your name, business address and present position with Avista Corporation.

A. My name is Joseph D. Miller. My business address is 1411 East Mission Avenue, Spokane, Washington. I am employed as Manager of Rates and Tariffs in the Regulatory Affairs Department.

Q. Have you previously provided testimony in these dockets?

A. Yes. I sponsored Exh. JDM-1T through JDM-3.

Q. What is the scope of your testimony in this proceeding?

A. My testimony will address the rate spread, rate design, and implementation of any possible refund should the Commission determine that a refund is necessary as a result of this Remand proceeding.

Q. Are you sponsoring any exhibits that accompany your testimony?

A. Yes. I am sponsoring Exh. JDM-5 R related to the electric revenue changes, and Exh. JDM-6 R¹ related to the natural gas revenue changes, based on Avista’s “Compromise Position” of refunding \$1,326,000 to electric customers and \$1,582,000 to natural gas customers as discussed by Company witness Ms. Andrews.

Q. How should any potential refund be passed back to customers should the Commission authorize a refund to customers?

¹ In filing Ms. Andrews’ direct testimony on Remand, the Company failed to recognize Cross-Examination exhibits EMA-9 through EMA-15 from the prior 2015 GRC portion of this proceeding. It therefore inadvertently labeled its Remand testimony and exhibits as EMA-9T through EMA-19. To correct for this labeling error by the Company, and use of by Parties within their responsive testimonies, the Company proposes to label Avista’s Remand testimony with an R, i.e., Andrews: EMA-9T R - EMA-24 R; Thies: MTT-6T R; and Miller: JDM-4T R-JDM-6 R. Mr. Miller’s rebuttal Remand testimony is therefore labeled JDM-4T R.

1 A. If the Commission determines that a refund is warranted, any such refund
2 amount should be passed back to customers through a separate electric and natural gas tariff,
3 with any over or under-refunded balance being recovered in a future general rate case filing.

4 **Q. Please describe your rate spread and rate design recommendation should**
5 **the Commission authorize a refund to customers.**

6 A. Consistent with the recommendation of the Alliance of Western Energy
7 Consumers (“AWEC”) witness Mr. Mullins, any possible refund should be applied in a
8 manner consistent with the rate spread approved by the Commission in Order 05.² For electric,
9 the rate spread should be applied on an equal percentage of revenue basis to each rate schedule.
10 For natural gas, the revenue spread should be applied on an equal percentage of margin basis
11 to each rate schedule. These amounts should then be offset by the amount of applicable
12 “earnings sharing” credits already received through the Schedule 75 or 175 decoupling adder
13 schedules by rate schedule. Exhibit Nos. JDM-5 R (electric) and JDM-6 R (natural gas)
14 provides illustrative examples of how the refunds should be applied to the individual rate
15 schedules at Avista’s “Compromise Position” levels.

16 By separating the total refund from the “earnings sharing” offset, the rate spread will
17 provide the appropriate level of refunds to those rate schedules who are not subject to the
18 Company’s decoupling mechanism and therefore did not receive an allocated share of any
19 “earning sharing” offset.³ The rate design should be applied on a uniform cent basis to the
20 individual energy block rates within the rate schedules. To incorporate the most up to date
21 customer data, the revenue and billing determinates used to calculate the rate spread and rate

² Exh. BGM-7T, p. 31, ll. 22-24.

³ Electric Industrial Schedule 25 and Street and Area Lighting Schedules 41-48, as well as natural gas Interruptible Service Schedules 131 and 132, and Transportation Service Schedule 146, are not subject to the decoupling mechanism.

1 design of any refund to customers should be consistent with the Company's ongoing general
2 rate case, Dockets UE-190334 and UG-190335.

3 **Q. Does your proposal change, depending on what level of refund is ordered?**

4 A. No.

5 **Q. If a refund is to be ordered by the Commission, what is your**
6 **recommendation for the effective date and rate effective period?**

7 A. In order to minimize the number of rate changes experienced by customers, the
8 Company proposes an effective date of April 1st, 2020 which coincides with the change in
9 rates from the Company's current general rate case (Docket Nos. UE-190334 & UG-190335)
10 and Energy Recovery Mechanism (Docket No. UE-190222) filings. The rate credit should
11 remain in effect for a one-year period from April 1, 2020 through March 31, 2021. Providing
12 the rate credit over a one-year period as described by the Company is the most administratively
13 efficient option for providing any potential refund to customers as quickly as possible. As
14 discussed by Mr. Mullins, allowing the rates to remain in effect for a one-year period is
15 appropriate since it will capture the seasonality embedded in each of the various rate
16 schedules.⁴ In addition, as noted by Staff witness Mr. McGuire, utilizing a refund timeframe
17 that is as short as possible minimizes intergenerational inequity.⁵

18 **Q. Please describe Public Counsel's recommendation should the Commission**
19 **order refunds in this Remand proceeding.**

20 A. Public Counsel recommends that any refund ordered by the Commission
21 should be given back to customers, including those customers who have since left the system,

⁴ Id., ll. 17-18.

⁵ Exh. CRM-7T, p. 3, ll. 6-7.

1 based on individual customer rate revenue during the relevant rate effective period.⁶ Public
2 Counsel argues the refunds should occur in the form of a one-time cash payment or a credit
3 to customer's accounts for existing customers and a cash refund for those customers who have
4 since left the system.⁷

5 **Q. Are aspects of Public Counsel's proposal administratively possible for the**
6 **Company to administer?**

7 A. No. The Company simply does not track the address and whereabouts of prior
8 customers who have since left the system and therefore would have no administratively
9 efficient way of contacting those customers in order to provide them their cash refund.

10 **Q. Is Public Counsel's proposal for existing customers administratively**
11 **efficient for the Company to administer?**

12 A. No, while Public Counsel asserts that the Company should be able to "easily
13 compute such refunds" this vastly understates the amount of back office time and resources
14 required to administer such a proposal in a short amount of time. In simple terms, our systems
15 are not setup and configured to handle such a proposal and would require a substantial amount
16 of time and resources to be able to accurately administer refunds in this manner. The Company
17 would need adequate time to configure, validate, and test the system accuracy of administering
18 a refund in this manner, all the while ensuring that there are no unforeseen complications on
19 such things as comfort level billing, credit and collections, and customer service coordination
20 and education. From a programmatic communication perspective, the Company would need
21 time to educate its customer service representatives on how to handle calls related to the refund

⁶ Exh. GAW-1T, p. 2, ll. 18-20.

⁷ Id., p. 2, ll. 23 – p.3, ll. 2.

1 process. At a minimum the Company anticipates questions related to how the refund amount
2 was determined and to whom it was paid in response to issues arising from landlord tenant
3 arrangements and co-tenant disputes over who should receive a check or account credit.

4 It is the Company's high level estimate that should the Commission order the
5 Company to provide refunds to customers in a manner consistent with Public Counsel's
6 proposal, the Company would need, at a minimum, six to nine months of implementation time
7 prior to customers being issued a refund. The Company would also respectfully request
8 deferred accounting treatment for such costs. For customers that have since left the system,
9 the Company simply has no administratively efficient way of contacting these customers in
10 order to provide them a cash refund. Given the complexities described above and the long
11 implementation time-frame, the Company believes that refunding money to customers
12 through a rate credit, over a one-year period, is the most administratively efficient option for
13 providing money back to customers in a timely manner.

14 **Q. Please describe Commission Staff's position should the Commission order**
15 **refunds in this Remand proceeding.**

16 A. Commission Staff did not take a particular stance on rate spread or rate design
17 at this time. Staff recommends that the Commission make a determination on the amount
18 owed to ratepayers, and require Avista to file tariff schedules within 60 days wherein the
19 Company will propose a timeframe over which amounts will be refunded to customers.⁸

20 **Q. Do you agree with Staff's position in this proceeding related to the timing**
21 **of any potential refunds to customers?**

⁸ Exh. CRM-7T, p. 3, ll. 9-14.

1 A. No. The Commission has the necessary information in the record to resolve
2 all issues, including administration of any potential refunds, through its final order in this
3 Remand proceeding. Requiring the Company to make yet another tariff filing proposal in this
4 proceeding unnecessarily lengthens the Remand process. As is the case in other general rate
5 case proceedings, the Company would expect to make a final compliance filing administering
6 the Commission's final order with the opportunity for Staff, and the other Parties, to review
7 the compliance filing.

8 **Q. Does this conclude your rebuttal testimony?**

9 A. Yes.