

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. U-17_____

DIRECT TESTIMONY OF

KEVIN J. CHRISTIE

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Kevin J. Christie and I am employed as the Vice President of Customer Solutions for Avista Utilities (“Avista”) at 1411 East Mission Avenue, Spokane, Washington.

Q. Would you briefly describe your educational background and professional experience?

A. Yes. I graduated from Washington State University with a Bachelor’s Degree in Business Administration with an accounting emphasis. I have also attended the University of Idaho Utility Executive Course and the Finance for Senior Executives program at Harvard Business School.

I joined the Company in 2005 as the Manager of Natural Gas Planning. In 2007, I was appointed the Director of Gas Supply, then in 2012 I was appointed as the Senior Director of Finance. In 2014 I was appointed to Senior Director of Customer Solutions and in 2015 I was appointed to my current position of Vice President of Customer Solutions.

Prior to joining Avista, I was employed by Gas Transmission Northwest (GTN). I was employed by GTN from 2001 to 2005 and was the Director of Pipeline Marketing and Development from 2003 to 2005 and the Director of Pricing and Business Analysis from 2001 to 2003. From 2000 to 2001, I was employed by PG&E Corporation (PG&E) as the Manager of Finance and Assistant to the SVP, Treasurer and CFO. Before joining PG&E, I was employed by Pacific Gas Transmission Company (PGT) from 1994 to 2000. While at PGT, I held several positions including Manager, Pricing and Business Analysis and, Director of Regulatory Affairs.

1 **Q. What is the scope of your testimony?**

2 A. I will provide an overview of the Company’s Customer Solutions organization,
 3 our Customer Service and support programs, and what we are doing to meet our evolving
 4 customer expectations. I will also explain certain commitments proposed by Avista and Hydro
 5 One (hereafter jointly referred to as “Joint Applicants”) as part of the companies’ request for
 6 approval of the Proposed Transaction. I will explain why this Proposed Transaction will
 7 provide the opportunity to preserve and enhance customer service; and in that regard Hydro
 8 One stands behind Avista to maintain and improve customer service.

9 A table of the contents for my testimony is as follows:

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15

16 **Q. Are you sponsoring any exhibits with your testimony?**

17 A. Yes. Exh. KJC-2 includes Avista’s 2016 calendar-year report related to its
 18 “Service Quality Measures Program.”

19

20 **II. OVERVIEW OF AVISTA’S CUSTOMER SOLUTIONS OPERATIONS**

21 **Q. Before discussing the specifics of the Proposed Transaction, and how the**
 22 **Transaction will affect Avista, please provide a brief overview of Avista’s current**
 23 **Customer Solutions operations.**

1 A. Avista’s Customer Solutions organization is comprised of customer-facing
2 departments – i.e., those that work directly with our customers. Our organization supports the
3 Company’s 378,000 electric and 342,000 natural gas customers (as of June 30, 2017) of
4 which, 248,000 and 160,000 respectively, were Washington customers. Our team is
5 committed to anticipating, developing, and implementing innovative and engaging solutions
6 that meet our customers’ needs and expectations. In addition, we are continually monitoring
7 trends in the utility industry in order to be proactive in providing our customers with solutions
8 they may be interested in. Lastly, we have renewed and enhanced our emphasis in creating a
9 feedback loop with our customers. For example, we have been testing self-service technology
10 with customers, have used a social media panel for testing ideas, as well as surveying
11 customers on programs they have participated in, like our small business energy efficiency
12 program and natural gas line extension allowance program.

13 **Q. Please provide an overview of the departments within the Customer**
14 **Solutions organization that interact with Avista’s customers.**

15 A. The following are the primary departments that interact with our customers:

16 **Customer Service:** The Customer Service department is the primary interface
17 between the Company and its customers, including areas such as meter reading,
18 billing, and the call center.

19 **Community Outreach and Energy Assistance:** The Community Outreach and
20 Energy Assistance department is responsible for delivering and administering energy
21 assistance programs that reduce the energy burden for our low income and vulnerable
22 customers. In addition, the department is responsible for offering energy conservation
23 and education to low-income customers.
24

25 **Energy Efficiency:** The Energy Efficiency department is responsible for delivering
26 the Company’s electric and natural gas energy efficiency programs. Its primary goal
27 is to meet or exceed the annual kWh and therm savings goals in both the Company’s
28 Washington and Idaho jurisdictions. Our natural gas energy efficiency programs in
29 Oregon are delivered by the Energy Trust of Oregon (ETO). In addition to delivering
30

1 programs to reach the Company's savings goals, the Energy Efficiency department
 2 also provides tools and education to help customers control their energy costs and
 3 reduce their energy "footprint."
 4

5 **External Communications:** The External Communications department is
 6 responsible for customer communications and for the Company's external facing
 7 technologies, which include the Company's website and mobile applications.
 8

9 **Products and Services:** The Products and Services department is responsible for
 10 delivering new products and services that our customers desire. Through engagement
 11 and customer research, the department is focused on delivering solutions that meet our
 12 customers' evolving needs and expectations.
 13

14 All of these departments and the roles they serve will remain in place following the
 15 closing of the Proposed Transactions and, as I will explain later in my testimony, following
 16 the closing of the Proposed Transaction Avista will have increased opportunities and resources
 17 to serve our customers and our local communities.

18 III. CUSTOMER SERVICE AND SUPPORT PROGRAMS

19
 20 **Q. Please describe Avista's Customer Service department.**

21 A. Avista's Customer Service department is the primary interface between the
 22 Company and its customers and includes Meter Reading, Billing, Credit and Collections, and
 23 the Call Center. In 2016, the Call Center answered 726,644 calls and fielded 66,124 emails
 24 and electronic communications from customers across the Company's three jurisdictions:
 25 Washington, Idaho, and Oregon.¹

26 Avista has service centers located in Spokane, Washington; Coeur d'Alene, Idaho; and
 27 Lewiston, Idaho that are networked together to operate as a single Call Center supporting

¹ The Call Center and many of our other customer support programs also serve our approximately 30 retail electric customers in Western Montana. Avista's electric service in Juneau, Alaska, through Alaska Electric Light and Power Company (AEL&P), operates independently of Avista Utilities. Customer service is provided by AEL&P employees in Juneau, Alaska.

1 Avista's customers. Each employee is trained in their role to work with customer accounts or
2 take phone calls from customers in all three of the Company's jurisdictions. All customer
3 phone calls come in through a single number, 1-800-227-9187, and are answered by the next
4 available representative, regardless of where the customer is located.

5 Our Voice of the Customer (VOC) results for the first quarter in 2017 show that 95%
6 of our customers in our Washington, Idaho, and Oregon operating divisions that had contact
7 with Avista's Call Center were satisfied or very satisfied with the service they received.

8 **Q. What customer support programs does Avista provide for its customers**
9 **in Washington?**

10 A. Avista offers a number of programs for its Washington customers, such as the
11 Low-Income Rate Assistance Program (LIRAP), Project Share for emergency assistance to
12 customers, a Customer Assistance Referral and Evaluation Service (CARES) program, senior
13 programs, level pay plans, and payment arrangements. Through these programs, the Company
14 works to ease the burden of energy costs for customers that have the greatest need.

15 To assist our customers in their ability to pay, the Company focuses on actions and
16 programs in four primary areas: 1) advocacy for, and support of, assistance programs
17 providing direct financial assistance for payment of customers' energy bills; 2) low income
18 and senior outreach programs; 3) energy efficiency and energy conservation education; and
19 4) support of community programs that increase customers' ability to pay basic costs of living.

20 **Q. What is the Company's Low Income Rate Assistance Program, or**
21 **LIRAP?**

22 A. The Company's LIRAP program approved by the Commission in 2001 collects
23 funding through electric and natural gas tariffs on Schedules 92 and 192, respectively. These

1 funds are distributed by Community Action Agencies (CAA's) in a manner similar to the
2 federal and state-sponsored Low Income Home Energy Assistance Program (LIHEAP)².
3 LIRAP, like LIHEAP, can help a household avoid having its utilities shut off or help re-
4 establish service, and can also help pay ongoing energy costs. Avista is committed to reducing
5 the burden of energy costs for our customers most affected by rising energy prices, including
6 low income individuals and families, seniors, disabled and vulnerable customers.

7 **Q. Please briefly describe Project Share.**

8 A. Project Share is a community-funded program Avista sponsors to provide one-
9 time emergency support to families and/or individuals where Avista provides service. Avista
10 customers and shareholders help support the fund with voluntary contributions that are
11 distributed through local community action agencies to customers in need. Grants are
12 available to those in need, without regard to their heating source, and the recipients are not
13 required to be Avista electric or natural gas customers.

14 **Q. What other tools does the Company offer to assist customers in managing**
15 **their bills?**

16 A. In addition to the bill assistance available through LIHEAP, LIRAP, and
17 Project Share, the Company offers many billing options to make it easier for customers to
18 manage their bills. Choices available to customers include Comfort Level Billing³, flexible

² LIHEAP is a federal program established in 1981 and funded annually by Congress. These federal dollars are released directly to states, territories, tribes and the District of Columbia who use the funds to provide energy assistance to low-income households. LIHEAP offers financial assistance to qualifying low-income households to help them pay their home heating or cooling bills. Under federal law, a household must have income below either 150 percent of the federal poverty level or 60 percent of state median income level, whichever is higher. However, states can set lower income thresholds if they choose.

³ Comfort Level Billing (CLB) is a "payment plan" designed to average the bills over 12 months. It levels out the seasonal highs and lows to one level payment all year. It is based on the previous 12 months of billed usage.

1 payment plans or arrangements, and preferred due dates. One of the goals of our Customer
2 Service department is to provide tools and options to customers to help them manage their
3 bills before they face a financial hardship or crisis.

4 By accessing their account online, customers can utilize our Bill Analyzer tool, which
5 helps them compare their usage to prior months or years, as well as understand the key driving
6 factors in any usage increases, such as weather, billing days, rate changes, and increased or
7 decreased usage. Customers can also access our Home Energy Analyzer tool, and complete a
8 survey about their specific usage to help fine tune suggestions for energy savings and
9 management.

10 **Q. Please summarize Avista's Customer Assistance Referral and Evaluation**
11 **Services (CARES) program.**

12 A. In Washington, Avista is currently working with 1,957 special needs customers
13 in the CARES program. Specially-trained representatives provide referrals to area agencies
14 and churches for customers with special needs for help with housing, utilities, medical
15 assistance, etc. One of the benefits we have in utilizing CARES representatives is the ability
16 to evaluate each customer, based on their specific need, and to educate them on what
17 assistance is available within the community. A goal of the program is to enable customers
18 to manage not only their Avista bill, but other bills and needs as well.

19 **Q. Does the Company perform any other outreach to its customers?**

20 A. Yes. The following are examples of outreach programs that are available to
21 customers:

22

- 1 **1. Senior and Low-Income Outreach:** Avista has developed specific outreach
 2 efforts to reach our more vulnerable fixed and low-income customers (with special
 3 emphasis on seniors and disabled customers) with bill payment assistance and
 4 energy efficiency information that emphasizes comfort and safety. Avista
 5 accomplishes this outreach mainly through Energy Workshops. During 2016, 22
 6 workshops were conducted reaching nearly 619 seniors and low-income
 7 individuals. All workshop participants were given Home Energy Efficiency kits
 8 along with tips for low-cost/no-cost ways to manage energy use. Each kit contains
 9 energy-saving items such as LED light bulbs, plastic window covering, draft
 10 stoppers for exterior light switches and outlets, v-seal for drafty doors and a polar
 11 fleece lap blanket. The Company also conducts general outreach in partnership
 12 with organizations that are in contact with vulnerable individuals through resource
 13 fairs or in-home services. General outreach partnerships reached 5,563 individuals
 14 through 37 activities. Through all of these venues, individuals are provided with
 15 information to effectively manage their home energy use and the Company's bill
 16 assistance programs.
- 17
- 18 **2. Senior Publications:** Avista has created a one-page advertisement that has been
 19 placed in senior resource directories and targeted senior publications to reach
 20 seniors with information about bill payment options, Avista CARES and energy
 21 assistance.
- 22
- 23 **3. Energy Fairs:** In 2016, Avista hosted three energy fairs in Washington which
 24 reached approximately 835 customers. These outreach events provided
 25 information and demonstrations on energy assistance, energy efficiency and home
 26 weatherization to limited income families and senior citizens as well as provided
 27 an environment for customers to learn about bill payment options and energy
 28 assistance, while offering them tips and tools to use to help manage their limited
 29 financial resources.
- 30

IV. JOINT APPLICANTS' COMMITMENTS

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33 **Q. Have Avista and Hydro One offered commitments, as part of their request**
 34 **for approval of the Proposed Transaction, to ensure that Avista's customer service and**
 35 **customer support is preserved and improved following the closing of the transaction?**

36 A. Yes. As I have explained in my testimony above, Avista has in place many
 37 programs and services designed to provide a high level of customer service, customer
 38 satisfaction, and support for our customers. Avista and Hydro One are offering a number of

1 commitments to ensure that Avista’s customer service, reliability, and other aspects of the
2 way Avista currently does business, is preserved and enhanced following the closing of the
3 transaction.

4 I am sponsoring Commitment Nos. 9-15 (Local Presence/Community Involvement
5 Commitments), 47-52 (Environmental, Renewable Energy, and Energy Efficiency
6 Commitments), and 53-55 (Community and Low-Income Assistance Commitments).

7
8 **Local Presence/Community Involvement**

9 **Q. For Commitment No. 9, “Avista’s Headquarters”, what have the Joint**
10 **Applicants committed to as a part of this transaction?**

11 A. Through Commitment No. 9, which is governed by the Delegation of Authority
12 in Exhibit B to the Merger Agreement, Avista will maintain (a) its headquarters in Spokane,
13 Washington; (b) Avista’s office locations in each of its other service territories; and (c) no less
14 of a significant presence in the immediate location of each of such office locations than what
15 Avista and its subsidiaries maintained immediately prior to completion of the Proposed
16 Transaction.

17 **Q. For Commitment No. 10, “Local Staffing”, what have the Joint Applicants**
18 **committed to as a part of this transaction?**

19 A. Through Commitment No. 10, which is governed by the Delegation of
20 Authority in the Merger Agreement, Avista will maintain its staffing and presence in the
21 communities in which Avista operates at levels sufficient to maintain the provision of safe
22 and reliable service and cost-effective operations and consistent with pre-acquisition levels.

1 **Q. For Commitment No. 11, “Community Contributions”, what have the**
2 **Joint Applicants committed to as a part of this transaction?**

3 A. Through Commitment No. 11, which is governed by the Delegation of
4 Authority in the Merger Agreement, Avista will maintain a \$4,000,000 annual budget for
5 charitable contributions (funded by both Avista and the Avista Foundation). This is an
6 increase from Avista’s average annual contributions in recent years of approximately \$2.5
7 million per year. In addition, a \$2.0 million annual contribution will be made to the Avista
8 Foundation.⁴ The Avista Foundation provides funding to non-profit organizations addressing
9 the needs of communities and citizens served by Avista and AEL&P. The Avista Foundation
10 also includes a matching gifts program for employees of Avista and AEL&P.

11 **Q. For Commitment No. 12, “Community Involvement”, what have the Joint**
12 **Applicants committed to as a part of this transaction?**

13 A. Through Commitment No. 12, which is governed by the Delegation of
14 Authority in the Merger Agreement, Avista will maintain at least Avista’s existing levels of
15 community involvement and support initiatives in its service territories.

16 **Q. For Commitment No. 13, “Economic Development”, what have the Joint**
17 **Applicants committed to as a part of this transaction?**

18 A. Through Commitment No. 13, which is governed by the Delegation of
19 Authority in the Merger Agreement, Avista will maintain at least Avista’s existing levels of
20 economic development, including the ability of Avista to spend operations and maintenance

⁴ The Avista Foundation was formed by Avista Corporation exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986. The Avista Foundation is overseen by an independent Board of Directors which manages the affairs, property and interests of the Foundation.

1 funds⁵ to support regional economic development and related strategic opportunities in a
2 manner consistent with Avista’s past practices.

3 **Q. For Commitment No. 14, “Membership Organizations”, what have the**
4 **Joint Applicants committed to as a part of this transaction?**

5 A. Through Commitment No. 14, which is governed by the Delegation of
6 Authority in the Merger Agreement, Avista will maintain the dues paid by it to various
7 industry trade groups and membership organizations. These costs will continue to be
8 accounted for consistent with past practice. Under Avista’s current Regulatory Accounting
9 Guidelines, a portion of these dues are included in retail rates, and the remainder is recorded
10 “below-the-line” to a nonoperating account.

11 **Q. For Commitment No. 15, “Safety and Reliability Standards and Service**
12 **Quality Measures”, what have the Joint Applicants committed to as a part of this**
13 **transaction?**

14 A. Through Commitment No. 15, which is governed by the Delegation of
15 Authority in the Merger Agreement, Avista will maintain Avista’s safety and reliability
16 standards and policies and service quality measures in a manner that is substantially
17 comparable to, or better than, those currently maintained.

18 **Q. What Quality of Service Indices are currently in place in Washington?**

19 A. In early 2015, Avista engaged Commission Staff and representatives of the
20 Public Counsel Unit of the Washington Office of the Attorney General and the Energy Project
21 to develop a set of service quality measures that would be reported to the Commission

⁵ Operations and maintenance funds dedicated to economic development and non-utility strategic opportunities will be recorded “below-the-line” to a nonoperating account.

1 annually. Avista’s “Service Quality Measures Program,”⁶ includes: 1) six individual measures
2 of the level of customer service and satisfaction that the Company must achieve each year; 2)
3 the requirement to report on two measures of its electric system reliability; and 3) seven
4 individual service measures where Avista will provide customers a payment or bill credit in
5 the event it does not deliver the required service level (“customer guarantees”).

6 Avista’s one-page summary report for calendar-year 2016 is attached as Exh. KJC-2.
7 The report shows that Avista achieved all of its customer service benchmarks for the year.

8 **Q. What do these and other commitments suggest by way of Avista’s Local**
9 **Presence and Community Involvement following the closing of the Proposed**
10 **Transaction?**

11 A. Following the closing, the communities Avista serves will see increased
12 charitable contributions and a continuation of the strong support Avista provides in economic
13 development and innovation, which will result in benefits to the customers and the
14 communities Avista serves. They will see little or no change in the day to day operations of
15 Avista, as compared to Avista’s operations prior to the transaction. The Company will
16 continue to operate under the same Avista name. Provisions of the Merger Agreement are
17 designed to ensure that Avista’s culture and its way of doing business will continue for the
18 long-term.

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⁶ Docket Nos. UE-140188 and UG-140189.

1 **Environmental, Renewable Energy, and Energy Efficiency**

2 **Q. For Commitment No. 47, “Renewable Portfolio Standard Requirements”,**
 3 **what have the Joint Applicants committed to as a part of this transaction?**

4 A. Hydro One acknowledges Avista’s obligations under applicable renewable
 5 portfolio standards, and Avista will continue to comply with such obligations.

6 The Energy Independence Act (EIA)⁷ established a Renewable Portfolio Standard
 7 (RPS) that requires electric utilities to obtain certain percentages of their electricity from
 8 eligible renewable resources. The Commission enforces compliance with the EIA by investor-
 9 owned utilities.⁸ In its Order 01, in Docket No. UE-170682 the Commission acknowledged
 10 Avista has identified eligible renewable resources sufficient to supply at least nine percent⁹ of
 11 its load for 2017, and that the Company has complied with its current RPS reporting
 12 requirements.

13 **Q. For Commitment No. 48, “Renewable Energy Resources”, what have the**
 14 **Joint Applicants committed to as a part of this transaction?**

15 A. Avista will acquire all renewable energy resources required by law and such
 16 other renewable energy resources as may from time to time be deemed advisable in
 17 accordance with Avista’s integrated resource planning process and applicable regulations.

18 The Company continues to support renewable energy resources. Avista’s community
 19 solar project built on land the Company owns in Spokane Valley, Washington, went into
 20 service in 2015. Customers who elected to participate in the project were asked to make an

⁷ Chapter 19.285 RCW.

⁸ RCW 19.285.060(6).

⁹ WAC 480-109-200(1)(b).

1 upfront contribution equal to their portion of the overall project costs, including both initial
2 costs and ongoing costs, such as operation, maintenance, administrative, etc., that will be
3 incurred throughout the life of the program. This community solar program was open to both
4 residential and non-residential customers in Washington and participation was voluntary. The
5 project consists of a total of 1,512 panels and has a total generating capability of 423 kilowatts,
6 or a little less than one-half megawatt.¹⁰ The project is fully subscribed. Customers are
7 receiving a credit on their monthly bills based on the actual generation from the panels. The
8 project has provided the opportunity for Washington customers to participate directly in solar
9 generation, without having the solar equipment at their premise. Through July 2017,
10 customers have received approximately \$760 in credits per panel, which is 12.7% above
11 expectations.

12 **Q. For Commitment No. 49, “Greenhouse Gas and Carbon Initiative”, what**
13 **have the Joint Applicants committed to as a part of this transaction?**

14 A. Hydro One acknowledges Avista’s Greenhouse Gas and Carbon Initiatives
15 contained in its current Integrated Resource Plan, and Avista will continue to work with
16 interested parties on such initiatives.

17 **Q. For Commitment No. 50, “Green House Gas Inventory Report”, what**
18 **have the Joint Applicants committed to as a part of this transaction?**

19 A. Avista will report greenhouse gas emissions as required. Avista began
20 reporting greenhouse gas inventories to the Oregon Department of Ecology and the
21 Environmental Protection Agency in 2011, and the Washington Department of Ecology in

¹⁰ Avista built the size of the community solar array to the maximum size allowed per WAC 458-20-273 to be eligible for customers to receive the Washington Renewable Generation Incentive.

1 2012. Avista will continue to submit data for these inventories. Greenhouse gas emissions
2 have and will continue to also be reported to customers through the annual Shared Value
3 Report.

4 **Q. For Commitment No. 51, “Efficiency Goals and Objectives”, what have**
5 **the Joint Applicants committed to as a part of this transaction?**

6 A. Hydro One acknowledges Avista’s energy efficiency goals and objectives set
7 forth in Avista’s 2017 Integrated Resource Plan and other plans, and Avista will continue its
8 ongoing collaborative efforts to expand and enhance them.

9 Avista has continuously offered energy efficiency services since 1978. This is the
10 twenty-third year of the Demand Side Management (DSM) tariff rider, a distribution charge
11 to fund DSM that is now replicated in many other states. The Company’s programs are based
12 on providing a financial incentive, or “rebate,” for cost-effective efficiency measures with a
13 simple payback less than fifteen years. This includes approximately 300 measures that are
14 packaged into about 30 programs for customer convenience. The Company’s programs are
15 delivered across a full customer spectrum. Virtually all customers have had the opportunity
16 to participate and many have directly benefited from the program offerings. All customers
17 have benefited through enhanced resource cost-efficiencies as a result of this portfolio
18 approach.

19 The EIA also requires electric utilities, in Washington State with 25,000 or more
20 customers to set and meet energy conservation targets. Under RCW 19.285.040(1)(b), each
21 utility must establish a biennial acquisition target for cost-effective conservation, and must
22 meet that target during the subsequent two-year period.

1 **Q. For Commitment No. 52, “Optional Renewable Power Rate”, what have**
2 **the Joint Applicants committed to as a part of this transaction?**

3 A. Avista will continue to offer renewable power programs in consultation with
4 stakeholders. Customers may apply for interconnection with the Company and receive
5 certification of their renewable energy system through a Program Administrator.¹¹ Upon
6 approval of completion of installation of a qualifying renewable energy system and meeting
7 interconnection standards, the customer’s generation will be interconnected and measured by
8 the Company. Generation incentive payments are based on a fiscal year of July 1st of one year
9 through June 30th of the following year. Incentive payments are made to eligible customers,
10 as determined by the Program Administrator.

11 **Community and Low-Income Assistance Commitments**

12 **Q. For Commitment No. 53, “Community Contributions”, what have the**
13 **Joint Applicants committed to as a part of this transaction?**

14 A. A one-time \$7,000,000 initial contribution to Avista’s charitable foundation
15 (Avista Foundation) will be made at or promptly following closing. This represents a
16 significant increase to the Foundation. This contribution will increase the balance from the
17 current level of approximately \$9.2 million to \$16.2 million. In addition, as indicated earlier,
18 following the closing of the Proposed Transaction, there will be a \$2.0 million annual
19 contribution to the Avista Foundation. As I explained earlier, the Avista Foundation is a
20 community investment program of Avista, which provides funding to non-profit organizations
21 addressing the needs of communities and citizens served by Avista.

¹¹ The Company’s Program Administrator is the Washington State University Extension Energy Program.

1 **Q. For Commitment No. 54, “Low-Income Energy Efficiency Funding”, what**
2 **have the Joint Applicants committed to as a part of this transaction?**

3 A. Avista will continue to work with its advisory groups on the appropriate level
4 of funding for low income energy efficiency programs.

5 **Q. For Commitment No. 55, “Addressing Other Low-Income Customer**
6 **Issues”, what have the Joint Applicants committed to as a part of this transaction?**

7 A. Avista will continue to work with low-income agencies to address other issues
8 of low-income customers, including funding for bill payment assistance. As noted earlier in
9 my testimony, Avista has a Low Income Rate Assistance Program, also known as LIRAP. In
10 the Company’s 2015 general rate case¹², the Commission approved a five-year plan to increase
11 LIRAP funding by 7 percent per year, or twice the percentage increase in base rates, whichever
12 is greater. This funding plan authorizes multi-year funding increases for LIRAP, but did not
13 change any LIRAP programs or the way that LIRAP funds are administered. These annual
14 increases are communicated to the agencies by May of each year, and the funding increases
15 are effective October 1st of each year.

16 **Q. Please briefly summarize why this merger is a good thing for Avista**
17 **customers, particularly with regard to the commitments you have sponsored.**

18 A. The proposed merger is designed such that following the closing there will be
19 little to no change in the operations of Avista, and customers will see benefits that otherwise
20 would not occur. The transaction is not designed to target the elimination of jobs, or cost
21 cutting that may lead to a deterioration of customer service, customer satisfaction, safety,

¹² Dockets UE-150204 and UG-150205 Order No. 05 Issued by the Commission on January 6, 2016.

1 reliability, or a deterioration of charitable giving, economic development or innovation in the
2 communities Avista serves. As discussed by Avista Witnesses Mr. Thies and Mr. Ehrbar,
3 Avista and Hydro One are proposing to flow through to Avista's retail electric and natural gas
4 customers in Washington, Idaho and Oregon a financial benefit of at least \$31.5 million over
5 a 10-year period, beginning at the time of the merger closing. Moreover, as discussed by
6 Avista Witness Mr. Morris, customers will see additional benefits over time associated with
7 scale and collaboration, while avoiding the risk of a potential subsequent acquisition by
8 another party that may not share Avista's culture and values. The communities Avista serves
9 will see increased charitable contributions and a continuation of the strong support Avista
10 provides in economic development and innovation. Avista and Hydro One employees will
11 see increased opportunities as the two companies pursue efficiencies and innovation through
12 the sharing of technology, best practices and business processes.

13 **Q. Does this conclude your pre-filed direct testimony?**

14 A. Yes.