

Exhibit No. ____ T (DJR-1T)
Docket UE-090134/UG-090135
and UG-060518 (consolidated)
Witness: Deborah J. Reynolds
REVISED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	DOCKETS UE-090134
TRANSPORTATION COMMISSION,)	and UG-090135
)	(consolidated)
Complainant,)	
)	
v.)	
)	
AVISTA CORPORATION, d/b/a)	
AVISTA UTILITIES,)	
)	
Respondent.)	
.....)	
)	
In the Matter of the Petition of)	DOCKET UG-060518
)	(consolidated)
AVISTA CORPORATION, d/b/a)	
AVISTA UTILITIES,)	
)	
For an Order Authorizing)	
Implementation of a Natural Gas)	
Decoupling Mechanism and to Record)	
Accounting Entries Associated With)	
the Mechanism.)	
.....)	

REVISED TESTIMONY

OF

DEBORAH J. REYNOLDS

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

September 14, 2009

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

2 A. My testimony describes the backdrop against which the Company's request to
3 permanently extend the decoupling mechanism should be considered. It also reviews
4 statements from the Commission's orders concerning decoupling and other relevant rate
5 design issues, briefly describes related filings, responds to Company testimony
6 concerning decoupling and energy efficiency investment, presents alternatives, and
7 recommends an alternative regulatory approach to the Company's proposal.

8

9 **Q. What do you recommend regarding continuation of the decoupling mechanism?**

10 A. I recommend the mechanism be phased out over the next year by increasing the Schedule
11 101 basic charge to \$8 per month, decreasing the Schedule 101 usage charge to the
12 amount shown in Staff witness Joanna Huang's Exhibit No. ____ (JH-3) Page 3, and
13 decreasing the Schedule 159 margin rate to \$0.~~19765~~20984 per therm effective January
14 1, 2010. Effective January 1, 2011, I recommend increasing the basic charge to \$10 per
15 month, adjusting the usage charge using the methodology shown in Ms. Huang's Exhibit
16 No. ____ (JH-3), and discontinuing the decoupling deferral.

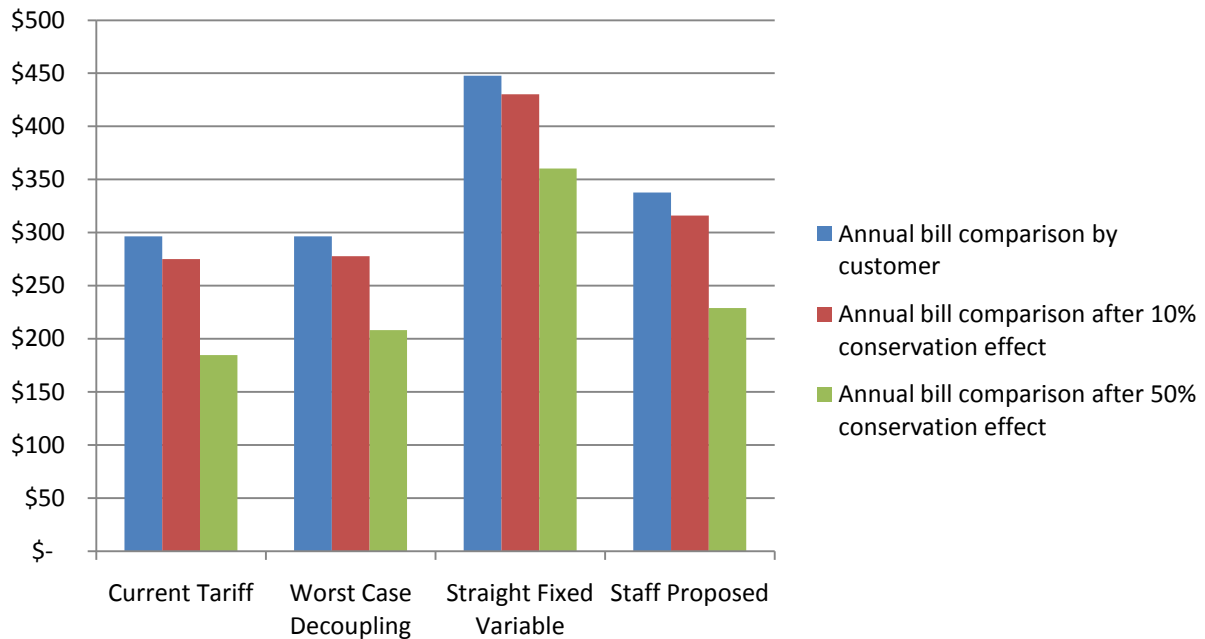
17 In the alternative, if the Commission wishes to continue the decoupling
18 mechanism, the following modifications should be made:

- 19
- Remove the new customer adjustment
 - Add the Schedule 101 and Schedule 111 migration adjustment as
21 described by the Company

22

1 rate design. Under the straight fixed- variable rate design, the same low-use customer's
 2 bill would decrease by four percent. If it were possible for an individual low-use
 3 customer to reduce her use by fifty percent, her bill would decrease thirty-eight percent
 4 under the current tariff rate design, twenty percent under the straight fixed-variable rate
 5 design, and thirty-two percent under the Staff proposed rate design.

6 **Comparison of Decline in Low-use Customer Bill**



7
 8 The important point here is that all three rate designs do reward the low-use
 9 customer for conserving. The low-use customer, while probably a fairly small proportion
 10 of the company's customer base, does present some unique problems. While the three
 11 rate designs do not change the annual bill for an average customer, this is obviously not
 12 the case for the low-use customer. The straight fixed-variable rate design would increase
 13 a low-use customer's bill by 51 percent. The Staff proposed rate design would increase a
 14 low-use customer's bill by ~~14~~13 percent. Staff believes it is appropriate to gradually