

**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

TABLE OF CONTENTS

	Page
I. Introduction.....	1
II. Performance Metrics	3
III. Low-income	6
IV. Distributional Equity Analysis.....	10
V. Conclusion	11

I. Introduction

1 **Q. Please state your name and business address.**

2 A. My name is Bradley Cebulko. I am a Manager at Strategen Consulting located
3 at 10265 Rockingham Dr. Suite #100-4061, Sacramento, CA 95827.

4 **Q. How long have you been employed by Strategen Consulting?**

5 A. I have been employed by the Strategen since August 2021. Prior to joining
6 Strategen, I served as a Senior Advisor for Energy Strategy at the Washington
7 Utilities and Transportation Commission.

8 **Q. Please state your educational and professional background.**

9 A. At Strategen, I work with a range of clients on electric and natural gas utility
10 regulatory issues including new regulatory business models, integrated resource
11 planning, and gas decarbonization strategy.
12 From 2016-2021, I was an Advisor to the commissioners of the Washington
13 Utilities and Transportation Commission (UTC), where I led the commissioners'
14 review of major filings and adjudications, rulemakings, and integrated resource
15 plans. From 2013-2016, I was an analyst with the UTC Commission Staff focused
16 on electric and natural gas integrated resource planning (IRP), electric and natural
17 gas energy efficiency programs, and new program design and implementation.
18 I have a Master's in Public Policy and Governance from the University of
19 Washington and a Bachelor of Arts in Political Science from Colorado State
20 University.

21 **Q. Have you testified before the Washington Utilities and Transportation**
22 **Commission?**

1 A. Yes. I testified regarding Avista Corporation's (Avista's or Company's) service
2 quality and reliability metrics in 2014 and 2015, and in 2016 on Puget Sound
3 Energy's proposed appliance leasing program.¹ I have also submitted prefiled
4 testimony before the Minnesota Public Utilities Commission, Oregon Public
5 Utilities Commission, and Michigan Public Service Commission.

6 **Q. On whose behalf are you testifying?**

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

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

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

¹ See *Washington Utilities and Transportation Commission v. Avista Corporation*, Dkts. UE-140188 & UG-140189; *Washington Utilities and Transportation Commission v. Avista Corporation*, Dkts. UE-150204 & UG-150205; *Washington Utilities and Transportation Commission v. Puget Sound Energy*, Dkts. UE-151871 & UG-151872.

II. Performance Metrics

1 **Q. Does this case address performance-based ratemaking?**

2 A. Yes. For the first time since the passage of SB 5295 in 2021, Avista filed with the
3 Commission a multi-year rate plan (MYRP) and proposed performance metrics to
4 be used for determining the utility's performance during the course of the
5 MYRP.² I was hired by The Energy Project to review Avista's proposed
6 performance metrics, targets, and performance incentives.

7 **Q. Please describe what the parties agreed to for performance metrics in the**
8 **Settlement?**

9 A. The settling parties propose a portfolio of performance metrics that measure the
10 utility's performance across four regulatory goals: providing affordable service,
11 providing equitable service, satisfying customer needs, and advancing societal
12 outcomes. In total, the settling parties are recommending the Commission adopt
13 91 performance metrics. The settlement does not propose any targets or
14 performance incentives associated with the metrics.

15 **Q. Why is this settlement in the public interest?**

16 A. Through this Settlement, Avista will begin collecting a robust data set on the
17 utility's performance from year to year that measures if the Company is providing
18 energy service that is affordable, equitable, clean, and reliable. It is important to
19 capture multiple metrics within each regulatory goal to determine if the utility is
20 meeting the desired outcomes of the regulatory goals.

² RCW 80.28.425(7).

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

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

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

- 17 1. Provide affordable service
- 18 2. Provide equitable service
- 19 3. Advance societal outcomes, and
- 20 4. Satisfy customer needs.³

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

³ Dkt. U-210590, Second Comments of The Energy Project on Performance-Based Regulation in Washington, at 1-6 (June 13, 2022).

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

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

14 **Q. How will Avista report its performance?**

15 A. The settlement provides that Avista will publish the results on its website, and
16 maintain and make available to stakeholders the historical results. Avista will
17 update the data quarterly or annually, as applicable, starting in calendar year
18 2023. Data will be updated within 45 days following the end of each quarter or
19 year.

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

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>.

⁵ RCW 19.405.010(6).

1 **performance targets or incentives.**

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

III. Low-income

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

17 A. Yes. TEP supports the overall program design put forward by Avista in which a
18 five-tier bill discount program is paired with programs that address arrearages.
19 TEP strongly supports the use of a five-tier bill discount program, where
20 customers with the lowest incomes receive the largest bill discount in the first tier,
21 customers with slightly higher incomes receive a slightly lower bill discounts in

1 the second tier, and so on.⁶ Similarly, TEP strongly supports the Past Due Payoff
2 (PDP) program immediately forgiving past due balances for the customers with
3 the lowest incomes, and the Arrearage Management Plan (AMP), which forgives
4 past due balances for other low-income customers who sustain regular payments.⁷
5 Taken together the five-tier bill discount program and PDP/AMP show promise as
6 a cornerstone strategy to reduce household energy insecurity and retain access to
7 essential utility service in Washington. TEP thanks Avista for collaborating with
8 its Energy Assistance Advisory Group (EAAG) to design this program. This basic
9 program design can serve as a model for providing bill assistance to low-income
10 customers in Washington.

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

13 A. Yes. TEP supports continuing the Emergency Share Program grants,⁸ and
14 removing the bill assistance programs' budget cap in the context of the conditions
15 included in this settlement.⁹ Some of the other changes proposed by Avista in its
16 initial testimony require further development before they are mature enough for

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

Income Range	Discount
Zero to 5% FPL	94%
6 to 50% FPL	75%
51 to 100% FPL	35%
101 to 150% FPL	20%
151 to the greater of 200% FPL or 80% AMI	15%

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.

1 implementation.

2 **Q. What parts of the bill discount program does Avista agree to further develop**
3 **with the EAAG in the Settlement?**

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

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

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

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

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

¹⁰ Settlement ¶ 24(a)-(b).

¹¹ Settlement ¶ 24(a).

1 1, 2023, start date for the new programs.

2 **Q. Does the Settlement take steps to provide low-income customers access to**
3 **renewable energy?**

4 A. Yes, as a part of the Settlement, Avista agrees to work with its EAAG to identify
5 at least one new renewable energy project, *e.g.*, community solar, for the direct
6 benefit of low-income customers. To implement this requirement, no later than
7 December 1, 2023, Avista will file a work plan describing its plan to facilitate the
8 development of a new renewable energy project(s), including the budget, funding
9 sources, timeline, and community partners.¹² This requirement is independent of
10 and incremental to Avista's CEIP condition #10.¹³

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

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

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.

1 **Q. Does the Settlement make any changes to allow Avista’s low-income**
2 **conservation program to serve more customers?**

3 A. Yes, in two ways. The first is increasing low-income conservation funding to \$4
4 million in 2023 and \$4.25 million in 2024.¹⁴ Second, CAP agencies reported that
5 they are sometimes unable to weatherize homes because of deferred maintenance
6 or large repairs. The Settlement provides that the EEAG will develop a pilot
7 program to overcome the inability to weatherize homes because of deferred
8 maintenance or large repairs,¹⁵ *e.g.*, by funding and/or performing the deferred
9 maintenance or large repairs.

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

12 A. Yes, the Settlement requires Avista to work with its EEAG to survey actual
13 installed measure costs and adjust rebate amounts per survey findings, if
14 warranted. With construction costs fluctuating in recent years, it is reasonable to
15 complete a survey of actual measure costs. In addition, the Settling Parties agree
16 to fully fund all low-income conservation measures based on the survey results.¹⁶

IV. Distributional Equity Analysis

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

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

¹⁴ Settlement ¶ 24(e)(i).

¹⁵ Settlement ¶ 24(e)(ii).

¹⁶ Settlement ¶ 24(e)(iii).

1 modifies its capital planning practices to promote equity. Paragraphs 18 and 19 of
2 the Settlement describe these requirements.

3 **Q. Does TEP support these requirements?**

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

V. Conclusion

9 **Q. Does the Settlement promote equity?**

10 A. Yes, as described above there are multiple provisions in the Settlement
11 specifically designed to assist low-income customers and vulnerable populations,
12 and otherwise promote equity. First, the Settlement paves the way for Avista to
13 implement a five-tier bill discount program and programs that address arrearages,
14 the combination of which shows promise as a cornerstone strategy to reduce
15 household energy insecurity and retain access to essential utility service in
16 Washington. Second, the Settlement requires Avista to file a work plan to
17 facilitate the development a renewable energy project for the direct benefit of
18 low-income customers. Third, the Settlement includes changes that will allow
19 Avista's low-income conservation program to serve more customers. Fourth,
20 Avista agrees to track and report various metrics concerning affordability and
21 equity. And finally, Avista agrees to incorporate equity and a distributional equity
22 analysis into its capital planning processes.

1 **Q. What is TEP's position on the Settlement?**

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

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

5 A. Yes.