

Exh. PDE-3T

WUTC DOCKET: 190334

EXHIBIT: PDE-3T

ADMIT W/D REJECT

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-190334

DOCKET NO. UG-190335

DOCKET NO. UE-190222

REBUTTAL TESTIMONY OF

PATRICK D. EHRBAR

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

1
2 **Q. Please state your name, business address and present position with Avista**
3 **Corporation?**

4 A. My name is Patrick D. Ehrbar and my business address is 1411 East Mission
5 Avenue, Spokane, Washington. I am presently assigned to the Regulatory Affairs Department
6 as the Director of Regulatory Affairs.

7 **Q. Have you filed direct testimony in this proceeding?**

8 A. Yes. I have filed direct testimony in this case addressing Avista's electric and
9 natural gas Decoupling Mechanisms (Exh. PDE-1T and Exh. PDE-2).

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

11 A. My rebuttal testimony will provide the Company's response to the testimony
12 related to Avista's request to extend the life of our electric and natural gas Decoupling
13 Mechanisms, albeit with modifications. The Company's decoupling proposal was one of the
14 items in this proceeding that was not otherwise agreed-upon in the Partial Settlement Stipulation
15 filed on November 21, 2019, and is therefore still an active item for Commission determination
16 in this proceeding. In addition to decoupling, there are issues remaining in Docket No. UE-
17 190222 related to the review of 2018 deferrals in Avista's Energy Recovery Mechanism (ERM).
18 Those ERM-related issues are on separate procedural paths.

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

20 A. No, I am not.

1 **II. DECOUPLING**

2 **Q. In its direct testimony, Commission Staff did not address Avista's**
3 **decoupling proposals set forth in Avista's original filing. Do you believe Staff is**
4 **supportive of Avista's Decoupling Mechanisms and proposed modifications?**

5 A. Yes, I do. Upon noticing that Staff did not provide testimony, I presumed that
6 Staff took no issue with our proposal as filed (alternatively, if Staff had concerns, they would
7 have presumably filed testimony). To confirm this, I called Jason Ball with Commission Staff
8 to inquire. In that conversation he gave me permission to note here, that Staff did not have any
9 concerns, which is why they did not otherwise address it. Mr. Ball also noted that they would
10 most likely be providing supportive testimony in their Cross-Answering testimony, due to be
11 filed at the same time as the Company's rebuttal testimony.

12 **Q. First of all, would you remind the Commission of the Company's position**
13 **in its direct testimony?**

14 A. Yes. The Commission in Order 05, in Dockets UE-140188 et. al., which
15 established Avista's Decoupling Mechanisms, noted the following:

16 We find that the decoupling mechanisms presented in the Settlement are in the
17 public interest, will promote the policy goals of increased conservation, and will
18 result in fair, just, reasonable, and sufficient rates.
19

20 In my direct testimony in this proceeding, I stated that the decoupling mechanisms have
21 provided benefits to both the customer and the Company to date, as validated in the Independent
22 Final Report included as Exh. PDE-2, and that there has been a lack of adverse impacts
23 associated with these mechanisms. By extending the mechanisms and providing some certainty
24 to the Company that it can recover a significant portion of its fixed costs of providing service
25 that can vary due to usage fluctuations, the Company is able to maintain its central focus of

1 being a trusted energy advisor to its customers without adverse or uncertain financial impacts
2 from evolving customer choice in the future.

3 **Q. Have there been recent developments that occurred after Avista and the**
4 **Parties filed their testimony in this proceeding, where the Commission rejected a**
5 **settlement stipulation in the Northwest Natural Gas (NW Natural) general rate case which**
6 **would have established a natural gas decoupling mechanism for them, and what is its**
7 **applicability, if any, in this case?**

8 A. As it relates to the Order in the NW Natural docket, the Commission noted, in
9 rejecting the mechanism, that a mechanism should be “tailored to address reductions in short-
10 term earnings that are a direct result of the Company’s energy conservation programs or other
11 usage variations.”¹ Our mechanisms do just that - address usage variation, including variation
12 in usage due to our energy efficiency efforts, as well as weather and other factors. Our
13 Decoupling Mechanisms are not designed or intended for the recovery of incremental costs of
14 serving new customers, and has not otherwise served to address regulatory lag or assist with
15 timely cost recovery. In fact, I proposed in my Direct Testimony to have a lower authorized
16 revenue per customer for new customers than for existing customers, for reasons discussed in
17 Exh. PDE-1T.² And, as discussed later, I am proposing a further modification at this time,
18 which I believe will allay any remaining concerns that our mechanisms serve to help the

¹ Docket UG-181053, Order 06, ¶35.

² On p. 24 of Exh. PDE-1T, I stated that after informal discussions with Commission Staff leading up to the filing of this general rate case, Staff opined that we should consider looking at the treatment of new customers and how those customers generally impact the system. For electric operations, a utility does not need to incrementally construct new generation and transmission resources to serve new customers, unlike its need to do so for distribution-related facilities. On the natural gas side, Avista does not otherwise incrementally expand its portion of the Jackson Prairie Natural Gas Storage Facility every time it connects a new natural gas customer. Accordingly, we are proposing to modify Avista’s Decoupling Mechanisms to reflect that belief, by excluding new customers, as discussed below.

1 Company recover incremental costs to serve new customers. This was also a concern expressed
2 by the Commission in rejecting NW Natural's mechanism which stated "As proposed, the
3 record does not support a finding that the decoupling mechanism is "directly" tied to the
4 Company's conservation efforts and will not primarily be used to recover incremental costs of
5 service."³

6 In the end, I believe our mechanisms have shown that they are tailored to addressing
7 reductions in short-term earnings that are a direct result of the Company's energy conservation
8 programs and other variations in customer usage; the mechanisms are not meant for the
9 recovery of costs associated with serving new customers.

10 **Q. Reflecting both on the Commission's rejection for NW Natural stipulation,**
11 **and in part to address concerns of Public Counsel, would the Company be supportive of**
12 **simply excluding new customers from the decoupling mechanism?**

13 A. Yes, the Company is supportive of further modifying our proposal related to the
14 treatment of new customers and simply exclude them from the mechanism all together. Due to
15 concerns about the applicability of the mechanism for new customers given the recent NW
16 Natural proceeding, Avista is now proposing that existing customers continue to be decoupled
17 (the level of customers included in this case based on 12-months ending December 2018), and
18 that all new customer connects effective January 1, 2019, be excluded until such time as those
19 customers are included in a future general rate case. In essence, existing customers through the
20 2018 test year would be decoupled, and all new customers would not be (i.e., revenue to the
21 Company from new customers will vary based on actual new customer usage, and would not
22 otherwise be trued up or compared to the base revenue per customer). This proposal does not,

³ Docket UG-181053, Order 06, ¶36.

1 however, improperly lock down the level of revenues approved in this case as Public Counsel’s
2 mechanism would (so called “complete decoupling” or “rate class” decoupling). It merely
3 treats revenue for new customers just like revenue was treated prior to the onset of decoupling
4 – new customer usage will dictate new customer revenue recognition, rather than the application
5 of the embedded Revenue-per-Customer to new connects (as it exists today).

6 **Q. Is the Company’s proposed modification in keeping with the Commission’s**
7 **Decoupling Policy Statement?**

8 A. Yes. In Docket U-100522, the “Decoupling Policy Statement”, the Commission
9 stated that they “recognize that revenue associated with new customers is offset by the costs to
10 serve those customers. If these revenues and costs are not in reasonable balance, we would
11 consider excluding all or some new customer revenue from the mechanism or some other
12 tool...”⁴

13 **Q. Please explain this proposed modification further.**

14 A. If the Commission so ordered, new customers, defined as new meters connected
15 to Avista’s electric and/or natural gas distribution system after the test year, would not be
16 included in the applicable decoupling mechanism. This is a somewhat similar method to what
17 Avista employs in its natural gas decoupling mechanism in Oregon, albeit that the new
18 customers are those beyond the level forecasted in the rate effective period (given that Oregon
19 is a forecasted test year State). To the extent the Company adds new customers beyond the test
20 year (i.e., starting January 1, 2019), the Company would use a new customer-connects revenue
21 report to determine the usage and revenue from new customers. Those new customer usage
22 and revenue amounts would then be deducted from the total monthly actual usage and revenue

⁴ Docket U-100522, ¶28 n.44.

1 to identify the decoupled revenue from test year existing customers to calculate the decoupling
2 deferral entry.

3 **Q. Why did you propose that new customers are those that have been added**
4 **to the system beginning on January 1, 2019?**

5 A. The reason why January 1, 2019 was chosen is simply because all customers as
6 of December 31, 2018 are a part of the test year in this case and therefore included in the test
7 year billing determinants.

8 **Q. Would new customers beginning January 1, 2019 always be excluded from**
9 **decoupling?**

10 A. No. To the extent Avista files a future rate case with a new test year (for example
11 a case with a calendar-year 2022 test year), all customers through the test year would comprise
12 the new level of “existing customers” for purposes of decoupling, and any new connects post
13 2022, in this example, would then be the “new customers”.

14 **Q. Turning now to the testimony provided by NW Energy Coalition (NVEC),**
15 **does the Company support the positions set forth by their witness Ms. Levin?**

16 A. Generally, Avista agrees with Ms. Levin’s assertions about the need for
17 continued decoupling mechanisms, the benefits of decoupling (as supported in several
18 independent evaluations), and that “recoupling” is not necessary at this time. Ms. Levin
19 appropriately notes in Exh. AML-1T, pp. 2-4 that decoupling removes any disincentive towards
20 the promotion of energy efficiency (and I would further state that it also removes any thoughts
21 or motivations of not otherwise supporting tighter building and appliance efficiency standards).
22 The mechanism also has removed any disincentive towards Avista’s support for the
23 proliferation of distributed generation in our service territory, and finally has removed the

1 through-put incentive, whereby, absent decoupling, utilities would actually push potentially
2 inefficient energy usage due to the potential earnings benefits.

3 **Q. Does Avista support NWECC's proposal related to conservation targets?**

4 A. Not entirely. Avista of course already has a 5% electric conservation target as a
5 part of its existing electric Decoupling Mechanism. The Company's existing natural gas
6 Decoupling Mechanism presently does not have an incremental natural gas energy efficiency
7 target. However, as stated in my direct testimony, if the Decoupling Mechanisms are extended
8 as proposed in this Petition, Avista commits, for the first time for natural gas, to achieving 5%
9 more natural gas conservation than is required to meet from the Avista natural gas Integrated
10 Resource Plan (IRP) over each of the same two-year reporting biennium as is used to determine
11 compliance with the electrical conservation requirements in RCW 19.285. Given that this
12 natural gas target is new, and is also consistent with the target recently approved for Puget
13 Sound Energy in the extension of their natural gas decoupling mechanism, I think it's premature
14 to have a target above 5% at this time.

15 **Q. Turning again to Public Counsel, please provide your overall response to**
16 **the testimony of Ms. Crane as it relates to Avista's Decoupling Mechanism.**

17 A. In short, while Ms. Crane calls her proposed modifications "improvements",
18 adopting her proposed changes (which could be termed "complete" decoupling or "rate class"
19 decoupling) would actually, in our view, violate sound ratemaking practice and would make the
20 Company worse off than if it had no decoupling mechanism at all.

21 **Q. Briefly, what modifications has Public Counsel proposed that are so**
22 **objectionable to Avista?**

1 A. In short, after accounting for variable power supply revenue and revenue
2 associated with fixed charges (i.e., the Basic Charge for Schedule 1), Ms. Crane would fix the
3 Company's total revenue at the level set in this case.⁵ For example, if the total level of revenue
4 associated with fixed costs recovered in variable rates (i.e., the decoupling revenue) is \$100,
5 then, overtime as new customers take service from the Company, all revenue from those new
6 customers, after accounting for power supply and fixed charges, would be deferred for return
7 to all customers, so as to not exceed the \$100 approved revenue requirement. Sometimes this
8 is referred to as "found margin". That is not how proper ratemaking works and is bad policy
9 that would exacerbate regulatory lag.

10 **Q. Is Public Counsel in essence promoting the same "complete" decoupling**
11 **model proposed by Public Counsel witness Mr. Brosch in Puget Sound Energy's (PSE)**
12 **2017 rate case where the Commission approved the extension of PSE's decoupling**
13 **mechanisms?**⁶

14 A. Yes. While different terminology is used by Ms. Crane versus that of Mr.
15 Brosch, the effects are the same. Under this type of "complete" decoupling, not only would all
16 of the drivers of usage variation be captured, but it would also capture "growth in sales through
17 time caused by the continuous addition of new customers".⁷ This so-called "found margin"
18 would also be captured in the mechanism as a driver of usage variation, essentially fixing the
19 revenues allowed to that approved at the conclusion of a general rate case.

20 **Q. When the Commission determines a revenue requirement in a general rate**
21 **case, is the Commission fixing that revenue level?**

⁵ Exh. ACC-1T, p. 56, ll. 11-14.

⁶ Dockets UE-170033 and UG-170034, Order 08, ¶289.

⁷ Dockets UE-170033 and UG-170034, Exh. MLB-1T at 30:3-11.

1 A. Absolutely not. The Commission determines a revenue requirement, taking into
2 account the Company's revenues, expenses, and rate base, in order to determine fair, just and
3 reasonable rates. Actual revenues, however, will always exceed or fail to meet the "approved"
4 revenue requirement. That relationship of revenues and costs are set in a manner to be simply
5 representative of the rate-effective period. The Commission surely knows that Avista will
6 connect more customers, will invest in more capital, and have more operational costs. To the
7 extent the relationship of those items breaks down (reflected by lower earned returns), then
8 Avista would file for a rate adjustment. But, if those items are always in sync, then in theory
9 overtime utilities would never need to file general rate cases. The revenues from existing
10 customers help to cover increases in costs associated with capital investment and operational
11 expenses, and the revenue from new customers help to cover some of those costs as well as the
12 incremental costs associated with new connections. This premise is well understood.

13 **Q. Why is this concept important here?**

14 A. The type of decoupling espoused by Public Counsel would, in essence, violate
15 the relationship of revenues, costs and investments. Public Counsel is supportive of a
16 mechanism that would actually set the level of authorized revenue by rate class at the revenue
17 requirement set in this general rate case, serving as an absolute cap.⁸ Any revenue that the
18 Company would receive from new customers would be deferred and returned in future rate
19 adjustments (with the exception of basic charge revenue and power supply costs tracked in the
20 Energy Recovery Mechanism). However, Public Counsel ignores the fact that revenues and
21 rates are cost-based. Connecting customers is not a free endeavor – utilities face incremental
22 capital costs and incremental operational and maintenance expenses. The utility, in this view,

⁸ Ibid.

1 would be forced to absorb all increases in costs and investment (which it does today), but any
2 additional revenue provided beyond that set by the Commission in this proceeding (in total –
3 not per customer), would have to be returned to all customers. Again, that just does not make
4 sense, violates the matching principles, and is not a sound regulatory practice.

5 **Q. Please explain how Public Counsel’s approach violates sound regulatory**
6 **practice?**

7 A. Public Counsel would take all new revenue beyond that approved (i.e., a “cap”)
8 and return it to customers. This “method” undermines the use of historical test-year ratemaking,
9 since those revenues would not be available to offset the growth in utility costs following the
10 test year. The Commission recognizes this fact when it sets rates – those rates (fixed and
11 volumetric) are applicable to new customers and old customers. The Commission doesn’t set
12 a rate to recover a fixed amount of revenue, in perpetuity. Otherwise utilities would have to
13 refund “excess” revenue each year by adjusting down its rates. Nor does the Commission allow
14 utilities to surcharge customers for revenues that did not materialize as planned.

15 Under this Commission’s approach to ratemaking, the presumption is that revenues will
16 grow from the historical test year to the future rate year to cover a portion of the increased
17 expenses and increased investment that will occur between the two periods. The only way this
18 type of ratemaking works is to provide the opportunity for revenues to grow following the test
19 year. It is clear that costs related to distribution system expansions, metering, billing, and other
20 services do change based on the number of customers served. Put another way, under historical
21 test year ratemaking, it is understood that capital investments, O&M, and other costs will
22 increase, and the revenues from new customers are used to cover, in part, those cost increases.

1 **Q. Has Commission Staff provided testimony on why this type of decoupling**
2 **does not make sense?**

3 A. Yes. Commission witness Ms. Liu in the NW Natural Docket No. UG-181053
4 stated the following:

5 No. Public Counsel’s decoupling proposal is bad regulatory policy for a number of reasons.
6 The proposal does not match revenue with cost of service in the rate years, and would make
7 the Company worse off than if it had no decoupling mechanism at all. Under this proposal,
8 Public Counsel is arguing that the Company should absorb the cost of new customers but
9 should be deprived of the revenues to offset the costs of serving those new customers. Public
10 Counsel’s proposal does not balance new revenues with new costs and, as a result, is
11 patently unfair to the utility. Furthermore, Public Counsel’s proposal would almost certainly
12 lead to more frequent rate cases than if NW Natural had no decoupling mechanism at all. It
13 does not balance the protection of the utility and the protection of rate payers. (emphasis
14 added)⁹
15

16 **Q. Do you agree with Commission Staff?**

17 A. Absolutely. The most critical point is that Avista would actually be worse off
18 than if we had no decoupling mechanisms at all.

19 **Q. Do you agree that a “revenue decoupling mechanism is intended to ensure**
20 **that the Company recovers all of its fixed costs regardless of sales”, as argued by Public**
21 **Counsel?¹⁰**

22 A. No. The Decoupling Mechanisms provide recovery of fixed costs, on a revenue-
23 per-customer basis, that were previously approved by the Commission in a prior general rate
24 case for recovery. To the extent those fixed costs increase, or escalate, over time, the
25 Mechanisms do not provide for recovery of the change in costs above the approved level already
26 embedded in the allowed revenue-per-customer. The Company continues to bear the risk of

⁹ Docket UG-181053, Exh. JL-5T, p.15, ll. 13 – p.16, ll. 2.

¹⁰ Exh. ACC-1T, p.51, ll. 7-9.

1 changes in costs between general rate cases, and therefore must manage the business in a
2 prudent manner. Further, as a protection, the earnings test that accompanies the Decoupling
3 Mechanisms returns one-half of over-earnings, if any, should the Company earn in excess of its
4 authorized return due to cost management.

5 **Q. In the case of Puget Sound Energy, did the Commission accept Mr. Brosch’s**
6 **proposed modifications to its decoupling mechanisms – i.e., the “complete” decoupling**
7 **model?**

8 A. No. Without reiterating all of the points on this issue set forth in Order 08
9 (paragraphs 289 through 294), the Commission ultimately states that it “reject(ed) the ‘complete
10 decoupling’ approach advocated by Public Counsel and The Energy Project because it fails to
11 take into account all relevant factors and ignores salient facts”.¹¹ In that case, those relevant
12 factors and salient facts include the cost of serving new customers and that fixed costs do vary
13 based on the number of customers served. That is, again, the revenue that is derived from new
14 customers should be made available to cover the costs associated with serving those customers.
15 As the Commission recognized in its Decoupling Policy Statement, “revenue associated with
16 new customers is offset by the costs to serve those customers”¹²

17 **Q. Does Avista’s revised proposal that would exclude new customers from**
18 **decoupling, as discussed earlier, actually provide a middle ground of sorts?**

19 A. Yes. Existing customers would be decoupled and new customers would not be.
20 New customer usage and revenue would fluctuate over time due to changes in their specific
21 usage. However, unlike Public Counsel’s approach, the new customer revenue would not be

¹¹ Dockets UE-170033 and UG-170034, Order 08, ¶294.

¹² Docket U-100522, ¶28 n.44.

1 confiscated and rebated to all customers, but rather would be used to cover the cost of new
2 customer's service. Put another way, new customers would be treated like all customers were
3 before the adoption of decoupling, and existing customers would continue to be decoupled.

4 **Q. Is there a “nexus” between the Decoupling Mechanisms and energy**
5 **efficiency?**

6 A. Yes. Contrary to Ms. Crane's assertion¹³, there is a clear nexus. First, the
7 electric mechanism has a 5% DSM test, and the Company is proposing in this case to have a
8 similar test for the natural gas mechanism. Further, the mechanisms are designed to address
9 revenue volatility resulting from usage variations. One of the primary drivers in the long-term
10 reduction in use-per-customer is the success of the Company in driving down customer usage
11 through our energy efficiency programs. The following are excerpts from the Decoupling
12 report prepared by H. Gil Peach and Associates (Exh. PDE-2):

13 Considering 2017 results, use per customer was 1.2% higher than test year
14 assumptions. Weather impacts alone are estimated to have pushed electric
15 residential use per customer 4.6% higher. The 2017 weather impact was largely
16 offset by a 2.5% drop in use per customer due to Avista's energy efficiency
17 achievements.

18
19 For electric residential customers weather impacts on use per customer can be
20 large and work in either direction. It is also true that energy efficiency impacts
21 always push use per customer lower and that downward influence becomes more
22 pronounced the further in time an evaluation year is from the test year.

23
24 Two important factors causing use per customer to vary from test year are actual
25 weather deviations from normal weather and acquired energy efficiency savings
26 through Avista programs. There are other factors of course but these two are either
27 known in the case of energy efficiency or readily measurable in the case of
28 weather.¹⁴

29
30 Avista's energy efficiency achievements have been the primary factor influencing
31 changing use per customer in the electric non-residential group. From having no

¹³ Exh. ACC-1T, p. 51, ll. 1-9.

¹⁴ Exh. PDE-2, p. 2-4.

1 influence in 2015 because they were implicitly included in test year assumptions,
2 energy efficiency impacts more than offset weather and other factors in 2017
3 causing an overall drop in use per customer of 1.5%. Weather appears to be far
4 less influential in electric non-residential customer usage than it is for the electric
5 residential group.¹⁵ (emphasis added)
6

7 In addition, changes in codes and standards over time has put further pressure on
8 customer usage. Given long-term reductions in use-per-customer due to energy efficiency, the
9 Company prior to decoupling was not able to recover its fixed costs for providing service - i.e.,
10 the same fixed costs approved by this Commission for recovery.

11 **Q. Is it the Commission's goal for approving decoupling "to permit the**
12 **Company to recover the authorized revenue requirement" as stated by Ms. Crane?¹⁶**

13 A. No, that is not the premise of decoupling. The Commission in the recent NW
14 Natural Gas Order 06 briefly reiterated the purpose of decoupling – it is a mechanism “tailored
15 to address reductions in short-term earnings that are a direct result of the Company's energy
16 conservation programs or other usage variation.”¹⁷ This is consistent with what the
17 Commission stated earlier in Avista's Docket UE-140188, when first approving decoupling for
18 the Company:¹⁸

19 Decoupling allows for the utility's recovery of the fixed costs it incurs
20 independent of the amounts of electricity and natural gas it sells.
21 Decoupling removes the so-called throughput incentive and is intended to
22 promote more aggressive pursuit of cost-effective conservation.
23

24 Moreover, Avista's Decoupling Mechanisms are not meant to recover the incremental
25 cost of service, which was cited by the Commission as a reason for the rejection of NW

¹⁵ Exh. PDE-2, p. 2-6.

¹⁶ Id. p. 52, ll. 11-12.

¹⁷ Docket UG-181053, Order 06, ¶35.

¹⁸ Docket UE-140188 et. al., Order 05, fn. 22.

1 Natural's decoupling mechanism.¹⁹ The removal of new customers from the mechanism we
2 believe addresses that.

3 **Q. Public Counsel infers that a DSM test should be required “in order to**
4 **impose a revenue decoupling adjustment”.²⁰ Is that necessary?**

5 A. No. First, Public Counsel did not actually provide what such a test might look
6 like. But that said, Avista already provides extensive and detailed reports related to its energy
7 efficiency targets and savings, including the incremental 5% test, in its annual DSM filings.
8 The Company's energy efficiency success is discussed in great detail in my Direct Testimony,
9 Exh. PDE-1T. The Commission, Commission Staff, and other parties all receive this
10 information, and to the extent Avista failed to meet its targets, any party or the Commission
11 itself could suspend our annual decoupling rate adjustments for further investigation.

12 **Q. Are the mechanisms “flawed”²¹ as Ms. Crane asserts simply due to the fact**
13 **that there were periods where the Company had decoupling surcharges at the same time**
14 **it experienced earnings above the authorized rate of return?**

15 A. No. First, it is important to remember that the Commission sets an authorized
16 rate of return, but that return is not a cap. In fact the rate of return can act as a financial incentive
17 for a utility to carefully manage its costs, and benefit from such cost management by earning
18 above its authorized return. Second, the earnings test that accompanies the decoupling
19 mechanism returned one-half of those earnings to customers. Finally, the independent third-
20 party evaluator found that Avista's Decoupling Mechanisms were working as intended (and as
21 approved by the Commission).

¹⁹ Docket UG-181053, Order 06, ¶36.

²⁰ Exh. ACC-1T, p. 56, ll. 8-10.

²¹ Exh. ACC-1T, p. 53, ll. 3.

1 **Q. Would you please summarize the proposed changes the Company is now**
2 **requesting the Commission approve in this proceeding?**

3 A. Yes. Excerpted below is a summary of our originally-filed six proposed
4 modifications as shown on pages 23-24 of Exh. PDE-1T. I have modified #2, shown in
5 legislative format, to reflect the removal of new customers from the Decoupling Mechanisms
6 consistent with my proposal in this Rebuttal Testimony; the other five proposed modifications
7 remain as originally-filed:

- 8 1) Extend the current Decoupling Mechanisms through March 31, 2025;
9
10 2) Modify the Decoupling Mechanisms to exclude ~~related to the treatment of~~ new
11 customers added after a new decoupling base is set in a general rate case;
12
13 3) Change the effective date of the annual tariff revisions from November 1st to August
14 1st of every year;
15
16 4) Implement an annual true-up to the mechanisms;
17
18 5) Extend the natural gas quarterly reporting requirement from 45 to 60 days;²² and
19
20 6) Approve a natural gas conservation target of 5%, with penalties.
21

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

23 A. Yes it does.

²² Should the Decoupling Mechanisms be discontinued, the Company's Earnings Test, which was approved as part of the Decoupling Mechanisms, would no longer remain in effect.