BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant,

v.

AVISTA CORPORATION, Respondent.

In the Matter of the Electric Service Reliability Reporting Plan of

AVISTA CORPORATION.

DOCKETS UE-220053, UG-220054 and UE-210854 (consolidated)

TESTIMONY OF BRADLEY T. CEBULKO
ON BEHALF OF THE ENERGY PROJECT
IN SUPPORT OF THE FULL MULTIPARTY SETTLEMENT STIPULATION
EXHIBIT BTC-1T

July 08, 2022
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I. Introduction

Q. Please state your name and business address.
A. My name is Bradley Cebulko. I am a Manager at Strategen Consulting located at 10265 Rockingham Dr. Suite #100-4061, Sacramento, CA 95827.

Q. How long have you been employed by Strategen Consulting?
A. I have been employed by the Strategen since August 2021. Prior to joining Strategen, I served as a Senior Advisor for Energy Strategy at the Washington Utilities and Transportation Commission.

Q. Please state your educational and professional background.
A. At Strategen, I work with a range of clients on electric and natural gas utility regulatory issues including new regulatory business models, integrated resource planning, and gas decarbonization strategy. From 2016-2021, I was an Advisor to the commissioners of the Washington Utilities and Transportation Commission (UTC), where I led the commissioners’ review of major filings and adjudications, rulemakings, and integrated resource plans. From 2013-2016, I was an analyst with the UTC Commission Staff focused on electric and natural gas integrated resource planning (IRP), electric and natural gas energy efficiency programs, and new program design and implementation. I have a Master’s in Public Policy and Governance from the University of Washington and a Bachelor of Arts in Political Science from Colorado State University.

Q. Have you testified before the Washington Utilities and Transportation Commission?
A. Yes. I testified regarding Avista Corporation’s (Avista’s or Company’s) service quality and reliability metrics in 2014 and 2015, and in 2016 on Puget Sound Energy’s proposed appliance leasing program. I have also submitted prefilled testimony before the Minnesota Public Utilities Commission, Oregon Public Utilities Commission, and Michigan Public Service Commission.

Q. On whose behalf are you testifying?

A. I am testifying for The Energy Project (TEP), an intervenor in this proceeding. TEP represents low-income customers and vulnerable populations in Washington state, as well as the Community Action Partnership (CAP) agencies that provide low-income energy efficiency and bill payment assistance for customers in Avista’s service territory.

Q. Will you please summarize the purpose of your testimony?

A. The purpose of my testimony is to provide support for approval of the Settlement Stipulation and Agreement (Settlement) in this docket. My testimony focuses on the elements of the Settlement that impact low-income customers and vulnerable populations within Avista’s service territory and explains why TEP believes the Settlement is in the public interest. My testimony describes TEP’s analysis of the Settlement and associated issues; my testimony does not represent the position of other parties to the Settlement.

II. Performance Metrics

Q. Does this case address performance-based ratemaking?
A. Yes. For the first time since the passage of SB 5295 in 2021, Avista filed with the Commission a multi-year rate plan (MYRP) and proposed performance metrics to be used for determining the utility’s performance during the course of the MYRP.\(^2\) I was hired by The Energy Project to review Avista’s proposed performance metrics, targets, and performance incentives.

Q. Please describe what the parties agreed to for performance metrics in the Settlement?
A. The settling parties propose a portfolio of performance metrics that measure the utility’s performance across four regulatory goals: providing affordable service, providing equitable service, satisfying customer needs, and advancing societal outcomes. In total, the settling parties are recommending the Commission adopt 91 performance metrics. The settlement does not propose any targets or performance incentives associated with the metrics.

Q. Why is this settlement in the public interest?
A. Through this Settlement, Avista will begin collecting a robust data set on the utility’s performance from year to year that measures if the Company is providing energy service that is affordable, equitable, clean, and reliable. It is important to capture multiple metrics within each regulatory goal to determine if the utility is meeting the desired outcomes of the regulatory goals.

\(^2\) RCW 80.28.425(7).
In October 2021, the Commission opened docket U-210590 to develop a policy statement to provide clarity and certainty to stakeholders regarding alternatives to traditional cost of service ratemaking, including performance-based regulation. TEP believes that reporting the data agreed to in this Settlement will inform the Commission as it considers performance metrics, targets, and incentives in docket U-210590. Tracking this data will also allow the Commission, Avista, and other parties to determine if the utility’s service is improving or deteriorating, and if the Company needs to modify programs to address customer needs across each of the regulatory goals.

Q. Please elaborate on why, in your opinion, the metrics are classified under specific regulatory goals.

A. The purpose of identifying regulatory goals is to articulate what the Commission and stakeholders hope to achieve through performance-based ratemaking. Clearly defined goals help all parties define the outcomes they want to see from PBR. In docket U-210590, TEP recommended that the Commission adopt four regulatory goals:

1. Provide affordable service
2. Provide equitable service
3. Advance societal outcomes, and
4. Satisfy customer needs.

These four goals broadly capture the outcomes most important to customers and the state: that utility provision of energy is affordable, equitable, clean, and reliable.

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Q. Will you please discuss the importance of including affordability and equity metrics?

A. Yes. It is important to give the Commission a broad understanding of the impacts to customer bills and the drivers of those costs, with a particular focus on customers in highly impacted communities and vulnerable populations, including low-income customers. As is well understood at this point, economic pain, including inflation and rising energy bills, falls hardest on low-income residents and those experiencing a high level of energy burden.\(^4\) The Settlement includes metrics that identify and track customer bills, as well as the drivers of costs. Through CETA, the legislature found that the public interest also includes the equitable distribution of energy benefits and reductions of burdens to vulnerable populations and highly impacted communities.\(^5\) The Settlement includes variety of metrics concerning the equitable distribution of benefits and burdens.

Q. How will Avista report its performance?

A. The settlement provides that Avista will publish the results on its website, and maintain and make available to stakeholders the historical results. Avista will update the data quarterly or annually, as applicable, starting in calendar year 2023. Data will be updated within 45 days following the end of each quarter or year.

Q. Please explain why, in your opinion, the Settlement does not include

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\(^4\) See, e.g., Rachel Siegel and Andrew Van Dam, ‘Survival mode’: Inflation falls hardest on low-income Americans, Washington Post (Feb. 13, 2022), [https://wapo.st/3NIEpI7](https://wapo.st/3NIEpI7).

\(^5\) RCW 19.405.010(6).
performance targets or incentives.

A. TEP cautions against setting performance targets without sufficient historical data or deliberate discussion about the appropriate performance level. Similarly, it is inappropriate to set an incentive or incentives without sufficient consideration of the desired outcomes for performance-based ratemaking, the appropriate framework for setting incentives, and determining the total amount of money on the line for the utility. In docket U-210590, the Commission established a process for resolving each of those issues via policy statements in a reasonable timeframe. This settlement contributes to that effort by collecting data on a robust set of metrics that will inform the Commission when it comes time to set targets and benchmarks for a more limited set of metrics on a future scorecard, and financial penalties and incentives for the handful of metrics that will include an associated incentive mechanism.

III. Low-income

Q. Does TEP support any of the changes to proposed by Avista in its initial testimony concerning Low Income Rate Assistance Program (LIRAP) design?

A. Yes. TEP supports the overall program design put forward by Avista in which a five-tier bill discount program is paired with programs that address arrearages. TEP strongly supports the use of a five-tier bill discount program, where customers with the lowest incomes receive the largest bill discount in the first tier, customers with slightly higher incomes receive a slightly lower bill discounts in
the second tier, and so on. Similarly, TEP strongly supports the Past Due Payoff (PDP) program immediately forgiving past due balances for the customers with the lowest incomes, and the Arrearage Management Plan (AMP), which forgives past due balances for other low-income customers who sustain regular payments.

Taken together the five-tier bill discount program and PDP/AMP show promise as a cornerstone strategy to reduce household energy insecurity and retain access to essential utility service in Washington. TEP thanks Avista for collaborating with its Energy Assistance Advisory Group (EAAG) to design this program. This basic program design can serve as a model for providing bill assistance to low-income customers in Washington.

Q. Does TEP support other changes proposed by Avista in its initial testimony concerning LIRAP?

A. Yes. TEP supports continuing the Emergency Share Program grants, and removing the bill assistance programs’ budget cap in the context of the conditions included in this settlement. Some of the other changes proposed by Avista in its initial testimony require further development before they are mature enough for

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6 Bonfield, Exh. SJB-1T at 15:16-24 (Table No. 3 reproduced below).

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Discount</th>
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<tbody>
<tr>
<td>Zero to 5% FPL</td>
<td>94%</td>
</tr>
<tr>
<td>6 to 50% FPL</td>
<td>75%</td>
</tr>
<tr>
<td>51 to 100% FPL</td>
<td>35%</td>
</tr>
<tr>
<td>101 to 150% FPL</td>
<td>20%</td>
</tr>
<tr>
<td>151 to the greater of 200% FPL or 80% AMI</td>
<td>15%</td>
</tr>
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7 Bonfield, Exh. SJB-1T at 15:26-16:19.
8 Bonfield, Exh. SJB-1T at 16:4-6.
9 Bonfield, Exh. SJB-1T at 27:18-28:9; Settlement ¶ 24.
Q. What parts of the bill discount program does Avista agree to further develop with the EAAG in the Settlement?

A. To ensure a successful launch of the bill discount program in October 2023, Avista and its EEAG will further develop enrollment procedures, the use of self-attestations of income and audits instead of verifying 100 percent of participating customers’ income, how to manage the overlap between the Low Income Home Energy Assistance Program (LIHEAP) and the bill discount program, and CAP agencies’ administrative and program support budgets.10

Q. What process does the Settlement require for further development of the bill discount program?

A. As a part of the Settlement, Avista commits to consult and seek consensus with its EAAG concerning the identified program design and implementation issues. Avista’s EEAG includes Commission Staff, Public Counsel, and other stakeholders. Then, on July 1, 2023, Avista will make a subsequent filing to the Commission providing the outcome of discussions with the EEAG.11

Q. Is the July 1, 2023, filing date reasonable?

A. Yes, the July 1, 2023, filing date is reasonable because it provides time for stakeholders to review the filing and suggest improvements (if any), the Commission time to review comments and make decisions, and the CAP agencies and Avista to implement the changes necessary to serve customers by the October

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10 Settlement ¶ 24(a)-(b).
11 Settlement ¶ 24(a).
Q. Does the Settlement take steps to provide low-income customers access to renewable energy?

A. Yes, as a part of the Settlement, Avista agrees to work with its EAAG to identify at least one new renewable energy project, e.g., community solar, for the direct benefit of low-income customers. To implement this requirement, no later than December 1, 2023, Avista will file a work plan describing its plan to facilitate the development of a new renewable energy project(s), including the budget, funding sources, timeline, and community partners. This requirement is independent of and incremental to Avista’s CEIP condition #10.

Q. Who will fund the new renewable energy project or projects?

A. There are a variety of potential funding sources and the Settlement does not limit available funding sources to a specific list. Instead, the Settlement provides a non-exhaustive list of potential funding sources including Second Substitute House Bill 1814, the Company’s Named Communities Investment Fund, or LIRAP tariff Schedules 92 and 192. The Settlement does require that any funding from Schedules 92 and 192 must be directed to projects benefiting eligible low-income customers.

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12 Settlement ¶ 24(d).

13 Condition #10 reads: By December 1, 2022, in collaboration with its EAG and EAAG and per WAC 480-100-640(5)(a) and (c), Avista agrees to identify at least one specific action that will serve a designated subset of Named Communities, to be funded by the Named Communities Investment Fund, and to identify and track all CBIs relevant to this specific action. The location identified for the specific action will be at the granularity of the designated Named Communities subset.
Q. Does the Settlement make any changes to allow Avista’s low-income conservation program to serve more customers?

A. Yes, in two ways. The first is increasing low-income conservation funding to $4 million in 2023 and $4.25 million in 2024. Second, CAP agencies reported that they are sometimes unable to weatherize homes because of deferred maintenance or large repairs. The Settlement provides that the EEAG will develop a pilot program to overcome the inability to weatherize homes because of deferred maintenance or large repairs, e.g., by funding and/or performing the deferred maintenance or large repairs.

Q. Does the Settlement address Avista’s low-income conservation program rebate amounts?

A. Yes, the Settlement requires Avista to work with its EEAG to survey actual installed measure costs and adjust rebate amounts per survey findings, if warranted. With construction costs fluctuating in recent years, it is reasonable to complete a survey of actual measure costs. In addition, the Settling Parties agree to fully fund all low-income conservation measures based on the survey results.

IV. Distributional Equity Analysis

Q. What steps does the Settlement take to ensure that Avista’s capital planning practices promote equity?

A. The Settlement includes multiple requirements designed to ensure that Avista

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14 Settlement ¶ 24(e)(i).
15 Settlement ¶ 24(e)(ii).
16 Settlement ¶ 24(e)(iii).
modifies its capital planning practices to promote equity. Paragraphs 18 and 19 of
the Settlement describe these requirements.

Q. Does TEP support these requirements?
A. Yes, the Settlement establishes a process by which Avista can make changes to its
internal decision-making processes, with input from stakeholders, to promote
equity. To my knowledge, no other utility in Washington state has undertaken
such an effort. TEP thanks Avista for agreeing to these processes and hopes they
can produce meaningful changes.

V. Conclusion

Q. Does the Settlement promote equity?
A. Yes, as described above there are multiple provisions in the Settlement
specifically designed to assist low-income customers and vulnerable populations,
and otherwise promote equity. First, the Settlement paves the way for Avista to
implement a five-tier bill discount program and programs that address arrearages,
the combination of which shows promise as a cornerstone strategy to reduce
household energy insecurity and retain access to essential utility service in
Washington. Second, the Settlement requires Avista to file a work plan to
facilitate the development a renewable energy project for the direct benefit of
low-income customers. Third, the Settlement includes changes that will allow
Avista’s low-income conservation program to serve more customers. Fourth,
Avista agrees to track and report various metrics concerning affordability and
equity. And finally, Avista agrees to incorporate equity and a distributional equity
analysis into its capital planning processes.
1 Q. **What is TEP’s position on the Settlement?**

2 A. For the reasons described above, the settlement is in the public interest. TEP recommends that the Commission approve the Settlement in whole.

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

5 A. Yes.