

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of
HYDRO ONE LIMITED (acting through
its indirect subsidiary, Olympus Equity
LLC)**

DOCKET U-170970

And

**AVISTA CORPORATION
For an Order Authorizing Proposed
Transaction**

TESTIMONY OF

SHAWN M. COLLINS (EXH. SMC-1T)

**DIRECTOR OF
THE ENERGY PROJECT**

In Support of Settlement Stipulation

April 10, 2018

1 I. INTRODUCTION

2 **Q: Please state your name and business address.**

3 A: I am Shawn Collins. My business address is 3406 Redwood Avenue, Bellingham,
4 WA 98225.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am the Director of The Energy Project (TEP), a program of the Washington
7 State Community Action Partnership housed at the Opportunity Council in
8 Bellingham, WA.

9 **Q: Would you please state your educational and professional background?**

10 A: My educational and professional background is covered in Exh. JNP-2 submitted
11 with the Joint Testimony in this docket.

12 **Q: On whose behalf are you testifying?**

13 A: I am testifying for TEP, an intervenor in this proceeding, on behalf of the
14 Community Action Partnership (CAP) organizations that provide low-income
15 energy efficiency and bill payment assistance for customers in Avista's service
16 territory. These agencies include: SNAP (Spokane Neighborhood Action
17 Partners) (Spokane County), Rural Resources (Ferry, Lincoln, Stevens Counties),
18 Community Action Partnership (Asotin County), Community Action Center
19 (Whitman County), Opportunities Industrialization Center (OIC) of Washington
20 (Adams County), and Washington Gorge Action Programs (Skamania and
21 Klickitat Counties).

II. PURPOSE OF TESTIMONY

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Q: Could you please summarize the purpose of your testimony?

A: The purpose of my testimony is to provide support for approval of the Settlement Stipulation (Settlement) in this docket, filed with the Commission on March 27, 2018. My testimony focuses on the elements of the Settlement that impact low-income populations within Avista’s service territory and explains why The Energy Project believes the Settlement is in the public interest and meets the statutory “net benefit” test.

Q: Can you please discuss the “net benefit” test?

A: Washington statute, in RCW 80.12.020(1), states:
[t]he commission shall not approve any transaction under this section that would result in a person, directly or indirectly, acquiring a controlling interest in a gas or electrical company without a finding that the transaction would provide a net benefit to the customers of the company.

The “net benefit” standard was adopted by the Legislature in 2009 to replace the “no harm” standard that had been previously employed by the Commission in considering whether to approve utility company mergers. The Energy Project testified in support of the legislation containing the new standard.¹ TEP understands the “net benefit” test as establishing a higher standard than the previous “no-harm” standard, allowing the Commission to be more pro-active in protecting ratepayers, and providing a basis for adopting conditions and

¹ Testimony of Chuck Ebert, Director, The Energy Project, Hearings on SB 5055, before the Senate Committee on Environment, Water & Energy, TVW Tape at 22:20 (Jan. 21, 2009).
<https://www.tvw.org/watch/?eventID=2009011178>

1 commitments that ensure identifiable and significant benefits to customers,
2 including benefits that advance state policy goals for low-income customers,
3 energy efficiency, and access to alternative energy resources such as renewables.

4 **III. DISCUSSION OF LOW-INCOME ISSUES**

5 **Q: Did The Energy Project have concerns with the request for approval of the**
6 **Avista/Hydro One merger as initially filed in the Joint Application?**

7 A: Yes. As filed, The Energy Project did not believe the proposed merger met the
8 “net benefit” test under Washington statute. For example, the only commitments
9 specifically addressing low-income customers agreed only to continue to work
10 with advisory groups on appropriate funding levels for bill assistance and
11 weatherization. There was no stated commitment to preserve and continue
12 existing programs, and no commitment to provide additional resources or other
13 benefits for low-income customers.² As a result of the commitments discussed
14 below, however, The Energy Project believes that its concerns have been
15 adequately addressed by the terms of the Settlement.

16 **Q: Can you provide an overview of the key elements of the Settlement that**
17 **address low-income issues?**

18 A: The Settlement includes a number of important components that provide benefits
19 for low-income customers:

- 20 • Commitments to maintain the current Low-Income Rate Assistance
21 Program (LIRAP) and related pilots (Commitment 66), to maintain the

² Exh. MTT-5 at 13, Commitments 54 and 55.

1 existing low-income weatherization program (Commitment 70), to
2 improve penetration of these programs (Commitment 73), and to work
3 with the advisory groups to address other low-income issues, including
4 program funding levels. (Commitments 65, 68)

- 5 • \$4 million of additional funding for existing low-income weatherization
6 programs, over a 10-year period. (Commitment 70)
- 7 • \$5 million in funding for new renewables projects to benefit low-income
8 customers. (Commitment 67)
- 9 • \$2 million for replacement of manufactured homes. (Commitment 69)
- 10 • A goal that 30 percent of residential program EVSE funds be dedicated to
11 projects that serve low-income customers. (Commitment 62)
- 12 • Consumer protection commitments related to AMI including limitations
13 on remote disconnection and prepayment. (Commitment 72)
- 14 • A modified security deposit policy eliminating deposits for new customers
15 and returning some security deposits. (Commitment 71)
- 16 • A commitment to maintain existing levels of community involvement and
17 support for tribal and low-income organizations. (Commitment 12)
- 18 • A commitment to reach out to tribal communities to encourage
19 participation in settlement benefits. (Commitment 74)

1 **Q: Could you please elaborate on the commitment for new low-income**
2 **renewables?**

3 A: One important policy objective of The Energy Project is to advance greater equity
4 for low-income customers and other vulnerable groups as major energy policy
5 decisions are made. This includes ensuring that low-income customers are able to
6 materially benefit from investments in renewable and other related environmental
7 initiatives, rather than simply being asked to pay the costs. One of The Energy
8 Project's goals in negotiating this settlement was to provide for specific
9 opportunities to create long-term benefits for low-income customers in this area
10 of concern.

11 Avista's commitment to fund renewable projects for low-income
12 customers takes a major step in that direction. The amount of the contribution --
13 \$5 million -- is substantial, and it is available over a 10-year period. Projects
14 must benefit low-income customers specifically. Another important goal for The
15 Energy Project was to establish a mechanism for funding renewables projects that
16 was stakeholder directed. To this end, the renewables funding will be placed in a
17 separate account managed and disbursed by Avista at the direction of the
18 Advisory Group, which includes local agencies, in addition to Public Counsel,
19 Commission Staff, The Energy Project, and Avista. Project selection, including
20 design and implementation, will be determined by the Advisory Group members.
21 This will allow for the option of funding of projects that are non-utility owned,
22 depending on the Advisory Group determination, and should result in projects that

1 provide significant direct material benefit to low-income customers on an on-
2 going basis.

3 **Q: How does the Settlement address support for low-income energy efficiency**
4 **and weatherization?**

5 A: Commitment 69 addresses low-income weatherization concerns by providing \$2
6 million in funding to replace mobile homes in Washington, benefitting those low-
7 income customers residing in mobile homes by replacing units that are inefficient
8 to heat and difficult and expensive to weatherize. In Commitment 70, Avista
9 commits to maintain Avista's existing low-income weatherization programs. In
10 addition, Hydro One commits to provide \$4 million of funding over 10 years for
11 these programs in Washington over and above the existing level of funding.
12 Avista also agrees to continue to work with its advisory group on the appropriate
13 level of funding for low-income energy efficiency programs in future
14 (Commitment 65), and to undertake a targeted effort to improve penetration of
15 programs (Commitment 73).

16 As a package, these commitments provide assurances that Avista's
17 existing programs will continue to be supported by the Company, as well as
18 providing \$6 million in additional resources for weatherization in existing
19 programs and the new mobile home effort. Low-income weatherization provides
20 a demand-side resource that benefits the Company, its customers generally,
21 ensures equity in energy efficiency investments, and specifically helps low-

1 income customers by contributing to the long-term affordability and livability of
2 low-income housing stock.

3 **Q: How does the Settlement address bill assistance?**

4 A: Because Avista has in place a multi-year LIRAP plan with designed annual
5 increases, the Settlement does not provide for increased bill assistance. However,
6 Avista does specifically commit to the continuation of the LIRAP program and its
7 related pilot programs³ (Commitment 66). Avista also commits to continue to
8 work with low-income agencies to address funding for bill assistance
9 (Commitment 68), and, as with weatherization, agrees to a targeted effort to
10 improve the penetration rate of the program (Commitment 73).

11 **Q: Please address the consumer protection issues contained within the**
12 **settlement.**

13 A: The AMI provisions of the settlement benefit customers by preventing the use of
14 remote disconnection at times when the forecast temperature is at or below 38
15 degrees or at or above 100 degrees Fahrenheit (Commitment 72). While the
16 Settlement does not address all The Energy Project's concerns about the use of
17 remote disconnection in Avista's service territory, these issues will be more
18 generally addressed in the Commission's anticipated AMI rulemaking docket on
19 the topic.

³ These programs include LIRAP Heat, LIRAP Emergency Share, LIRAP Senior Outreach, and the Senior/Disabled Rate Discount Pilot.

1 Another TEP concern linked to AMI deployment is the potential
2 introduction of prepayment requirements. Prepayment programs can be very
3 harmful for low-income income households. In the Settlement, Avista agrees not
4 to implement prepayment until after Commission authorization. (Commitment
5 72). Avista commits to address remote disconnection and prepayment issues in
6 the Commission workshops on those topics.

7 Avista also agrees to change its security deposit policy so that new
8 customers will not be required to make a security deposit (Commitment 71). This
9 will make it easier for low-income customers to access Avista utility service as an
10 initial matter when locating in the service territory. Avista will also return all
11 security deposits to customers whose deposits have been held for at least six
12 months, providing a one-time benefit to those customers. This commitment is
13 modeled in part on a policy adopted by Hydro One in its Ontario service territory
14 under which security deposits were discontinued.⁴

15 **Q: Please describe other aspects of the Settlement that benefit low-income**
16 **customers.**

17 **A:** Other elements of the settlement benefit all customers broadly, including low-
18 income customers, helping to meet the “net benefit” standard. The rate credit
19 commitment in the Settlement is an improvement over the original proposal,
20 increasing both the annual and total amount of the rate credit and shortening the
21 period of time over which the credit will be paid.

⁴ Pugliese, Exh. FGFP-1T at 7:10-12.

1 The charitable contribution commitments are a significant increase over
2 current levels and over the amounts offered in the initial filing, totaling \$17
3 million over the first five years of the Settlement, in addition to the commitment
4 to maintain a \$4 million annual budget for charitable contributions.⁵ This will
5 provide significant resources for organizations, including non-profits, in Avista's
6 service territories, many of whom provide services that ultimately reach Avista
7 customers, including low-income customers.

8 The Colstrip depreciation aspects of the settlement are also acceptable to
9 The Energy Project. These provisions provide a mechanism that will help all
10 ratepayers meet the long-term obligations related to Avista's share of Colstrip in a
11 reasonable manner. It is also important to the The Energy Project that the
12 Montana Transition Fund commitment is funded by Hydro One.

13 **Q: Please address the community involvement provisions of the Settlement.**

14 A: Avista has a 129-year history as a utility in Washington State. Its presence in
15 eastern Washington has been felt by many generations. The jobs they provide,
16 their charitable contributions, and the engagement from their staff in local events
17 and organizations are all critical components to communities in eastern
18 Washington. Avista's agreement to maintain its local presence and community
19 involvement is important to The Energy Project and the CAP agencies. A loss of
20 Avista's role as a major corporate institution and its relationships with many non-

⁵ The charitable contribution commitments in Commitment 11 are not limited to five years but may be modified without Commission approval after five years by a 2/3 vote of the Board of Directors. For the first five years, the commitments are not contingent.

1 profit groups and organizations would be a significant negative consequence of
2 the merger. Commitments 12 and 74, as well as the other “Local
3 Presence/Community Involvement” commitments, provide assurances that Avista
4 will maintain its current presence and level of activity.

5 **Q: Are there other aspects of the Settlement Agreement that you wish to**
6 **address?**

7 A: One additional matter of concern to The Energy Project was to ensure that the
8 financial commitments contained in the settlement will not be funded by Avista
9 ratepayers, including its low-income customers. Commitment 75 provides that
10 assurance satisfactorily from TEP’s perspective, stating, in part: “Avista will not
11 seek cost recovery for any of the commitments funded or arranged by Hydro One
12 in this list of merger commitments.”

13 **IV. CONCLUSION**

14 **Q: Does The Energy Project support approval of the Settlement?**

15 A: Yes. The Energy Project believes that the Settlement meets the statutory
16 requirement that the merger must provide a net benefit to Avista’s customers and
17 that it is in the public interest. The Energy Project recommends that the Settlement
18 be approved by the Commission.

19 **Q: Does this conclude your testimony?**

20 A: Yes.