Exh. WMG-1T
Docket Nos. UE-190334, UG-190335, UE-190222
Witness: Wendy Gerlitz

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES, Respondent.	DOCKET NOS. UE-190334, UG-190335, UE-190222 (*Consolidated)*

RESPONSE TESTIMONY OF

WENDY M. GERLITZ

ON BEHALF OF

NW ENERGY COALITION

October 3, 2019

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Wendy M. Gerlitz. I am the Policy Director of the NW Energy Coalition (NWEC). My business address is 811 1st Avenue, Suite 305, Seattle, WA.

Q. Please describe your background and experience.

A. I am a graduate of the University of Wisconsin—Madison and have a Masters of Environmental Management from Yale University. I joined the staff of the NW Energy Coalition almost 10 years ago. In my time with the NW Energy Coalition, I have provided testimony on a variety of electric and natural gas utility issues at the Washington Utilities and Transportation Commission, Oregon Public Utility Commission as well as in Bonneville Power Administration rate case proceedings. I have authored and contributed to comments submitted to the Washington Utilities and Transportation Commission in many proceedings regarding renewable energy, utility integrated resource plans, conservation, low-income programs and rate design. I am a member of the Energy Trust of Oregon Conservation Advisory Committee and the Conservation Resource Advisory Committee for the NW Power and Conservation Council.

Q. On whose behalf are you appearing in this proceeding?

A. NWEC, which is a non-profit alliance of one hundred environmental, civic and human services organizations, utilities, businesses, labor unions, and communities of faith in the Pacific Northwest. NWEC's primary purpose is to promote an energy future that is clean, reliable, affordable, and equitable. NWEC provides technical and policy leadership on energy issues in this region, and seeks to promote the development of renewable energy, energy conservation, and affordable energy

services. Additionally, NWEC, as the primary advocacy organization monitoring utility implementation of the Energy Independence Act (I-937) and the recent Clean Energy Transformation Act (CETA), is also concerned with matters relating to Avista's state requirements under these laws and how those requirements will be impacted by the proposed actions in this filing.

Q. Please describe the interests of NWEC that are affected by this proceeding.

A. Our members have a substantial interest in Avista's General Rate Case for tariff revisions to increase rates for electric and natural gas services provided to customers in Washington, Dockets UE-190334, UG-190335, UE-190222. Avista's proposed tariff revisions, and the related rate case proposals, will directly affect our member groups as well as the individual members of our organizations. In particular, the outcome of this proceeding has a high likelihood of impacting residential and low-income customers and Avista programs that serve the interests of these customers.

Members of NWEC will be affected by (1) rate changes and cost shifting among customer classes that may result from this proceeding; (2) potential changes to the decoupling program which NWEC advocated for and helped implement; (3) issues related to Avista's current natural gas line extension methodology and its impact on customers; and (4) issues associated with the Colstrip generating units, including adjusting the depreciation of Colstrip Units 3 and 4 to 2025, funding for a community transition plan and assistance.

Q. How is your testimony organized?

A. The first part of my testimony discusses issues related to Avista's ownership interest in Colstrip Units 3 and 4, including (1) support for the Company's proposed approach

to adjusting the depreciation of these units to comply with the CETA; (2) the need for Avista's commitment to and participation in community transition planning and assistance for the Colstrip, Montana region.

The second part of my testimony describes NWEC's concerns about rate impacts to customers and discusses actions Avista should take to mitigate these rate impacts through additional energy efficiency efforts.

Q. Are there any other witnesses testifying on behalf of NWEC?

A. Yes, in addition to my testimony, testimony for NWEC will be presented by Amanda Levin and Amy Wheeless.

Q. What will A. Levin and A. Wheeless be testifying about?

A. Amanda Levin will cover NWEC's position related to Avista's request for an extension of their decoupling mechanism and related modifications. Amy Wheeless will discuss NWEC's concerns regarding Avista's current natural gas line extension methodology and propose changes to that methodology.

II. COLSTRIP DEPRECIATION AND COMMUNITY TRANSITION OBLIGATIONS

Q. Can you summarize your understanding of the requirements related to Avista's ownership in Colstrip Units 3 and 4 as a result of the Clean Energy Transition Act (CETA) passed this year by the Washington legislature?

A. Section 3 of 2SSB 5116, the Clean Energy Transition Act (CETA) requires each Washington electric utility to eliminate coal-fired resources from its allocation of electricity by the end of 2025 and requires depreciation dates to be adjusted to meet the 2025 date. Failure to eliminate coal after 2025 will result in an administrative penalty of $150/MWh for noncomplying power (Section 9(1)(a)(i)).

Q. Please describe Avista's proposal for depreciation expense treatment related to Colstrip units 3 and 4?

A. I have reviewed the testimony of Avista witness Elizabeth Andrews.[1] In this testimony, Ms. Andrews explains that Avista intends to utilize the same solution that was agreed to by parties (including NWEC) in settlement discussions in the Hydro One acquisition proceeding. In summary, this includes maintaining the current level of depreciation expense through 2027, utilizing certain tax benefits to offset a portion of the accelerated depreciation costs, and using deferred accounting to accumulate Colstrip costs not recovered through existing rates, to be amortized over approximately 34 years, utilizing additional tax credits, as they can be monetized, to offset these expenses over this same timeframe. It is my understanding that in its initial filing the Company included updated amounts for depreciation balances associated with Colstrip Units 3 and 4, as well as capital investment for 2018 and 2019.

Avista's initial filing assumed a remaining useful life of Colstrip Units 3 and 4 through December 31, 2027. However, as Ms. Andrews notes in her testimony, the Company will need to adjust its filing and update depreciation expenses to achieve a December 31, 2025 depreciation date to comply with CETA.

Q. Does NWEC support Avista's proposal for depreciation of expenses related to their ownership interest in Colstrip Units 3 and 4?

A. In part. We support Avista's overall approach to utilize the tax credits and the asset amortization of the remaining balance, however, without seeing the adjusted filing to conform with the mandatory 2025 date, it is impossible to agree to specific details of

[1] Andrews, Exh. EMA-1T.

this proposal. In general, Avista's approach improves the alignment of the recovery of costs with the use of these assets from a customer perspective through its use of tax credits, as well as providing inter-generational equity for costs. Inter-generational equity is preserved because the tax credits are owed to current customers, the same customers that have utilized generation from Colstrip Units 3 and 4, while at the same time underpaying depreciation expenses. Also, importantly, future capital expenditures are not included in the regulatory asset until they are determined prudent by the Commission, so that cost recovery for these expenditures will not occur without appropriate review and prudence determination. This is appropriate because it ensures that the risk of making future specific capital expenditures remains with Avista, and the Commission retains full authority to determine the prudency of these future expenditures. Specifically, however, we will need to analyze the revised filing for the 2025 date before expressing complete agreement. Additionally, we do not, at this time, take a position on the prudency of the 2018 and 2019 capital investments Avista has included in the depreciation balance.

Q. How does the depreciation adjustment for Colstrip Units 3 and 4 relate to Avista's responsibilities as a corporate citizen in the town of Colstrip, Montana?

A. While CETA does not require the retirement of Colstrip Units 3 and 4, it does signal an end to Washington ratepayer support for generation from the plants. As Washington ratepayers exit the purchasing of power from these generators, it is important to consider the corporate responsibility Avista has to the local community of Colstrip, Montana.

Q. If Washington State is not requiring retirement or closure of the plants, why does Avista have corporate responsibility regarding impacts in the local community in Montana?

A. Avista and its ratepayers have benefited from the power generated from Colstrip Units 3 and 4 for decades. As economic forces and environmental concerns work to reduce output and eventually lead to the closure of Colstrip Units 3 and 4, owners have a responsibility to the community of Colstrip to ensure both clean up and remediation of the site and assistance with economic transition. Colstrip Units 1 and 2 will retire at the end of this year, further influencing the market forces that will continue to impact the viability of Colstrip Units 3 and 4. The retirement of those units, potentially sooner than is presently anticipated, would accelerate the need for Colstrip owners, the city of Colstrip, Rosebud County, and the state of Montana to address the future of the affected community. Participation in transition planning and monetary support for these efforts by the Colstrip owners is particularly important due to the high degree of reliance the community of Colstrip has on the plant for jobs, tax revenue and other economic support systems. Essentially, Colstrip is a community that has largely been established around coal and the plant, and it is extremely dependent upon its existence.[2]

[2] Dan Springer, *Coal Industry Continues Sharp Decline Despite Trump's Promised Revival*, Sept. 24, 2019 (available at https://www.msn.com/en-us/news/us/coal-industry-continues-sharp-decline-despite-trumps-promised-revival/ar-AAHJRCW?li=BBnbcA1).

Q. Why is Colstrip particularly vulnerable to operating decisions about the Colstrip power plants?

A. The city of Colstrip has always been a coal town. Colstrip is an isolated small town in a rural area. The closest urban area, Billings, Montana, is a four-hour round-trip drive away. The range of economic alternatives available in the area is limited. This makes households, businesses, and local governments especially vulnerable to changes in electric generation and coal consumption in the Colstrip area. The value of local homes and businesses could fall dramatically with the announcement of the retirement of Colstrip generators and the associated reduction in coal mining. The tax base for the Colstrip Public Schools District, the City of Colstrip, and Rosebud County will also shrink with the closure of generating facilities.

Q. Do the owners of the Colstrip generating plants have some responsibility in supporting a transition program for the Colstrip community and its workers?

A. Yes. Most of the Colstrip generating plants are owned by regulated utilities that have always been proud about their roles as good corporate citizens in the communities they serve. That commitment to good corporate citizenship should also apply to distant communities that for decades have supported significant electric generation for those utilities' customers.

Q. Please say more about the community transition planning efforts and Avista's responsibilities in this process.

A. The owners' contributions to such a transition program should not be limited to only those remediation efforts they are legally required to carry out. A systematic transition plan for the Colstrip community will lay out all of the expected ongoing decommissioning, removal, and remediation activities and try to integrate them with other efforts to smooth the transition for governments, residents, workers, and other

businesses to an economy with less and ultimately no coal-fired electric generation at Colstrip. This process has already started in Montana, and Avista should participate in the collaborative effort of the owners and representatives of the community, including local tribal government representatives, to integrate all the expected changes in economic activity with a community and worker assistance program.

Q. Can you provide examples of such power generation owner-supported transition programs?

A. Yes. In June of 2016, Pacific Gas & Electric Company (PG&E), California's largest energy utility, announced an agreement to close its two Diablo Canyon nuclear plants within the next decade. Later that year, it announced an agreement with the seven local cities, San Luis Obispo County, and the San Luis Coastal Unified School District whose tax bases will be affected by the retirement of those electric generating facilities. Under the agreement, $75 million would go to offset property tax losses to different governments. The school district would get $36.8 million over the next nine years until the plant closes in 2025. Another $10 million would go for economic development efforts in the county and cities.[3]

As another example, at the end of 2014 in Vermont, the Yankee nuclear plant stopped producing electricity after 42 years of operation. Economic factors, especially low natural gas prices, were offered as the primary reason for the shutdown. The Yankee plant employed more than 600 workers at the time its planned retirement was announced in 2013. Property taxes on the nuclear facilities

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[3] Kaytlyn Leslie, *PG&E to Pay $85 Million to Cities, SLO County, School District for Diablo Canyon Closure*, Nov. 29, 2016 (available at https://www.noozhawk.com/article/pge_pay_85_million_to_slo_county_school_district_for_diablo_canyon_closure).

also provided hundreds of millions of dollars of local and state tax revenue. Under an agreement with the state of Vermont, the Yankee plant's owner, Entergy, will provide $10 million in economic development funds for Windham County where the generator is located over a five-year period. It will also contribute $5.2 million for the Clean Energy Development Fund to support renewable energy projects, half of which would be spent in Windham County. Entergy will also make a $5 million payment to the state Tax Department and contribute $25 million to a Site Restoration Trust.[4]

In 2011, Washington State, TransAlta (TA), the owner of the Centralia Coal Plant, and public interest advocates negotiated a closure timeline and community transition deal that was ratified by the legislature and detailed in a Memorandum of Agreement (MOA) between Washington State and TA. The law stated that TA would provide $55 million to the affected community, divided into three categories:

i) economic development,

ii) energy efficiency and weatherization, and

iii) energy technologies with the potential to create considerable energy, economic development and air quality, haze or other environmental benefits.

The MOA between the State and TA, then detailed the allocation of the funding - $10 million for energy efficiency and weatherization with at least $1 million for low-income households; $20 million for economic and community development; $25 million for energy technologies.

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[4] Mike Donoghue, *Vermont Yankee Winds Down Operations*, Dec. 29, 2014 (available at http://www.burlingtonfreepress.com/story/news/2014/12/29/Vermont-yankee-plant-prepares-shut-down/20992137/).

The MOA also outlined specific support for worker transition to be a part of the $20 million for economic and community development. The Centralia Coal Transition Funding Board then agreed to provide $8 million for workers in the form of a check for each worker still at the plant on the last day of operation (a portion of this will be for workers who are let go when Unit 1 closes, the remainder will be held for Unit 2 closure) and $1 million for educational opportunities and retraining. To date the Centralia Coal Transition Funding Board has approved a variety of grants for educational opportunities at area high schools and the community college, local utility programs, community action agency weatherization programs, rooftop solar projects, local community projects that improve the community well-being and economic opportunities. All Funding Board funds will be granted out as of the end of 2024, one year prior to closure.

Q. Is there precedent for this type of corporate responsibility to coal dependent community transition in Washington legislative and regulatory history?

A. Yes. It is in the public interest of the State of Washington to encourage good corporate citizenship and a responsibility to workers and communities impacted by large-scale changes in the energy industry. As demonstrated through the example set in the TransAlta closure agreement,[5] discussed above, Washington has made it clear that affected communities should be afforded opportunities to pursue economic transition in the face of such changes. Additionally, specific to Colstrip, in consolidated dockets UE-170033 and UG-170034, the Commission approved a settlement containing a commitment from Puget Sound Energy (PSE) to Colstrip

[5] *See* SB 5769 (2011), §§ 101(4), (5); 106(3), (4); 301; 302.

community transition efforts. Under that Settlement, PSE agreed to participate in a community transition process and to contribute $10 million for a community transition plan and assistance for the Colstrip community.

Q. Does Avista currently have plans to contribute funding to community and worker transition planning in Colstrip?

A. No. Although parties secured a commitment from Avista for $4.5 million for Colstrip community transition contribution in the Hydro One merger settlement agreement, the failure of that transaction nullified that agreement. Avista stated in response to an NWEC data request, which asked whether Avista still had plans to contribute to Colstrip transition efforts, "[g]iven the merger did not close, no further discussions related to this merger commitment have occurred."[6]

Q. What is it that you are recommending this Commission do about community and worker transition planning for the retirement of the Colstrip generating units?

A. The Commission should make clear to Avista that it must engage with stakeholders in the Colstrip communities, local tribal government, and Montana state government in the planning for as smooth a transition as possible to a smaller Avista presence in the Colstrip area. Included in this engagement should be a financial commitment to those efforts, scaled to the appropriate size relative to Avista's ownership interest in Colstrip Units 3 and 4.The NWEC recommends an initial investment of $4.5 million to Colstrip transition efforts that include the local community, city, county, workers and the tribal government. This amount is consistent with the transition funding agreement in the failed Hydro One merger settlement.

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[6] Exh. WMG-2 (Avista Response to NWEC Data Request No. 15).

III. MITIGATING RATE INCREASES TO CUSTOMERS THROUGH ENERGY EFFICIENCY

Q. Is NWEC concerned about the rate increase requested by Avista in this case?

A. Yes. Avista has requested a 9.1% increase in rates in year one, coupled with an additional 3.5% increase in year two on electric service and a 13.8% increase for gas customers in the first year, coupled with an additional 6.1% increase in year two.[7] These are sizable increases that may be difficult for many customers to manage, especially low and moderate income households.

Q. Is this rate increase reasonable?

A. In this testimony, I am not taking a position on the reasonableness of the rate increases proposed by Avista.

Q. What is your recommendation related to the proposed rate increase?

A. NWEC takes the position that the Company has a responsibility to it customers to mitigate the current and future potential rate increases by aggressively pursuing energy efficiency, especially if the use of its decoupling mechanism is extended as we support in the testimony of A. Levin.[8] I propose two additional actions that Avista can take to ensure it is maximizing opportunities to obtain cost-effective energy efficiency: 1) an increase to low-income weatherization funding, and 2) implementation of an on-bill repayment program for all customers.

[7] Vermillion, Exh. DPV-1T.
[8] Levin, Exh. AML-1T.

Q. But doesn't Avista already have energy efficiency targets and an additional commitment to achieving 5% above its targets that is associated with its decoupling mechanism?

A. Yes. However, it is NWEC's position that the Company should be taking additional steps to ensure they capture all cost-effective electric conservation. First, in the case of low-income weatherization, there is more need for energy efficiency than current dollars will support, and without additional funding, this energy efficiency will go unrealized because those customers lack the financial means to participate in regular energy efficiency programs that only pay a portion of the costs associated with the energy efficiency upgrades. This issue is discussed more in the testimony of A. Levin.[9] Second, regarding energy efficiency programs for all customers, having an on-bill repayment option for customers will significantly increase the number of customers undertaking energy efficiency programs by removing barriers related to the upfront cost of these projects.

Q. What is your position on the adequate level of funding for low-income weatherization assistance?

A. As discussed in A. Levin's testimony,[10] we recommend a total of $3 million annually in the low-income weatherization budget. This is an increase of $650,000 per year over current amounts. This additional funding will help protect low-income households from the impact of the rate increases requested by Avista in this case.

Q. Can you describe the concept of an on-bill repayment offering?

A. Yes. On-bill repayment programs are offerings made by a utility to their customers on an opt-in basis, to finance customer improvements related to electricity or natural gas

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[9] *Id.*
[10] *Id.*

service. The programs are intended to overcome barriers to the upfront costs of energy efficiency or distributed renewable generation projects by allowing customers to pay back the investments over a period of time directly on their utility bills. Even in projects where a life-cycle cost/benefit analysis is positive, many customers find the upfront costs to be a barrier to undertaking customer-side investments. Approximately 110 utilities across the country, including publicly-owned utilities (i.e., municipal and rural electric cooperatives) and investor-owned utilities, offer some form of on-bill repayment program.[11]

Q. Is there a concern that an on-bill repayment program could lead to cost shifting that will raise non-participant rates?

A. A properly structured program will ensure that the costs associated with on-bill repayment are borne solely by each voluntarily participating customer and consequently no cost-shifting will occur.

Q. Are there different types of on-bill repayment programs?

A. Yes. At a high level, there are two primary types of on-bill repayment approaches: loans and tariffs. On-bill loans typically utilize third-party financing to offer loans to customers that are then paid back on the customer's utility bill. These programs are conventional loans to an entity (the customer) and thus require good credit scores, home/property-ownership against which a lien can be assigned, and an agreement to pay-off the loan in full if the property is sold, among other requirements. In an on-bill

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[11] U.S. Department of Energy, Issue Brief: Low-Income Energy Efficiency Financing through On-Bill Tariff Programs (available at https://betterbuildingsinitiative.energy.gov/sites/default/files/IB%20L-I%20EE%20Financing%20through%20On-Bill%20Tariffs_Final_0.pdf).

tariff approach, such as the Pay as You Save (PAYS) approach, the utility finances the energy efficiency project (sometimes by securing financing from a third party), but, as opposed to a traditional loan, the repayment is structured as a tariff that is assigned to the premise meter over a period of time.

Q. Does Avista currently offer or plan to offer any type of on-bill repayment program to its customers?

No. In response to an NWEC data request, Avista stated "on bill repayment is not currently in the Company's plans."[12]

Q. Do you have a recommendation regarding the type of program Avista should offer its customers?

A. Yes. I recommend that Avista offer a tariffed on-bill program for customers.

Q. Please describe in more detail how a tariffed on-bill program works.

A. Typically, the tariff structure ensures that the customer is assured of savings because the program will only pay for efficiency upgrades where projected annual savings are materially greater than the service charge and, if upgrades ever fail, the tariff structure ensures that payments stop until the upgrade has been repaired.

In effect, the utility is providing the customer with a service (improved energy efficiency and lower billing) and is charging for this service through a monthly program services charge for a time period not to exceed a portion of the expected life of the upgrade and the structure. The customer has the important security of being assured the monthly service charge will be much less than the estimated average energy billing savings. In no case should the estimated annual savings be less than the annual charges. In the case of non-payment, the utility's adopted policies for non-

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[12] Exh. WMG-3 (Avista Response to NWEC Data Request No. 18).

payment and disconnection of service apply, however, I do not believe there has been even one instance of a disconnection for non-payment among any of the utilities offering this opt-in tariff option.[13]

Q. What upgrades will qualify for the tariff?

A. Any customer-side upgrade that results in a positive cost/benefits analysis could be considered. The upgrade must be a proven technology that produces reliable and calculable savings. Examples include: high efficiency air source heat pumps, duct sealing and duct insulation, high efficiency lighting, and eliminating insulation voids. In addition to energy efficiency, programs can also include cost-effective storage and on-site renewable investments. Typically, programs require that upgrades must pass the 80% rule to be eligible based on a location specific, on-site cost effectiveness analysis. The 80% rule means the total annual on-bill charge cannot exceed 80% of the estimated annual utility bill savings and the maximum cost recovery term cannot exceed 80% of the useful life of the upgrade or a full parts and labor warranty, whichever is greater.

Q. What costs are typically included in the tariff amount?

A This calculation involves a simple annual percentage rate (APR) calculation with three primary variables: cost to install the upgrades and any fees, the cost of capital, and the duration of cost recovery.

Q. What are the benefits of a tariffed on-bill program over a loan program?

A. The program uses a tariffed on-bill service charge that will eliminate the need for personal loans or up-front cash investment by the customer to finance customer-side

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[13] Exh. WMG-4.

investments. No debt obligation is created for the customer because the terms of service defined in the tariff assign the obligation to the location, not to the customer. Tariffed on-bill programs have the following additional benefits:

(1) They can and have served all types of customers including renters who pay their utility bills, moderate-income customers (including those with low credit scores); municipalities, and commercial customers.

(2) The PAYS model, one type of an on-bill tariff model, has achieved offer acceptance rates as high as 70 – 90%.[14]

(3) While the potential for disconnection for non-payment helps utilities realize high cost recovery, for tariffed on bill programs using the PAYS model, the consumer assurances which create these offers have to date ensured that no customer has been disconnected for non-payment.[15]

(4) Utility cost recovery has been better than implementing utilities' current rate of collectables. Reporting utilities average collections of 99.9% of their investments.[16]

(5) The investment is more secure because utility collections have a charge-off rate that is approximately 10 times lower than unsecured consumer lending.[17]

Q. Can you say more about the benefits of a tariffed on-bill program in addressing the split incentive problem that often results in less energy efficiency achieved in rental properties?

A. Certainly. Under a tariffed on-bill approach, the customer pays for their utility service as long as they occupy the location where the upgrades are installed, and the charge

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[14] *Id.*
[15] *Id.*
[16] *Id.*
[17] *Id.*

remains on the bill for that location until all costs are recovered. In the case of rental units, there is no upfront capital required by landlords, and tenants only pay for the improvements as they realize the benefits through the utility bill. If a tenant moves, they no longer pay for the upgrade at the old location, rather the new tenant that is realizing the benefits from the upgrade, assumes the payment and obtains the benefits. Additionally, a requirement that the tariff be suspended if the upgrade fails further protects customers to ensure that needed repairs are conducted in a timely fashion. Robust consumer protections must be in place for on-bill tariff programs to notify and explain to new residents that there is an additional financial obligation associated with the property as a result of investment in upgrades that have lowered the overall bill. However, ultimately, the renter is paying a lower energy bill as a result of the upgrades than they would have paid without it.

Q. Does a tariffed on-bill program provide benefits for customers that are non-participants?

A. Yes. The program is intended to fund projects that typically will not move forward, and the projected energy savings never be realized, without a program of this type. Energy efficiency projects are in non-participant customers interests because they result in reduction of future cost of generation, transmission and distribution and in environmental improvement. This program not only lowers participating customers' energy costs, it will also lower the long-term cost of power related to required additional generation for all Avista customers, help Avista comply with I-937 and the CETA at a lower cost, and result in environmental benefits and reduced pollution from fossil fuel use.

Q. Are other utilities across the nation utilizing this tariffed on-bill approach?

A. Yes, one common type of tariffed on-bill program is called PAYS® (Pay As You Save®).[18] Inclusive financing programs based on the PAYS® system have been successfully implemented during the past 18 years in 7 states by 17 utilities, including investor owned, cooperative, and municipal utilities. Five thousand locations have been upgraded and more than $40,000,000 has been invested in energy efficiency and renewable upgrades. To date, participants of all types have been repaying their utility for its investments through tariffed on-bill charges.[19]

Q. What are you recommending to the Commission on the topic of on-bill repayment?

A. I recommend that the Commission order Avista to design and implement an on-bill repayment program for customers, designed in conjunction with its Energy Efficiency Advisory Group and its Low Income Customer Advisory Group, by December 31, 2020.

Q. Does this conclude your testimony?

A. Yes.

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[18] Holmes Hummel and Harlan Lachman, *What is Inclusive Financing and Why Are Some of the Largest States in the Country Calling for it Now?*, 2018 (available at https://aceee.org/files/proceedings/2018/node_modules/pdfjs-dist-viewer-min/build/minified/web/viewer.html?file=../../../../../assets/attachments/0194_0286_000158.pdf#search=%22hummel%22).

[19] Exh. WMG-4.