

**EXHIBIT NO. \_\_\_\_ (DHH-1T)  
DOCKET U-170970  
WITNESS: DOUGLAS H. HOWELL**

**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)  
and  
AVISTA CORPORATION,  
for an Order Authorizing Proposed  
Transaction**

**Docket U-170970**

**TESTIMONY OF**

**Douglas H. Howell**

**ON BEHALF OF SIERRA CLUB**

**April 10, 2018**

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1     **I.     Qualifications and Purpose of Testimony**

2     **Q.     Please state your name, occupation, and business address.**

3     A.     My name is Doug Howell. I am a Senior Campaign Representative for the Sierra Club's  
4           Beyond Coal Campaign. My business address is 180 Nickerson Street, Suite 202, Seattle,  
5           Washington.

6     **Q.     Are you providing any exhibits with your testimony?**

7     A.     No.

8     **Q.     Please briefly describe the Sierra Club's Beyond Coal Campaign and your  
9           responsibilities in that campaign?**

10    A.     Sierra Club is a national, non-profit environmental and conservation organization  
11           incorporated under the laws of the State of California. Sierra Club is dedicated to the  
12           protection of public health and the environment. Sierra Club has more than 33,000  
13           members who live and purchase utility services in Washington, many of whom are  
14           residential customers of Avista.

15           Sierra Club's Beyond Coal campaign advances the development of energy  
16           conservation and renewable energy policies, which reduce utility bills, and generate  
17           renewable energy. Sierra Club's work includes advocating for the implementation of  
18           robust incentive programs that assist its members and utility consumers to generate  
19           their own renewable energy and increase energy efficiency. The Sierra Club's work  
20           includes intervening in efficiency, renewable energy and ratemaking dockets at public

1 utility commissions nationwide, submitting comments in numerous state and federal  
2 agency energy-related proceedings and rulemakings, attending and speaking at public  
3 hearings, speaking to students and civic and other organizations, and holding seminars  
4 and symposia - all in support of policies to reduce the impact of climate change and  
5 other air pollution by promoting clean energy alternatives and energy efficiency. Sierra  
6 Club has worked to protect local customers from increased rates due to utility  
7 investment in aging coal plants, such as Colstrip, when clean energy alternatives and  
8 energy efficiency measures are possible

9 **Q. Have you ever testified before the Washington Utilities and Transportation**  
10 **Commission (WUTC)?**

11 A. Yes. I provided testimony in support of a settlement joined by Sierra Club in Docket UE-  
12 170033 regarding Puget Sound Energy's general rate case.

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. My testimony provides the basis for Sierra Club's decision to join the Settlement  
15 Stipulation and Agreement filed on March 27, 2018 in this proceeding (the "Settlement").

16 **Q. What is your recommendation?**

17 A. I recommend that the Commission approve the Settlement and authorize the proposed  
18 acquisition of Avista by Hydro One (the "Proposed Transaction"). With the commitments  
19 contained in the Settlement, Sierra Club believes that the Proposed Transaction will result  
20 in net benefits for Avista's Washington customers.

1 Many parties were involved in negotiating the Settlement. Each Party brought their own  
2 expertise and interests to the negotiating table to ensure that the Proposed Transaction  
3 will benefit customers. Sierra Club supported and advocated for many of the provisions  
4 included in the final agreement. In particular, Sierra Club supports the provisions of the  
5 Settlement related to the Colstrip coal plant in Montana.

6 The Settlement's treatment of Avista's depreciation schedule at Colstrip Units 3 and 4  
7 follows Puget Sound Energy's progress in its last rate case. Advancing the estimated  
8 depreciation date for Colstrip will provide to Avista customers the enormous economic,  
9 environmental and equity benefits related to the future of the Colstrip coal plant that  
10 Puget Sound Energy implemented last year. The Colstrip provisions in the Settlement  
11 follow the model established in UE-170033 to advance the scheduled depreciation date  
12 for Colstrip Units 3 and 4 to December 31, 2027. The Settlement balances  
13 intergenerational inequity, offers fair recovery to Avista for past capital expenditures, and  
14 provides funding to the Colstrip community to begin the process to move away from coal  
15 generation.

16 **II. Summary of Sierra Club Position**

17 **Q. Please summarize Sierra Club's participation in this proceeding.**

18 A. Sierra Club intervened in this proceeding primarily out of a concern that the proposed  
19 ownership by Hydro One could impede the regulatory steps necessary to continue the  
20 transition away from reliance on coal power in Washington. Sierra Club has advocated

1 for several years that Avista plan a transition away from Colstrip, which is one of the  
2 largest and most environmentally damaging coal plants in the Western United States.  
3 However, rather than exacerbating those risks, Sierra Club found Hydro One willing to  
4 make reasonable efforts to acknowledge the challenges facing coal and begin to plan  
5 accordingly. While the Settlement does not dictate any specific closing date at Colstrip  
6 Units 3 and 4, it adopts certain measures that will mitigate the risk Avista's customers  
7 face for potential stranded assets and environmental liabilities at Colstrip. Hydro One  
8 also showed a willingness to provide support to the Colstrip community as it transitions  
9 away from coal power.

10 Taken together, the commitments made in the Settlement will ensure that the Proposed  
11 Transaction provides net benefits to Washington customers. The Settlement takes  
12 concrete steps to ameliorate many of the outstanding risks facing customers associated  
13 with Colstrip.

14 **Q Why does Sierra Club support the Settlement?**

15 A. The following key Colstrip provisions are critical to Sierra Club's support for the  
16 Settlement (Commitment numbers noted in parentheses):

- 17 • (76) Accelerating the depreciation schedule for Colstrip Units 3 and 4 to December  
18 31, 2027 acknowledges a more realistic expectation for the remaining useful life of  
19 those units. While Sierra Club continues to believe that Units 3 and 4 are likely to  
20 close earlier than 2027, the stipulated depreciation schedule significantly reduces the  
21 magnitude of undepreciated plant balances that will be in Avista's rate base when  
22 those units retire. By accelerating the depreciation schedule from 2034/36 to 2027,  
23 Avista can now face the reality of the national and regional trends that make Colstrip  
24 uneconomic.

- 1           • (77) Hydro One and Avista are making a crucial and laudable step toward a fair and  
2 orderly transition for the Colstrip workers and community by setting aside \$3 million  
3 for transition with all of that money coming from Hydro One and/or Avista  
4 shareholders.
- 5           • (78) Avista and Hydro One agree to work with other Colstrip owners on a Colstrip  
6 Transmission Study. Additionally, the Settlement contains a commitment that Avista  
7 will develop a transition plan for its Colstrip transmission assets at least one year  
8 prior to the closure of Colstrip units 3 and 4 and to hold at least one workshop  
9 examining the transmission plan. Obtaining a commitment to immediately begin  
10 transmission-related studies promotes the goal of ensuring that the transmission lines  
11 utilized for Colstrip generation remain fully utilized as Colstrip generation drops off.  
12 These transmission assets are currently paid for by Washington ratepayers. These  
13 transmission lines also offer the opportunity to bring generation from Montana wind  
14 to Washington, a renewable resource that would help further the state's clean energy  
15 goals and complement Washington's renewable resource.
- 16

17 **Q. Is Sierra Club's support based on additional commitments in the settlement?**

18 A. Yes, Sierra Club is a strong advocate for provisions of the Settlement that will promote  
19 equity, and we believe that elements of the Settlement specifically addressing low-  
20 income populations are a critical component.

21 **Q. What specific elements of the settlement are you referring to?**

22 A. Specifically, Sierra Club calls attention to the following items in the Settlement that  
23 provide significant benefit to low-income households in Avista service territory:

- 24           • (19) Rate Credits: Avista and Hydro One are proposing to flow through to Avista's  
25 retail customers in Washington a Rate Credit of approximately \$30.7 million over a  
26 5-year period, beginning at the time the merger closes.
- 27           • (67) Funding for Low-Income Participation in New Renewables: Hydro One will  
28 arrange funding totaling \$5,000,000 over a period of up to ten (10) years for the  
29 purpose of funding one or more renewable generation project(s) to benefit Avista's  
30 low-income customers.

- 1 • (69) Replacement of Manufactured Homes: Hydro One will arrange funding of  
2 \$2,000,000 over a 10-year period in Washington to replace manufactured homes.
- 3 • (70) Low Income Weatherization: Avista commits and Hydro One agrees that Avista  
4 commits, to continue Avista's existing weatherization programs, described in  
5 Schedules 90 and 190. Hydro One will arrange funding of \$4,000,000 over 10 years  
6 to fund low income weatherization in Washington. This funding is over and above  
7 existing funding for low-income weatherization.

8 **Q. Are there additional commitments that lead Sierra Club to support the Settlement?**

9 A. Yes. The following additional provisions are important for equity and environmental  
10 concerns and will provide a net benefit to ratepayers:

- 11 • (53) In addition to complying with all applicable state laws concerning renewable  
12 resources, under the proposed Settlement, Avista commits to enhance its commitment  
13 to renewable resources by initiating a Request for Proposal with the intent of  
14 acquiring additional eligible renewable energy resources above and beyond the  
15 current renewable energy standards in law, provided the resources are reasonably  
16 commercially available and are (1) necessary to meet load and (2) consistent with the  
17 lowest reasonable cost resource portfolio pursuant to Avista's established IRP and  
18 pursuant to the Commission's resource evaluation and acquisition rules and policies.  
19 Avista commits to obtain approximately 50 aMW of expected energy from new  
20 eligible renewable resources by 2022. And, Avista commits to obtain at least 90  
21 aMW of expected energy from new eligible renewables resources to become  
22 operational approximately within a year of the timeframe that Colstrip 3 and 4 go  
23 offline. These commitments help ensure that substantial progress will be made in  
24 ensuring clean energy meets near term power needs and that renewable energy is used  
25 to replace coal power generation once these generating resources retire.
- 26 • (55) Avista commits to modeling a range of potential costs for greenhouse gas  
27 emissions, and to work with its IRP Advisory Group to determine the appropriate  
28 values to model. This is a step in the right direction for taking responsibility for the  
29 full costs of the greenhouse gas emissions associated with fossil fuel generation.
- 30 • (62) Avista agrees to expand access to transportation electrification for all customers,  
31 and specifically to increasing outreach and education for all customers. Even more  
32 importantly, Avista agrees to take action to address historic levels of low participation  
33 among low-income customers and increase program components that serve these  
34 customers with a goal of 30% of EVSE program funds dedicated to projects that serve  
35 low-income customers. Additionally, Avista agrees to overcoming barriers for small



1 business participation in EVSE programs. These commitments further both the  
2 Washington State greenhouse gas reduction goals and efforts to reduce total energy  
3 cost burdens for customers.

- 4 • (63) An agreement to provide \$600,000 for at least 2,000 home energy audits for  
5 residential customers.

6 **III. Recommendations**

7 **Q. What are your recommendations?**

8 A. The Commission should accept the Settlement Agreement and approve the Proposed  
9 Transaction.

10 **Q. Does this conclude your testimony?**

11 A. Yes.