Exh. SJB-1T

REDACTED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200900

DOCKET NO. UG-200901

DOCKET NO. UE-200894

REBUTTAL TESTIMONY OF

SHAWN J. BONFIELD

REPRESENTING AVISTA CORPORATION

1		I. <u>INTRODUCTION</u>
2	Q.	Please state your name, business address and present position with Avista
3	Corporation	l.
4	А.	My name is Shawn J. Bonfield and my business address is 1411 East Mission
5	Avenue, Spol	kane, Washington. I am presently employed as the Senior Manager of Regulatory
6	Policy and St	rategy.
7	Q.	Have you filed direct testimony in this proceeding?
8	А.	No, I have not.
9	Q.	Would you briefly describe your educational background and
10	professional	experience?
11	А.	Yes. I am a 2005 graduate of Eastern Washington University with a Bachelor
12	of Science de	egree in Computer Information Systems. In June of 2007, I graduated from
13	Eastern Wasl	hington University with a Master's degree in Business Administration and
14	immediately	following graduation joined a subsidiary of the Company, Advantage IQ, as an
15	Energy Procu	arement Manager. In January 2011, I joined the Regulatory Affairs Department
16	at Avista Uti	lities as a Regulatory Policy Analyst. In March 2018, I began working as a
17	commercial a	and industrial Account Executive. In April 2020 I returned to the Regulatory
18	Affairs Depa	rtment in my current role as Senior Manager of Regulatory Policy and Strategy.
19	I am respons	sible for managing the Company's Regulatory Policy team, which focuses on
20	policy matter	s including energy efficiency, transportation electrification, electric and natural
21	gas resource	planning, the Clean Energy Transformation Act ("CETA"), energy assistance,
22	renewable na	atural gas, service quality and reliability, customer service and consumer
23	protections, a	amongst other responsibilities.

1	Q.	What is the scope of your rebuttal testimony?
2	А.	My rebuttal testimony will provide the Company's response to Inland Empire
3	Paper's ("IEI	P") testimony regarding the negotiation of a Special Contract between Avista and
4	IEP. In addi	tion, I will provide the Company's response to The Energy Project's ("TEP")
5	testimony re	garding increased funding for the Company's Low-Income Rate Assistance
6	Program ("L	JRAP"), as well as their proposals for renewables that benefit low-income
7	customers, a	nd an electric vehicle project or program dedicated to the benefit of low-income
8	customers. F	inally, I will provide an update on the status of the Company's on-bill repayment
9	or financing	program per the settlement stipulation in the Company's previous General Rate
10	Case. ¹	
11	Below	w is a summary of the Company's response to these items:
12 13 14 15	•	<u>IEP Special Contract</u> – The Commission should approve of a Special Contract between Avista and IEP, incorporating the term sheet provided in confidential Exhibit SJB-2C.
16 17 18 19 20	•	<u>LIRAP Funding</u> – The Company supports the continuation of the formula currently used to increase LIRAP funding each year by TEP; however, we maintain our current proposal for a three-year funding plan for LIRAP increases taking place effective November 1, 2022, 2023, and 2024.
20 21 22 23 24 25 26	•	<u>Low-Income Programs</u> – The Company does not support the proposals provided by TEP for the Company to implement by 2025 a renewable energy project or program dedicated to the benefit of low-income customers and for the Company to implement by 2022 an electric vehicle ("EV") project or program to the benefit of low-income customers.
27 28 29 30	•	<u>On-Bill Repayment or Financing Program</u> – The Commission should allow the Company's forthcoming on-bill repayment or financing program to be funded through Schedule 91 and 191, electric and natural gas Demand Side Management Rate Adjustment.

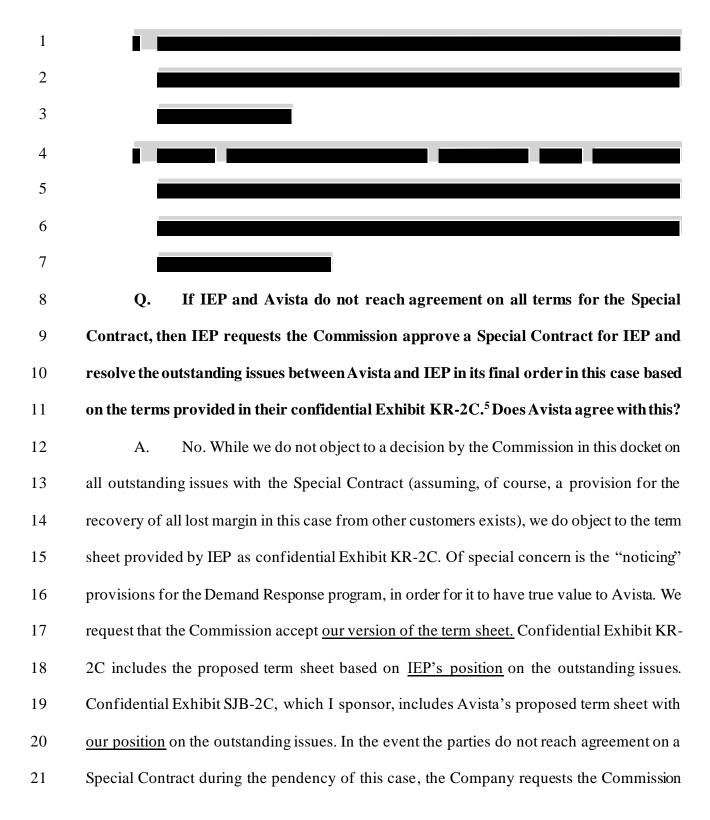
¹ UE-190334, UG-190335, and UE-190222 (Consolidated).

1	Q. Are you sponsoring any additional exhibits?
2	A. Yes. I am sponsoring confidential Exhibit SJB-2C, which is a confidential non-
3	binding term sheet that Avista has proposed for purposes of a potential special contract with
4	IEP, and confidential Exhibit SJB-3C, which is a confidential analysis supporting the
5	Company's proposed Economic Bypass Rate included in the Special Contract.
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15	II. <u>IEP SPECIAL CONTRACT</u>
16	Q. IEP witness Mr. Kevin Rasler provides an overview of the special contract
17	negotiations that have taken place between Avista and IEP beginning in June 2020. ² Do
18	you agree with Mr. Rasler's assessment?
19	A. Yes. Mr. Rasler's overall assessment of the negotiations concerning the basis
20	for discussions regarding a Special Contract is accurate. In good faith, Avista has been
21	advocating for a Special Contract that provides benefit to IEP, the Company, and all of its
22	customers.
23	Q. Do you agree with Mr. Rasler's narrative regarding the parties reaching
24	agreement on a term sheet for a Special Contract? ³

 ² Exhibit KR-1CT at pages 5.
 ³ Exhibit KR-1CT at pages 5-6.

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⁴ Exhibit KR-1CT at pages 6-7



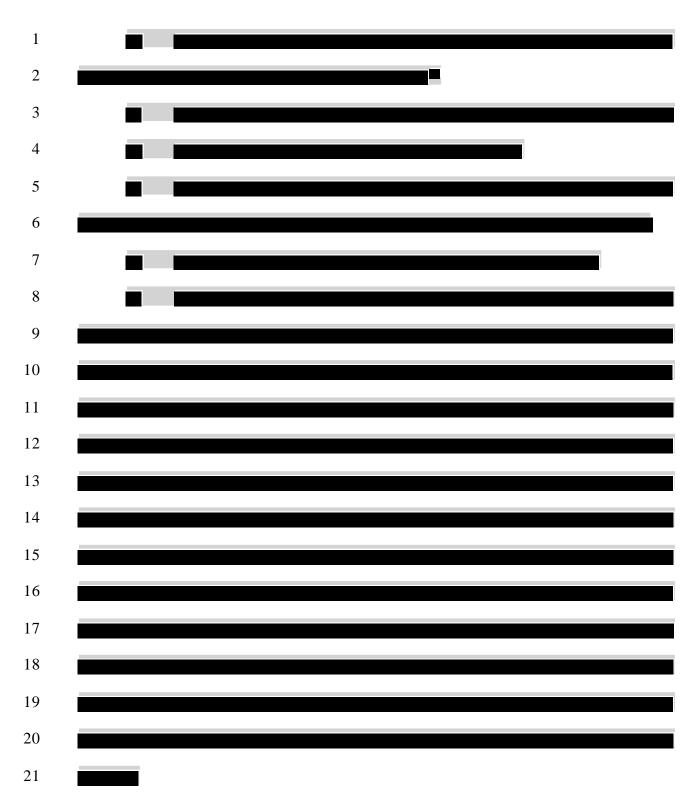
⁵ Exhibit KR-1CT at pages 11-12

1	direct the par	rties to draft a Special Contract based on Avista's proposed term sheet. If the
2	Commission	does not find Avista's proposed term sheet to be acceptable, then Avista would
3	propose that	IEP remain on Schedule 25. In Avista's next rate case, it would include a newly
4	proposed Sch	nedule 25I, where the new schedule would be solely dedicated to IEP. With a
5	separate rate	schedule, the Commission could again analyze the rates to be charged to IEP
6	based upon th	he record of that case. All that having been said, Avista remains optimistic that a
7	Special Contr	ract can be agreed upon and presented to the Commission for approval during the
8	pendency of	this preceding.
9		
10	Economic By	ypass Rate
11	Q.	The premise for IEP receiving an Economic Bypass Rate is derived from
12	IEP's option	to pursue a cogeneration system to meet nearly all of IEP's electric load. ⁶
13	Has Avista	reviewed the material provided by IEP supporting its ability to build a
14	cogeneration	n system.
15	А.	Yes.
16	Q.	Does Avista believe IEP could pursue the cogeneration system to serve
17	nearly all of	its electric load?
18	А.	Avista does believe IEP could construct a cogeneration system adjacent to its
19	mill to serve	nearly all of its electric load, albeit not without some delay and difficulty (e.g.
20	permitting).	
21	Q.	What elements of the project bear special attention?

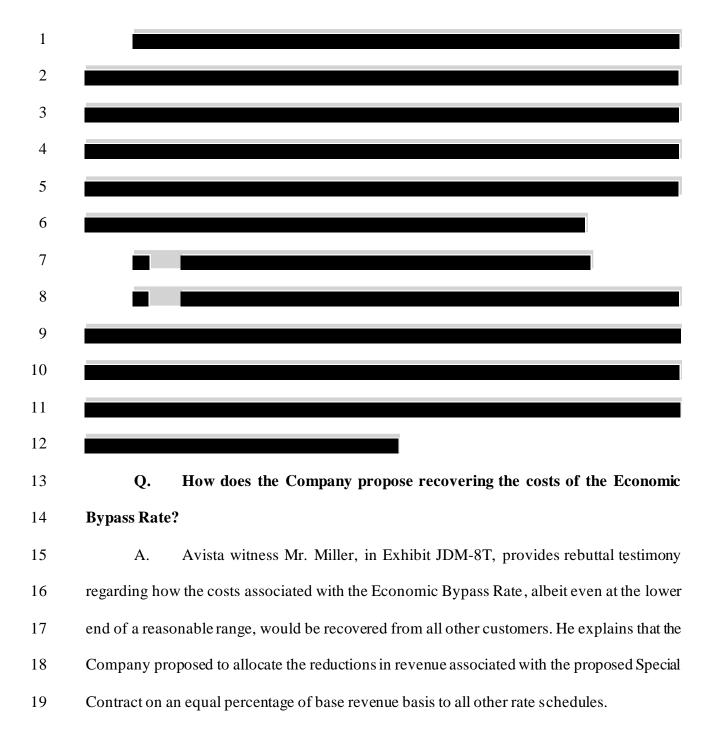
⁶ Exhibit KR-1CT at page 16.

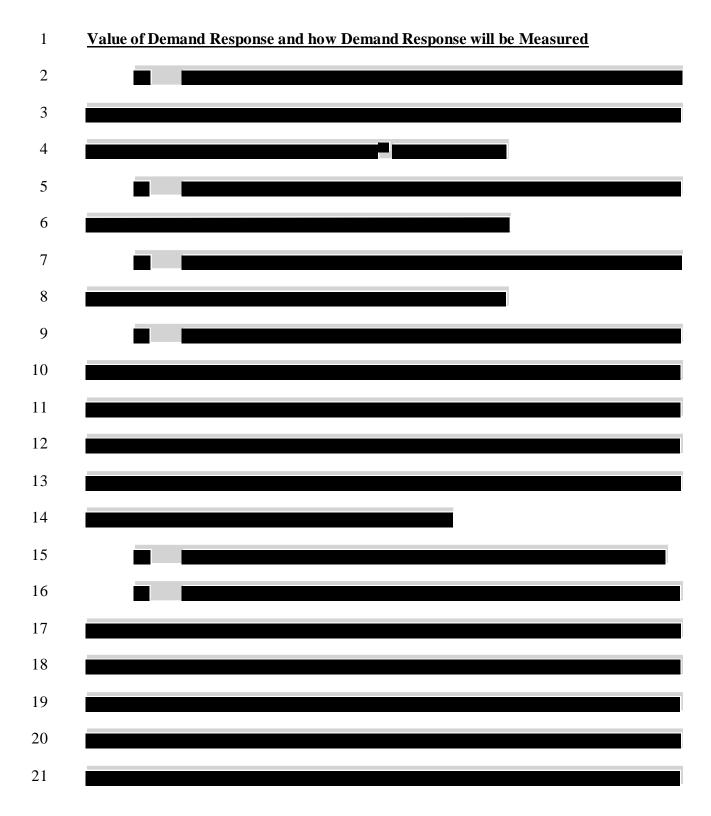
1	A. First, IEP notes that one of the reasons for pursuing a Special Contract is that
2	the "Special Contract avoids the need to make a high capital cost investment at the mill in the
3	near term when the COVID-19 pandemic has created greater market uncertainty for IEP." ⁷
4	Given the market uncertainty, and challenges to the print business, one could share IEP's
5	belief that it doesn't know what the future holds for itself. Market uncertainty may, in the final
6	analysis, affect IEP's willingness to make a cost investment in a cogeneration system.
7	Second, there is some uncertainty around the permitting process, especially the timing;
8	Avista does believe, however, that permits could be obtained. Mr. Summers notes that he
9	anticipates "that it will take approximately 2 years to secure all required permits, though the
10	time could be longer or shorter depending on public interest in the project and complexity of
11	the review."8
12	Q. Turning your attention to the marginal cost study supported by Dr.
12 13	Q. Turning your attention to the marginal cost study supported by Dr. Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate,
13	Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate,
13 14	Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate, is the study reasonable?
13 14 15	 Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate, is the study reasonable? A. Avista witness Ms. Knox, in Exhibit TLK-4T, has reviewed the marginal cost
13 14 15 16	 Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate, is the study reasonable? A. Avista witness Ms. Knox, in Exhibit TLK-4T, has reviewed the marginal cost study and provides rebuttal testimony as to the reasonableness of the study. She concludes
13 14 15 16 17	 Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate, is the study reasonable? A. Avista witness Ms. Knox, in Exhibit TLK-4T, has reviewed the marginal cost study and provides rebuttal testimony as to the reasonableness of the study. She concludes that the Dr. Kaufman's long-run marginal cost study is reasonable.
13 14 15 16 17 18	 Kaufman in Exhibit LDK-5C used to determine IEP's proposed Economic Bypass Rate, is the study reasonable? A. Avista witness Ms. Knox, in Exhibit TLK-4T, has reviewed the marginal cost study and provides rebuttal testimony as to the reasonableness of the study. She concludes that the Dr. Kaufman's long-run marginal cost study is reasonable. Q. Does Avista support IEP receiving an Economic Bypass Rate?

⁷ Exhibit KR-1CT at page 16.
⁸ Exhibit GS-1T at page 4.
⁹ Exhibit KR-1CT at pages 2-3.

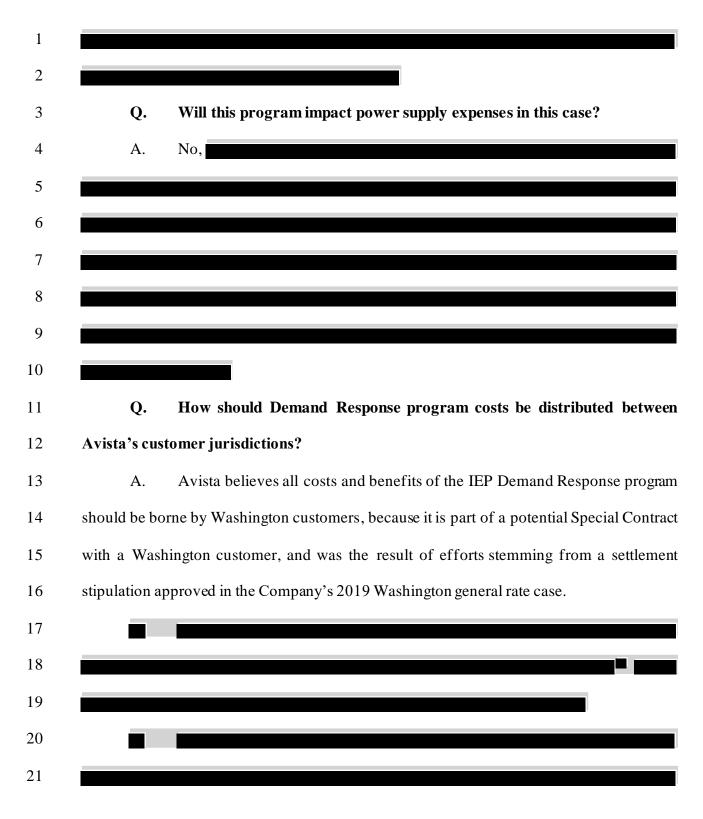


¹⁰ Exhibit KR-1CT at page 7.

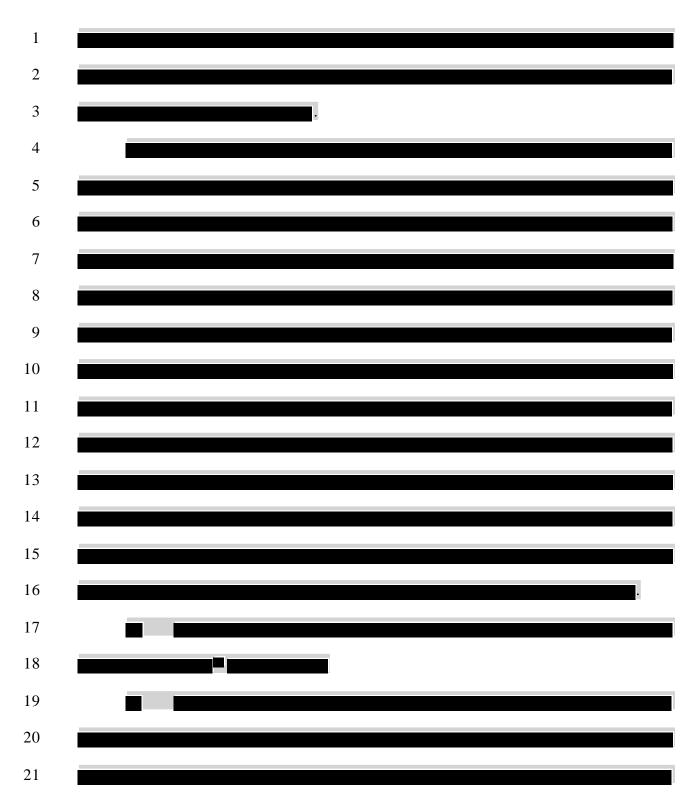




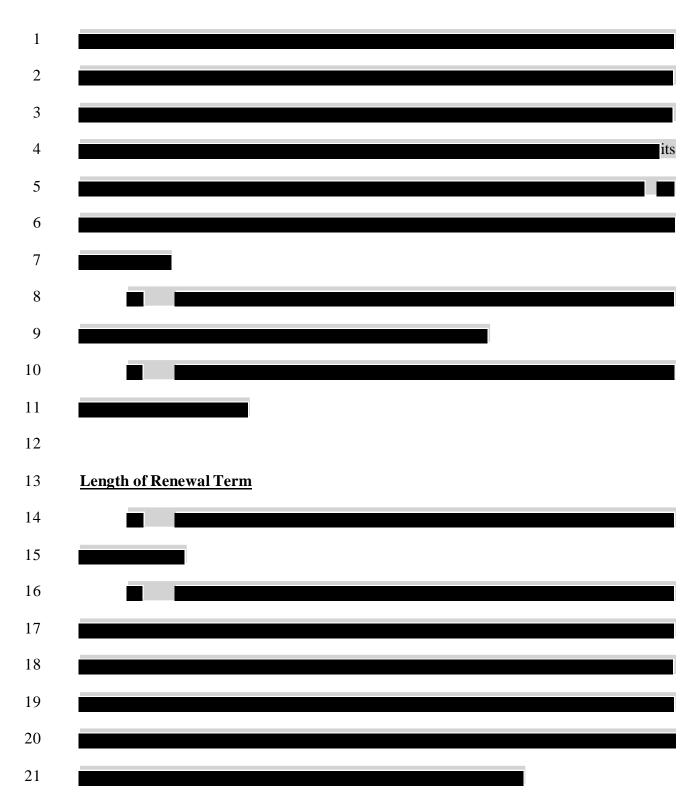
¹¹ Exhibit KR-1CT at page 7.
¹² Docket UE-200301.

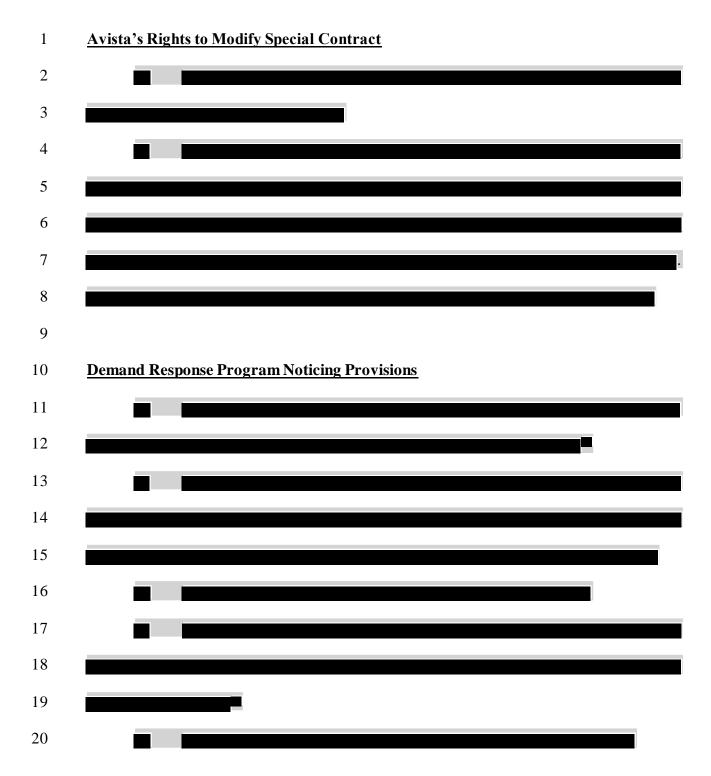


¹³ Exhibit KR-1CT at page 8.



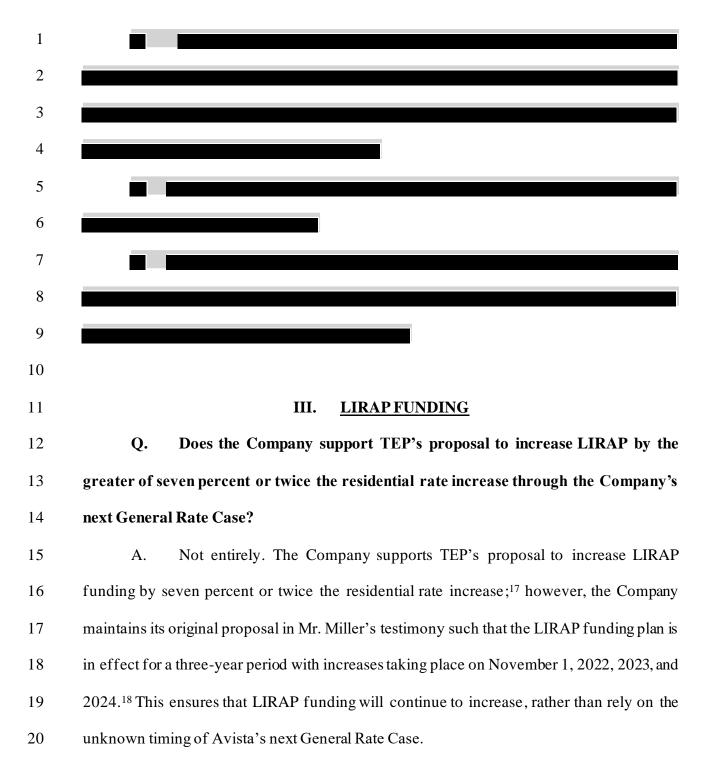
¹⁴ Exhibit KR-1CT at page 8.





¹⁵ Exhibit KR-1CT at page 10.

¹⁶ Ibid.



¹⁷ Exhibit SMC-1T at page 9.

¹⁸ Exhibit JDM-1T at pages 25-26.

1	Q.	Would the Company be open to evaluating the three-year funding plan if
2	it were to fi	le a rate case during the course of the LIRAP funding plan, and modify the
3	plan as need	led?
4	А.	Yes, the Company is willing to commit to reviewing the LIRAP funding plan
5	in its next G	eneral Rate Case if such a case is filed during the plan. Also, in compliance with
6	CETA, the C	company will be submitting an evaluation of its programs to reduce energy burden
7	and related i	nformation, such as an energy assistance needs assessment, to the Department of
8	Commerce a	and the Commission by February 1, 2022. If the assessment shows a need for
9	greater incre	eases in LIRAP funding, the Company will be discussing it with its Energy
10	Assistance A	Advisory Group ("EAAG") and is open to further discussion in its next rate case.
11		
12		IV. <u>LOW-INCOME PROGRAMS</u>
13	Q.	Please summarize the low-income programs proposed by TEP.
13 14	Q. A.	
	Α.	Please summarize the low-income programs proposed by TEP.
14	Α.	Please summarize the low-income programs proposed by TEP. In addition to the proposal regarding LIRAP funding, TEP proposed the

¹⁹ Exhibit SMC-1T at page 11.

1 2 3 percent of transportation electrification funds to the benefit of low-income customers.²⁰ [Emphasis added]

Q. Does Avista support the proposal to develop a renewable energy project
or program dedicated to the benefit of low-income customers, to be implemented by
2025?

7 No, it does not. The Company appreciates TEP's interest in the development A. 8 of renewable projects or programs to benefit low-income customers; however, it does not 9 support the proposed renewable provision offered by TEP for multiple reasons. First, as noted 10 by TEP, in the Company's 2019 General Rate Case settlement, the Company committed to 11 discuss renewables to benefit low-income customers with its EAAG. Since the conclusion of 12 the 2019 General Rate Case, the Company has initiated conversations with its EAAG on this 13 topic on more than one occasion. To date, neither the EAAG nor the Company has brought 14 forth any project or program concepts that the Company may implement to benefit low-15 income customers. The primary reason for this is the EAAG's continued focus on energy or 16 bill assistance as it pertains to CETA and as a result of the COVID-19 pandemic.

17 Second, CETA requires that the transition to clean energy be done equitably for all 18 customers. As such, significant effort is underway relating to the Company's implementation 19 and compliance with CETA, including the development of its 10-year Clean Energy Action 20 Plan, formation of its new Equity Advisory Group, and the development of its first Clean 21 Energy Implementation Plan. Also, the definition of energy assistance was updated, such that 22 direct ownership in distributed energy resources is now a form of energy assistance. As a

²⁰ Exhibit SMC-1T at page 15.

1	result of these new requirements, the Company is essentially already required to consider
2	TEP's proposal in the work that is underway elsewhere.
3	Third, the Company very much supports an equitable transition to clean energy for
4	low-income customers, however, requiring the Company to offer a renewable energy project
5	or program dedicated to benefit low-income customers may come at the cost of providing
6	additional monetary bill assistance to other customers in need.
7	Finally, TEP's proposal is better suited for the processes already underway, rather than
8	included within this General Rate Case, especially since the Company remains committed to
9	continue exploring this topic with its EAAG, as well as bringing it to its Energy Efficiency
10	Advisory Group ("EEAG") as a topic of discussion. Due to these efforts, the proposal by
11	TEP is unnecessary in this case.
12	Q. Does Avista support the proposal to develop an EV project or program
13	dedicated to the benefit of low-income customers, to be implemented by 2022?
14	A. No. The Company appreciates TEPs desire for additional specificity around
15	the Company's plans for electric vehicle projects or programs dedicated to the benefit of low-
16	income customers, however, it does not support including the commitment proposed by TEP.
17	The reason for this is that the Commission took no action on the Company's EV tariff
18	Schedule 77 (UE-210182) filing on April 22, 2021, thereby allowing the tariffs to go into
10	
19	effect by operation of law. Tariff Schedule 77 highlights the very goal referenced by TEP:
19 20	effect by operation of law. Tariff Schedule 77 highlights the very goal referenced by TEP: "the Company will support programs and activities benefiting low-income customers and

1	funding." ²¹ With the approval of the Company's plans included within tariff Schedule 77,
2	work is already underway on programs and initiatives to benefit low-income customers. The
3	Company's work in this area will build upon the learnings from its Electric Vehicle Supply
4	Equipment Pilot Program, in which it provided vehicles and charging equipment to
5	community non-profits that serve low-income customers. Due to these ongoing efforts, the
6	proposal by TEP is unnecessary at this time.

 $^{^{21}}$ Avista tariff Schedule 77, First Revision Sheet 77d.

1	V. ON-BILL REPAYMENT OR FINANCING PROGRAM
2	Q. What did the Company agree to in its last rate case relating to an on-bill
3	repayment or financing program?
4	A. As part of the Settlement Stipulation (Stipulation) approved by the
5	Commission in its last rate case the Company agreed to the following: ²²
6 7 8 9 10 11 12 13 14 15 16 17	The Parties have agreed to a plan for the development of an on-bill repayment or financing program for residential and small business customers. The Parties agree that Avista will work with the EEAG to develop this program with the purpose of filing the program with the Commission for implementation by September 30, 2021. If Avista and the EEAG are unable to agree on a program design, Avista will file a status report with the Commission by September 30, 2021. The Parties agree that the recovery of development costs for any on-bill repayment or financing program will be recoverable from customers, but the method of recovery will be determined in a future general rate case.
18	or financing program?
19	A. As required by the Stipulation, and amended via Order 10, ²³ the Company
20	provided a proposal to its EEAG in 2020 regarding an on-bill repayment/financing program
21	for residential and small business customers (Schedules 1, 11, and 101), and incorporated
22	feedback from EEAG members into its final program design in early 2021. Avista has since
23	selected and contracted with a lending partner to offer an on-bill repayment program and is in
24	the process of implementing changes to its billing and financial systems to support such a
25	program. The Company intends to incorporate provisions for its on-bill repayment program

 $^{^{22}}$ Dockets UE-190334, UG-190335 and UE-190222 (*Consolidated*) – Partial Multiparty Settlement Stipulation at page 10, ¶14 item (d). 23 In Order 10 issued on December 14, 2020, the Commission granted the Company's Petition to Amend Final

²³ In Order 10 issued on December 14, 2020, the Commission granted the Company's Petition to Amend Final Order 09, such that the deadline to incorporate feedback from its EEAG into the on-bill repayment/financing program design was extended from January 2, 2021 to March 3, 2021.

1 in a tariff filing of its Schedules 90 and 190 to be made on or before June 1, 2021, so as to 2 implement the program concurrent with the rate effective date of October 1, 2021 in this case. 3 0. Please describe the estimated costs to offer the on-bill repayment or 4 financing program? 5 A. Implementation costs for the on-bill repayment program, which are capital 6 costs, are estimated at approximately \$388,200, while ongoing administrative costs are 7 estimated to require one full-time employee. As is the nature of an on-bill repayment program, 8 future program costs are highly dependent on customer throughput, as the number of 9 customers that ultimately participate will inform the total costs incurred. The Company 10 estimates that the interest rate buydown costs will be approximately \$500 per loan issued. 11 Why is the Company discussing the on-bill repayment or financing 0. 12 program in rebuttal testimony? 13 A. As noted above, the method of recovery for the on-bill repayment or financing 14 program was to take place in a future general rate case. The Company finalized details of its 15 on-bill repayment program following the filing of this case. As such, the Company was unable 16 to provide an update on the program when it filed the case, although it did bring this matter to 17 the attention of the parties during this case. This issue does not impact cost recovery in this 18 case; rather, the Company is seeking determination on the cost recovery method at this time. 19 **O**. How does the Company propose recovering the costs for offering the on-20 bill repayment or financing program? 21 A. For the implementation costs, the Company will seek recovery of those through 22 its normal process for capital projects. For the ongoing administrative costs and costs resulting 23 from the interest rate buydown, the Company believes the appropriate method for recovering Rebuttal Testimony of Shawn J. Bonfield

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1	these is through its tariff Schedules 91 and 191, electric and natural gas Demand Side
2	Management Rate Adjustments. Tariff Schedules 91 and 191 provide the most appropriate
3	cost recovery method for non-capital costs, as the proposed on-bill repayment or financing
4	project will be dedicated towards assisting customers with energy efficiency projects.
5	Q. Is the Company seeking pre-approval of the costs to offer the on-bill
6	repayment or financing program?
7	A. No. The Company is simply seeking a determination from the Commission
8	that Schedules 91 and 191 are the appropriate tariffs for recovering the cost associated with
9	offering on-bill repayment.
10	Q. How and when will the costs to offer the on-bill repayment or financing
11	program be recovered through Schedules 91 and 191, if the Commission determines this
12	is the best method for cost recovery?
13	If the Commission approves of the Company's on-bill repayment program ²⁴ and
14	determines that the costs to offer the program are best suited for Schedules 91 and 191, the
15	Company would begin to charge all costs of the program to Schedules 91 and 191 effective
16	October 1, 2021, when this rate case concludes. By June 1, 2022, the Company will file to
17	update the rates of Schedules 91 and 191 pursuant to WAC 480-109-130, as well as file its
18	Annual and Biennial Conservation Reports per WAC 480-109-120. It is through these filings
19	that the Commission will be able to review the prudence of the costs to offer the on-bill
20	repayment program.
21	Q. Is the Company aware of any stakeholders or parties that oppose its

 $^{^{24}}$ As noted previously, a tariff filing for the new on-bill repayment program is forthcoming by June 1, 2021.

1	proposal for recovering the cost of offering the on-bill repayment or financing program?
2	A. No, it is not. As mentioned, the Company worked with its EEAG to develop
3	the on-bill repayment program and presented the cost estimates to the EEAG to offer such a
4	program, including the Company's proposal for cost recovery within tariff Schedules 91 and
5	191. To our knowledge, no members of the EEAG or other parties oppose the Company's
6	proposal.
7	Q. Does this conclude your rebuttal testimony?

7

8 A. Yes.