

**Docket Nos. UE-200900, UG-200901, and UE-200894
(Consolidated) - Vol. IV**

WUTC v. Avista Corporation d/b/a Avista Utilities

July 9, 2021



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	Nos. UE-200900
v.)	UG-200901
)	UE-200894
AVISTA CORPORATION, d/b/a)	
AVISTA UTILITIES,)	
)	
Respondent.)	

EVIDENTIARY HEARING, VOLUME IV

Pages 248 - 393

ADMINISTRATIVE LAW JUDGE ANDREW J. O'CONNELL

Taken Remotely Via Teams Videoconference

DATE: Friday, July 9, 2021

REPORTED BY: Ronald L. Cook
CCR, CRR, RDR, FAPR
WA CCR #2523; CA CSR #13928

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 (Via Teams videoconference)

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1 FRIDAY, JULY 9, 2021

2 9:36 A.M.

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4 P R O C E E D I N G S

5

6 JUDGE O'CONNELL: Let's be on the record.

7 Good morning. Today is July 9th, 2021.

8 The time is approximately 9:36 a.m. We're here today
9 for the second day of the Avista 2020 general rate
10 case, Dockets UE-200900, UG-200901, and UE-200894.

11 Let's go ahead and take short appearances
12 from the parties, make sure everyone's here for the
13 record.

14 And I'll start with Avista.

15 MR. MEYER: Thank you, Your Honor. David
16 Meyer, for Avista.

17 JUDGE O'CONNELL: And for staff.

18 MS. CAMERON-RULKOWSKI: Sorry. I had to
19 unmute. For staff, Jennifer Cameron-Rulkowski,
20 Assistant Attorney General, and with me again today
21 are Assistant Attorneys General Jeff Roberson, Nash
22 Callaghan, Harry Fukano, Joe Dallas, and Daniel
23 Teimouri.

24 JUDGE O'CONNELL: Thank you.

25 And for Public Counsel.

1 MS. SUETAKE: Thank you, Your Honor.

2 This is Nina Suetake, Assistant Attorney General for
3 Public Counsel.

4 JUDGE O'CONNELL: And for the Alliance of
5 Western Energy Consumers.

6 MS. MILINOVICH: Good morning, Your
7 Honor. Corinne Milinovich, on behalf of the Alliance
8 of Western Energy Consumers.

9 JUDGE O'CONNELL: And for Inland Empire
10 Paper.

11 MR. PEPPLER: Good morning. This is Tyler
12 Pepple, for Inland Empire Paper Company.

13 JUDGE O'CONNELL: And for The Energy
14 Project.

15 MR. FITCH: Good morning, Judge
16 O'Connell. Simon Fitch, representing The Energy
17 Project.

18 JUDGE O'CONNELL: Thank you.

19 And for Sierra Club.

20 MS. YARNALL LOARIE: Good morning. This
21 is Jessica Yarnall Loarie, for Sierra Club.

22 JUDGE O'CONNELL: Okay. Thank you all.
23 Good morning.

24 Before we came on the record I discussed
25 a number of clarifying questions with the parties

1 regarding the bench requests that the Commission
2 issued in a notice yesterday. And regarding those
3 bench requests, I want to adjust the deadline for
4 Bench Request No. 9 for Avista. That bench request
5 pertained to AMI meters and non-AMI meters for gas
6 only, electric only, and combined electric and natural
7 gas customers.

8 I'm going to modify that due date to
9 July 16 at 5:00 p.m. So to be filed no later than
10 July 16 at 5:00 p.m., instead of -- the original
11 request was for no later than July 14th at 5:00 p.m.

12 MR. MEYER: Thank you.

13 JUDGE O'CONNELL: You're welcome.

14 Second, regarding Bench Request No. 4,
15 Public Counsel had requested clarification on what the
16 Commission was seeking as far as the updates that were
17 necessary to testimony, exhibits, and any revenue
18 requirement models as it might come from the hearing
19 today, any updates to those.

20 The Commission is seeking the updated
21 revenue requirement models. It is not necessary to go
22 back and update Ms. Crane's testimony, in particular
23 ACC-1T, with those numbers. We are just interested in
24 having the most updated revenue requirement models and
25 any exhibit that is that revenue requirement model.

1 And, Ms. Suetake, is the -- I assume that
2 the due date for that being -- is still reasonable; is
3 that correct?

4 MS. SUETAKE: Yes, Your Honor. It was
5 Friday the 16th, I believe. That would still be fine
6 for us. Thank you.

7 JUDGE O'CONNELL: Okay. Very good.

8 Today we're going to resume the
9 Commissioners' questions for Avista witnesses. We're
10 going to start with Howell and then we will have
11 Kensok.

12 Before we get to that, I wanted to
13 discuss with the parties, in particular Public Counsel
14 and staff, the cross exhibits that are intended for
15 staff witness Jordan, and on the record yesterday I --
16 or Wednesday, not yesterday, I mentioned that I would
17 rule on those exhibits as they were presented and move
18 for admission during witness Jordan's testimony.

19 I am still going to rule on them during
20 witness Jordan's testimony, but I wanted to address
21 them and have a discussion here before we started
22 bench questions for Avista's witnesses.

23 And I have some clarifying questions for
24 the identification and naming of three of the
25 documents in particular, Ms. Suetake, the -- what's

1 been labeled or identified as 12X, 13X, and 14X.
2 These are indicated as being from Avista's IRP,
3 integrated resource plan. It's indicated as being
4 Chapters 11 and Chapter 9, and then Appendix H.

5 I want to clarify because the numbering
6 is for the year 2020, and I'm curious to clarify, are
7 these documents that were filed in Docket UE-180738,
8 being the 2019 progress report? Which the Commission
9 is familiar with those being entitled on themselves as
10 a 2020 IRP, but they are filed in this docket
11 UE-180738, as opposed to what I think we are referring
12 to as the 2021 Avista IRP, that has been filed in a
13 2020 docket, UE-200301.

14 Can you, Ms. Suetake, now clarify for me
15 where those proposed cross exhibits are coming from?

16 MS. SUETAKE: Your Honor, first I wanted
17 to clarify that we are no longer using Exhibits 13X
18 and 14X.

19 JUDGE O'CONNELL: Okay. So you're no
20 longer asking that those -- or you don't plan to ask
21 that those be admitted to the record?

22 MS. SUETAKE: Correct, Your Honor.

23 Regarding Exhibit 11X, I will have to --

24 JUDGE O'CONNELL: I'm sorry. 12X?
25 Chapter 11?

1 MS. SUETAKE: Correct. Sorry. Yes,
2 Exhibit 12X, Chapter 11.

3 I do not know right off the top of my
4 head which docket this was filed under. We can find
5 out for you during the break, and I can get back to
6 you on that.

7 JUDGE O'CONNELL: Okay. I think that
8 will be important to know when we get to it.

9 Now, to address, I guess, the remaining
10 three cross exhibits, 11X, 12X, 15X, I want to be
11 forthright with the parties so that no one is
12 surprised, and I want to clearly explain how I'm
13 looking at these cross exhibits.

14 I look at 11X and 15X in particular, and
15 I look at the substance or the topic of those
16 exhibits, as well as 12X, and I see that there is
17 relevance for that topic to the disagreement between
18 staff and Public Counsel in this case regarding the
19 inputs and the data that are used by Avista in this
20 cost-of-service study. However, as you are all
21 familiar with, all relevant evidence is admissible in
22 our proceedings, but that doesn't mean that that
23 evidence should be admitted to the record, and the
24 foundation of the exhibits will need to be shown, and
25 in particular I need to know that these exhibits are

1 what Public Counsel says they are, that the
2 information that's contained in the documents are
3 correct and that the Commission can trust what it is,
4 that these documents are trustworthy.

5 Now, my concern there is less for the IRP
6 Chapter 11 because whether it's one that's been filed
7 in Docket UE-180738 or UE-200301, that is something
8 that the Commission has seen and is familiar with.

9 Excuse me one moment.

10 If you're listening on the phone or on
11 Teams, please mute your microphone unless you're
12 talking, and I expect that the only people who should
13 be talking during this hearing are myself, the
14 Commissioners, the attorneys representing the parties,
15 and any witnesses that have been identified.

16 So as I was saying, Exhibit 12X
17 Chapter 11, I have -- my concern as to its
18 trustworthiness and the foundation for that is less
19 significant than it is for the others, because the
20 others come from -- or are identified as data requests
21 and responses between Public Counsel and Avista.
22 These are things that the Commission has not seen, is
23 not aware of in any other docket. So that I see is
24 where the foundation is lacking.

25 And, of course, Public Counsel, you will

1 have the chance to provide that foundation. I wanted
2 to hear whether it was your intent still to go forward
3 establishing that foundation through the staff witness
4 Jordan or whether you had planned something else.
5 Ms. Suetake.

6 MS. SUETAKE: Your Honor, are you
7 concerned about the veracity of the material within
8 the document or are you concerned with me asking
9 questions of Ms. Jordan regarding Avista data
10 requests?

11 JUDGE O'CONNELL: The former, because the
12 information provided was provided by Avista to Public
13 Counsel, and all the evidence that has been already
14 admitted to the record was stipulated, so the parties
15 all agree that it is what the parties say it is and
16 that the Commission can trust it.

17 What I need to admit any evidence into
18 the record is that, yes, it's relevant, but it also
19 can be trusted by the Commissioners in making a
20 decision in the case.

21 MS. SUETAKE: Your Honor, regarding
22 Exhibit 11X, if it helps any, that is actually already
23 an exhibit with -- that has been filed with
24 Mr. Watkins' testimony, his response testimony, which
25 I didn't realize it was already in the record under a

1 different exhibit number.

2 JUDGE O'CONNELL: Can you please identify
3 that for me?

4 MS. SUETAKE: One moment. I apologize.

5 MS. CAMERON-RULKOWSKI: Your Honor, I
6 believe it's GAW-6.

7 JUDGE O'CONNELL: I have the exhibit list
8 pulled up in front of me, and that's been identified
9 and admitted to the record as GAW-6, which is Avista's
10 response to Public Counsel Data Request No. 279. Is
11 that the same as what is proposed as Cross
12 Exhibit 11X?

13 MS. SUETAKE: Yes, Your Honor, it appears
14 so.

15 JUDGE O'CONNELL: Okay.

16 In that case, I am going to reject 11X as
17 a duplicate, and I'm attempting to avoid any
18 duplication within the record, for efficiency sake.

19 However, because GAW-6 has already been
20 admitted to the record, it's evidence, and you can
21 certainly ask staff witness Jordan what they know
22 about it, if they know about it, and continue your
23 cross-examination based on that if witness Jordan
24 knows something and can offer testimony on it.

25 MS. SUETAKE: Additionally, Your Honor --

1 Thank you, Your Honor.

2 Additionally, the cross I intend to do
3 with the IRP exhibit, based on -- is going to be on
4 tables which were also included in Mr. Watkins'
5 testimony. I had decided to use the source material
6 rather than Mr. Watkins' testimony partly for ease of
7 referencing; also because Ms. Jordan also agrees that
8 the material comes from Avista's 2020 IRP.

9 But if you would prefer, I can just use
10 Mr. Watkins' testimony, which is copying Avista's IRP.

11 We've received no objections or rebuttal
12 testimony on the veracity or lack thereof of those
13 tables, so I'm not quite sure what would be the best
14 course of action here.

15 JUDGE O'CONNELL: Well, let's -- given
16 that scoping of the cross exhibit and the intention,
17 let me turn, then, to Ms. Cameron-Rulkowski.

18 What is staff's perspective on that, and
19 do you still plan to object to the admission of 12X if
20 it's for the purposes of showing, yes, Mr. Watkins'
21 tables do come from that IRP, given that they're
22 already in the record as part of his testimony?

23 MS. CAMERON-RULKOWSKI: Your Honor,
24 Ms. Suetake and I had spoken on Wednesday, and I had
25 represented that -- after we had spoken about Public

1 Counsel's plans, staff doesn't have an objection to
2 the admission of Exhibit 12X.

3 JUDGE O'CONNELL: Okay. Then, for the
4 record, 12X will be admitted.

5 Okay. Ms. Suetake, would you like to
6 please address 15X, if there is any clarification you
7 would like to make now, or should we plan on waiting
8 to see if the foundation can be established in cross?

9 MS. SUETAKE: We can wait till cross. I
10 think that might be -- it might make it more clear in
11 the course of my cross-examination.

12 JUDGE O'CONNELL: Okay.

13 And to make sure, Ms. Cameron-Rulkowski,
14 staff at this point does still plan to object to 15X,
15 correct?

16 MS. CAMERON-RULKOWSKI: That's correct,
17 Your Honor.

18 JUDGE O'CONNELL: Okay.

19 All right.

20 MS. CAMERON-RULKOWSKI: Our plans are to
21 wait and see the purpose for which Public Counsel
22 intends to use it.

23 JUDGE O'CONNELL: Okay. Very good.

24 With that, all the housekeeping matters I
25 wanted to address before we moved on is taken care of.

1 I'm going to ask the Commissioners to
2 join us and turn on their cameras, and I would like to
3 ask that all the attorneys except for Mr. Meyer and
4 Ms. -- sorry -- and Mr. Meyer turn off their cameras,
5 and, Mr. Meyer, if you could have your witness Howell
6 be ready and turn on his video.

7 MR. MEYER: It's done. Thank you.

8 JUDGE O'CONNELL: Okay.

9 As the Commissioners are turning on their
10 video, Mr. Howell, if you would please, where you are,
11 raise your right hand. I will swear you in.

12 (Witness sworn)

13 JUDGE O'CONNELL: Okay. Thank you.

14 Mr. Meyer.

15 MR. MEYER: Thank you.

16 Mr. Howell, for the record, please state
17 your name, by whom you're employed, and what your
18 position is.

19 THE WITNESS: It's David Howell. I work
20 for Avista Utilities, and I'm the director of
21 electrical operations.

22 MR. MEYER: Thank you.

23 And with that, Mr. Howell is available
24 for any questioning.

25 JUDGE O'CONNELL: Okay. Thank you. I

1 will turn it over to the Commissioners for their
2 questions.

3 MS. RENDAHL: Thank you, Mr. Howell.
4 This is Commissioner Rendahl. Good
5 morning. How are you?

6 THE WITNESS: Good morning.

7 MS. RENDAHL: So there are a few
8 questions related to the wildfire plan. In
9 particular, do you have your initial testimony before
10 you?

11 THE WITNESS: I do.

12 MS. RENDAHL: Which is -- I'm sorry.
13 Yes, your initial testimony.

14 And also, do you have Public Counsel's
15 testimony? Mr. Stephens -- the PA/DS-1T. Do you have
16 that in front of you as well?

17 THE WITNESS: I do not. I see them
18 looking for it.

19 MS. RENDAHL: Okay. All right. Well,
20 we'll just pause just a minute.

21 Have you read that testimony?

22 THE WITNESS: My original testimony or
23 the Public Counsel?

24 MS. RENDAHL: Public Counsel.

25 THE WITNESS: I have not.

1 MS. RENDAHL: You have not. Okay.

2 Well, we'll make sure you get a copy of
3 that testimony.

4 Are you aware that Public Counsel, in
5 their testimony, was concerned that Avista did not
6 rely on historical ground fire data in its developing
7 its plan? Just generally, while you're looking for
8 that.

9 THE WITNESS: I have not read that
10 testimony.

11 MS. RENDAHL: Okay. Well, then, I will
12 move on.

13 So were you involved in the stakeholder
14 workshops developing the wildfire plan?

15 THE WITNESS: Some of those. We actually
16 had two different stakeholders. We had some internal
17 stakeholders, and those workshops we used subject
18 matter experts internally, but we also had some
19 stakeholders -- we didn't refer to them as
20 stakeholders, but peer utility workshops, and I was
21 involved in those.

22 MS. RENDAHL: Okay.

23 Somebody is fumbling with their
24 microphone.

25 Mr. Cook, can you hear what we're saying?

1 THE REPORTER: Yes, I can, but the
2 witness is coming in a bit faintly.

3 THE WITNESS: Is that better?

4 THE REPORTER: Yes. Thank you.

5 MS. RENDAHL: If you can hold the
6 microphone closer when you're speaking, that would be
7 great. Thank you.

8 Can you explain why Avista's proposed
9 plan differs from some of the stakeholder
10 recommendations made during those meetings and
11 workshops?

12 THE WITNESS: Are you referring to the
13 internal stakeholder or to the -- our Pacific
14 Northwest peer utility stakeholder group?

15 MS. RENDAHL: I guess I'm referring to
16 both. If there's any differences between those, why
17 were those different than what's in the plan?

18 THE WITNESS: Yeah. And -- so maybe the
19 way I'd frame this is that we created a wildfire plan
20 that is relevant to our service territory, and I
21 wanted -- if I can, I'll explain a little bit what I
22 mean by that.

23 Utilities operate in different -- with
24 different geographic considerations. A simple one is,
25 you know, Idaho Power, when we had our meeting, they

1 were one of those stakeholders. They have lots of
2 prairie land. That risk and mitigation of that risk
3 is different than like an Avista, that operates with
4 fair -- we have quite a bit of forested areas, where
5 we have high-consequence areas in those forested
6 areas.

7 You would implement a different
8 mitigative action based on those geographic operating
9 considerations, and have potentially different -- I
10 mean, they're just different spins, different
11 solutions.

12 Examples of that is that for us, we use
13 grid hardening as a solution. That is a good solution
14 in forested areas.

15 Idaho Power, if you do -- down there,
16 wrapping wooden poles, that helps in prairie land
17 situations because it mitigates -- you know, when
18 grasslands burn, they burn at the bottom, so you
19 protect your infrastructure that way. When fires burn
20 in our area, they burn in the tops of trees, and so
21 you have to -- by wrapping a wood pole, it doesn't
22 protect it.

23 So that's just a simple example.

24 But we have mitigative actions that are
25 relevant to our service territory, and -- so we have

1 created a risk-based plan, and our goal was to -- I'm
2 going to go back a little bit trying to answer your
3 first part of this. We did not use fire events, we
4 used spark ignition sources as our rationale for how
5 we would come up with mitigative actions. And there's
6 a lot of different potential spark ignition --

7 You're on mute.

8 MS. RENDAHL: Mr. Howell, if you'll wait.
9 I do have some questions specifically about historical
10 data that we can go into.

11 THE WITNESS: Okay.

12 MS. RENDAHL: So if you're finished about
13 the differences between the stakeholder and internal
14 workgroups and what's in the plan, then I can move on
15 to those questions specifically.

16 THE WITNESS: Okay.

17 And just to clarify, the internal
18 stakeholder groups did develop a number of
19 recommendations, and then we implemented the top tiers
20 of those recommendations, just to differentiate how we
21 use those two different groups.

22 MS. RENDAHL: Thank you. That's very
23 helpful.

24 THE WITNESS: Okay.

25 MS. RENDAHL: So going to your testimony

1 now, if you would --

2 Let's see. In your testimony, you talked
3 about how you defined the -- at DRH-1T, at Page 9
4 through 11, you discuss wildfire risk as it relates to
5 the distribution and transmission infrastructure,
6 using your historical outage data. Do you see that?

7 THE WITNESS: I do, and I'm familiar with
8 that.

9 MS. RENDAHL: Okay.

10 So can you explain, then, how the company
11 did use the historical data in the planning? And
12 maybe what historical data might be missing or what
13 assumptions the company used to make up for any lack
14 of historical data.

15 THE WITNESS: So the historical data we
16 have is related to either fault events or outage
17 events, but -- and this is building a little bit on
18 your original question, which was fire related. One
19 of the things that we've identified is that we need to
20 understand fire-related events with each of our spark
21 events or fault events.

22 So we use fault events and outage events
23 to be an indicator of where the risk exists in our
24 system. We know, on the transmission system, that a
25 fault event during fire season is a concern, and it's

1 something that we should try to minimize and also
2 follow up on. And we have elements of mitigation
3 related to that.

4 On the distribution side, we do know pole
5 fires -- that's actually one of those records that
6 we've historically kept in our outage management
7 system -- but we don't know of all fires. We just
8 know of outages. So there's a bit of a correlation
9 that we're trying to make as we develop mitigative
10 actions.

11 But going forward, we are creating
12 methods of tracking fire ignition associated with
13 outages on our system.

14 Does that make sense? The pieces that I
15 had and that I didn't have as we developed the plan?

16 MS. RENDAHL: Yes, it does.

17 So just to follow up, you said you hadn't
18 read Public Counsel's testimony about the wildfires --

19 THE WITNESS: I have it with me now. I
20 can reference it.

21 MS. RENDAHL: Well, and so in your
22 rebuttal testimony, DRH-8T, you do respond to the
23 comments that Public Counsel's witnesses make about
24 the wildfire resiliency plan, so I just want to
25 clarify. Did you, in fact, read Public Counsel's

1 testimony in preparing your rebuttal testimony?

2 THE WITNESS: I do have the questions
3 that were posed, and provided responses to those.

4 MS. RENDAHL: So in order to respond to
5 Public Counsel's claims in their response testimony,
6 so, for example, if we're looking at Page 4 of your
7 rebuttal testimony, which is DRH-8T.

8 THE WITNESS: I am there.

9 MS. RENDAHL: At the bottom, on Line 21,
10 and going on to the next page, it says,
11 "Misters Alvarez and Stephens, on behalf of Public
12 Counsel, argue," et cetera, et cetera, and it
13 references Public Counsel's testimony, and then you
14 have a response. So I just want to clarify. In
15 preparing this testimony, did you review Public
16 Counsel's testimony?

17 THE WITNESS: I worked with other people
18 within the wildfire group and did understand the
19 context of the responses that we need to provide, and
20 then we discussed our responses to those and provided
21 those in writing.

22 MS. RENDAHL: So is this your testimony
23 or is this somebody else's testimony?

24 THE WITNESS: This is my testimony.

25 MS. RENDAHL: Okay.

1 THE WITNESS: I mean -- yes. I mean,
2 this is -- yeah, this is my testimony related to
3 wildfire.

4 MS. RENDAHL: Okay. Thank you.

5 So can you explain, then, why outage data
6 is an appropriate figure to use, as opposed to outage
7 events that might spark fires?

8 THE WITNESS: Yes. I would -- I want to
9 frame that a little bit. Outage data is, I think, a
10 better measure on our transmission system than it is
11 on the distribution system. On the transmission
12 system, we have very few faults. We have not
13 historically tracked fire events associated with a
14 fault. That's something that we'll do moving forward.

15 But there's a lot of energy when you have
16 a transmission fault, and there is the potential for a
17 fire that's associated with those. You can have a
18 tree that contacts a line that creates a fault during
19 the winter, and that's probably not going to be a fire
20 event. But we do see fire -- we do have the potential
21 for a fault event during a summer condition, and it
22 can be -- doesn't have to be windy, it can just be a
23 hot dry day during the summer.

24 And we've actually added an element to
25 our wildfire plan which we refer to as expedited

1 response, where we'll actually send resources to those
2 fault locations, because we know there's a potential
3 for a fire.

4 I don't know that I would state it so
5 strongly on the distribution side with the outage
6 events routinely on the distribution system that are
7 not associated with fire events. Typically those are
8 associated with pole fires, contacts, those other
9 grid-hardening mitigative actions that we've taken.

10 MS. RENDAHL: Okay.

11 So can you complain currently how Avista
12 investigates and tracks ground fires related to
13 equipment outages, maybe on the distribution system?

14 THE WITNESS: Yes. So we have -- and
15 this is -- I indicated we haven't done it in the past,
16 but today what we're doing is we -- it's typically
17 our -- we call servicemen but it's trouble men, is
18 commonly the term, or local reps. Those are typically
19 our first responders to events. If a fire is noted
20 related to any type of an outage event, we then have
21 an escalation policy where that information is
22 communicated and documented.

23 Our goal moving forward is to -- for
24 outage events or fault events, to track fires related
25 to those.

1 MS. RENDAHL: Okay. Thank you.

2 I'll hold now and see if my colleagues
3 have some questions. I can keep going, but if you
4 have questions, please go ahead.

5 Okay. I will keep going.

6 So in your initial testimony, Mr. Howell,
7 and that's Exhibit DRH-1T, at Page 8 --

8 And I'll pause till you find that page.

9 THE WITNESS: I'm there.

10 MS. RENDAHL: Okay.

11 So do you see Lines 7 through 15, where
12 you discuss a risk calculation, where impact is
13 defined as the sum of direct financial cost, customer
14 and safety? Do you see that?

15 THE WITNESS: I do.

16 MS. RENDAHL: Okay.

17 So when you refer to impact, does that
18 include the long-term community costs related to a
19 devastating wildfire event? For example, the costs of
20 rebuilding a community, health outcomes related to the
21 wildfire smoke, the economic loss as a community its
22 inhabitants might face, and the total costs of making
23 the community whole post event, or is it just focused
24 on the company's impact?

25 THE WITNESS: It did not include the --

1 I'm going to generalize your more of a community
2 impact. There are more direct costs that we would
3 see, but direct costs could be fighting fire, its
4 replacement assets, but not the -- you had a number of
5 categories there, but in general not including those
6 categories.

7 MS. RENDAHL: Okay.

8 THE WITNESS: Okay.

9 MS. RENDAHL: Thank you.

10 So going on on Page 9 of this exhibit.

11 THE WITNESS: I do want to -- if I can go
12 back and just respond a little bit. I mean, we do
13 include -- I mean, the reason we're doing our wildfire
14 plan is the risk to our communities, and public safety
15 is an element of that consideration. So we're trying
16 to minimize our spark event.

17 So there is an element of community, but
18 in the way that you characterized them, not -- we
19 generally didn't look at it that way. It was the
20 safety impacts to loss of life and structures within a
21 community.

22 MS. RENDAHL: Okay. Thank you.

23 THE WITNESS: Yeah.

24 MS. RENDAHL: So if you move on to Page 9
25 of your initial testimony. And let me know when

1 you're there.

2 THE WITNESS: I'm there.

3 MS. RENDAHL: On Lines 1 through 3.

4 You indicate that Avista's accumulated
5 10-year risk of wildfires is at least \$8 billion. Do
6 you see that?

7 THE WITNESS: I do.

8 MS. RENDAHL: So are you testifying there
9 that without doing anything to mitigate or plan for
10 wildfire as outlined in Avista's plan, that the
11 company would face at least \$8 billion in liability?

12 THE WITNESS: No, because there's
13 probability that's associated with that.

14 So if I can, I'll speak a little bit to
15 risk and the way that we looked at that.

16 MS. RENDAHL: I guess maybe you can
17 clarify in response to the question. When you
18 indicate that without doing anything or without
19 planning for the wildfire, you're facing \$8 billion in
20 liability, so what reports and information is this
21 figure based on, and what exactly does that \$8 billion
22 in liability cover?

23 THE WITNESS: So the eight billion that
24 we're referencing is a risk cost, so I can't say
25 definitively that we would have an \$8 billion

1 liability if we did not do this work.

2 The risk equation that we used was the
3 probability times the impact or consequences, and
4 probability, we used historical information to define
5 that. That's fairly easy for us to at least start
6 with.

7 The impact side is much more challenging,
8 so we took an approach to do a relative risk cost. So
9 what we did is we said, What is our inherent risk?
10 This is don't do anything, and mitigated risk.

11 And there is also some information within
12 the risk analysis section of this that talks about the
13 overall risk reduction that we will see because of
14 that. We also know practically that if we take these
15 mitigative actions, we will reduce the potential for
16 spark ignition events, which is what can lead to
17 wildfire.

18 But that -- if I'm answering your
19 question correctly, that eight billion is a risk -- I
20 can't guarantee it because it's based on probability.

21 MS. RENDAHL: So it's a risk, not a
22 liability number? Yes or no?

23 THE WITNESS: That is -- that is my
24 understanding, it's a risk calculation.

25 MS. RENDAHL: Okay. Great.

1 THE WITNESS: And the second one, you had
2 asked how did we come up with that amount, so we had a
3 couple of different ways that we tried to understand
4 risk and respond appropriately. The first one was
5 external to us. We used a consultant that looked at
6 the single largest event that can happen in our system
7 and they just considered loss of property and assets,
8 and then that was identified in one of our higher-risk
9 areas.

10 This number here that you're referencing
11 was done with our internal stakeholder group that we
12 spoke of earlier, and they had to try to quantify the
13 risk associated with implementing mitigative actions.

14 And so there's really two ways to look at
15 it: an absolute dollar amount, which is a risk dollar,
16 and then a risk reduction.

17 MS. RENDAHL: Okay.

18 THE WITNESS: But it was an internal
19 stakeholder group.

20 MS. RENDAHL: Thank you.

21 And just to clarify, you were just
22 talking about the risk analysis model that CoreLogic
23 provided for you, correct?

24 THE WITNESS: That is correct, yes.

25 MS. RENDAHL: So if you look back at

1 Page 8 of your initial testimony, which is DRH-1T, and
2 then at Lines 15 to 21. Do you see that?

3 THE WITNESS: I do. I'm going to read
4 them really quick.

5 MS. RENDAHL: Okay.

6 THE WITNESS: Yes.

7 MS. RENDAHL: So just to confirm what you
8 just said, that that amount -- that risk analysis
9 model was focused on property loss and doesn't include
10 loss of life, injury, fire suppression costs, timber
11 loss, and other economic losses, correct?

12 THE WITNESS: That is correct. That's on
13 Line 18 and 19.

14 MS. RENDAHL: Right.

15 And so does the \$8 billion figure that
16 the company included include these costs?

17 And I apologize for the plane.

18 THE WITNESS: That's okay.

19 I'm going to have to look at the -- we
20 have a risk analysis section, and it would take me a
21 moment to review it. I want to make sure I answer you
22 correctly. If I can reference that.

23 MS. RENDAHL: Sure. Thank you.

24 THE WITNESS: Your question is does it
25 include loss of life?

1 MS. RENDAHL: My question was not just
2 loss of life, but injury, fire suppression costs,
3 timber loss, and other economic losses.

4 THE WITNESS: Okay, I'm going to
5 reference DRH-3, which is our risk analysis --

6 Let me give you the proper title.

7 It is our wildfire risk analysis summary,
8 and Page 5, and it says -- referencing what the risk
9 is included in that, and there's not line numbers but
10 I'll reference, it says three items: direct financial
11 costs, which is the replacement costs, fire
12 suppression, first-party damage; and two, customer,
13 which is -- the interpretation, it says interruption
14 costs, estimates -- they use the ICE calculator --
15 this, again, was done with our internal stakeholder
16 group, just to understand how this was put together --
17 and third-party claims, and then finally safety,
18 public employee injuries.

19 MS. RENDAHL: Okay. Thank you.

20 Go ahead.

21 THE WITNESS: Trying to get back to your
22 answer.

23 It does consider safety, injury, so life,
24 injury -- timber loss was not included -- and economic
25 losses. There's some financial in there, but you'll

1 see those really on the first line, which was more
2 related to fire suppression and our assets.

3 MS. RENDAHL: Thank you. I appreciate
4 the response.

5 So I'll pause here and see if my
6 colleagues have any questions they wish to ask of
7 Mr. Howell.

8 Okay. I just have a few more, then, but
9 interrupt me if you would like to.

10 So continuing on with your initial
11 testimony, Mr. Howell, on Pages 11 through 13, can you
12 turn to that, please. Starting at Page 11.

13 THE WITNESS: I'm there.

14 MS. RENDAHL: Okay. Great.

15 So at that point in your testimony you're
16 describing the use of Avista's wildland urban
17 interface map, correct?

18 THE WITNESS: Yes.

19 MS. RENDAHL: And you indicate that it
20 provides a focus on two main metrics, which is fuel
21 concentration and housing density; is that correct?

22 THE WITNESS: That is correct.

23 MS. RENDAHL: So does this map include
24 measures of community resilience, that might include
25 socioeconomic factors or a percentage of low-income

1 customers?

2 THE WITNESS: It does not.

3 MS. RENDAHL: Okay.

4 So if this map didn't include these
5 measures, how did Avista incorporate community
6 resilience, equity and income status, into its
7 assessment of wildfire risk and its chosen wildfire
8 plan activities?

9 THE WITNESS: Those factors, in our
10 risk -- how -- I'm trying to -- I mean, essentially --
11 our plan was developed around potential spark ignition
12 sources. I mean, directly -- we didn't include those
13 factors in our initial plan. We were looking for ways
14 where high-risk operating areas and where we had
15 potential for spark ignition, and our goal was to
16 mitigate those within our system, and provide benefits
17 to those communities.

18 MS. RENDAHL: Okay. Thank you.

19 So can you speak to whether this map
20 corresponds to the company's understanding of highly
21 impacted communities and vulnerable populations as
22 defined in the Clean Energy Transformation Act, or is
23 this something that Avista will be incorporating in
24 the future?

25 THE WITNESS: I don't know our position

1 on incorporating that within the Clean Energy
2 Transformation Act. I'm aware that it could be
3 possible that our map -- we know where those areas
4 have been defined, and you could see where those
5 overlaps would be.

6 MS. RENDAHL: But that hasn't been done
7 up to this point?

8 THE WITNESS: That has not.

9 MS. RENDAHL: Okay.

10 And just one last question. So can you
11 explain a bit further about how the capital
12 investments in Avista's wildfire plan serves the need
13 of risk reduction, specifically Avista's equipment
14 that might spark a fire, as opposed to general
15 resiliency to wildfire impacts in its service
16 territory. So has the company broken out risk
17 reduction benefits from more general resiliency
18 benefits or just from sparking events?

19 THE WITNESS: With wildfire, there --
20 there's always this kind of tradeoff. Sometimes you
21 get dual benefit between reliability -- or
22 resiliency -- you're using the term resiliency; I'll
23 call it reliability or resiliency -- and safety
24 offsets. We -- on the capital side --

25 Can you restate it? I want to make sure

1 I'm answering you correctly. We have so many
2 different mitigative actions that we're taking, some
3 of them are capital, some are expense, and I want to
4 make sure I'm responding to your -- because you're
5 asking me to address capital specifically.

6 MS. RENDAHL: Right.

7 So specifically, has the company broken
8 out any risk reduction benefits from those capital
9 investments from more general resiliency benefits, or
10 is it just focused on limiting the sparking event?

11 THE WITNESS: Okay. I understand your
12 question.

13 Our plan focused on two elements: impacts
14 from fire as well as preventing spark ignition events.
15 There's a small piece -- I haven't done the breakout,
16 but a small element of our plan is more of a
17 resiliency effort, but not exclusively.

18 I'll use the example, when we wrap a
19 wooden transmission pole with the fire mesh wrap --
20 it's this material that goes up about six feet. If a
21 fire comes across in those areas, it will prevent that
22 wood pole from burning up and then potentially
23 dropping the conductor. That's more of a resiliency
24 solution than it is a safety solution, because it's
25 not reducing a spark ignition event on our system.

1 But the replacement of a wood pole with
2 steel, which also includes a steel crossarm, makes
3 that system more resilient and safer when it comes to
4 potentially not creating a spark event related to
5 wildfire.

6 So just a very small part of our capital
7 is a resiliency effort, and the majority of it is to
8 reduce spark ignition events. And I can -- if it
9 helps, I can explain how some of those different
10 capital expenditures relate to safety.

11 MS. RENDAHL: No, I think that's
12 sufficient.

13 At this point those are all of my
14 questions, and I don't know if my colleagues have any
15 follow-up. If not, I think -- thank you, Mr. Howell.
16 I think that's all for you.

17 THE WITNESS: All right. Thank you.

18 MR. DANNER: Mr. Howell, I do have one
19 question. It regards PSPS, because in one of your
20 exhibits you say that that is affecting in the -- it's
21 in the Exhibit DRH-2, which is the 2020 fire
22 resiliency plan and addendum. You mentioned that PSPS
23 is not something you're doing right now because
24 it's --

25 Let me find the page here.

1 Essentially, paraphrasing, you're not set
2 up for it at this time.

3 THE WITNESS: I don't remember where it's
4 at. I do remember -- I know what it's -- I know those
5 comments, so we can visit on it if you don't find it
6 specifically.

7 MR. DANNER: Actually, I'm sorry. It's
8 in DRH-3, and it's at Page 18.

9 THE WITNESS: Okay.

10 MR. DANNER: And what you said is that
11 PSPS is a system in use in California, and while it
12 was discussed during the workshops, it requires
13 systems and processes not yet available at Avista.
14 However, the concept will be addressed in April of
15 2020, in the wildfire resilience plan. And the plan
16 does include recommendations that would support a
17 future deployment. What is the status of that?

18 THE WITNESS: Yeah, so we currently are
19 doing workshops internally related to public safety
20 power shutoffs -- that's the PSPS reference -- and,
21 you know, when we initially did our plan, there's an
22 element of PSPS that requires customer communication,
23 and it's not just the -- prior to the event, it's a
24 long-cycle customer communication, and we recognize
25 that to be successful with PSPS, there's no way we

1 could initiate our original plan, because that's what
2 this is, is our first plan, and successfully
3 administer PSPS.

4 And what I mean by that is that we know
5 that for Avista's service territory, we have very
6 rural circuits, and that's where our high consequence
7 areas are. And, you know, let's just -- I'm going to
8 characterize here. Somebody has 20 acres and they're
9 on a well, and if a fire was to come through and we
10 were to proactively shut off their power, they no
11 longer have the means to fight a fire.

12 That's the counter to -- the
13 understanding is if you shut somebody's power off,
14 you've eliminated the spark ignition event but you've
15 also prevented somebody from fighting a fire,
16 especially if that fire is from outside the system.

17 So it's a very -- we have to have a very
18 balanced approach when we start considering PSPS.

19 We are looking at it, we have a
20 workshop -- not a workshop. We have a committee
21 that's actually taking a look at that and trying to
22 decide how we would utilize that within our plan and
23 if it's appropriate.

24 MR. DANNER: So when you say that the
25 plan includes recommendations that would support a

1 future deployment of PSPS, you have made no decision
2 about whether you would deploy PSPS in the future?

3 THE WITNESS: We have not made that
4 decision yet. We're evaluating how -- how you would
5 implement that, when it should be implemented.

6 You know, what we're doing -- and this is
7 something that we could do with a shorter cycle, was
8 that -- we've had enhanced dry-land mode in the past
9 and we've talked about that historically. It just
10 disables reclosing. And we do that during the summer
11 season and then we send crews out to patrol prior to
12 reenergizing. That's the system operating when
13 there's a known fault, and that fault has the
14 potential for a spark.

15 We also are going to have what we call
16 enhanced dry-land mode, which is going to allow us to
17 operate our circuits more sensitively. Think of it as
18 a standard circuit breaker versus a GFI in your home.
19 It just would be more sensitive to a branch or an
20 animal contact, especially during the hot dry season.
21 So what we're moving to is the ability to dynamically
22 change our system on the system protection side.

23 There's kind of really levels of this.
24 If you think about it, you have normal operating.
25 That's when you have reclosing enabled. That's the

1 circuit goes out, the system automatically tries to
2 reclose. Then during our summer season, which for us
3 this year is a little bit longer because we started in
4 late June. We're disable reclosing.

5 Then the next two levels we're going to
6 have is a -- what we're going to refer to as a Fire 2
7 shot and then a Fire 1 shot. And it just makes our
8 system much more sensitive. It's ratcheting up the
9 sensitivity. And what you really have is -- and PSPS
10 is on the top of that, which means that we -- as
11 opposed to letting the system make the decision, it
12 sees a fault, it trips offline, it's us doing it
13 proactively based on environmental conditions. So
14 it's really just a ratcheted thought process on
15 sensitivity to protecting our system.

16 But we've looked at it, and we can reduce
17 our fault energies, which is where the spark ignition
18 events come from, by 90 percent by just enabling
19 additional protection settings.

20 The next level, though, beyond that would
21 be PSPS, and that's why we're looking at that.

22 MR. DANNER: All right.

23 So when -- just so I understand the term,
24 when you talk about a long-cycle communication plan,
25 what are you referring to? What does that term mean?

1 THE WITNESS: Maybe I'll counter that to
2 what short cycle is. So when we see -- we watched the
3 PSPS that's been implemented in California. They
4 have -- about three days out they're starting to
5 communicate with customers, two days out, then one day
6 out, and then they make the decision. So that's the
7 short-cycle communications.

8 What I mean is if we make that decision
9 as a company, we need to be communicating to our
10 customers, and we've talked about there's vulnerable
11 customers, there's customers that have the means to
12 install generators, some may not. We need to find
13 solutions for those customers before we just shut the
14 power off and then let them deal with the impacts of
15 that.

16 It's got to be -- so it's long cycle.
17 More than a year, it needs to be very thoughtful.
18 Very thoughtful if we're going to implement that.

19 MR. DANNER: I just wanted clarification
20 on that term you used, so thank you very much.

21 All right, I have no further questions,
22 Judge.

23 JUDGE O'CONNELL: Is there anything else
24 from either of the other Commissioners?

25 MS. RENDAHL: No.

1 JUDGE O'CONNELL: Well, then, thank you,
2 Mr. Howell. You're excused. Thank you very much for
3 your testimony.

4 THE WITNESS: Thank you.

5 JUDGE O'CONNELL: And now we will shift
6 over to Avista's witness Kensok.

7 Mr. Meyer, you've turned on your video.
8 Go ahead.

9 MR. MEYER: I did. Thank you.
10 Just one or two very quick redirect, if I
11 might.

12 JUDGE O'CONNELL: I apologize. I should
13 have asked. Yes.

14 Mr. Howell, if you would please rejoin
15 us.

16 Yes, one or two clarifications. Please
17 go ahead, Mr. Meyer.

18 MR. MEYER: Okay. Thank you.

19

20 REDIRECT EXAMINATION

21 BY MR. MEYER:

22 Q. Mr. Howell, was your testimony prepared
23 by you or others under your direction and supervision?

24 A. Under my direction, but I was part of
25 that process of preparing that testimony.

1 Q. So aside from the actual form of the
2 question in your rebuttal testimony, is the
3 information contained in your answers true and
4 correct?

5 A. Yes.

6 MR. MEYER: That's all I have. Thank
7 you.

8 THE WITNESS: Thanks.

9 JUDGE O'CONNELL: Okay. Mr. Howell, you
10 are excused. Thank you very much.

11 Now let's turn to Avista witness Kensok.

12 Okay. Mr. Kensok, will you please raise
13 your right hand.

14 (Witness sworn)

15 JUDGE O'CONNELL: Okay. Thank you. You
16 can put your hand down.

17 And I will turn it over to the
18 Commissioners for their questions.

19 MR. DANNER: Good morning, Mr. Kensok.

20 Witness Mullins states that Avista did
21 not consider offsetting factors associated with
22 cloud-based IT systems, such as, for example, reduced
23 internal system costs. Can you please clarify if you
24 did, in fact, include offsetting factors in the
25 adjustments that you made associated with reduced

1 internal systems costs?

2 I'm specifically -- I have written down
3 3.12, 3.13 or 3.15.

4 So just wondering what you have done with
5 regard to offsetting factors in terms of valuing
6 reduced internal system costs.

7 JUDGE O'CONNELL: Chair Danner, let me
8 step in. I apologize, for one moment while we are
9 having Mr. Kensok find his way.

10 Mr. Meyer, I did neglect to turn it over
11 to you to introduce your witness and have him spell
12 his last name for the record and for the court
13 reporter. If you would please go ahead and do that,
14 then we will -- I apologize -- continue the answer to
15 the Chair's question.

16 MR. MEYER: All right. Thank you, Your
17 Honor.

18 For the record, please state your name
19 and your employer, spelling your last name.

20 THE WITNESS: James Kensok, K-e-n-s-o-k,
21 Avista Utilities, vice president, CIO, and chief
22 security officer.

23 JUDGE O'CONNELL: Okay. Thank you.

24 Mr. Meyer, you can go ahead and turn off
25 your camera.

1 Mr. Kensok, if you please can answer the
2 Chair's question regarding the offsetting factors.

3 Thank you.

4 THE WITNESS: Okay. Thank you. I think
5 we're finding them.

6 When we consider whether or not we use
7 thought-based services versus on-premise services
8 and/or software, we do consider the cost as one of the
9 relevant factors. Offsetting costs typically can be
10 in the infrastructure, which is the hardware and/or
11 the software. What we've found is that it's not
12 always financially less cost in terms of a hosted work
13 cloud solution versus on premise.

14 So, for example, a depreciation cost
15 could be offset by a maintenance cost that we have
16 with software-as-a-service or cloud-provided
17 application, and so there's not always an offset, and
18 I think that we do state that in my testimony. I'll
19 have to find the pages, though, that we do consider
20 the overall depreciation expense.

21 And then the internal offsetting costs
22 typically could be in labor. However, it depends on
23 which application is hosted.

24 So, for example, if we host an
25 application that has to be connected to one that

1 remains on premise, there's still labor associated
2 with that, so it doesn't necessarily disappear.

3 And then also in the hosting, we look at
4 the volumetric pricing that comes with that. An
5 example, how many licenses or how often do you use or
6 how much do you store of data. That too then gets
7 considered against the capital costs of on-premise
8 solutions.

9 So we do look at that, we have a process
10 that we go through that with our technical folks, and
11 then we consider too performance of -- the physics of
12 moving from Avista's headquarters to a hosted service
13 and back.

14 So, for example, if it's a customer-based
15 web application, if that were hosted, there may be a
16 performance impact versus having it on-site, because
17 they've got to go to multiple data centers.

18 So we do -- to answer your question
19 specifically, we do consider the cost offsets.
20 Typically they aren't always favorable, and we do
21 revisit those on a regular basis.

22 MR. DANNER: And how regularly do you
23 revisit them? If there are offsetting factors, how do
24 we as a Commission capture those to benefit the
25 ratepayers?

1 THE WITNESS: Thank you, Chair Danner.
2 The way that we look at them is on a monthly basis on
3 volumetric pricing, so we have a monthly report that
4 shows what volumetric costs have been, for example, at
5 Amazon Web Services, or AWS, for a particular
6 application. And then if we see that move upward --
7 sometimes it does -- or downward, then we take a look
8 at that and decide if that's still the most efficient
9 solution.

10 We can't always change it but we can
11 adjust our processes that we use that can drive that
12 cost.

13 And then on an annual basis, depending on
14 how long the contract is with that particular
15 provider, then we can look at those and see where we
16 might be able to either adjust the cost or change the
17 solution.

18 MR. DANNER: I may have more questions
19 for you, but I'm going to pause here for a second and
20 review.

21 MR. BALASBAS: So good morning,
22 Mr. Kensok. I do have another question here for you.

23 So in your testimony you stated that the
24 2020 pro forma expenses included in this case were
25 already largely in service through December 31st of

1 2020; is that correct?

2 THE WITNESS: Yes.

3 MR. BALASBAS: All right.

4 In your responsive testimony -- or in
5 responsive testimony, multiple parties cite that the
6 company work papers included budget-based pro forma
7 adjustments through 2021. However, work papers are
8 not part of the record in this case, so could you
9 explain the time frame of your IS and IT pro forma
10 expenses included in this case and the basis for those
11 adjustments?

12 THE WITNESS: Yes. I think that in the
13 2020, it's May through December, and then '21 --

14 I don't know what that one is. I've got
15 to look.

16 We took a conservative approach once we
17 moved into 2021 because we tried to -- we only put in
18 things that we knew that would be in the used and
19 useful category, and then in the --

20 See if I've got it here.

21 I think we said May through December, and
22 then we used just what was -- what we knew that we had
23 that was in service for 2021.

24 MR. BALASBAS: And do you have a time
25 frame for the 2021 in-service?

1 THE WITNESS: Time frame as far as the
2 used and useful?

3 MR. BALASBAS: Yes.

4 THE WITNESS: Yes. We're building those
5 as we speak, in terms of they adjust literally
6 monthly, but in effect we would say that 2021 is going
7 to be very similar to 2020, but just as I mentioned
8 earlier, when those contracts come due -- those are
9 the ones that we're making sure are in there -- that's
10 when we would reevaluate those and include them for
11 '21.

12 MS. RENDAHL: Mr. Balasbas, can I follow
13 up, or are you going to follow up on that?

14 MR. BALASBAS: No, go ahead.

15 MS. RENDAHL: So I guess what is in the
16 case in front of us? What is in the record that we
17 have for 2021, not what you might include later?

18 Because what we have to decide in this
19 case is what is in evidence. So what is in the
20 evidence right now that Avista has included about
21 2021?

22 And if you need to respond to that in a
23 bench request, we can do that.

24 MR. MEYER: That might be a very good
25 suggestion.

1 These questions really are trenching on
2 ground more appropriate for Liz Andrews, who worked up
3 the pro forma analysis, and the bench request I think
4 would be an ideal vehicle for that.

5 JUDGE O'CONNELL: This is Judge
6 O'Connell.

7 For the record, Mr. Cook, that was
8 Mr. Meyer speaking.

9 THE REPORTER: Thank you.

10 JUDGE O'CONNELL: We will --

11 MS. RENDAHL: Commissioner Balasbas, do
12 you want to frame this bench request?

13 MR. BALASBAS: Sure. Yeah, thank you,
14 Commissioner Rendahl.

15 So, Judge O'Connell, yeah, I think -- I
16 agree, I think a bench request would be appropriate
17 here, to indicate what -- and I hope I got this right,
18 so, Commissioner Rendahl or Chair Danner, please help
19 me if I'm not framing correctly here, but I believe
20 what we are looking for is what the time frame is and
21 expenses are in this case for the pro forma IS and IT
22 adjustments.

23 Mr. Kensok has already stated May through
24 December of 2020, but I guess we would like to see
25 more detail on that.

1 And then if there are any budget-based
2 pro forma adjustments for 2021, are those included in
3 the record in this case?

4 Commissioner Rendahl, did I capture that?

5 MS. RENDAHL: Yes. Thank you.

6 JUDGE O'CONNELL: Thank you.

7 And we will make that Bench Request
8 No. 10.

9 And as far as a deadline, Mr. Meyer,
10 would it be reasonable to also set a deadline for the
11 16th?

12 MR. MEYER: Yes, Your Honor, that would
13 work.

14 JUDGE O'CONNELL: Okay.

15 I will attempt to get that memorialized
16 and issued in a notice this afternoon, before the
17 close of business. If I am unable to do that, it will
18 be first thing Monday morning. Thank you.

19 MR. BALASBAS: So, Judge O'Connell, at
20 this point I do not have any other questions for
21 Mr. Kensok.

22 MS. RENDAHL: I have a question,
23 unless -- it looks like Chair Danner may, so go ahead,
24 Chair Danner.

25 MR. DANNER: I just wanted to follow up.

1 So we have a used and useful policy statement. You
2 mentioned used and useful in your testimony earlier.
3 And it has some paragraphs, 26 and 27, that basically
4 say a retrospective review of property requests must
5 replace prospective review when requests cannot be
6 reviewed completely prior to rates going into effect.
7 So my question is: Do you anticipate a retrospective
8 review of the IT expenses that we have not been able
9 to review, and do you have any plans or process for
10 noncompany parties to review expenses after responsive
11 testimony is due in this case?

12 MR. MEYER: That again, might -- this is
13 Mr. Meyer. That's certainly a fair question, and that
14 might be part of our response to that bench request.
15 It's really more of a purview of Ms. Andrews.

16 MR. DANNER: All right.
17 Judge, can we add to that bench request,
18 then, just a question about what process the company
19 has to -- first to allow noncompany parties to review
20 expenses, and then what process does the company have
21 for retrospective review of expenses after the
22 effective date?

23 JUDGE O'CONNELL: Yes, I will add that as
24 a subpart to Bench Request No. 10.

25 MR. DANNER: All right. Thank you very

1 much.

2 And I have no further questions for
3 Mr. Kensok.

4 MS. RENDAHL: And I just have a brief
5 one.

6 So, Mr. Kensok, in your exhibit -- do you
7 have your initial testimony, JMK-1T?

8 THE WITNESS: I do.

9 MS. RENDAHL: Okay.

10 Can you look at Page 8.

11 THE WITNESS: I'm there.

12 MS. RENDAHL: Okay.

13 So at that point you cite disaster
14 preparedness and wildfire preparedness as part of the
15 business case for the IS and IT investments included
16 in pro forma adjustment 3.08. Do you see that?

17 THE WITNESS: I do.

18 MS. RENDAHL: Okay.

19 And then Avista also proposes pro forma
20 adjustment 3.17 to include costs associated with its
21 wildfire plan. How is Avista classifying its IT
22 investments between IT costs and the costs related to
23 other proposed adjustments, such as the wildfire
24 adjustment I just mentioned?

25 THE WITNESS: They're separate.

1 Mr. Howell has the costs specific to the wildfire plan
2 in his budget, and then any technologies that we have
3 within the ISIT area is within the ISIT budget.

4 MS. RENDAHL: Okay. Thank you.

5 And that's all the questions I have.

6 JUDGE O'CONNELL: Okay.

7 Mr. Meyer, let me turn back to you and
8 ask if you have any clarifying questions from what the
9 Commissioners have asked.

10 MR. MEYER: I do not. Thank you.

11 JUDGE O'CONNELL: Okay. Thank you.

12 Then, Mr. Kensok, thank you for your
13 testimony. You are excused.

14 So at this point we've finished the
15 testimony from all of Avista's witnesses, and what we
16 will do next is take testimony from the staff witness
17 Jordan.

18 However, before we get there, there has
19 been a request for a break, and it is time for our
20 midmorning break. The time now is 10 minutes until
21 11:00 in the morning, and we will take our midmorning
22 break until 11 o'clock. So we will be off the record
23 until 11:00.

24 Okay. Thank you.

25 (Short recess.)

1 JUDGE O'CONNELL: If I can please ask
2 that Ms. Cameron-Rulkowski turn on her video and that
3 we have staff witness Elaine Jordan appear on video to
4 testify.

5 Before we get to Jordan, I want to talk
6 about the schedule for the rest of the day.

7 I understand that we expect to have at
8 least some amount of time that Public Counsel is going
9 to cross-examine witness Jordan. Depending on when
10 that testimony concludes, we're going to look at what
11 time it is, and we will decide then whether we're
12 going to have a break for lunch or whether we will
13 have a short break and continue with the
14 cross-examination by Avista of Public Counsel
15 witnesses before going on a lunch break.

16 So with that expectation, I'd like to
17 turn now to staff witness Jordan.

18 Will you please raise your right hand,
19 and I'm going to swear you in.

20 (Witness sworn)

21 JUDGE O'CONNELL: You can put your hand
22 down.

23 Okay. Ms. Cameron-Rulkowski.

24 Ms. Cameron-Rulkowski, you are muted.

25 MS. CAMERON-RULKOWSKI: Thank you, Your

1 Honor.

2 Good morning, Ms. Jordan. Please state
3 your name for the record.

4 THE WITNESS: Good morning. My name is
5 Elaine Jordan, J-o-r-d-a-n.

6 MS. CAMERON-RULKOWSKI: Where are you
7 employed?

8 THE WITNESS: I am a regulatory analyst
9 with the Washington Utilities and Transportation
10 Commission.

11 MS. CAMERON-RULKOWSKI: Please direct
12 your attention to the responsive testimony and the
13 cross answering testimony that you filed in this case.

14 Are there any corrections or other
15 changes that need to be made to any of the exhibits
16 that were filed as part of this testimony?

17 THE WITNESS: Yes. There are three
18 corrections to my responsive testimony.

19 MS. CAMERON-RULKOWSKI: Please go ahead
20 and provide those for the record.

21 THE WITNESS: On Page 26, starting on
22 Line 15, where it says 89 cents, it should read \$1.14;
23 where it says negative 1.1 percent, it should read
24 negative 1.4 percent; and then on Line 16, where it
25 says \$81.44, it should read \$81.19.

1 MS. CAMERON-RULKOWSKI: And, Ms. Jordan,
2 do these numbers appear in another exhibit?

3 THE WITNESS: Yes, these numbers appear
4 in Exhibit ELJ-5, which is correct.

5 MS. CAMERON-RULKOWSKI: And when you say
6 "which is correct," you mean the numbers that are in
7 ELJ-5 are correct?

8 THE WITNESS: Yes, the numbers in ELJ-5
9 are correct.

10 MS. CAMERON-RULKOWSKI: Thank you.

11 Ms. Jordan is available for
12 cross-examination and to respond to questions from the
13 bench.

14 JUDGE O'CONNELL: Okay. Thank you.

15 Ms. Cameron-Rulkowski, you can turn off
16 your video now, until you may need to turn it back on
17 to be heard.

18 Ms. Suetake, thank you for turning on
19 your video. You may proceed with cross-examination.

20 MS. SUETAKE: Thank you, Your Honor.

21

22 CROSS-EXAMINATION

23 BY MS. SUETAKE:

24 Q. Good morning, Ms. Jordan.

25 A. Good morning.

1 Q. Is it correct that you are staff's
2 witness on Avista's electric and gas cost of service
3 studies?

4 A. Yes.

5 Q. Could you please turn --
6 Do you have a copy of your cross
7 answering testimony in front of you?

8 A. I do.

9 Q. Could you please turn to Page 4.

10 A. I'm there.

11 Q. To Lines 7 through 10.

12 A. Yes.

13 Q. Now, you indicate here -- is it correct
14 that you indicate here that staff reviewed the
15 information provided in the company's filing and
16 believes it is reasonable?

17 A. Yes.

18 Q. When you refer to staff here in these
19 lines, did you personally review the company's class
20 cost of service study to form your opinion?

21 A. Yes.

22 Q. Did you personally review and examine
23 Ms. Knox's electronic class cost of service study that
24 was provided in Excel format?

25 A. Yes.

1 Q. Now, staying on this same page, Page 4,
2 starting on Line 10, is it correct that you note that
3 Avista used inputs from its 2020 IRP?

4 A. Yes.

5 Q. And did you review the company's 2020
6 IRP?

7 A. I did not.

8 Q. Okay.
9 And then --

10 A. I'm sorry. If I can --

11 JUDGE O'CONNELL: One moment. I'm
12 hearing a beeping coming from someone's microphone.
13 If you are not Ms. Suetake or Ms. Jordan, your
14 microphone should be muted at this time.

15 Okay. Ms. Jordan?

16 MS. SUETAKE: Actually, that was my --
17 sorry. That was my mic. There's construction next
18 door. I apologize.

19 JUDGE O'CONNELL: Thank you. I
20 appreciate that.

21 THE WITNESS: If I could slightly
22 rephrase. I did not review the company's IRP but I
23 did review the numbers in Ms. Knox's cost of service
24 study to confirm that they came from the 2020 IRP.

25 Q. BY MS. SUETAKE: Okay.

1 And here you said that you reviewed -- is
2 it correct that you reviewed those inputs to
3 calculate -- that Avista used to calculate its RFPC,
4 that is, the renewable future peak credit? Is that
5 correct?

6 A. Yes, I reviewed the numbers to confirm
7 the numbers that Ms. Knox used were the same dollar
8 amounts from the IRP.

9 Q. Okay.

10 Could you please explain to me your
11 understanding of the theory of the peak credit method.

12 A. Yes. The theory of the peak credit
13 methodology is to compare a base load type generating
14 resource unit to a peaker type generating resource
15 unit, to calculate what we call a demand energy split,
16 which is used to help allocate the generating costs
17 the company incurs to the residential -- or to the
18 customer classes. The demand energy split is used to
19 estimate the amount of generation costs that were
20 incurred by the company to meet demand or kilowatt.
21 And the other part of that component is estimate
22 how -- the generating resources needed to meet the
23 energy component or kilowatt hours.

24 Q. And when you say "split," do you mean the
25 classification ratio between demand and energy?

1 A. Yes.

2 Q. And is it correct that that -- in
3 developing the peak credit classification ratio
4 between demand and energy -- is it based on a ratio of
5 different types of generation plants?

6 A. Yes, and the ratio being a base load
7 compared to a peaker type plant.

8 Q. And the peaker -- is it correct that the
9 peaker is the numerator in that ratio?

10 A. Yes.

11 Q. Do you know what renewable peaker unit
12 did Ms. Knox select as her -- the numerator in her
13 peak credit method?

14 A. Yes, Ms. Knox used a 25-megawatt
15 eight-hour lithium ion battery.

16 Q. Thank you.

17 If we can turn to Exhibit ELJ-11X,
18 Avista's response to Public Counsel --

19 Oh, sorry. This would be now numbered
20 GAW-6.

21 JUDGE O'CONNELL: Yes. Thank you,
22 Ms. Suetake. That was what I was going to note for
23 the record.

24 Let's please refer to Exhibit GAW-6.

25 Q. BY MS. SUETAKE: So this exhibit is

1 Avista's response to Public Counsel's Data
2 Request 279.

3 Are you familiar with this exhibit?

4 A. I became familiar with this exhibit once
5 it was filed as a cross exhibit.

6 Q. Okay.

7 And did you review -- so you did not
8 review this as part of Mr. Watkins' response
9 testimony?

10 A. I did not.

11 Q. Okay.

12 Would you agree, however -- after you've
13 reviewed this, would you agree that this data request
14 asks for the source documents and support for the
15 inputs to the renewable future peak credit?

16 MS. CAMERON-RULKOWSKI: Objection, Your
17 Honor. It's not clear that this is within the scope
18 of witness Jordan's testimony.

19 MS. SUETAKE: Your Honor, this is the
20 witness --

21 I'm sorry, Your Honor?

22 JUDGE O'CONNELL: Ms. Suetake, do you
23 have a response?

24 MS. SUETAKE: Yes. Ms. Jordan is the
25 only witness for staff for the cost of service

1 studies. She said she reviewed the inputs for
2 Avista's cost of service study. I would like to ask
3 her about these inputs.

4 I'm not sure who else this would go to --
5 these questions would go to if not Ms. Jordan. I
6 don't know whose scope of testimony it would otherwise
7 be.

8 JUDGE O'CONNELL: I understand.

9 The objection is overruled.

10 Ms. Suetake, if you could please --
11 before you get into the substance of the exhibit,
12 which has already been admitted, please explain or
13 identify how the information in this exhibit goes to
14 the RFPC method and the staff testimony that purports
15 Avista's use of that methodology.

16 MS. SUETAKE: Your Honor, staff has said
17 that Avista's cost of service study and their
18 renewable future peak credit method is reasonable. In
19 order to assess the underlying basis for that opinion
20 that this is reasonable, I would like to discuss and
21 examine Ms. Jordan about her understanding about the
22 inputs.

23 JUDGE O'CONNELL: Yes.

24 MS. CAMERON-RULKOWSKI: Your Honor, if I
25 may, that's a bit of a misstatement of Ms. Jordan's

1 testimony. I don't believe that she testified that
2 the RFPC method was reasonable. She testified that it
3 was in compliance with the Commission's rule in
4 Chapter -- WAC 480-85.

5 JUDGE O'CONNELL: One moment. One
6 moment.

7 Thank you, Ms. Cameron-Rulkowski. I'm
8 familiar with the testimony and with this exhibit.

9 Now, Ms. Jordan does testify that she
10 reviewed the inputs and that what Avista did was
11 reasonable. So to that point, what Ms. Suetake is
12 questioning about in this exhibit in particular is
13 relevant and within the scope of Ms. Jordan's
14 testimony. So I am going to permit questioning about
15 these inputs based upon the information given by
16 Avista as to what they included, given that Ms. Jordan
17 testified that she reviewed the inputs used and
18 determined that they were reasonable.

19 So, Ms. Suetake, go ahead with your
20 questioning, but please identify for the record what
21 it is we're looking at in Exhibit GAW-6.

22 MS. SUETAKE: Yes, Your Honor. Thank
23 you.

24 Q. For this question, if you can look at
25 Subpart A.

1 A. Okay.

2 Q. First let's go back to the first question
3 I had, which is: Would you agree that this data
4 request asks for the source document and support for
5 the inputs to the renewable future peak credit?

6 A. Yes, I would agree that's what the data
7 request is asking.

8 Q. And then if you look at answer to
9 Subpart A, you mentioned an eight-hour lithium ion
10 battery?

11 A. Yes.

12 Q. And would you agree that this is the same
13 lithium ion battery that you mentioned earlier as the
14 peaker unit that Ms. Knox had chosen?

15 A. Yes.

16 Q. Okay.

17 Do you have a copy of Mr. Watkins'
18 response testimony, GAW-1T, in front of you?

19 A. I do. Give me a minute.

20 Okay.

21 Q. Now, if you could turn to --
22 Did you read Mr. Watkins' response
23 testimony in preparation for this case?

24 A. I did.

25 Q. Could you please turn to Page 11 of

1 Mr. Watkins' testimony.

2 A. I'm there.

3 Q. Do you see Table 1?

4 A. Yes.

5 Q. And this table says "Avista 2020
6 Preferred Resource Strategy 2021 through 2030"; is
7 that correct?

8 A. Yes.

9 Q. Similarly, if you go down one page to
10 Tables 2 and 3. Do you see those two tables?

11 A. Yes.

12 Q. Would these -- all of these three tables,
13 would you agree that Mr. Watkins represents that this
14 is information from the Avista 2020 IRP?

15 A. According to the footnotes in
16 Mr. Watkins' testimony, they come from the 2020 IRP.

17 Q. Thank you.

18 If we could then turn to Exhibit ELJ-12X,
19 which is Chapter 11 from Avista's 2020 IRP.

20 A. I'm there.

21 Q. Are you familiar with this exhibit?

22 A. I became familiar with this exhibit once
23 it was filed as a cross exhibit.

24 Q. If you can turn to Page 11-5, please.

25 A. I'm there.

1 Q. Do you see the Table 11 -- what's --
2 Table 11.1 at the top there?

3 A. Yes.

4 Q. Would you agree that this is the same
5 information that is presented in Mr. Watkins'
6 testimony?

7 A. Yes.

8 Q. Looking at this table, does Avista
9 include an eight-hour lithium ion battery storage
10 facility to serve as a peaker unit in the next -- up
11 through 2030?

12 A. No.

13 Q. Can you turn to Page 11-7, please, in the
14 same exhibit.

15 A. I'm there.

16 Q. Do you see the table identified as
17 Table 11.1 again, "2020 Preferred Resource Strategy
18 2031 through 2040"?

19 A. Yes.

20 Q. And would you agree that this is the same
21 as the Table No. 2 in Mr. Watkins' testimony?

22 A. Yes.

23 Q. Turning to this table, would you agree
24 that this table --

25 Sorry. Do you see an eight-hour lithium

1 ion battery storage facility to serve as a peaker unit
2 in this table?

3 A. No.

4 Q. So in reviewing these tables from
5 Avista's IRP, would you agree that Avista has no plans
6 to install a lithium ion battery unit anytime between
7 now and 2040?

8 A. According to these tables in the IRP, it
9 does not appear that Avista is planning on installing
10 a lithium ion battery through 2040.

11 Q. And then if we can go to Page 11-8 in
12 this same exhibit.

13 A. I'm there.

14 Q. Would you agree that this is the same
15 table -- same information as presented in Table 3 of
16 Mr. Watkins' testimony?

17 A. Yes.

18 Q. Would you agree that this table also does
19 not include an eight-hour lithium ion battery?

20 A. This table does not include an eight-hour
21 lithium ion battery but it does include a four-hour
22 lithium ion battery.

23 Q. Would you agree that a four-hour lithium
24 ion battery storage unit is not the same as an
25 eight-hour lithium ion battery storage unit?

1 A. I would not agree that four and eight are
2 the same number, but I am not familiar enough with
3 lithium ion storage battery technology to say if they
4 are the same or not.

5 Q. That's fine. Thank you.

6 Ms. Jordan, does any of the material we
7 have reviewed suggest -- state that the company is
8 planning in their preferred resource strategy to build
9 or install an eight-hour lithium ion battery storage
10 through 2045?

11 A. These three -- according to these three
12 tables in Avista's 2020 IRP, there is -- they are not
13 planning on installing eight-hour lithium ion battery
14 storage through 2045.

15 Q. Do you know where in Ms. Knox's -- or
16 apologies. Do you know where in the 2020 IRP the
17 eight-hour lithium ion battery is mentioned?

18 A. I am not aware.

19 Q. Thank you.

20 Would you agree that the purpose of the
21 cost allocation study used for the purposes of this
22 case is to allocate Avista's current generation rate
23 base?

24 Would you like me to repeat the question?

25 A. Yes, please.

1 Q. Would you agree that the purpose of a
2 cost allocation study used in this rate case is to
3 allocate Avista's current generation rate base?

4 A. Yes.

5 Q. Would you also agree that the purpose of
6 a --

7 Sorry. I used negatives in the writing
8 of my question.

9 Would you also agree that a cost
10 allocation study is not intended to allocate Avista's
11 generation rate base 25 years from now? Cost
12 allocation used in today's rate case.

13 A. Yes, I would agree with that; however,
14 that is not what -- that is not what this cost of
15 service study is doing, nor is having a battery that
16 is not projected to be in -- used until 2042 is doing
17 in this case. The renewable future peak credit
18 methodology uses -- uses renewable resources to create
19 that demand energy split. Both the peak credit
20 methodology and -- the traditional peak credit
21 methodology and the renewable peaker peak credit
22 methodology use base load and peaker resources. In
23 this case a battery -- lithium ion battery is the
24 peaker resource used by the company.

25 Q. So are you saying that it is -- an

1 eight-hour lithium ion battery that is not projecting
2 at this time to be used on Avista's system or part of
3 their preferred resource strategy even through 2045 --
4 is it your opinion that this specific resource is a
5 reasonable proxy for a peaker unit to serve as a basis
6 within Avista's forward-looking renewable peak credit
7 method that will be used to allocate current
8 generation rate bases?

9 A. Yes. First Ms. Knox used 2022 battery,
10 which is appropriate because the rate effective year
11 in this case is effectively 2022.

12 Second, using that forward-looking
13 resource is in line with the cost of service
14 rule-making order.

15 Specifically, if I can get there, Page 12
16 of that cost of service rule-making order, Line --
17 Paragraph 44, the first line states, "The renewable
18 future peak credit method upholds a principle long
19 favored by this Commission, a properly conducted cost
20 of service study is forward looking by reflecting the
21 purposes for which plant expenditures are made."

22 And finally, even under the traditional
23 peak credit methodology, also used hypothetical cost
24 estimates from -- as input to the demand energy split
25 that came from an IRP.

1 Q. When you speak of future resources, could
2 you please tell me in your opinion what is -- how far
3 out would be reasonable in an expectation of a peaker
4 plant would be? Like how far out would it be
5 reasonable for Avista to use a resource -- a
6 hypothetical resource?

7 A. I would have to review it on a
8 case-by-case basis and look at the entirety of the
9 cost study. In this case I've reviewed the inputs,
10 and I found that a lithium ion battery is reasonable.
11 As Mr. Watkins testifies to in his responsive
12 testimony, it is the most -- it is a peaker unit, and
13 it is the -- it is a renewable -- it is a renewable
14 type peaker unit. Therefore, it is appropriate to use
15 in the renewable future peak credit methodology
16 calculation.

17 Q. Thank you.

18 In developing the levelized cost for that
19 eight-hour lithium ion battery storage facility, do
20 you know how many hours Ms. Knox assumed that this
21 facility would be dispatched or operated?

22 A. I do not.

23 Q. Can we turn back to Exhibit GAW-6,
24 please.

25 A. I'm there.

1 Q. If you can look at the request for --
2 under Subpart C, the basis for assumed 200 hours of
3 operations. Do you see that?

4 A. Yes.

5 Q. Do you see the answer to Subpart C says
6 they got -- that Avista used the number -- and they
7 received from it PacifiCorp's Scenario 3 from a
8 rule-making docketed UG-170002, that were staff
9 requested scenarios?

10 A. Yes, I see that as the answer.

11 Q. In your opinion, why is the 200-hour
12 scenario the most reasonable?

13 Sorry. Hold on. Let me ask first, were
14 you part of the staff on that UG-0002?

15 A. Yes, I was a part of that rule-making
16 docket.

17 Q. Ms. Jordan, in this case, in your
18 opinion, why is the 200-hour scenario the most
19 reasonable?

20 A. I apologize. I cannot remember the
21 reason why we -- why staff requested scenarios dated
22 June 14th, 2019, why 200-hour was selected.

23 Q. Do you recall if staff asked for any
24 other scenarios?

25 A. Yes. Staff -- I can't remember the

1 number off the top of my head, but staff did request
2 other scenarios in that rule making docket.

3 Q. Thank you.

4 A. I can say in that -- when we -- when
5 those scenarios did come back, though, which Ms. Knox
6 points to in her rebuttal testimony and is also in the
7 cost of service rule-making order -- and I apologize,
8 I don't have that reference handy -- that all of
9 the -- the stakeholders were surprised, though, when
10 those scenario results came back because they were
11 negligible differences in the results.

12 Q. Thank you.

13 We can move on to some of these other
14 inputs.

15 Do you see, under Input E, winter month
16 fixed costs?

17 A. Yes.

18 Q. If you look at the answer, would you
19 agree that Avista states that this is a PPA price per
20 megawatt hour, when we asked for the inputs?

21 MS. CAMERON-RULKOWSKI: Your Honor, I'm
22 going to object again here. And it's just not clear
23 how this is -- how this is within the scope of
24 Ms. Jordan's testimony. The Public Counsel is asking
25 about the answers that Avista provided in a data

1 request that was propounded by Public Counsel, and so
2 it's just not clear what we're accomplishing here.

3 JUDGE O'CONNELL: Ms. Suetake?

4 MS. SUETAKE: I was just about to ask a
5 couple more questions that might make it clear that
6 I'm asking about the reasonableness -- or Ms. Jordan's
7 opinion about the reasonableness of using a PPA for a
8 cost of service study.

9 And I was going to ask -- continue to ask
10 about the use of a PPA for the denominator of the
11 ratio, which would -- is intended to be a base load
12 facility.

13 Again, I'm trying to discern why this
14 witness thinks that this cost of service study and the
15 inputs that Avista used is reasonable.

16 JUDGE O'CONNELL: Ms. Cameron-Rulkowski,
17 I understand your objection and why you're objecting.
18 However, I'm overruling it, again, because this is
19 staff's expert witness on cost of service. Staff has
20 testified that the cost of service study and the
21 inputs used were reasonable. In particular, that the
22 IRP -- use of the IRP was reasonable.

23 But in addition to that, staff has
24 supported and said that it is accepting of Avista's
25 cost of service study as it complies with the

1 Commission's rule and has no problem with the inputs
2 used.

3 I think Ms. Suetake's line of questioning
4 is within that scope of what the opinion of staff on
5 that cost of service study and the methodologies used
6 and the inputs. I think the question is within that
7 scope. So overruled.

8 Ms. Suetake, go ahead.

9 MS. SUETAKE: Thank you.

10 Q. Let me back up a little, then. Turning
11 to the -- as we spoke about -- we spoke about
12 previously about the ratio, and we talked about the
13 numerator, which is the peaker unit. Let's speak
14 about the denominator now, in develop -- that was used
15 in developing the peak credit ratio.

16 Do you know what Ms. Knox used in the
17 denominator or base load facility within her renewable
18 peak credit approach?

19 A. Yes, Ms. --

20 I just had the reference.

21 Ms. Knox used a wind turbine as the
22 denominator.

23 Q. And are you -- would you agree that the
24 wind turbine -- the costs that they use from the wind
25 turbine was from a PPA or power purchase agreement, as

1 per Subpart E in this data request?

2 A. Yes, the price for that wind turbine does
3 come from a PPA; however, as I have previously said,
4 whether the traditional peak credit methodology or the
5 RFPC uses hypothetical costs, additionally, Ms. Knox
6 had done calculations to represent that that -- PPA
7 cost, which is -- my understanding, is the best cost
8 estimate -- or the IRP produces a best cost estimate,
9 she did further calculations to -- sorry. She did
10 some further calculations to -- to -- she did further
11 calculations to make the wind turbine PPA a base load
12 resource.

13 You would have to ask Ms. Knox the exact
14 calculations that she did.

15 Q. This conversion, is it correct that
16 Ms. Knox needed to convert that because a PPA contract
17 is an expense and it's not reflected in rate base?

18 A. That is my understanding of how PPAs
19 work. I am not a power cost expert.

20 Q. I understand.

21 You spoke about that conversion or, you
22 know, that she had to do calculations. Would you
23 agree that she attempted to convert that energy-based
24 PPA expense item into a capacity cost per kilowatt to
25 use as the denominator?

1 A. I'm sorry, I cannot remember right now
2 exactly, but I believe that is what she did, subject
3 to check.

4 Q. Okay. Thank you. That's good. That's
5 fine.

6 If we can turn to Page 4 in your cross
7 answering testimony, please.

8 A. I'm there.

9 Q. If you can look at Lines 2 and 3.

10 Is it correct that you state that
11 Mr. Watkins' testimony is a backdoor challenge -- or
12 Public Counsel's arguments on methodology are a
13 backdoor challenge to the rule more than a critique of
14 how Avista conducted its cost of service study; is
15 that correct?

16 A. Yes. Public Counsel witness Watkins
17 critiques the RFPC methodology; however, I did not see
18 any evidence in this case that the RFPC was not in the
19 public interest and something else should have been
20 used, especially given what WAC 480-85-060
21 Subsection (2) states, which in part states, "a party
22 may file a cost of service study with modifications to
23 the methodologies outlined in Tables 1 through 4 in
24 subsection (3) of this section provided that each
25 modification is explained in narrative testimony and

1 the party shows that each modification materially
2 improves the cost of service study and is in the
3 public interest."

4 Q. Putting aside what the WAC says, I'd like
5 to speak to you about what your testimony says. Is it
6 correct that you say that you assert that Public
7 Counsel's arguments on methodology are more of a
8 backdoor challenge to that rule than a critique of
9 Avista's -- how Avista conducted its cost of service
10 study?

11 A. Yes, again, because I did not see any
12 other evidence in this case that the RFPC was not
13 the -- the evidence that I saw from Public Counsel was
14 critiquing the RFPC itself and not the input -- or --
15 I'm sorry. Let me try again.

16 The -- I stand by my sentence in the
17 testimony here that says the arguments are a backdoor
18 challenge to the rule because I did not see any
19 evidence from Public Counsel that the RFPC was not in
20 the public interest.

21 Q. But you assert here essentially that
22 public --

23 Let's turn to Mr. Watkins' response
24 testimony, please.

25 A. I'm there.

1 Q. If you can look at Page 10, through
2 Line 21.

3 A. And I'm sorry. Page 10 doesn't have 21
4 lines.

5 Q. Sorry. If you could just take a moment
6 to review Pages 10 through 21 in this testimony.

7 I'm trying to do this faster rather than
8 have you go page section by page section.

9 A. Mm-hmm.

10 MS. CAMERON-RULKOWSKI: Objection. The
11 testimony states what it states, and we need to have a
12 specific reference regarding the question.

13 MS. SUETAKE: If I --

14 JUDGE O'CONNELL: Ms. Suetake --

15 MS. SUETAKE: I understand what you're
16 saying.

17 How about this. I'll ask the question in
18 a different way.

19 Q. Given that we went through all these
20 tables and all of this discussion about the inputs
21 that Mr. Watkins raised in his testimony, and
22 Mr. Watkins' view of Avista's 2020 IRP -- inputs from
23 the 2020 IRP, do you still assert that Mr. Watkins
24 failed to provide a critique of how Avista conducted
25 its cost of service study?

1 A. I'm sorry. Could you repeat your
2 question?

3 Q. Given our view of Mr. Watkins' testimony
4 and our discussion about the inputs to the cost of
5 service study, do you still assert that Mr. Watkins
6 failed to provide a critique of how Avista conducted
7 its cost of service study?

8 A. Yes. As I say in my cross answering
9 testimony on Page 4, Line 12 and 13, it is my
10 statement that Public Counsel is critiquing the
11 results of the company's IRP, and which then is --
12 leads to the assertion that the cost of service study
13 should not be -- that Public Counsel's assertion that
14 the cost of service study should not be used in this
15 case.

16 Again, however, I did not see a -- and in
17 Mr. Watkins' testimony, and it's still my testimony,
18 that challenging the approved generation methodology
19 in the process of WAC 480-85.

20 Q. Okay.

21 If we can turn to the first part of your
22 assertion in Lines 2 and 3. Is it correct that you
23 state that Mr. Watkins' testimony is a backdoor
24 challenge to the Commission's rule?

25 A. Yes.

1 Q. In your opinion, is it -- is it your
2 opinion that it is inappropriate for Mr. Watkins or
3 any other qualified expert to provide information to
4 the Commission regarding whether a particular cost of
5 service study is or is not reasonable?

6 A. Give me one moment.

7 It is within any party's right to discuss
8 the cost of service rule -- or the -- the company -- a
9 company complying with the cost of service. WACs,
10 however, in the rule-making order on Page 19,
11 Paragraph 67 -- the second sentence there, it states,
12 quote, "The Commission intends the proponent for any
13 alternative cost of service study to bear" -- "to bear
14 the burden of justification to any modification to the
15 methodologies."

16 In this instance I did not see Public
17 Counsel offer an alternative cost of service study and
18 instead just critiqued it. Therefore, I state that it
19 is a backdoor challenge to the rule because Public
20 Counsel does not offer an alternative.

21 Q. Was Public Counsel asserting that Avista
22 had to use a different cost of service study?

23 A. No, Public Counsel -- my understanding of
24 Public Counsel's testimony is that the --

25 One second. I want to make sure I don't

1 misrepresent my understanding of the Public Counsel's
2 testimony. Give me one moment.

3 Q. I can ask a different question if you
4 would prefer. We don't have to --

5 A. I just don't have my testimony tabbed as
6 well as I thought I did.

7 On Page 25 of Mr. Watkins' responsive
8 testimony, starting on Line 20, he states there, "For
9 reasons discussed in this testimony, Avista's class
10 cost of service testimony should not be relied upon to
11 measure any" -- "relied upon as any reasonable measure
12 of class cost responsibility."

13 So -- which is the -- one of the purposes
14 of a cost service testimony, is to calculate what we
15 call parity ratios, which shows the amount of costs a
16 particular customer class causes a utility to incur
17 compared to the revenues that that customer class is
18 providing, so by -- what I'm reading here in
19 Mr. Watkins' testimony is that the Commission-approved
20 WACs of the cost of service study are not reasonable;
21 however, Public Counsel did not provide an alternative
22 cost of service to be that -- that they found -- that
23 you found would be more reasonable.

24 Q. Is it your opinion that it is
25 inappropriate to critique the reasonableness of the

1 inputs used in a cost of service study without a full
2 alternative cost of service study provided as well?

3 A. I think it is unreasonable to critique
4 the inputs without providing an alternative or -- an
5 alternative cost of service study or what the results
6 of a cost of service study would be with those
7 critiques.

8 Q. So in a hypothetical -- let me propose a
9 hypothetical, then. If a utility proposed a
10 completely unreasonable cost of service study but a
11 party was not able to, for reasons, say, because they
12 couldn't get the data, provide an alternative cost of
13 service study, does that make the company's cost of
14 service study reasonable?

15 A. I don't think so. The way you stated
16 your hypothetical was if a company provided an
17 unreasonable cost of service study, providing an
18 alternative. An unreasonable cost of service study
19 would not be considered reasonable; however, if a --
20 it is my opinion that if a party is going to critique
21 the inputs that a company used and conclude that it
22 is -- that the study is unreasonable but not provide
23 their own evidence to what would be reasonable -- a
24 reasonable cost study, that is critiquing without
25 providing an alternative.

1 Q. In your opinion, does every determination
2 of reasonableness or unreasonableness require an
3 alternative from other parties?

4 A. I don't think I understand your question.

5 Q. For every time a party states that -- and
6 provides evidence of the unreasonableness of a
7 utility's filing, do they have to provide an
8 alternative?

9 A. In a cost of --

10 MS. CAMERON-RULKOWSKI: Objection.

11 One moment.

12 Objection. We're just talking about the
13 cost of service study here, not any filing, so I would
14 say that there's an objection to relevance here.

15 MS. SUETAKE: Understood. I can change
16 my question.

17 JUDGE O'CONNELL: Please.

18 Q. BY MS. SUETAKE: So to recap, is it
19 correct that you believe -- and correct me if I'm
20 wrong. Is it correct that you believe that any
21 challenge to an input to a cost of service study must
22 be accompanied by a complete full alternative cost of
23 service study?

24 A. Yes.

25 Q. Okay. Thank you.

1 Do you know if it was Mr. Watkins'
2 intention to conduct an alternative cost of service
3 study for the Commission's consideration?

4 A. I cannot speak to the intentions of
5 Public Counsel witness Watkins.

6 Q. Can you please turn to cross-examination
7 Exhibit ELA-15X.

8 JUDGE O'CONNELL: And, for the record,
9 ELJ-15X has not yet been admitted to the record, so
10 it's currently an exhibit simply identified as -15X.

11 Please go ahead, Ms. Suetake.

12 Q. BY MS. SUETAKE: Are you familiar with
13 this data request response?

14 A. I became familiar with it once it was
15 provided as a cross exhibit.

16 Q. Would you agree that in this response
17 Mr. Watkins requested hourly sales or load data for
18 the different categories in Subparts A through E?

19 MS. CAMERON-RULKOWSKI: Objection.

20 Please -- I'd just ask that you rephrase
21 the question.

22 Q. BY MS. SUETAKE: Were you aware that
23 Mr. Watkins requested this information from Avista
24 prior to writing your response testimony?

25 A. No.

1 Q. Cross answering testimony. Sorry.

2 A. No, I did not review this data -- Public
3 Counsel's -- or Avista's response to Public Counsel
4 Data Request 269 prior to writing -- or -- yes, Public
5 Counsel Data Request 269 prior to writing my cross
6 answering testimony.

7 Q. Okay. Thank you.

8 With that, I have no further questions
9 for Ms. Jordan.

10 JUDGE O'CONNELL: One moment.

11 Okay. Ms. Cameron-Rulkowski, do you have
12 any redirect?

13 MS. CAMERON-RULKOWSKI: Yes, I do, Your
14 Honor. Thank you.

15 JUDGE O'CONNELL: Go ahead.

16

17 REDIRECT EXAMINATION

18 BY MS. CAMERON-RULKOWSKI:

19 Q. Ms. Jordan, I'm going to take you back to
20 your testimony regarding the four-hour versus
21 eight-hour lithium ion battery. Do you recall
22 testifying about that just now?

23 A. Yes.

24 Q. All right.

25 And does Avista's cost of service study

1 include a four-hour or eight-hour battery?

2 A. Avista's cost of service study used an
3 eight-hour battery.

4 Q. And did you -- did you perform any
5 calculations to compare a four-hour versus eight-hour
6 battery with respect to parity ratios?

7 A. Yes, I reviewed the -- or I used the
8 four-hour battery cost instead of the eight-hour
9 battery, and found that the differences in the parity
10 ratios were negligible.

11 Q. Thank you.

12 And now I'm going to ask you -- I'm going
13 to take you to Cross Exhibit 12.

14 A. I'm there.

15 Q. And I'm going to ask you to look at that
16 Table 11.1.

17 A. I'm there.

18 Q. Now, based on this table and to the best
19 of your knowledge, is Avista planning on installing
20 any renewable resource before or during the rate year
21 that you would consider a peaker resource?

22 A. No. I do not see any resources on this
23 table for the rate year that I would -- that would be
24 considered a peaker resource.

25 MS. CAMERON-RULKOWSKI: Thank you.

1 I have no further questions for
2 Ms. Jordan.

3 JUDGE O'CONNELL: Ms. Suetake, do you
4 have any recross within that very limited scope?

5 MS. SUETAKE: No, Your Honor, I do not.

6 JUDGE O'CONNELL: Okay. Thank you.

7 Let me turn to the Commissioners. Do we
8 have any questions that can be posed to Ms. Jordan?

9 MS. RENDAHL: I have no questions.

10 MR. DANNER: Nor do I.

11 JUDGE O'CONNELL: Okay. Well, the bench
12 has no questions, so I'd like to thank you,
13 Ms. Jordan, for your testimony. You are excused.

14 And I want to note for the record that
15 Cross Exhibit -- what's been identified as Cross
16 Exhibit ELJ-15X was not moved for admission so it
17 remains not in the record.

18 Okay.

19 MS. CAMERON-RULKOWSKI: I'm sorry, Your
20 Honor. You said it remains --

21 JUDGE O'CONNELL: Not in the record.

22 MS. CAMERON-RULKOWSKI: Not in the
23 record. Thank you for that clarification.

24 JUDGE O'CONNELL: Okay.

25 By my count, we have two more witnesses

1 left that have been identified. Both of them are
2 Public Counsel's witnesses. And Avista has intended
3 cross-examination for them.

4 Mr. Meyer, if you would anticipate me
5 asking, please turn on your camera. Welcome back.

6 Is your time estimate the same as
7 originally planned for?

8 MR. MEYER: You know, it is, and it's a
9 tough thing to pinch everybody on their lunch hour, so
10 I'm thinking I'll be done by a half hour, even if
11 things go on the longish side. Total.

12 JUDGE O'CONNELL: At this point I have --
13 we've taken about an hour with the cross-examination
14 of witness Jordan. We would prefer to push through
15 through the two cross-examinations for the Public
16 Counsel witnesses before we take our lunch break.

17 I'd like to open up my question to the
18 attorneys for the other parties. Do we need a short
19 five-minute break before we continue on?

20 MS. CAMERON-RULKOWSKI: That would be
21 appreciated, Your Honor.

22 JUDGE O'CONNELL: Okay. Then let's go
23 ahead and take a five-minute break, and we will come
24 back and hear from both of Public Counsel's witnesses.

25 The time is currently almost 12:00 noon.

1 We will be off the record until 12:05. Thank you.

2 (Short recess.)

3 JUDGE O'CONNELL: Okay. Welcome back.

4 Mr. Cook, are you available and ready?

5 THE REPORTER: Yes, Your Honor.

6 JUDGE O'CONNELL: Okay. Thank you.

7 I'd like to ask that, Ms. Suetake, you
8 turn on your video, and that we have Shay Bauman ready
9 to testify.

10 I will go ahead and swear you in. If
11 you'll please raise your right hand.

12 If I -- one moment. If I haven't said
13 it, let's be on the record.

14 THE REPORTER: Very good.

15 JUDGE O'CONNELL: Ms. Bauman, if you will
16 please raise your right hand, I will swear you in.

17 (Witness sworn)

18 JUDGE O'CONNELL: Okay. Thank you.

19 Let's wait one moment to go any further
20 before I turn it over to Ms. Suetake. We will wait
21 for the chair to come back in.

22 MR. DANNER: Sorry about that. I didn't
23 realize I had my camera off.

24 JUDGE O'CONNELL: Okay.

25 Ms. Suetake, I'll turn it over to you to

1 introduce the witness.

2 MS. SUETAKE: Thank you.

3 Good afternoon, Ms. Bauman. Could you
4 please state your name.

5 THE WITNESS: Yes. My name is Shay
6 Bauman. That's B-a-u-m-a-n.

7 MS. SUETAKE: And what is your place of
8 employment?

9 THE WITNESS: I work for the Public
10 Counsel unit of the Washington State Attorney
11 General's office, as a regulatory analyst.

12 MS. SUETAKE: And did you file testimony
13 and exhibits in this docket on behalf of Public
14 Counsel?

15 THE WITNESS: I did. I provided Exhibits
16 SB-1C through 19.

17 MS. SUETAKE: Were your testimony and
18 exhibits prepared by you or under your instruction and
19 supervision?

20 THE WITNESS: Yes.

21 MS. SUETAKE: Do you have any changes to
22 your testimony or exhibits at this time?

23 THE WITNESS: I do. In my response
24 testimony, Exhibit SB-1T, I asserted that Avista did
25 not include the cost of stranded meters (inaudible).

1 THE REPORTER: I'm sorry. I'm having
2 trouble understanding. I don't know if you need to
3 get closer to the microphone, but can you repeat that
4 answer, please.

5 THE WITNESS: In my response testimony,
6 Exhibit SB-1T, I asserted that Avista did not include
7 the cost of stranded meters in their AMI cost-benefit
8 analysis. Avista's rebuttal testimony clarified the
9 treatment of these costs, and I would like to strike
10 the following. Please let me know if I need to go
11 down. Page 5, Lines 5 through 12 entirely, Page 8,
12 Line 17, through Page 9, Line 5. And on Page 41,
13 Lines 19 through 20, I would like to remove the words
14 "abandoned legacy meter costs and."

15 MS. SUETAKE: Do these changes modify
16 your positions or any calculations you've made?

17 THE WITNESS: No. The changes did not
18 affect any of the numbers that I provided. The impact
19 (inaudible).

20 THE REPORTER: I'm sorry. You're cutting
21 out again. "The changed did not affect any of the
22 numbers that i provided. The impact" --

23 JUDGE O'CONNELL: One moment, Mr. Cook.

24 I think the problem might be we're having
25 trouble picking up your voice when you speak quickly.

1 If you could please just keep in mind that you are
2 speaking at a speed that someone has to type at.

3 So please go ahead and explain.

4 THE WITNESS: Sure. I also changed the
5 microphone. Is this any better?

6 THE REPORTER: Much better.

7 JUDGE O'CONNELL: Yes, that's better.

8 THE WITNESS: Okay. Excellent.

9 So for the court reporter, the impact on
10 the revenue requirement remains the same, and in my
11 Exhibit SB-3 and associated work paper, Work Paper 1,
12 I used numbers directly from Avista, which already
13 included those calculations and are, therefore,
14 accurate.

15 MS. SUETAKE: Thank you. Ms. Bauman is
16 available for cross-examination.

17 JUDGE O'CONNELL: Great. Thank you.

18 Ms. Suetake, if you could please turn off
19 your video, and, Mr. Meyer, if you would turn yours
20 on.

21 Okay. Mr. Meyer, you may proceed with
22 cross-examination.

23 MR. MEYER: Thank you.

24 This has flashbacks to my high school
25 basketball career. I was put in the last two minutes

1 of the game as a scrub, and had to make the best of
2 it. So flashbacks.

3

4 CROSS-EXAMINATION

5 BY MR. MEYER:

6 Q. Good afternoon.

7 JUDGE O'CONNELL: Mr. Meyer, I need to
8 stop you.

9 Your sound quality has been good up until
10 this point, but for some reason we're getting some
11 feedback, or at least I am. Are you able to move the
12 microphone closer to you?

13 MR. MEYER: Is this any better?

14 How about now?

15 JUDGE O'CONNELL: It is better. We're
16 getting a little feedback, but I can hear you louder,
17 which helps.

18 MR. MEYER: Let me try a different mic.

19 We have a series of several of these little guys.

20 There we go. How about this one?

21 Better?

22 JUDGE O'CONNELL: It seems --

23 MR. MEYER: A little bit?

24 Okay. Would you like me to proceed?

25 I don't think I'm coming through very

1 well, am I?

2 JUDGE O'CONNELL: Well, we can hear you,
3 Mr. Meyer. It is a little -- there is a little
4 distortion, but I can understand you.

5 Mr. Cook, our court reporter, can you
6 make out Mr. Meyer?

7 THE REPORTER: So far, but it might --

8 MR. MEYER: I'll try yet a third one.
9 Is this any better?

10 THE REPORTER: It's still difficult, but
11 we can try our best.

12 JUDGE O'CONNELL: Okay.

13 Mr. Meyer, let's do what we can, and,
14 Mr. Cook, if you can jump in if you're having trouble.

15 MR. MEYER: You got me right where you
16 want me, muted and barely understood, so --

17 Q. Okay. Good afternoon.

18 So I'd obviously like to discuss with you
19 your position on AMI, and the first -- I understand
20 you're not the revenue requirements witness, but I
21 suspect you understand that the Public Counsel witness
22 Crane has reflected your recommendations on AMI in her
23 revenue requirement; is that correct?

24 A. That's correct.

25 Q. And just to establish order of magnitude

1 here, is it your understanding that your proposals on
2 AMI would result in about a \$7 million reduction in
3 our proposed revenue requirement for electric and
4 about 2.7 million for gas?

5 A. Yes, that's correct.

6 Q. Okay. Thank you.

7 So it's a matter of some significance, as
8 you can imagine, for Avista, correct?

9 A. Correct.

10 Q. All right.

11 Now, do you have JDD-2R in front of you?
12 That is our advanced metering infrastructure plan.

13 A. I do.

14 Q. You do. Good.

15 And this plan is about 105 pages long?

16 A. Yes. It actually goes down to 101.

17 JUDGE O'CONNELL: Mr. Meyer, we've lost
18 you audio-wise.

19 MR. MEYER: Am I there?

20 JUDGE O'CONNELL: Now you're back. Thank
21 you.

22 MR. MEYER: Thank you. Okay.

23 Q. I think I had asked you whether this plan
24 as shown in Exhibit JDD-2R was approximately 105 pages
25 long.

1 A. Yes. Mine goes down through 101.

2 Q. Sure.

3 And is this Exhibit JDD-2R a revision of
4 an earlier draft that was marked as JDD-2?

5 A. Yes.

6 Q. All right.

7 And is it your understanding that in
8 prior proceedings Avista has presented AMI plans for
9 the Commission's consideration?

10 A. Yes, that is my understanding.

11 Q. Okay.

12 So you acknowledge that over time, over
13 the last several years, there has been an evolution
14 and refinement of Avista's AMI plan, correct?

15 A. (No audible response.)

16 THE REPORTER: I'm sorry. I didn't hear
17 an answer.

18 THE WITNESS: Yes.

19 Q. BY MR. MEYER: Thank you.

20 So do you consider Avista's most current
21 AMI plan a formal plan or proposal?

22 A. I do consider it a formal plan of what
23 Avista wishes to do with its AMI system.

24 Q. All right. Thank you.

25 Now, are you familiar with the recent

1 rate order in the PSE case?

2 A. I am.

3 Q. And I don't expect you to have this in
4 front of you, but I'll read just a clause or two from
5 that order at Paragraph 155, and you can accept this,
6 if you will, subject to check.

7 "The company" -- quote/unquote, "The
8 company," representing PSE, "represented at hearing
9 that it is planning to pursue additional benefits, but
10 it has yet to put forth any formal plan or proposal."

11 I'll stop there.

12 Do you recall that language?

13 A. I do recall that being part of the
14 Commission's language, yes.

15 Q. All right.

16 Then the Commission also in that order,
17 if you recall, challenged Puget for not having
18 developed testimony and support around so-called six
19 use cases; am I correct?

20 A. Correct.

21 Q. And was that a basis for its decision, as
22 best you recall?

23 A. Yes.

24 Q. All right.

25 I'd like you now to turn to

1 Exhibit JDD-2R, which we talked about. That's the
2 most recent revised plan of Avista. And turn to
3 Page 4 of that, if you will.

4 A. Okay. I'm there.

5 Q. Are you there?

6 A. Yes.

7 Q. Okay.

8 Now, in the table that appears at the
9 bottom of Page 4 of that exhibit, continuing on to the
10 top of Page 5, is it correct that Avista has
11 identified each of those use cases and posited
12 benefits to be derived from each one of those?

13 A. While that is correct that Avista has
14 discussed each of those use cases, part of what I
15 analyzed in my testimony is the basis for which they
16 came up with those estimations. I don't agree with
17 the estimations.

18 Q. Okay. I understand.

19 So did the Commission in the Puget order
20 also recognize that the -- Puget's AMI program was not
21 expected to be operational until 2022 or 2023?

22 A. That's my understanding, yes.

23 Q. I'm sorry, I did not catch that.

24 A. Yes.

25 THE REPORTER: I'm sorry. You're fading

1 out again.

2 THE WITNESS: Sorry.

3 That is my understanding of their
4 program.

5 Q. BY MR. MEYER: All right. Thank you.

6 Now, at the time you filed your response
7 testimony --

8 That was in April, wasn't it?

9 A. Correct.

10 Q. Okay.

11 -- had the parties come to terms on a
12 settlement calling for Avista to establish a pilot
13 time-of-use program?

14 A. I can't recall the timing of the
15 settlement exactly off the top of my head, but that
16 was included in the settlement.

17 Q. Thank you.

18 And didn't you note, though, in your
19 answering testimony that you did file, that should
20 time-of-use rates be adopted, that that could be
21 perhaps, in your words, the second-most significant
22 benefit to be derived from AMI?

23 A. It is what research suggests, yes.

24 Q. And didn't you put a number of 58 million
25 to that in terms of potential benefits from time of

1 use? Isn't that number in your testimony?

2 A. I'm just double-checking my testimony.

3 Q. And I can refer you to Page --

4 No, I can't help you on that.

5 I can find it if I need to, but I'm
6 hoping you can get to there quicker.

7 Would you accept that subject to check
8 and we can move on?

9 A. Subject to check, yes.

10 Q. Okay.

11 Now, when you arrived at your positive
12 net benefit calculation of 1.1 to 1 --

13 And that was a positive net benefit,
14 correct?

15 A. Posited?

16 Q. Positive.

17 A. Positive, yes. Assuming that Avista
18 achieves all of its other estimates.

19 Q. Okay.

20 So we were on the -- to put it simply, at
21 that -- even under your analysis, on the plus side of
22 the equation; is that right?

23 A. Numbers and estimates, correct.

24 Q. And even that calculation of 1.1 to 1 did
25 not include \$58 million of additional benefit that

1 would come from time of use, correct?

2 A. That may come from time of use.

3 Q. I'm sorry, I missed that.

4 A. That may come from time of use.

5 Q. No, my --

6 Yeah, okay. It's correct that your 1.1
7 to 1 ratio did not include any assumption about
8 \$58 million of additional time-of-use benefits,
9 correct?

10 A. Correct.

11 Q. Okay. Thank you.

12 Now, would these \$58 million of assumed
13 time-of-use benefits be at all possible without AMI?

14 A. No.

15 Q. I'm sorry. I still can't hear you.

16 A. I don't believe so, no.

17 MR. MEYER: That's all I have. Thank you
18 very much for your testimony.

19 JUDGE O'CONNELL: Okay.

20 Ms. Suetake, if you can turn your video
21 on, if you have any redirect.

22 MS. SUETAKE: One second. I'm sorry, I'm
23 just looking at my notes.

24 JUDGE O'CONNELL: And, Mr. Meyer, you can
25 mute your microphone while you're not talking. Thank

1 you.

2 MS. SUETAKE: Your Honor, I do not have
3 any redirect.

4 JUDGE O'CONNELL: Okay.

5 Let me ask the Commissioners if they have
6 questions for Ms. Bauman or if her testimony sparked
7 any additional questions.

8 MR. DANNER: I have no questions, Your
9 Honor.

10 MS. RENDAHL: And I have no questions,
11 either.

12 JUDGE O'CONNELL: Okay.

13 Seeing that there are no bench questions,
14 Ms. Bauman, thank you for your testimony today, and
15 you can be excused.

16 Let's take a moment to ask Puget Counsel
17 witnesses Alvarez and Stephens to turn on their
18 cameras and be prepared to testify.

19 Now, I see Mr. Alvarez. We also have
20 some --

21 Ms. Suetake?

22 MR. STEPHENS: I'm here and I can see my
23 video. I don't know why you're not.

24 JUDGE O'CONNELL: We can see you and hear
25 you, Mr. Alvarez.

1 MR. STEPHENS: Oh. I'm sorry. Is my --
2 this is Dennis Stephens. Am I under Alvarez's name,
3 perhaps?

4 JUDGE O'CONNELL: Yes.

5 Will we be having a second witness
6 joining Mr. Stephens?

7 MS. SUETAKE: Mr. Alvarez is also on the
8 line, and I can see his video.

9 I can't see Mr. Stephens but I can see
10 Mr. Alvarez.

11 I think there's something frozen with
12 Ms. Bauman's -- she's turned hers off. We've asked
13 her.

14 MR. ALVAREZ: Can you see me now?

15 MS. SUETAKE: Yes, we can see you now.

16 JUDGE O'CONNELL: One moment.

17 It's possible I'm the only one, but I do
18 not see either Stephens or Alvarez on my screen. I do
19 have a frozen Ms. Bauman.

20 MR. STEPHENS: I see her too.

21 JUDGE O'CONNELL: What I see on my
22 screen, at least, is that, Mr. Stephens, you are
23 identified in your -- the name for your video as
24 P Alvarez. I do not see your face or your video but I
25 can hear you.

1 And, Mr. Alvarez, if you are on the
2 telephone, I can hear you but I cannot see you.

3 MR. ALVAREZ: I am participating via
4 Microsoft Teams, and I can see myself.

5 JUDGE O'CONNELL: Let's just pause one
6 moment.

7 THE REPORTER: Your Honor, can we go off
8 the record for this, please?

9 JUDGE O'CONNELL: Yes. Thank you,
10 Mr. Cook. We'll be off the record for a moment.
11 Thank you.

12 (Discussion off the record.)

13 JUDGE O'CONNELL: Let's go back on the
14 record.

15 The time is approximately 12:40 p.m., and
16 we've had a brief moment resolving certain technical
17 issues. We are going to proceed.

18 I can see both witnesses, Mr. Stephens
19 and Mr. Alvarez. Mr. Meyer and Ms. Suetake, all three
20 Commissioners have turned off their cameras, which
21 seems to afford us the possibility to see both
22 witnesses.

23 At this point Ms. Suetake has stated that
24 she's willing to go forward with only being able to
25 see one of her witnesses.

1 So with that, I'd like to turn it to
2 Ms. Suetake to introduce her witnesses.

3 MS. SUETAKE: Your Honor, have they been
4 sworn in?

5 JUDGE O'CONNELL: Oh. Thank you very
6 much.

7 Mr. Stephens, Mr. Alvarez, where you are,
8 please raise your right hand.

9 (Witnesses sworn)

10 JUDGE O'CONNELL: Thank you very much.
11 You can put your hands down.

12 Thank you, Ms. Suetake. Now I will turn
13 it over to you.

14 MS. SUETAKE: Mr. Alvarez, could you
15 please state your name and place of employment.

16 MR. ALVAREZ: Paul Alvarez, Wired Group.

17 MS. SUETAKE: And could you please spell
18 your last name for the record.

19 MR. ALVAREZ: A-l-v, as in Victor,
20 -a-r-e-z.

21 MS. SUETAKE: And what is your occupation
22 at the Wired Group?

23 MR. ALVAREZ: I'm the president of the
24 Wired Group.

25 MS. SUETAKE: And on whose behalf are you

1 appearing today?

2 THE WITNESS: I'm appearing on behalf of
3 Public Counsel.

4 MS. SUETAKE: And, Mr. Stephens, could
5 you please state your name and spell it for the
6 record, please.

7 MR. STEPHENS: My name is Dennis
8 Stephens. It's spelled S-t-e-p-h-e-n-s.

9 MS. SUETAKE: And what is your place of
10 employment?

11 MR. STEPHENS: It's DS Consulting.

12 MS. SUETAKE: And what is your occupation
13 at DS Consulting?

14 MR. STEPHENS: I am a technical
15 consultant to Wired Group.

16 MS. SUETAKE: And on whose behalf are you
17 appearing today?

18 MR. STEPHENS: Public Counsel's.

19 MS. SUETAKE: Thank you.

20 Mr. Stephens and Mr. Alvarez are
21 available for cross-examination.

22 JUDGE O'CONNELL: Thank you, Ms. Suetake.
23 You can turn off your camera until you
24 want to be heard.

25 Mr. Meyer, you may proceed with

1 cross-examination.

2 MR. MEYER: Thank you, Your Honor.

3

4 CROSS-EXAMINATION

5 BY MR. MEYER:

6 Q. And good afternoon, gentlemen.

7 A. (BY MR. ALVAREZ): Good afternoon.

8 A. (BY MR. STEPHENS): Good afternoon.

9 Q. So I am going to put some questions to
10 you collectively, and I'm not going to address them to
11 one or the other, so you'll have to decide who is
12 going to answer them.

13 So I'd like to cover two areas. The
14 first is wildfire mitigation, and the second has to do
15 with your testimony on grid modernization and
16 substation rebuilds.

17 So we understand the context for this and
18 what's at stake. I'd first like to ask if you
19 understand what the impact of your proposal for grid
20 modernization and substations combined -- what the
21 impact of that would be on a rate base. Would it be
22 reduction of \$23 million?

23 A. (BY MR. ALVAREZ): This is Mr. Alvarez.
24 I believe that's about right, yes.

25 Q. And would that number -- that \$23 million

1 be essentially -- not essentially. It would be a
2 write-off on the company's books should the Commission
3 accept your recommendation?

4 A. (BY MR. ALVAREZ): That's our
5 understanding.

6 Q. All right.

7 And you can imagine that this matters to
8 the company, correct?

9 A. (BY MR. ALVAREZ): Of course.

10 Q. And with respect to wildfire -- with
11 respect to wildfire mitigation, are you proposing to
12 review from rate base or capital in this case capital
13 of 11 and a half million dollar?

14 A. (BY MR. ALVAREZ): Yes. Mr. Alvarez
15 speaking.

16 Q. Thank you.

17 And, again, is that a significant amount,
18 11 and a half million?

19 A. (BY MR. ALVAREZ): Yes, certainly.

20 Q. All right.

21 Now, would you agree that any wildfire
22 mitigation plan should be tailored to the unique
23 conditions and circumstances of the service territory?

24 A. (BY MR. STEPHENS): This is Mr. Stephens,
25 and, yes, that's true.

1 Q. Thank you.

2 Now, when was the last time either of you
3 visited Spokane, Washington?

4 A. (BY MR. STEPHENS): This is Dennis
5 Stephens. I have never visited Spokane, Washington.

6 A. (BY MR. ALVAREZ): And Mr. Alvarez. It's
7 been about a decade, I imagine.

8 Q. All right.

9 And, Mr. Alvarez, you were here once.
10 Was that visit confined just to the Spokane area, or
11 did you get out and about in our --

12 MS. SUETAKE: Your Honor, I object. I'm
13 questioning the relevance of this.

14 JUDGE O'CONNELL: Mr. Meyer, can you
15 please explain.

16 MR. MEYER: Sure. This goes to the very
17 basic credibility of these witnesses. If a wildfire
18 plan depends on their understanding of the unique
19 circumstances of the service territory, I'm inquiring
20 as to whether they have any understanding of those
21 unique circumstances. It's just that simple.

22 JUDGE O'CONNELL: Well, I think that,
23 Ms. Suetake, your objection will be overruled, but,
24 Mr. Meyer, I'd like to ask that you rephrase your
25 question to get that information, instead of whether

1 they visited, because I'm not sure -- or you should
2 ask why they should need to visit.

3 Go ahead.

4 MR. MEYER: I'll rephrase it more
5 directly. Thank you.

6 Q. Given your visit, Mr. Alvarez, of 10
7 years to go to the Spokane service territory, do you
8 feel you have a sufficient understanding of the unique
9 circumstances affecting the service territory when it
10 comes to wildfire mitigation?

11 A. (BY MR. ALVAREZ): I have a general
12 understanding of the topography, the forestry, the
13 rural versus urban nature. I did spend some time in
14 the suburbs and the rural areas around Spokane fishing
15 and so forth, so I feel like I have a -- a limited
16 knowledge of the service territories, geography and
17 topography and so forth.

18 A. (BY MR. STEPHENS): This is Dennis
19 Stephens. Could I respond to that question?

20 JUDGE O'CONNELL: Yes, Mr. Stephens.

21 MR. MEYER: Surely.

22 A. (BY MR. STEPHENS): So when I said that
23 it depended on a geographic area, I was referring to
24 the difference between urban, rural, nonforested
25 areas, and forested areas, which all of those -- all

1 of those areas I am familiar with.

2 So when I say, yes, it depends on a
3 geographic area, I'm talking about what kind of --
4 what the geography is in that area, not a specific
5 area like Spokane.

6 I personally live in Evergreen, Colorado,
7 and it's the number one highest rated fire area in
8 Colorado and number five in the nation. So I'm very
9 familiar with forested areas and the issues associated
10 with wildfire.

11 Q. BY MR. MEYER: Well, I can't let that go.

12 Do you know that your experience where
13 you live mirrors that of Spokane and the vicinity?

14 A. (BY MR. STEPHENS): I -- I assume it
15 does. I mean, it's a forested area, and this is a
16 forested area, so it's very similar.

17 Q. Okay.

18 Let's move on.

19 Assuming you're trying to address
20 wildfire mitigation in an area of -- let's say rolling
21 hills and prairie land and -- but with no real forest
22 cover, would your grid-hardening and bench management
23 approach be different than if you were trying to
24 address a heavily forested area?

25 A. (BY MR. STEPHENS): I'm sorry, you're

1 saying -- are you comparing a nonforested area to a
2 forested area?

3 Q. Correct.

4 A. (BY MR. STEPHENS): Yes, there's a
5 difference.

6 Q. Sure.

7 And you'd use different approaches,
8 correct?

9 A. (BY MR. STEPHENS): Yes, that's true. We
10 would -- this is Dennis Stephens, and we would use
11 different approaches, right.

12 Q. So even though what I'm going to
13 characterize at best is only a passing familiarity
14 with our service territory, that didn't stop you from
15 making some very specific recommendations concerning
16 our wildfire plan, correct?

17 A. (BY MR. STEPHENS): I made some
18 recommendations with regard to your wildfire plan,
19 that's correct.

20 Q. With the bite to that -- 11 and a half
21 million dollars of bite in terms of disallowed
22 capital, correct?

23 A. (BY MR. STEPHENS): That would be your
24 term, "bite." All I did was look at the -- the data
25 that you used to justify those, and I not find

1 adequate justification for those expenditures.

2 Q. All right.

3 Let's move on now to the grid
4 modernization and substation rebuild.

5 Again, let's add some context for this.
6 Is it true that the effect of your proposal on grid
7 modernization and substations would be to remove
8 \$23 million of capital? And I think you said it would
9 be, correct?

10 A. (BY MR. ALVAREZ): This is Mr. Alvarez.
11 Correct, that is our testimony.

12 Q. Now, your firm is -- Mr. Alvarez, I
13 believe it's called Wired, Inc., or -- do I have that
14 right?

15 A. (BY MR. ALVAREZ): Wired Group.

16 Q. So when Wired Group takes on
17 engagements -- consulting engagements due to grid
18 modernization, do you first familiarize yourself with
19 the distribution existing --

20 MS. SUETAKE: I'm sorry, Your Honor.

21 JUDGE O'CONNELL: One moment.

22 If everyone can please mute your
23 microphone except for Mr. Meyer, Mr. Alvarez,
24 Mr. Stephens.

25 Mr. Meyer, I'm going to ask that you

1 repeat your last question, and I am curious,
2 Mr. Meyer, if there's perhaps two microphones that
3 might be on near you.

4 A. (BY MR. STEPHENS): This is Dennis
5 Stephens. That was my phone that just went off, and I
6 turned it off, so I -- that might have been part of
7 the problem.

8 JUDGE O'CONNELL: Thank you.

9 Mr. Meyer, please repeat your question.

10 MR. MEYER: Sure. Surely.

11 Q. So when you take on an engagement as a
12 consulting firm, does it make sense to first
13 familiarize yourself with the distribution system
14 being studied?

15 A. (BY MR. ALVAREZ): Certainly.

16 Q. And you would want to know before making
17 any recommendations things like the age of the system,
18 the type of area being served, whether it's rural or
19 urban, the topography, levels of built-in redundancy,
20 things like that, correct?

21 A. (BY MR. ALVAREZ): That's -- that's what
22 we attempted to do through the discovery process.

23 Q. Okay.

24 So --

25 A. (BY MR. STEPHENS): This is Dennis

1 Stephens. I've worked in the utility industry for 40
2 years, and I've looked at a lot of systems, and most
3 of them are very similar given whether they're urban
4 or rural or forested areas. So we do try to make
5 ourselves familiar with any concerns that pertain to
6 our analysis, but we don't do a site visit, we don't
7 do a detailed discovery on every aspect of the system,
8 because I have a lot of familiarity with all the
9 systems without having to do that specific review.

10 JUDGE O'CONNELL: This is Judge
11 O'Connell. I want to -- I'm having trouble following
12 this so I want to make sure that we're a little bit
13 more organized.

14 I understand this is difficult, having
15 two witnesses, Mr. Meyer. I'd like to have you ask
16 your question, Mr. Meyer, and then we will allow
17 Mr. Alvarez and Mr. Stephens a chance to respond
18 before you ask your next question. Okay?

19 MR. MEYER: Thank you.

20 JUDGE O'CONNELL: Let's go to your next
21 question, Mr. Meyer, and we'll start always with
22 Mr. Alvarez, and then we'll hear from Mr. Stephens.

23 MR. MEYER: That's helpful. Thank you.

24 Q. So let's explore your working assumption
25 that all systems are pretty much the same. Let's use

1 redundancy --

2 MS. SUETAKE: Objection, Your Honor.

3 That was a characterization of my -- of what my
4 witnesses said.

5 MR. MEYER: I'll rephrase it.

6 JUDGE O'CONNELL: Please.

7 Q. BY MR. MEYER: Let's explore the level of
8 redundancy in Avista's system, and with respect to
9 substations in particular.

10 And I'm going to first direct you to your
11 own testimony at Page 40, Lines 7 through 11.

12 And I will read this aloud, and if I
13 misspeak, please correct me. Quote --

14 A. (BY MR. STEPHENS): Give us some time to
15 get there, please.

16 Q. Sure.

17 A. (BY MR. STEPHENS): Okay, 40 -- Page 40,
18 Lines 7 through 11?

19 Q. Yes, please.

20 A. (BY MR. STEPHENS): Okay, I'm there.

21 Q. Mr. Alvarez, are you there?

22 A. (BY MR. ALVAREZ): I am.

23 Q. So I'll read it aloud. "All utilities
24 assign substations with full redundancy, called N-1
25 design. In an N-1 design, each substation is designed

1 to accommodate the loads of adjacent substations
2 should one of those adjacent substations fail. Thus,
3 the failure of a piece of equipment and, hence, its
4 availability risk, does not necessarily result in a
5 service outage for customers," end of quote.

6 Have I read that accurately?

7 A. (BY MR. ALVAREZ): You have.

8 A. (BY MR. STEPHENS): You have.

9 Q. So there's a lot to unpack there. Let's
10 begin with this notion of N-1 design for substations.

11 Is N-1 a NERC requirement for system
12 planning?

13 A. (BY MR. ALVAREZ): I do not know that.

14 Dennis?

15 A. (BY MR. STEPHENS): I don't know that it
16 is. I mean, they do have N-1 but they also have N-2
17 requirements. But we are talking about distribution
18 here, and most utilities use an N-1 for distribution.

19 Q. So N-1, would you agree, is a NERC
20 requirement, if you know, related to the bulk
21 transmission system, not the distribution system,
22 correct?

23 A. (BY MR. STEPHENS): No. I mean, it's
24 typical for utilities to use N-1 independent of NERC
25 requirements.

1 Q. For distribution.

2 A. (BY MR. STEPHENS): For distribution.

3 Q. Okay.

4 And elsewhere you say that -- and this is
5 on Page 51.

6 Why don't you go to that now.

7 A. (BY MR. ALVAREZ): Okay.

8 Q. And your Footnote 58.

9 A. (BY MR. STEPHENS): Hang on just a
10 second.

11 Okay, I'm on Page 51.

12 Q. Mr. Alvarez?

13 A. (BY MR. ALVAREZ): I am. Thank you.

14 Q. Note 58, please.

15 Again, I'm going to read this aloud, and
16 I'll just read the last sentence of this footnote.

17 "With this redundancy design, also known as the N-1
18 design, a substation will continue to operate even if
19 one of its two supply lines is lost. Redundance, N-1
20 design of subtransmission (substation) networks is
21 standard industry practice."

22 Is that your testimony?

23 A. (BY MR. ALVAREZ): Yes.

24 A. (BY MR. STEPHENS): Yes.

25 Q. Show me where in your testimony you

1 produced evidence that this planning criteria is
2 standard utility practice.

3 A. (BY MR. STEPHENS): This is
4 Mr. Stephens --

5 I'm sorry?

6 Q. I did not see it so please help me find
7 it.

8 A. (BY MR. STEPHENS): It's not there. This
9 is Mr. Stephens. That is based on my 40 years of
10 experience in the utility industry, and knowing that
11 every utility uses this approach on their distribution
12 systems. There is no reference other than that.

13 Q. So you know that to be true?

14 A. (BY MR. STEPHENS): Yes.

15 Q. And have you specifically examined even
16 the sister utilities in this jurisdiction, Puget Sound
17 Energy or PacifiCorp?

18 A. (BY MR. STEPHENS): No.

19 Q. So you haven't.

20 A. (BY MR. STEPHENS): No.

21 Q. What about Idaho Power?

22 A. (BY MR. STEPHENS): No.

23 Q. Do you know?

24 A. (BY MR. STEPHENS): I have not
25 specifically -- I have not specifically analyzed

1 those, no.

2 Q. Okay.

3 So now let's turn to substations, and
4 this is your own cross-examination exhibit that was
5 used yesterday with respect to some Avista witnesses,
6 and so it may not be in front of you, but hopefully
7 you can -- you've been provided with it. And this is
8 Cross Exhibit JD/LL-9X.

9 Do you have that or --

10 I'll give you time to get to it.

11 MS. SUETAKE: Hold on, Your Honor. I
12 was -- Your Honor, I was not informed that these would
13 be used for cross-examination of these witnesses.

14 JUDGE O'CONNELL: One moment.

15 Mr. Meyer, go ahead.

16 MR. MEYER: Your Honor, she put this into
17 evidence as a cross-examination exhibit. Therefore,
18 I'm entitled to rely on this as a piece of the record
19 for purposes of this cross-examination.

20 JUDGE O'CONNELL: Go ahead, Ms. Suetake.

21 MS. SUETAKE: I was just going to ask if
22 I could have a moment to make sure my witnesses had
23 this before he launched into questions.

24 A. (BY MR. STEPHENS): This is Mr. Stephens.

25 I do not have this.

1 JUDGE O'CONNELL: So what I'm hearing is
2 that there isn't an objection to the exhibit but that
3 we need to make sure the witnesses have it in front of
4 them.

5 MS. SUETAKE: Yes, correct, Your Honor.

6 JUDGE O'CONNELL: Okay.

7 Mr. Meyer, if you are okay, let's take a
8 moment to make sure the witnesses can see what you're
9 going to ask them about.

10 MR. MEYER: All right.

11 MS. SUETAKE: Could you please repeat the
12 cross exhibit number.

13 MR. MEYER: It is JD/LL-9X.

14 MS. SUETAKE: If you could please give me
15 a moment to make sure I can get that to them.

16 MR. MEYER: Sure.

17 JUDGE O'CONNELL: Mr. Cook, let's be off
18 the record.

19 THE REPORTER: Very good.

20 (Discussion off the record.)

21 JUDGE O'CONNELL: Mr. Cook, let's be back
22 on the record.

23 The Cross Exhibit JD/LL-9X has been
24 provided to both witnesses, and, Mr. Meyer, you can
25 continue now with your cross-examination.

1 MR. MEYER: Thank you.

2 Q. At the outset of this line of
3 questioning, I had read a portion of your testimony
4 from Page 40. I won't reread that again, other than
5 to say it began with the statement, "All utilities
6 designed substations with full redundancy."

7 So that is your working assumption,
8 correct?

9 A. (BY MR. STEPHENS): Yes.

10 Q. All right.

11 So let's explore that. Would you now
12 turn to the exhibit that you were provided --

13 And thank you, Counsel, for forwarding
14 that.

15 A. (BY MR. STEPHENS): So let me -- can I
16 qualify my answer there, please?

17 Q. Sure.

18 A. (BY MR. STEPHENS): So when I say --

19 JUDGE O'CONNELL: Let me stop you right
20 there, Mr. Stephens.

21 A. (BY MR. STEPHENS): Okay.

22 JUDGE O'CONNELL: Mr. Meyer only asked if
23 that was your testimony.

24 A. (BY MR. STEPHENS): Okay. Okay.

25 JUDGE O'CONNELL: Thank you.

1 Now, Mr. Meyer is going to ask you
2 something related to that statement regarding this
3 exhibit, so I do think you are going to have an
4 opportunity to explain.

5 A. (BY MR. STEPHENS): Okay. Thank you.

6 JUDGE O'CONNELL: You can wait for that
7 question.

8 And first we're going to hear from
9 Mr. Alvarez, if he has any testimony, then we will
10 hear from Mr. Stephens.

11 Mr. Meyer, go ahead.

12 MR. MEYER: Thank you.

13 Q. So now let's turn to Exhibit -- to Cross
14 Exhibit JD/LL-9X, and I'm told you have it, provided
15 by your counsel. Thank you.

16 And would you turn to the bottom of
17 Page 2 of that exhibit. Let me know when you're
18 there.

19 A. (BY MR. STEPHENS): I am there.

20 A. (BY MR. ALVAREZ): Yes, I'm there.

21 Q. Okay.

22 And this was a response prepared by
23 Avista, correct?

24 A. (BY MR. ALVAREZ): Correct.

25 A. (BY MR. STEPHENS): I don't know, so --

1 Q. All right.

2 Well, the exhibit speaks for itself so --

3 A. (BY MR. STEPHENS): Okay.

4 Q. I'm going to quote the last paragraph, or
5 at least a portion of it. "Results of these
6 classifications described above are summarized in the
7 table below. Of particular import, Avista has no
8 distribution substations in its Washington service
9 territory that are capable of being offloaded 100% of
10 the time."

11 Do you see that?

12 A. (BY MR. ALVAREZ): Yes.

13 A. (BY MR. STEPHENS): Yes.

14 Q. Down below -- and you perhaps weren't
15 with us on Wednesday during the hearing, but there was
16 some discussion about the table just below that
17 paragraph, where there's a reference to percentages of
18 interconnectedness. And the number of 55 percent
19 appears there, presumably being fully interconnected,
20 correct?

21 A. (BY MR. STEPHENS): That's correct. I
22 haven't added them all up but I will assume that
23 that's correct.

24 Q. All right.

25 Now, would you turn to the accompanying

1 spreadsheet that appears at Page 4 of 5 of this
2 exhibit.

3 A. (BY MR. STEPHENS): Okay, I'm there.

4 A. (BY MR. ALVAREZ): I'm there.

5 Q. All right.

6 So on the far right-hand column, do you
7 see a title of "Full or Partial Load Offload
8 Capabilities"? Do you see that?

9 A. (BY MR. ALVAREZ): Yes.

10 A. (BY MR. STEPHENS): Yes.

11 Q. And so for each of the identified
12 substations, each one is characterized as being full
13 or not interconnected, but do you see any of what are
14 characterized as full offload capabilities that don't
15 also have seasonal constraints affecting them?

16 A. (BY MR. STEPHENS): I don't see any that
17 says that, no.

18 A. (BY MR. ALVAREZ): I do not.

19 Q. All right.

20 So you have no reason to disagree with
21 the statement on the previous page that Avista has no
22 distribution substations that are capable of being
23 offloaded 100 percent of the time, do you? No reason
24 to disagree with that.

25 A. (BY MR. STEPHENS): Seasonal

1 constraints -- this is Dennis Stephens. Seasonal
2 constraints does not mean that it cannot be fully
3 offloaded. Seasonal constraints means that there
4 might be seasonal constraints or there might be
5 something that causes a problem, but it does not
6 indicate that they do not have full backup.

7 And, in fact, if they don't have full
8 backup, then they should be providing the capacity to
9 make sure that they have that capacity in all seasons.

10 Q. So are you advocating that the Commission
11 require the company to invest at ratepayer expense in
12 the full redundancy of its substations?

13 A. (BY MR. STEPHENS): Only -- only in those
14 areas where it -- where it seems most appropriate,
15 like in urban areas.

16 Q. Do you know what the cost for that would
17 be?

18 A. (BY MR. STEPHENS): I do not. I --
19 that's -- this is what's -- why we have a utility, and
20 they're -- the utility company is supposed to do these
21 diagnostics to understand and cost justify the
22 installation of new equipment based on its value to
23 ratepayers.

24 In other words, they should be making
25 investments that the cost is greater than the value to

1 the customers, and that's my argument in all of my
2 testimony and it's my argument here.

3 Q. Well, so you do truly appreciate that
4 it's up to the utility to do the engineering
5 analysis -- up to the utility itself to do the
6 engineering analysis and make the right decisions,
7 correct?

8 A. (BY MR. STEPHENS): I think it's -- if
9 they're doing appropriate analysis, then I agree.

10 Q. Okay.

11 So now, closing the loop here, so if none
12 of Avista's distributions substations are fully
13 redundant but there was a need for a repair or
14 replacement of parts in that substation and it's taken
15 out of service, is there any guarantee that customers
16 would have continuing service from a different
17 substation?

18 A. (BY MR. STEPHENS): I think you're going
19 to have to ask that question again.

20 Q. Sure.

21 If there was a need for repair or
22 replacement of a substation that Avista would have to
23 then, because of that, take it out of service, would
24 there be issues with service continuity because a
25 substation was not redundant?

1 A. (BY MR. STEPHENS): Well, it depends,
2 again, on what is driving the need for the
3 replacement. Generally if you're doing this
4 appropriately, you're testing those -- that substation
5 equipment, transformers, breakers, such, and you're
6 deciding when a -- when those pieces of equipment need
7 to be replaced, and you can replace them in off-peak
8 times so that you minimize the impacts to customers.

9 The other thing that you need to take
10 into account is the number of customers affected.
11 Obviously, if you're talking about a really small
12 substation or even distribution transformers, the
13 number of customers is small, and so then you can take
14 the outage and do the repair or the replacement.

15 Again, it just comes back to cost
16 justification.

17 Q. Let's put this in simpler terms. If
18 Avista were to adopt your run-to-failure approach,
19 assuming it doesn't have redundancy, might that lead
20 to an extended interruption of service?

21 A. (BY MR. STEPHENS): I'm sorry. With
22 regard to what specific equipment are you referring
23 to?

24 Again, a substation is composed of
25 several components. I did not recommend run to

1 failure for power transformers or breakers. And
2 that's the major component in a substation.

3 Now, if you're talking about the other
4 smaller equipment that doesn't have an impact on
5 customers, I definitely did recommend run to failure.

6 Q. At the time you filed your testimony
7 in -- or answering testimony in April of this year,
8 you assumed that substations were fully redundant. In
9 fact, I think I read your testimony in that regard,
10 correct?

11 A. (BY MR. STEPHENS): I did not -- that is
12 not correct. I said that the -- that all utilities
13 have an N-1 policy for some -- for their transformers,
14 and they apply that N-1 appropriately given the cost
15 justifications or basically number of customers.

16 So I didn't say that they had total
17 redundancy for all transformers.

18 JUDGE O'CONNELL: Let me stop you both.

19 Before we pursue the next question,
20 Mr. Stephens, please answer the question when
21 Mr. Meyer is done asking it. I know --

22 A. (BY MR. STEPHENS): Okay.

23 JUDGE O'CONNELL: You're anticipating
24 what the question is going to end up being, and I know
25 you're eager to answer, but for the sake of having the

1 question on the record, please wait until he's done
2 asking it.

3 A. (BY MR. STEPHENS): Yes, Your Honor.

4 JUDGE O'CONNELL: Mr. Meyer, please go
5 ahead.

6 Q. BY MR. MEYER: Again, I'm just referring
7 back to your own testimony in April, now that I've
8 read -- this will be the third time. Quote/unquote,
9 "All the utilities" -- presumably including Avista --
10 "design substations with full redundancy." Was that
11 your testimony?

12 A. (BY MR. STEPHENS): That is, and they do.
13 I'm sorry. Are you finished with your
14 question?

15 Q. I am.

16 A. (BY MR. STEPHENS): They do. They do
17 design substations with full redundancy. Not all
18 substations are designed with full redundancy, but
19 they do design -- every utility designs substations
20 with full redundancy. Not all substations.

21 Q. Is that what Cross Exhibit 9X says about
22 Avista substation?

23 We've been through that. They're --
24 Avista stated that it has no substations that are
25 fully redundant, at least without some seasonal

1 discontinuity.

2 A. (BY MR. STEPHENS): I'm sorry. I just
3 don't --

4 MR. MEYER: You disagree with that?

5 A. (BY MR. STEPHENS): I disagree with your
6 interpretation of them not having full redundancy just
7 with seasonal limitations. Seasonal limitations does
8 not mean that they don't have full redundancy. It
9 just means that they have to take some seasonal --
10 there is the possibility that seasonal -- that weather
11 can make a difference, but there's still full
12 redundancy there. They're designing for N-1 on -- the
13 one that says full redundancy with the seasonal --
14 with seasonal limitations is a full redundancy N-1
15 design.

16 Q. BY MR. MEYER: Okay.

17 A. (BY MR. STEPHENS): That's my testimony.

18 Q. Sure.

19 And I'm not going to try and put too fine
20 a point on this, but on the preceding page, what we
21 have just been talking about is whether, in fact,
22 there is full redundancy, and there's a percentage
23 there of 55 percent.

24 Let's move off that and just talk about
25 the other percentages there of 21 percent for no

1 interconnection, 25 percent for partial
2 interconnection. So clearly almost half, one can't
3 make any argument about full redundancy; is that
4 correct?

5 A. (BY MR. STEPHENS): That is correct, and
6 I'm sure that was designed appropriately based on the
7 number of customers that were affected.

8 Q. Okay.

9 So to finish off here, you filed your
10 testimony in April of this year, making the -- what I
11 would characterize as a bold statement that all
12 utilities have redundancy when it comes to their
13 substations. Then in the sequence of things, in June
14 of this year you were provided with the company's
15 response, which we've been discussing as part of
16 Exhibit JD/LL-9X, correct?

17 A. (BY MR. STEPHENS): That's what we've
18 been discussing, yes, sir.

19 Q. And that came after you filed your
20 answering testimony in April, correct?

21 A. (BY MR. STEPHENS): I'm sorry. You have
22 to understand that I -- I think this is --

23 JUDGE O'CONNELL: This is Judge
24 O'Connell. One moment.

25 Mr. Meyer, please clarify what you mean

1 by what came after the testimony.

2 MR. MEYER: Surely.

3 JUDGE O'CONNELL: And it appears as if
4 Mr. Alvarez may have a response to your question.

5 MR. MEYER: I'll clarify first.

6 Q. I see the date for this particular
7 response to this particular data request that is the
8 subject of JD/LL-9X. I see that date as 6-17 of '21,
9 June 17th of '21.

10 Do you understand that to be the case?

11 A. (BY MR. ALVAREZ): Yes.

12 Q. Okay.

13 So you were provided with this
14 information after you filed the testimony back in
15 April, correct?

16 A. (BY MR. ALVAREZ): That's correct.

17 Q. And yet you made no attempt to correct
18 the record in this case when you offered your
19 testimony, did you?

20 A. (BY MR. ALVAREZ): We found no reason to
21 correct the testimony. Mr. -- as Mr. Stephens has
22 just testified, the --

23 And maybe I should let you do this,
24 Mr. Stephens, but Avista does design the majority of
25 its substations, and by far the majority of its

1 customers, with full redundancy. There may be
2 seasonal limitations. Those are mights, and does not
3 constitute a violation of N-1 design for those
4 55 percent of substations.

5 So in our view the testimony would not be
6 correct.

7 Dennis, do you have anything to add to
8 that?

9 A. (BY MR. STEPHENS): I do not.

10 Q. Last question. Show me where N-1
11 contingency planning is required for distribution.

12 A. (BY MR. STEPHENS): This is Mr. Stephens,
13 and I -- there is no documentation that I know of --
14 again, I'm relying on my 40 years of experience, and
15 it has been a standard practice at every utility that
16 I've ever been associated with.

17 MR. MEYER: Thank you.

18 That's all I have, Your Honor.

19 JUDGE O'CONNELL: Okay.

20 I'd like to ask Ms. Suetake, if you have
21 any redirect, to please turn on your camera.

22 And now that we have a slight pause,
23 Mr. Stephens, Mr. Alvarez, we are -- I am hearing a
24 little feedback or fuzz. If -- when you are not
25 answering a question, when you're just listening, if

1 you would please click that mute button so that we
2 aren't getting that pickup from your microphones.

3 Okay. Ms. Suetake, go ahead.

4 MS. SUETAKE: I was just going to say, I
5 do not have any redirect.

6 JUDGE O'CONNELL: Very good.

7 Okay. The bench does not have any
8 further questions for Mr. Stephens or Mr. Alvarez, so
9 thank you both for your testimony this afternoon. You
10 both may be excused.

11 MR. ALVAREZ: Thank you, Your Honor.

12 MR. STEPHENS: Thank you, Your Honor.

13 JUDGE O'CONNELL: So that brings us to
14 the point where I'd like to ask the attorneys for all
15 of the parties to please turn on your video.

16 I'm still hearing that fuzz feedback.
17 If -- I would ask everyone who is on the Teams
18 application to please click that mute microphone
19 button.

20 The Commissioners, are you able to turn
21 back on your cameras?

22 We are -- we've concluded the
23 cross-examination of witnesses, and all we have left
24 to address today, that I know of from my notes, is
25 certain procedural steps going forward, and we will

1 also discuss any procedural things that the parties
2 have -- need to address.

3 Okay.

4 MR. MEYER: I do -- and I don't know if
5 now is the time to make my customary request.

6 JUDGE O'CONNELL: Mr. Meyer, before you
7 make that request, I'm going to address legal briefs
8 first.

9 MR. MEYER: That's where I was going.
10 Thank you.

11 JUDGE O'CONNELL: And when you hear what
12 I have to say about that, maybe you will modify your
13 request. So let me go first, and then you and all the
14 other attorneys will have a chance to address what I'm
15 about to say.

16 Legal briefs are due April -- I'm
17 sorry -- August 13th. Because no party opposes the
18 settlement, we -- we would like the parties to know
19 that we need not address the settlement in your legal
20 briefs, unless you need to address it as part of
21 discussing a contested issue.

22 So because we are removing that
23 requirement, we would like to limit the pages for
24 legal briefs to 50 instead of the usual 60 that is
25 allowed in rule.

1 Now that I say that, I am expecting,
2 Mr. Meyer, that you might have some thoughts and a
3 request.

4 MR. MEYER: Yes. Clearly I'm losing
5 ground here, not gaining ground.

6 I was going to ask for 70 pages, and
7 here's why. There are a lot of --

8 You know, and I understand if I ask for
9 it, it should apply to all parties and not just
10 Avista, so any party could have 70 pages.

11 And the reason I'm asking for that is, in
12 the case of Avista, we're in that unenviable position
13 of having to respond from fire from all sides, if you
14 will, issues from all sides, and that makes it
15 difficult to make use of the pages effectively and to
16 respond to all incoming fire, if you will. So a
17 modest 10-page increase from 60 to 70 is I think
18 reasonable. So that is the request.

19 JUDGE O'CONNELL: I'd like to hear from
20 the attorneys for the other parties on their opinion
21 about what they need as far as a page limit, if there
22 is any request.

23 Okay. Mr. Meyer, your point is well
24 taken, and we do understand you have to address
25 everything. Your request for 10 additional pages --

1 why don't we -- instead of limiting it to 50, why
2 don't we increase that to 60, the usual 60, and we
3 will give you back the 10 pages that we had initially
4 taken away from you. Will that be satisfactory, at
5 least?

6 MR. MEYER: It won't solve my problem,
7 but I certainly accept that guidance.

8 JUDGE O'CONNELL: Okay. Then we will
9 make it 60 pages, as is usually the case, and it will
10 be for all parties.

11 Is there anything else that we need to
12 address today before we adjourn?

13 MS. SUETAKE: Yes, Your Honor. I do -- I
14 would like a clarification for Bench Request 3, which
15 is the public comments exhibit. We normally set a
16 cutoff date for those comments. Is that today or did
17 you want a later date, which we can include in if
18 anything else comes in?

19 JUDGE O'CONNELL: Yes, the public comment
20 period is open until the close of the hearing, which
21 will be today.

22 MS. SUETAKE: Thank you, Your Honor.

23 JUDGE O'CONNELL: But just to be clear,
24 if you receive something by close of business today,
25 that should be included. Not just the time that we

1 sign off of the proceeding.

2 MS. SUETAKE: Okay. Understood. Thank
3 you for that clarification.

4 JUDGE O'CONNELL: Is there anything else
5 from the parties?

6 Okay, I'm seeing nothing.

7 Let me -- before I adjourn us, let me
8 double-check. Commissioners, is there anything else
9 that you need to address before we adjourn?

10 MS. RENDAHL: No. Thank you very much.

11 MR. DANNER: No, I don't have anything in
12 mind.

13 MR. BALASBAS: None from me, either.

14 JUDGE O'CONNELL: All right. Well, then
15 we will conclude today's hearing.

16 Thank you to all the attorneys and to all
17 of the witnesses. I know that the hearing wasn't an
18 easy one, and so thank you to all of you. It is very
19 much appreciated. And I know all the work that you
20 put into it. So thank you.

21 MR. MEYER: Thank you.

22 MS. SUETAKE: Thank you, Your Honor.

23 JUDGE O'CONNELL: So with that, we will
24 adjourn, and we will be off the record. Thank you.

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1 (The proceedings were adjourned at
2 1:28 p.m.)

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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