

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

DIRECT TESTIMONY OF

SHAWN J. BONFIELD

REPRESENTING AVISTA CORPORATION

1 **I. INTRODUCTION**

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

4 A. My name is Shawn J. Bonfield and my business address is 1411 East Mission  
5 Avenue, Spokane, Washington. I am presently employed as the Senior Manager of Regulatory  
6 Policy and Strategy.

7 **Q. Would you briefly describe your educational background and**  
8 **professional experience?**

9 A. Yes. I am a 2005 graduate of Eastern Washington University with a Bachelor  
10 of Science degree in Computer Information Systems. In June of 2007, I graduated from  
11 Eastern Washington University with a Master's degree in Business Administration and  
12 immediately following graduation joined a subsidiary of the Company, Advantage IQ, as an  
13 Energy Procurement Manager. In January 2011, I joined the Regulatory Affairs Department  
14 at Avista Utilities as a Regulatory Policy Analyst. In March 2018, I began working as a  
15 commercial and industrial Account Executive.

16 In April 2020 I returned to the Regulatory Affairs Department in my current role as  
17 Senior Manager of Regulatory Policy and Strategy. I am responsible for managing the  
18 Company's Regulatory Policy team, which focuses on policy matters including energy  
19 efficiency, transportation electrification, electric and natural gas resource planning, the Clean  
20 Energy Transformation Act (CETA), the Climate Commitment Act (CCA), energy assistance,  
21 renewable natural gas, service quality and reliability, customer service and consumer  
22 protections, amongst other responsibilities.

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



1 for the duration of the multiyear rate plan (2023-2024) approved by the Commission (see Exh.  
2 SJB-2 for the full list of metrics). The 92 metrics were split between annual and quarterly  
3 metrics. For annual metrics, Avista agreed to begin reporting with calendar year 2022  
4 information, provided within the first 45 days of 2023. For quarterly metrics, Avista agreed  
5 to begin tracking data in 2023, with the first quarter reporting published within 45 days  
6 following the end of the quarter. In terms of publishing the metrics, Avista agreed to publish  
7 the results on its website<sup>2</sup> and maintain and make available to interested parties the historical  
8 results.

9 In addition to the 92 metrics, Avista also agreed to work with the Settling Parties<sup>3</sup> to  
10 the rate case to examine additional reliability metrics by the end of Rate Year 1, to be tracked  
11 and reported beginning in Rate Year 2 of the multiyear rate plan. To fulfill this obligation,  
12 Avista developed an additional three reliability metrics in coordination with Commission  
13 Staff, while also providing an opportunity for other the Settling Parties to comment. The three  
14 additional metrics were the following:

- 15 1. CEMIMax – this is an indicator of the most outages a single customer in a  
16 census tract faces on an annual basis and may be utilized to help provide  
17 outreach or assistance in certain census tracts where needed.
- 18 2. CEMIO – this is an indicator for which census tracts have the most customers  
19 facing outages.
- 20 3. Total Outage Hours – this metric is currently provided in Avista’s annual  
21 electric reliability report for all customers. Providing the metric by census tract  
22 provides a greater level of granularity to help understand the amount of time  
23 customers face outages within individual census tracts.

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<sup>2</sup> <https://www.myavista.com/about-us/our-rates-and-tariffs/washington-pbr-metrics>

<sup>3</sup> The Settling Parties included Avista, Commission Staff, the Alliance of Western Energy Consumers or AWEC, The Energy Project, the Northwest Energy Coalition or NWECC, Sierra Club, Walmart, and Small Business Utility Advocates. While not a member of the Settling Parties, Public Counsel supported the terms of the settlement regarding performance-based ratemaking and believed they were in the public interest.

1           **Q.     What purpose was served by these additional metrics?**

2           A.     As noted above, these new metrics provide more granular reporting of  
3 reliability that individual customers may face and may provide an opportunity to provide  
4 outreach or assistance to certain census tracts with reliability challenges.

5           **Q.     Did the Commission order anything additional regarding the Company's**  
6 **PBR metrics in its final order of the previous case?**

7           A.     Yes, it did. The Commission also ordered that Avista's PBR metrics be filed  
8 with the Commission at the same time they are posted to the Company's website.

9           **Q.     Has Avista complied with reporting out on its PBR metrics?**

10          A.     Yes, it has. The Company developed a webpage for publishing the PBR metrics  
11 data as shown in Figure No. 1 below.

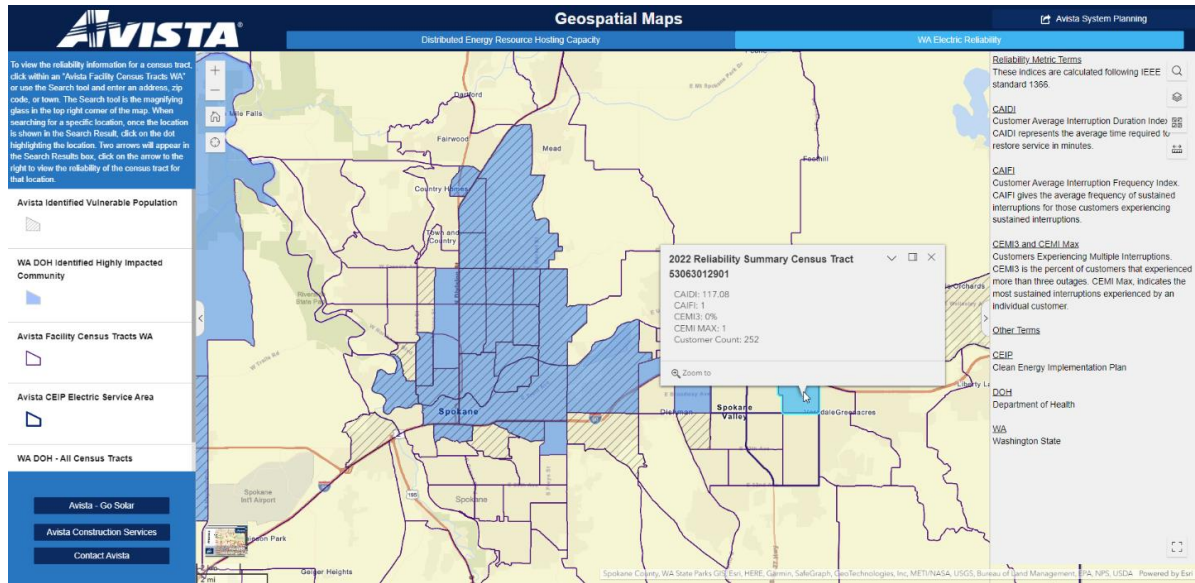
12

**Figure No. 1 – Avista’s PBR Metrics webpage**



As can be seen, the webpage includes a general description of the PBR metrics and then a listing of the categories of metrics the Company reports out on. Under each category, a report is available with the applicable metrics. For purposes of the electric reliability metrics, the Company went beyond simply providing the data for the metrics and created an interactive map as much of the data provided is by census tract. See Figure No. 2 below for a screenshot of the interactive map.

**Figure No. 2 - Avista’s Interactive Electric Reliability Map**



The Company anticipates adding additional data and/or functionality to this map in the future as PBR metrics evolve and requirements change.

In terms of the Company’s webpage, from February 2023 through December 2023, there were 587 total page views and 514 unique page/user views. February 2023 showed the highest levels of views; since that time, the page is averaging 43 total views per month and 37 unique page/user views per month.

**Q. Does Avista support the continuation of its 95 PBR metrics in this multiyear rate plan?**

A. No, it does not. Avista believes the number of metrics being reported is far too many, and many of the current metrics do not align with the regulatory goals, desired outcomes, and design principles provided in Docket U-210590 (the Commission’s collaborative proceeding concerning performance-based ratemaking). The Commission noted in its order approving of Avista’s current PBR metrics that “performance-based ratemaking is

1 an iterative process and flexibility is critical.”<sup>4</sup>

2 Now that the Company has reported out on the metrics for a period of time, and  
3 discussion on performance-based ratemaking has evolved in Docket U-210590, the Company  
4 has reassessed its 95 metrics and believes many of those metrics can be removed for the  
5 multiyear rate plan in this case.

6 **Q. What further discussions with interested parties have occurred with**  
7 **respect to pairing down the number of metrics?**

8 A. The Company has had informal discussions with Commission Staff and others  
9 regarding the number of metrics it currently reports on, and if the number of metrics should  
10 be reduced. Similar questions have been raised in Docket U-210590 as well. Through these  
11 discussions, Avista has heard that some believe 95 metrics are far too many.

12 **Q. What does Avista propose as a set of PBR metrics in this case?**

13 A. Avista proposes to reduce the number of metrics it reports on from 95 metrics  
14 to 48 metrics. The 48 metrics proposed appear to be valuable to the Commission as identified  
15 in Docket U-210590 and better align with the regulatory goals, desired outcomes, and design  
16 principles provided in that docket. See Exh. SJB-3 for the proposed metrics in this case, which  
17 can be compared to Exh. SJB-2, which has the full list of 95 metrics from the last case.<sup>5</sup> At a  
18 high level, the following are some of the significant changes made to the 48 metrics as  
19 compared to the 95 metrics:

- 20
  - Provide text clarifications and edits to better align the metrics with how the
- 21 data is being provided.

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<sup>4</sup> Dockets UE-220053, UG-220054, UE-210854 (*Consolidated*), Final Order 10/04 ¶192.

<sup>5</sup> For ease of reading, metrics highlighted in yellow in Exh. SJB-2 are proposed to be eliminated and metrics highlighted in blue in Exh. SJB-3 are newly proposed metrics.



- 1           • Remove financial and capital formation metrics in lieu of the additional  
2           Commission ordered MYRP Performance Measures that the Company  
3           proposed to retain, as described later in my testimony.
- 4           • Remove many metrics that are duplicative in nature or reported elsewhere,  
5           including certain Clean Energy Implementation Plan (CEIP), transportation  
6           electrification, and wildfire metrics. Regarding wildfire metrics, the Company  
7           proposes a metric in line with draft wildfire metric proposed by Commission  
8           Staff in Docket U-210590. The wildfire metrics included within the PBR  
9           metrics as previously approved, are still valuable and will be reported with  
10          wildfire reporting and/or in the Company's Wildfire Plan.

11          Regarding the removal of many of the metrics that are reported elsewhere, the Company does  
12          not believe the intention of the PBR metrics is to include a list of all data and metrics the  
13          Company provides for various purposes. Rather, the PBR metrics should focus only on the  
14          data relevant to assist the Commission in evaluating the Company's performance during a  
15          MYRP.

16           **Q.     Does the Company believe the proposed PBR metrics can be used to assist**  
17          **the Commission in evaluating the MYRP?**

18           A.     Yes, it does. These metrics can assist the Commission in evaluating the  
19          Company's performance in many areas, including the affordability and equitability of its  
20          service, how reliable the Company's service is, how the Company is prepared for and responds  
21          to emergencies, how customers rate the experience they have with the Company, and how the  
22          Company is reducing GHG emissions and pursuing demand response and non-wires and non-  
23          pipe alternative programs. As a record of data is built for the metrics within these categories,

1 the Commission can assess trends, evaluate changes, and direct the Company to focus on any  
2 areas it feels are deficient.

3 **Q. Does Avista support publishing the PBR metrics data, as well as filing with**  
4 **the Commission, in the same manner as currently required?**

5 A. Yes, it does. Avista supports continuing to publish and file its PBR metrics  
6 data within 45 days following the end of each year for annual metrics or 45 days following  
7 the end of each quarter for quarterly metrics.

8  
9 **III. PERFORMANCE MEASURES PURSUANT TO RCW 80.28.425(7)**

10 **Q. What did the Commission order in Avista's last GRC regarding**  
11 **performance measures pursuant to RCW 80.28.452(7) and why?**

12 A. In the Commission's order in Avista's last GRC, it stated the following  
13 regarding the Company's performance metrics agreed to in the settlement stipulation:<sup>6</sup>

14 The Settlement proposes 92 performance metrics to be recorded and tracked,  
15 but these metrics are not specifically measures appropriate for evaluating  
16 Avista's operations under the MYRP. The Settlement's 92 performance  
17 metrics also fail to aid the Commission in meeting its statutory obligation  
18 because the Settlement lacks detailed information related to how the  
19 Commission should use the 92 metrics to evaluate Avista's MYRP or provide  
20 all the agreed metric calculations.

21  
22 We therefore determine that certain measures, independent and aside from the  
23 92 metrics included in the Settlement, are necessary for the Commission's  
24 future assessment of Avista's operations under the MYRP. We adopt the  
25 measures outlined in Table 8, below, regarding operational efficiency,  
26 company earnings, affordability, and energy burden. All required reporting  
27 should use the same formatting for reporting usage by kilowatt-hours and  
28 therms as identified in paragraph 56, above.  
29

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<sup>6</sup> Dockets UE-220053, UG-220054, UE-210854 (*Consolidated*), Final Order 10/04 ¶189-192.

Table 8. MYRP Performance Measures and Outcomes

Topic	Measure/Calculation	Outcome <sup>253</sup>
Operational Efficiency	O&M Total Expense <i>divided by</i> Operating Revenue	Assesses how much expense was incurred for every dollar earned. Results at 1.00 or greater might reflect reduced efficiency in controlling O&M spending.
	Operating Revenue <i>divided by</i> AMA Total Rate Base and <sup>254</sup>	Assesses efficient use of rate base to generate revenue. Results less than 1.00 or excessively low results might reflect reduced efficiency in utilizing rate base to generate revenue.
	Operating Revenue <i>divided by</i> EOP Total Rate Base	Assesses liquidity of current assets covering current liabilities. Results less than 1.00 might reflect issues or concerns with liquidity.
Earnings	Current Assets <i>divided by</i> Current Liabilities <sup>255</sup>	Assesses the amount of net profit gained through revenues earned. Results should be multiplied by 100, to calculate a percentage result, and compared to the authorized ROR.
	Retained Earnings <i>divided by</i> Total Equity	Assesses the amount of earnings retained by a company compared to its total equity. Excessively low or high deviations might indicate that the company is paying out more earnings than reinvesting or that the company is retaining more than it needs, respectively. This metric will require baseline information to understand reinvesting and payout patterns.
Affordability <sup>256</sup>	Average Annual Bill Impacts (by Census Tract)	Assesses the average annual residential bill impacts to better understand, over time and by location, affordability of residential rates using the same average energy usage from year to year for better comparability over time.
	Average Annual Bill Impacts (by Zip code)	
Energy Burden <sup>257</sup>	Average Annual Bill <i>divided by</i> Average Median Income (by Census Tract)	Assesses the average energy burden of residential customers over time and by location. Results greater than 6 percent indicate energy burden concerns. <sup>258</sup>
	Average Annual Bill <i>divided by</i> Average Median Income (by Zip code)	

The measures we require Avista to track and report, outlined above, will provide essential and critically important business and customer equity data for the Commission’s evaluation of Avista’s performance during this MYRP. We also observe that the measures we require, outlined above, will likely continue to be consequential, even beyond this MYRP, for assessing the Company’s performance during future MYRPs.

**Q. What performance measures does Avista propose in this case in order for the Commission to evaluate the Company’s performance during the multiyear rate plan, if approved?**

1           A.     Avista proposes to maintain the 9 performance measures identified above  
2 during this rate plan; however, it suggests some modification to the measures and the timing  
3 for when the measures are reported. As demonstrated in 2023 for calendar year 2022 data, in  
4 order to fulfill its obligation to report out on the MRYP performance measures, the Company  
5 was required to provide data twice in February and also in April due to certain information  
6 being confidential until FERC Form data was filed with the Commission. Going forward, the  
7 Company proposes that the MYRP performance measures be provided by February 15<sup>th</sup> for  
8 data that is publicly available and then by May 15<sup>th</sup> to coincide with the filing of Q1 PBR  
9 metrics data for all remaining data. This schedule would consolidate filings, thereby reducing  
10 the administrative burden on the Company for preparing the filings and the Commission for  
11 processing and reviewing the filings.

12           **Q.     Does Avista propose any performance incentive mechanisms in this rate**  
13 **plan?**

14           A.     Avista does not believe it is necessary for the Commission to approve further  
15 performance incentive mechanisms in this case. If, however, the Commission deems that  
16 additional performance incentive mechanisms are required pursuant to 80.28.452(7), Avista  
17 would propose a single performance incentive mechanism consisting of a group of six  
18 measures, which is the same as it proposed in its initial testimony of its last rate case.

19           **Q.     Would you please provide the six measures proposed by the Company and**  
20 **an explanation of each?**

21           A.     Yes. Provided below are the six measures and an explanation of their

1 meaning:<sup>7</sup>

2 **Measure 1: Customer Satisfaction with the Telephone Service provided by**  
 3 **Avista's Customer Service Representatives** - As part of Avista's Service Quality  
 4 Measures program, the level of our customers' satisfaction with the telephone service  
 5 provided by the Company's contact center will meet or exceed a benchmark of 90%.<sup>8</sup>  
 6 Several factors influence our customers' satisfaction with the quality of telephone  
 7 service provided by our customer service representatives and contact center. We  
 8 measure the importance of these factors to customers as well as their satisfaction with  
 9 them each year. These factors are listed below.

- 10 • The customer service representative handling the customer's call in a friendly,  
11 caring manner.
- 12 • The customer service representative being informed and knowledgeable.
- 13 • The customer service representative meeting the customer's needs promptly.
- 14 • The customer service representative giving the customer all the information  
15 they need in one call.
- 16 • Being connected to a customer service representative in a reasonable amount  
17 of time.

18  
 19 **Measure 2: Customer Satisfaction with Avista's Field Service Representatives** -  
 20 As part of Avista's Service Quality Measures program, the level of our customers'  
 21 satisfaction with the Company's field services will meet or exceed a benchmark of  
 22 90%.<sup>9</sup> The quality of our field services and the satisfaction of our customers is  
 23 influenced by several factors. Each year we measure the importance of these factors  
 24 to our customers and their satisfaction with each aspect of our service. These factors

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<sup>7</sup> Measures 1 through 6 are outlined in the Company tariff, Schedules 85 (electric) and 185 (natural gas). Measures 7 through 9 are reported to the Commission pursuant to Washington Administrative Code (WAC) 480-100-398. These are also reported in the Company's annual "Service Quality Measures Program Report", last filed with the Commission on 4/28/2021 in Dockets UE-210282 and UG-210283.

<sup>8</sup> The level of Customer satisfaction with telephone service, as provided by the Company's Contact Center, will be at least 90 percent, where:

- a. The measure of Customer satisfaction is based on Customers who respond to Avista's quarterly survey of Customer satisfaction, known as the Voice of the Customer, as conducted by its independent survey contractor;
- b. The measure of satisfaction is based on Customers participating in the survey who report the level of their satisfaction as either "satisfied" or "very satisfied"; and
- c. The measure of satisfaction is based on the statistically significant survey results for both electric and natural gas service for Avista's entire service territory for the calendar year, and if possible, will also be reported for Washington customers only.

<sup>9</sup> The level of Customer satisfaction with the Company's Field Services will be at least 90 percent, where:

- a. The measure of Customer satisfaction is based on Customers who respond to Avista's quarterly survey of Customer satisfaction, known as the Voice of the Customer, as conducted by its independent survey contractor;
- b. The measure of satisfaction is based on Customers participating in the survey who report the level of their satisfaction as either "satisfied" or "very satisfied"; and
- c. The measure of satisfaction is based on the statistically significant survey results for both electric and natural gas service for Avista's entire service territory for the calendar year, and if possible, will also be reported for Washington customers only.

1 are listed below.

- 2 • The service representative keeping you informed of the status of your job.
- 3 • The service representative or service crew being courteous and respectful.
- 4 • The service representative or service crew being informed and knowledgeable.
- 5 • The service representative or service crew leaving your property in the
- 6 condition they found it.
- 7 • The service work being completed according to the customer's expectations.
- 8 • The overall quality of the work performed by Avista Utilities.

9  
10 **Measure 3: Customer Complaints made to the Commission** - As part of Avista's  
11 Service Quality Measures program, the number of complaints filed by our customers  
12 with the Commission will not exceed a ratio of 0.4 complaints per 1,000 customers.<sup>10</sup>  
13 When our customers are unhappy with any aspect of the service they receive from  
14 Avista, and the Company is made aware of the issue, our intent is work with the  
15 customer to resolve the issue quickly and fairly to their satisfaction. Though we are  
16 successful in resolving the majority of these customer issues, there are some that  
17 cannot be favorably resolved and result in the customer filing a formal complaint with  
18 the Commission. In addition to complaints arising in this manner, there are also  
19 instances where a customer files a complaint without having first notified the  
20 Company of their issue or concern. While past experience has shown that the  
21 Commission ultimately finds in the great majority of these complaints that the  
22 Company has acted properly, Avista agrees that the number of complaints filed does  
23 provide one indicator of the level of dissatisfaction our customers may have with our  
24 service or their experience.

25  
26 **Measure 4: Answering Our Customers' Calls Promptly** - As part of Avista's  
27 Service Quality Measures program, the percentage of customer calls answered live by  
28 a customer service representative within 60 seconds will average 80% or greater.<sup>11</sup>  
29 This particular customer service measure is one of the subsets of service attributes that  
30 contribute to the customer's overall satisfaction with our service representatives and  
31 contact center. Often referred to as the "Grade of Service", or "GOS", this measure is  
32 the average percentage of customer calls to our contact center that are answered live  
33 by a customer service representative within 60 seconds for those customers who wish  
34 to speak with a service representative. When a customer calls Avista's contact center,  
35 their call is initially received by our automated (voice activated) phone system. The  
36 customer is presented the option of using the phone system for self-service (e.g. to  
37 check their account balance or pay their bill, etc.) or to speak with a customer service

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<sup>10</sup> The ratio is calculated by dividing the sum of all electric and natural gas customer complaints filed with the Commission by the average monthly number of Avista customers for the year. The rate is calculated by multiplying the percentage by 1,000.

<sup>11</sup> The percentage of Customer calls answered by a live representative within 60 seconds will average at least 80 percent for the calendar year, where:

- a. The measure of response time is based on results from the Company's Contact Center, and is initiated when the Customer requests to speak to a Customer Service Representative; and
- b. Response time is based on the combined results for both electric and natural gas Customers for Avista's entire service territory.

1 representative live to meet their service need. Avista’s response time in answering the  
 2 customer’s call is the time that elapses between the customer’s request to speak to a  
 3 representative and when their call is answered live by a representative.  
 4

5 **Measure 5: Avista’s Response Time for Electric Emergencies** - As part of Avista’s  
 6 Service Quality Measures program, the average response time to an electric system  
 7 emergency will not exceed 80 minutes for the year.<sup>12</sup> When customers call Avista to  
 8 report an electric emergency, the Company works with the customer to quickly  
 9 ascertain the particular circumstances being reported, and instructs the customer on  
 10 how best to ensure the safety of themselves and that of others until help arrives. We  
 11 immediately begin the dispatch of service personnel best situated to respond in the  
 12 shortest time possible. Once at the scene, Avista’s first priority is to make the situation  
 13 safe for our customers, citizens, other emergency responders, and our employees.  
 14 Restoration of the problem can begin once the safety of the site is secured and needed  
 15 resources arrive at the scene. The Company’s ability to respond quickly to an electrical  
 16 emergency is influenced by many factors, some of which include the urban or rural  
 17 locale, the location of the nearest available respondent (especially in rural areas), the  
 18 time of day, season of the year, weather conditions, traffic, and the presence of other  
 19 simultaneous emergency events across the system. For this measure, the response time  
 20 to an electric emergency is the elapsed time between the confirmation of the  
 21 emergency with the customer (when the dispatch field order is given) and when the  
 22 Avista service person arrives at the scene.  
 23

24 **Measure 6: Avista’s Response Time for Natural Gas Emergencies** - As part of  
 25 Avista’s Service Quality Measures program, the average response time to a natural gas  
 26 system emergency will not exceed 55 minutes for the year.<sup>13</sup> When customers call  
 27 Avista to report a natural gas emergency, the Company works with the customer to  
 28 quickly ascertain whether the presence of natural gas (via odor or some other  
 29 characteristic) is likely coming from inside the customer’s home or business or from  
 30 facilities located outside. If inside, the customer is instructed to immediately evacuate  
 31 the building to a safe distance and await the arrival of emergency responders. If the  
 32 leak is in facilities outside, instructions to the customer are based on the proximity and  
 33 type of the leak to their (or others’) home or business. Once the nature of the issue has

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<sup>12</sup> The Company’s average response time to an electric system emergency in Washington will not exceed 80 minutes for the calendar year, where:

- a. Response time is measured from the time of the Customer call to the arrival of a field service technician;
- b. “Electric system emergency” is defined as an event when police / fire services are standing by, or arcing/flashing wires down (unspecified location, pole to house, or pole to pole), or for feeder lockout; and,
- c. Response times are excluded from the calculation for those periods of time when the Company is experiencing an outage that qualifies as a “Major Event Day” (or “MED”), as defined by the Institute of Electrical and Electronics Engineers, and which includes the 24-hour period following the Major Event Day.

<sup>13</sup> The Company’s average response time to a natural gas system emergency in Washington will not exceed 55 minutes for the calendar year, where:

- a. Response time is measured from the time of the customer call to the arrival of a field service technician; and
- b. “Natural gas system emergency” is defined as an event when there is a natural gas explosion or fire, fire in the vicinity of natural gas facilities, police or fire are standing by, leaks identified in the field as “Grade 1”, high or low gas pressure problems identified by alarms or customer calls, natural gas system emergency alarms, carbon monoxide calls, natural gas odor calls, runaway furnace calls, or delayed ignition calls.

1           been determined and the customer has been given precautionary instructions on how  
2           best to ensure their own safety and that of others until help arrives, the Company  
3           immediately begins the dispatch of service personnel best situated to respond at the  
4           scene in the shortest time possible. At the scene, Avista's first priority is to make the  
5           situation safe for our customers, citizens, other emergency responders, and our  
6           employees. Restoration of the problem can begin once the safety of the site is secured  
7           and needed resources arrive at the scene.  
8

9           **Q.     For the group of measures above, does Avista have a proposal on an**  
10          **incentive or penalty for exceeding or failing to meet the stated metrics?**

11          A.     Yes. For these six measures, Avista proposes to group them together for  
12          purposes of an incentive or penalty. Avista proposes that if the Company meets or exceeds all  
13          six of Measures 1 through 6 above, Avista would earn an annual incentive of \$500,000. If  
14          Avista meets or exceeds 5 of the 6 measures, there would be no incentive or penalty. If Avista  
15          fails to meet two or more of the six measures, then Avista would pay a penalty of \$500,000.  
16          The accounting for incentives or penalties is discussed below.

17          **Q.     Does Avista have a proposal on the reporting of, and accounting for,**  
18          **performance measures, including incentives and penalties?**

19          A.     Yes, Avista proposes the following:

20                1) Beginning on January 1, 2026, the Commission will approve a Deferred Accounting  
21                Mechanism or equivalent where any incentive or penalty incurred during the previous  
22                12-month period would be accounted for. The incentive or penalty would be allocated  
23                using a Washington based allocator that applies to both electric and gas operations in  
24                Washington, as the metrics apply to both fuels.  
25

26                2) Since these measures are also part of the Company's proposed PBR metrics, the  
27                Company will report out on them within 45 days of each calendar year as described  
28                above.  
29

30                3) If an incentive or penalty is warranted, the Company will file an electric and a  
31                natural gas tariff that would serve to surcharge or rebate the deferred balance, by  
32                service, to customers using the same rate spread as approved for base rates during the  
33                12-month period being reviewed. No interest would accrue on the deferral and any  
34                penalties would be shareholder funded.



1                   **IV.    LOW INCOME RATE ASSISTANCE PROGRAM**

2           **Q.    What is Avista’s Low-Income Rate Assistance Program (LIRAP)?**

3           A.    The Company’s LIRAP, approved by the Commission in 2001, collects  
4 funding through electric and natural gas tariff surcharges on Schedules 92 and 192,  
5 respectively, and disburses this funding to qualified low-income<sup>14</sup> households. LIRAP, like  
6 the Federally sponsored and State-administered Low-Income Home Energy Assistance  
7 Program (LIHEAP),<sup>15</sup> can provide financial assistance to households that are unable to afford  
8 their energy bills, it can aid in paying ongoing energy costs, help the household avoid having  
9 its utilities shut off due to nonpayment, or assist in reestablishing service if a disruption does  
10 ultimately occur.

11           **Q.    How are LIRAP funds distributed?**

12           A.    Historically, funds collected through Avista’s Schedules 92 and 192 were  
13 distributed by the seven distinct Community Action Agencies (Agencies or CAAs) within  
14 Avista’s service territory,<sup>16</sup> in a manner similar to LIHEAP. With the approval of the  
15 Company’s last GRC<sup>17</sup> and the associated subsequent compliance filing,<sup>18</sup> however, such  
16 disbursement was expanded to include Avista as a point of access through which customers can  
17 enroll in LIRAP. Additionally, customers are now able to “self-attest” to their income with

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<sup>14</sup> Pursuant to WAC 194-40-030, “Low-income” means household incomes that do not exceed the higher of eighty percent of area median income or two hundred percent of federal poverty level, adjusted for household size.

<sup>15</sup> LIHEAP is a federal program established in 1981 and funded annually by Congress. These federal dollars are released directly to states, territories, tribes and the District of Columbia who use the funds to provide energy assistance to low-income households. LIHEAP offers financial assistance to qualifying low-income households to help them pay their home heating or cooling bills. Under federal law, a household must have income below either 150 percent of the federal poverty level or 60 percent of state median income level, whichever is higher.

<sup>16</sup> Agencies include Spokane Neighborhood Action Partners (SNAP), Rural Resources, Opportunities Industrialization Center (OIC) of Washington, Community Action Center – Whitman County, Community Action Partnership – Asotin County, Washington Gorge Action Programs, and the Spokane Tribe of Indians.

<sup>17</sup> Dockets UE-220053, UG-220054, and UE-210854 (*Consolidated*).

<sup>18</sup> Dockets UE-230539 and UG-230540.

1 either Avista or the Agencies, rather than completing what some may view as a burdensome  
2 application with their local CAA in order to prove their income qualifications.

3 **Q. What are the current components of LIRAP, as approved in the**  
4 **Company's last general rate case?**

5 A. Effective October 1, 2023, Avista's LIRAP is comprised of the following five  
6 elements:

- 7 1) **Bill Discount.** Available to all low-income customers. This discount, termed  
8 the My Energy Discount, is composed of five distinct discount tiers, the  
9 amount of which is based on an individual household's total gross income.  
10 Each income group – 0 to 5% Federal Poverty Level (FPL), 6 to 50% FPL, 51  
11 to 100% FPL, 101 to 150% FPL, and 151% FPL to 200% FPL or 80% Area  
12 Median Income (AMI), whichever is greater – is provided with a specified  
13 discount percentage, to be deducted from the participating customer's net bill  
14 each month. Table No. 1 below shows the percentage discount to be provided  
15 to each corresponding income range.

16  
17 **Table No. 1 – LIRAP Bill Discount Percentage Per Income Range**

Income Range	Discount
Zero to 5% FPL	94%
6 to 50% FPL	75%
51 to 100% FPL	35%
101 to 150% FPL	20%
151 to the greater of 200% FPL or 80% AMI	15%

- 18  
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26  
27 2) **Arrearage Management Program (AMP).** Available to customers with  
28 incomes at 51% to 200% FPL or 80% AMI, whichever is greater. The AMP  
29 reduces a customer's past due balance, or "arrearage," owed over a 12-month  
30 period by providing an incentive for regular, on-time payment of their current  
31 bill plus a portion of their past due balance. Customers within this income  
32 range that are eligible for the Bill Discount, yet have a past due balance on  
33 their account, will be offered the opportunity to pay off their arrearage using  
34 the AMP. The maximum annual benefit for this offering is \$2,500, with  
35 exceptions to the maximum benefit allowable for extreme, extenuating  
36 customer situations (as determined in collaboration with the Company's  
37 Energy Assistance Advisory Group (EAAG), not to exceed \$5,000).  
38  
39 3) **Arrearage Forgiveness (AFP).** Available to customers with incomes at 0-

1 50% FPL. Customers within this income range that are eligible for the Bill  
 2 Discount, yet have past due balances on their account, will be offered the  
 3 opportunity to have their arrearage forgiven. Like the AMP, the maximum  
 4 annual benefit for this offering is \$2,500, with exceptions to the maximum  
 5 benefit allowable for extreme, extenuating customer situations (as determined  
 6 in collaboration with the Company's EAAG, not to exceed \$5,000).

7  
 8 4) **Emergency Share.** Available to customers experiencing a hardship or energy  
 9 emergency, such as risk of disconnection. The amount of emergency assistance  
 10 is determined on a case-by-case basis, not to exceed \$400. All energy costs  
 11 resulting from electric or natural gas usage are eligible (including kWh and  
 12 therm consumption, applicable taxes, and arrearages).

13  
 14 5) **Automatic Hardship Grant.** A one-time grant for customers experiencing  
 15 financial hardship, as proven by a past due balance subject to thresholds  
 16 determined by Avista's EAAG and at timing intervals determined by the  
 17 EAAG. Mimics "emergency" assistance (i.e., LIRAP Emergency Share or the  
 18 Company's donation-based Project Share) processes, and is intended to cover  
 19 past due balances only, not to exceed \$350.

20 **Q. Are these recent LIRAP changes accomplishing the Company's intended**

21 **"long-term goals" that were noted in Avista's prior GRC?<sup>19</sup>**

22 A. Yes. In its original request to pursue these changes, Avista noted that it works  
 23 very closely with its EAAG to provide oversight of LIRAP to ensure that the Company is  
 24 meeting its program goals of 1) keeping customers connected to energy service, 2) continually  
 25 providing assistance to more customers each year, 3) lowering the energy burden<sup>20</sup> of LIRAP  
 26 recipients, and 4) ensuring appropriate data is collected and available to assess the program's  
 27 effectiveness. With these guiding LIRAP principles in mind, Avista declared that "In the  
 28 upcoming years, the Company plans to pursue a more targeted approach to lowering the  
 29 energy burden of its customers, as well as expanding the overall reach of LIRAP, thereby

<sup>19</sup> Dockets UE-220053 et. al., Exh. SJB-1T, pgs. 7-9.

<sup>20</sup> Per RCW 19.405.020, "Energy burden" means the share of annual household income used to pay annual home energy bills.

1 reducing the energy assistance need<sup>21</sup> within its service territory.”<sup>22</sup>

2           Though the new LIRAP components have only been in effect since October 1, 2023,  
3 Avista and its partner Agencies have already served more customers in a mere 3 months than  
4 in some cases, an entire program year. As of December 31, 2023, the Company’s LIRAP has  
5 provided financial benefits to approximately 26,607 households in the current program year.  
6 This brings Avista’s total energy assistance saturation rate<sup>23</sup> from approximately 14% on  
7 September 30, 2023 (prior to the launch of the Bill Discount), up to 24% on December 31,  
8 2023. Table No. 2 and Chart No. 1 below provide a summation of the types of LIRAP  
9 assistance received – Bill Discount, AMP, or AFP – as well as a breakdown of Bill Discount  
10 recipients by their respective discount percentage tiers.

11 **Table No. 2 – LIRAP Distribution by Type, October 1, 2023 - December 31, 2023**<sup>24</sup>

LIRAP Program Component	Number of Recipients	Total Distributed	Average Benefit Amount
Emergency Share	2,813	\$920,966	\$327
Energy Grant	47	\$11,750	\$250
Heat	172	\$83,518	\$486
AMP	328	\$40,969	\$125
AFP	352	\$250,868	\$713
Bill Discount	26,306	\$3,153,927	\$120
<b>Total</b>	<b>30,018</b>	<b>\$4,503,327</b>	<b>\$150</b>

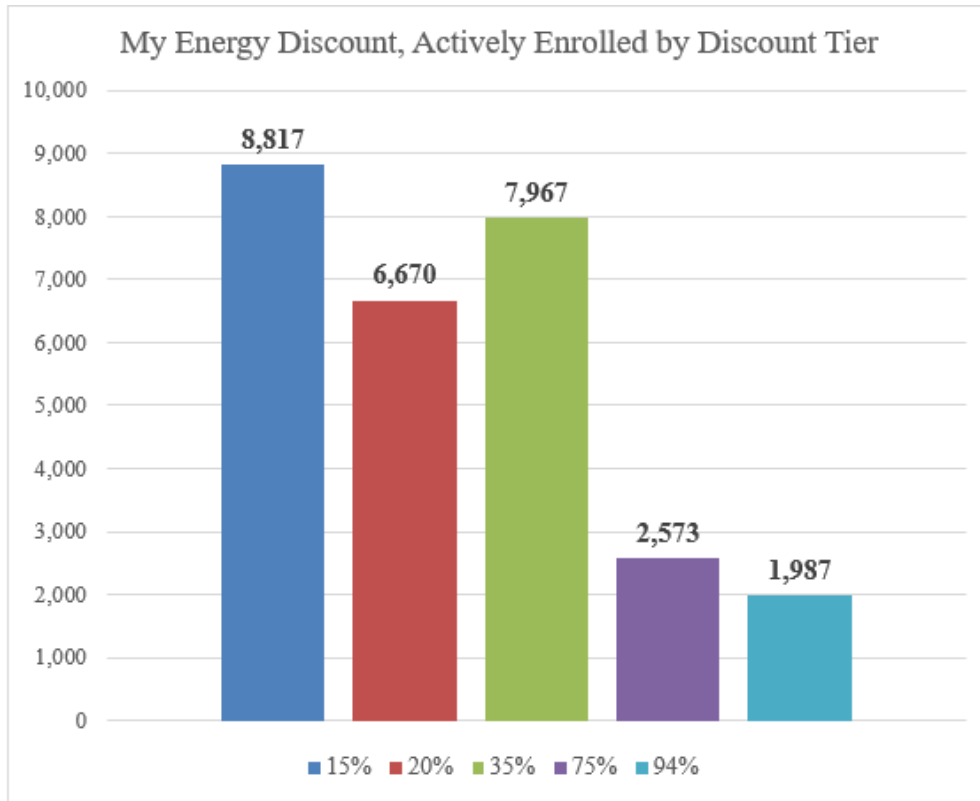
<sup>21</sup> As defined by WAC 194-40-030, “Energy assistance need” means the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.

<sup>22</sup> Dockets UE-220053 et. al., Exh. SJB-1T, pg. 8.

<sup>23</sup> Saturation rate is representative of the percentage of Avista customers provided with any form of energy assistance – including LIRAP, LIHEAP, etc. – out of the total potentially eligible population of 129,266 customers.

<sup>24</sup> Note: LIRAP Heat and Energy Grant both ended September 30, 2023; customers noted above are those that qualified before the expiration of the grants, yet the payments posted after October 1, 2023. Additionally, the average benefit amounts for both AMP and the Bill Discount are the total average benefit per account.

1 **Chart No. 1 – LIRAP Bill Discount Participation by Tier<sup>25</sup>**



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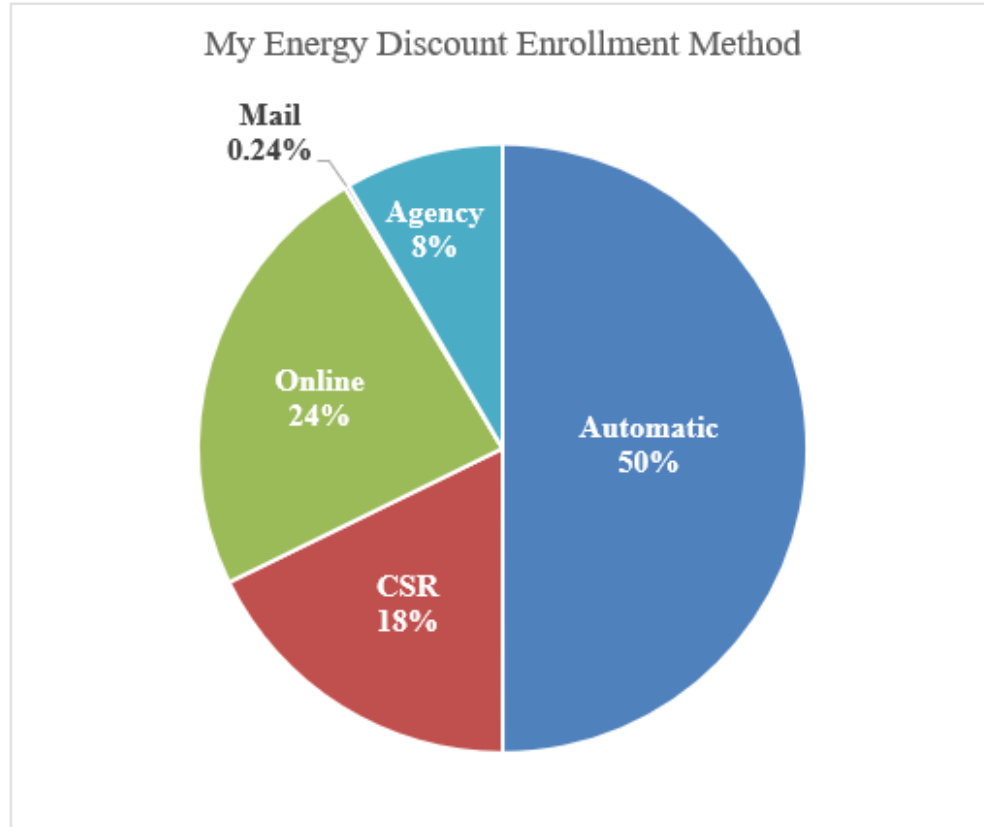
6

Chart No. 2 below illustrates the channel through which each participant enrolled in the bill discount, highlighting the positive impact of joint administration by Avista and the Agencies, as well as the ease of accessibility by allowing customers to now enroll online, through an Avista CSR, through the mail, or in person with an Agency.

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<sup>25</sup> As of December 31, 2023.

1 **Chart No. 2 – LIRAP Bill Discount Customer Enrollment Method**



2

3 **Q. Has Avista’s outreach and customer engagement, in support of these bill**  
 4 **assistance offerings, also increased concurrently?**

5 A. Yes. As noted in the Company’s last GRC,<sup>26</sup> both CETA and Senate Bill (SB)  
 6 5295 – codified as RCW 19.405.120 and RCW 80.28.068, respectively – contain mandates  
 7 regarding the substantial outreach efforts expected in support of low-income discount  
 8 programs and other energy assistance, including the strategies to be utilized and reporting  
 9 requirements for such engagements. Examples of this guidance can be seen within RCW  
 10 80.28.068(3), which states:

11 Each gas or electrical company shall conduct substantial outreach efforts to make the  
 12 low-income discounts or grants available to eligible customers and must provide

<sup>26</sup> Dockets UE-220053 et. al., Exh. SJB-1T, pgs. 10-12.

1 annual reports to the commission as to the gas or electrical company's outreach  
2 activities and results. Such outreach: (a) Shall be made at least semiannually to inform  
3 customers of available rebates, discounts, credits, and other cost-saving mechanisms  
4 that can help them lower their monthly bills for gas or electrical service; and (b) may  
5 be in the form of any customary and usual methods of communication or distribution  
6 including, without limitation, widely broadcast communications with customers,  
7 direct mailing, telephone calls, electronic communications, social media postings, in-  
8 person contacts, websites of the gas or electrical company, press releases, and print  
9 and electronic media, that are designed to increase access to and participation in bill  
10 assistance programs.

11 Having received approval to recover LIRAP outreach and marketing costs through the  
12 appropriate LIRAP tariff via the Company's most recent GRC Settlement,<sup>27</sup> Avista  
13 implemented a robust and comprehensive customer engagement and enrollment campaign in  
14 support of its October 1, 2023 implementation of the new LIRAP components. These efforts  
15 included a multi-channel, broad-reach campaign, focusing on linguistically and culturally  
16 appropriate messaging intended to generate program awareness and encourage engagement  
17 and participation. Complete details regarding Avista's LIRAP outreach can be found within  
18 the Company's recently filed LIRAP Annual Summary Report.<sup>28</sup>

19 **Q. Have these LIRAP changes, and subsequent increased customer**  
20 **participation, impacted the funding needed to support LIRAP?**

21 A. Yes. To support this increased funding need, Avista filed a request to increase  
22 its LIRAP electric and natural gas funding recovered via Schedules 92 and 192,<sup>29</sup> with the  
23 new rates approved effective November 1, 2023. The Company expects such rate adjustments  
24 to continue as it strives to both mitigate the current energy assistance need within its service  
25 territory and to satisfy the funding expectations of CETA, as described below. In addition,

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<sup>27</sup> Dockets UE-220053 et. al., Settlement at p. 14, ¶ 24(c)(i)(5).

<sup>28</sup> Dockets UE-010436 and UG-010437, December 28, 2023.

<sup>29</sup> Dockets UE-230704 and UG-230705.

1 labor costs deemed not recoverable via the LIRAP tariffs<sup>30</sup> are included within this case as  
2 noted herein.

3 **Q. Does Avista have a fixed budget for LIRAP?**

4 A. No. As described within its proposed funding structure for LIRAP in Avista's  
5 last GRC, CETA (more specifically, RCW 19.405.120(4)(a)(iii)) requires a "cumulative  
6 assessment of previous funding levels for energy assistance compared to the funding levels  
7 needed to meet: (A) Sixty percent of the current energy assistance need, or increasing energy  
8 assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030;  
9 and (B) ninety percent of the current energy assistance need by 2050." To reach such funding  
10 levels and to truly address the energy assistance need and reduce energy burden within our  
11 service territory, Avista received approval within its last GRC to allow the budget for LIRAP  
12 to follow the need. This means that all LIRAP-related costs, with the exception of Avista  
13 labor, now flow through Avista's Schedules 92 and 192; this includes funds for Direct  
14 Services to customers, program administration and support costs (Admin) for the Agencies,  
15 Conservation Education (ConEd) for both the Agencies *and* Avista, and outreach and  
16 education (inclusive of program promotion and marketing) costs described previously. While  
17 not a complete picture of the true financial impacts and costs to offer LIRAP – since Avista  
18 labor is not included in these costs and the Company is now a significant administrator of the  
19 program and thus has several employees spending a great deal of time dedicated to the  
20 program – this approach allows for more accurate tracking of financial commitments needed  
21 to provide LIRAP to those in need and helps to streamline the process by which adjustments  
22 are made to the LIRAP rate to best accommodate the actual level of need being experienced

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<sup>30</sup> Dockets UE-220053 et. al., Settlement at p. 14, ¶ 24(c)(ii)(1).



1 by Avista customers.

2 This funding structure also provides further flexibility in serving LIRAP participants,  
3 allowing both Avista and its partner Agencies the opportunity to provide whatever funding is  
4 needed directly to customers until energy assistance need is met, rather than until some  
5 arbitrarily set budget amount is exhausted. CAAs are therefore able to more appropriately and  
6 comprehensively serve all Avista customers within their designated service area without  
7 having to monitor the availability of their apportioned LIRAP funds, or to request a  
8 reallocation of funding from one Agency to another (should one CAA anticipate being  
9 overspent yet another has funding left unused).

10 **Q. Given the specific parameters by which utilities must increase their low-**  
11 **income assistance programs each year set forth in RCW 80.28.425(2), please explain how**  
12 **Avista’s uncapped budget structure aligns with these guidelines.**

13 A. RCW 80.28.425(2) allows the Commission to approve,<sup>31</sup> for each year of a  
14 multiyear rate plan, any customer-funded bill assistance or special rate programs that supports  
15 the energy burden reduction of low-income residential customers, provided that such a  
16 proposal does not exceed five percent of the total revenue requirement permitted for the given  
17 year. Additionally, for each year of a multiyear rate plan that results in an increase, the  
18 Commission must concurrently increase the amount of low-income bill assistance by at least  
19 double the amount of any residential base rate increase.

20 To reconcile Avista’s uncapped Direct Service budget with these requirements, the  
21 Company will continue to monitor the forecasted LIRAP funding needed to support its  
22 customers and will ensure that any requests to *increase* the LIRAP rate occur within the same

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<sup>31</sup> The Commission may approve, disapprove, or approve with modifications.

1 year as any multiyear rate plan and be, at minimum, double the amount of the residential base  
2 rate increase approved. This means that any multiyear rate plan approved by the Commission  
3 will be accompanied by an increase in LIRAP funding that, while not always contained within  
4 the rate case itself, will always occur within the year required (i.e., the year the multiyear rate  
5 plan is in effect). However, Avista will also continue to allow the spending level of LIRAP to  
6 follow the actual need as described above, and should the level of funding available not  
7 support the level of LIRAP spending needed to adequately serve all eligible customers, the  
8 Company would propose to further increase LIRAP funding.

9           Regarding the limit of 5% of total revenue requirement to be approved for such  
10 programs, Avista continues to utilize this as a guidepost which funding will not exceed.  
11 Currently, total LIRAP funding is approximately \$22 million per year, as further described  
12 within the Company's most recently approved LIRAP rate adjustment filing.<sup>32</sup> For Avista, 5%  
13 of total revenue requirement on a Washington-system basis equates to approximately \$40.4  
14 million per year, based on the proposed combined electric and natural gas revenue requirement  
15 in this case; thus, the LIRAP budget remains well below the 5% threshold.

16           **Q. Will LIRAP funding increase during 2024?**

17           A. Yes. As noted above, Avista will request to increase its LIRAP funding by at  
18 least double the amount of the residential base rate increase approved within this multiyear  
19 rate plan. Effective November 1, 2023, LIRAP was increased as part of its annual true-up  
20 mechanism, which reconciles the prior period's actual expenditures and collections along with  
21 a forecast of revenues needed to support the program for the upcoming year to ensure  
22 appropriate recovery of funding needed to support ongoing LIRAP costs; this increase also

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<sup>32</sup> See Dockets UE-230704 and U-230705.

1 accounted for the required minimum increase for Rate Year 2 of the last GRC.<sup>33</sup> Effective  
2 November 1, 2024, the Company plans to make its annual true up filing for LIRAP, expecting  
3 that an increase in funding will again be needed as LIRAP continues to expand its reach. If  
4 the Commission then approves an increase in this current rate case, the Company will further  
5 increase LIRAP funding upon compliance with the final Commission order, taking into  
6 consideration any potential increase that already occurred on November 1, 2024, such that the  
7 total LIRAP funding increase for 2025 (Rate Year 1 of the proposed multiyear rate plan before  
8 the Commission in this docket) will be, at minimum, the required two times the base rate  
9 increase.

10 **Q. Has Avista included any adjustments within this rate case that pertain to**  
11 **LIRAP?**

12 A. Yes. Company witness Ms. Schultz discusses PF LIRAP Labor Adj. 3.09,  
13 whereby the Company has pro formed in this case approximately \$339,000 (\$262,000  
14 allocated to electric and \$78,000 to natural gas) to account for the additional staffing support  
15 needed for its joint administration of LIRAP. This includes the creation of a specialized Bill  
16 Assistance Support and Evaluation (BASE) team, which is comprised of ten Customer Service  
17 Representatives (CSRs) and one Team Lead dedicated only to LIRAP administration –  
18 including not only direct customers services, but community outreach and engagement as  
19 well.

20 **Q. Is Avista proposing any other changes to LIRAP in this rate case?**

21 A. Beyond what is described above, the Company is not proposing any other  
22 changes to LIRAP in this proceeding.

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<sup>33</sup> Ibid.

1                   **V.    RECURRING REPORTING OBLIGATIONS**

2           **Q.    What did Avista agree to in its last case regarding recurring reporting**  
3 **obligations?**

4           A.    In its last case, Avista agreed to provide recommendations in its initial filing  
5 of this GRC regarding how it will streamline its existing required annual reporting obligations  
6 (provided in Docket U-210151).<sup>34</sup> Exh. SJB-4 includes a matrix of Avista’s recurring  
7 reporting obligations and recommendations whether each obligation should be maintained,  
8 removed, or modified. Note the matrix does not include annual tariff rider adjustment filings  
9 or cost-recovery filings, rather only includes reports provided to the Commission.

10          **Q.    Would you summarize the reporting obligations that Avista is**  
11 **recommending removing and why?**

12          A.    Yes, Avista proposes removing the following reports from its reporting  
13 obligations to the Commission:

- 14               1. WA Distributed Generation Annual Report (line 9) – this information is  
15               redundant to what is provided within other plans or reports, potentially  
16               including electric Integrated Resource Plans (IRPs), CEIPs, or PBR metrics  
17               reporting.
- 18               2. WA Electric and Natural Gas Decoupling Mechanism Report (line 10) – Avista  
19               suggests removing this quarterly report as the information is included within  
20               the annual rate adjustment filing.
- 21               3. Energy & Emissions Intensity Metrics Report (line 18) – this information is  
22               redundant to what is provided within other plans or reports, potentially

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<sup>34</sup> Dockets UE-220053, et. al, Settlement at 19, ¶ 28(c).

1 including electric Integrated Resource Plans (IRPs), CEIPs, or PBR metrics  
2 reporting.

3 4. I-937 Report (line 19) – this information is now included within CEIP  
4 reporting. The Company recognizes that changing I-937 reporting may require  
5 a legislative fix.

6 5. Critical Infrastructure Report (line 21) – this annual report was a Commission  
7 Staff request and is not required by rule or order. Because the information can  
8 be made available upon request, the Company proposes to eliminate the report.

9 6. Essential Utilities Services Contracts Report (line 26) – Avista is unaware if  
10 this report is reviewed or provides any value to the Commission. The  
11 information in the report can be made available upon request.

12 7. Annual Disconnection Reduction Report (line 44) – this information is  
13 currently being provided in four areas: 1) this report; 2) COVID reporting; 3)  
14 in the Company’s CEIP; and 4) in the Company’s PBR metrics. The Company  
15 suggests eliminating the redundant reporting requirements and only requiring  
16 the information be provided in its CEIP and PBR metrics.

17 8. Monthly Credit & Collections COVID-19 Report (line 45) – see comment on  
18 Annual Disconnection Reduction Report.

19 9. Quarterly Credit & Collections COVID-19 Report (line 46) – see comment on  
20 Annual Disconnection Reduction Report.

21 **Q. Would you summarize the reporting obligations that Avista is**  
22 **recommending modifying and why?**

23 A. Yes, Avista proposes modifying the following reports from its reporting

1 obligations to the Commission:

- 2 1. Energy Recovery Mechanism Review Filing (line 1) – This filing is provided  
3 monthly and annually. Avista proposes to maintain the annual report but move  
4 to quarterly updates in lieu of monthly updates with the updates due within 30  
5 days following the end of the quarter.
- 6 2. Purchased Gas Adjustment Activity Reporting (line 29) – Avista proposes to  
7 reduce the frequency of this reporting to quarterly in lieu of monthly reports  
8 with the updates due within 30 days following the end of the quarter.
- 9 3. Natural Gas IRP and Workplan (line 30) – Avista suggests the Commission  
10 alter the frequency of required natural gas IRP filings to align with electric  
11 IRPs, such that IRPs are due every four years with a progress report due two  
12 years after filing the IRP. The IRP workplan could be provided 15-months in  
13 advance of filing an IRP. The Company recognizes that this change may be  
14 considered as the Commission evaluates how it process natural gas IRPs.

15 **Q. Does this conclude your pre-filed direct testimony?**

16 A. Yes.