

**Exh. BAE-5
Dockets UE-240006/UG-240007
Witness: Betty A. Erdahl**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

AVISTA CORPORATION,

Respondent.

**DOCKETS UE-240006 & UG-240007
(Consolidated)**

EXHIBIT TO

TESTIMONY OF

BETTY A. ERDAHL

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Avista's Response to UTC Staff Data Request No. 73 and Attachment A

July 3, 2024

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/08/2024
CASE NO.:	UE-240006 & UG-240007	WITNESS:	Jason Thackston
REQUESTER:	UTC Staff	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	Power Supply
REQUEST NO.:	Staff – 073	TELEPHONE:	(509) 495-4324
		EMAIL:	Annette.brandon@avistacorp.com

SUBJECT: Equity

REQUEST:

In the direct testimony of Jason R. Thackston, Exh. JRT-1T at page 18, lines 18 through 21, Mr. Thackston testifies that Avista has created a project team tasked with driving forward its attempts to embed equitable practices into in capital planning process. Please provide:

- a. a list of team members,
- b. team member duties, and
- c. any metrics by which Avista will measure the team’s performance.

RESPONSE:

- a) The team members consist of the Company’s officer team (Kevin Christie, Bryan Cox, Josh DiLuciano, Greg Hesler, Latisha Hill, Scott Kinney, Ryan Krasselt, Wayne Manuel, David Meyer, Heather Rosentrater, Jason Thackston, Dennis Vermillion), and certain directors (Patrick Ehrbar, Dana Anderson, Jennifer Esch, Nicole Hydzik, Stacie Maier, Kevin Holland, Alexis Alexander, Clay Storey, Jeremy Gall, Adam Munson, Bruce Howard, Anna Scarlet, Alicia Gibbs, Paul Good, Dan Johnson, Kelly Magalsky, Mike Magruder, and Tracy Van Orden).
- b) Please see Staff-DR-073 Attachment A for the Equitable Business Planning Charter. Duties for each team member are specific to input in their area of expertise. Note this list is preliminary and will be modified throughout the process given when the need for expertise arises in the process timeline. The initial stages of the development of the plan are intended to provide the basis for the implementation plan to be filed on or before 12/31/2024.
- c) The team’s performance will not be measured based on any metric. Avista’s work is focused on its Vision, Mission and specifically its four Focus areas of Customers, People, Perform and Invent. Position profiles detail job descriptions for certain departments, however, typically additional responsibilities are add-ons and not formalized in those position profiles on a regular basis. Annually, performance evaluations are performed in order to determine previous year’s performance in formal responsibilities as well as any additional tasks throughout the year.

Project Charter

PROJECT OVERVIEW

PROJECT NAME	<u>Empowering Customers Through Equitable Business Planning</u>		
STEERING COMMITTEE	Perform Council	CORE PROJECT TEAM	Anna Scarlett, BT Director Annette Brandon, PM Peggy Blowers, BT Manager
COMPLETION DATE	Executive Approval: Oct 2024 Filing: December 31, 2024	KEY STAKEHOLDERS	Regulatory Affairs Business Transformation Financial Planning & Analysis Customer Solutions

PROJECT SCOPE

PROBLEM or OPPORTUNITY STATEMENT	<p>Regulatory requirements for cost recovery have changed from “fair, just and reasonable” to “fair, just, reasonable and, equitable.” Consideration of all energy equity components in business is essential for favorable regulatory treatment for capital investments. To meet these changing expectations and ensure favorable outcomes for Avista and our customers, the following should be established:</p> <ul style="list-style-type: none"> • Formal, consistently applied definitions for energy equity, energy equity components, and its application to Business Planning. • Clear understanding of “equitable business planning” for Avista’s business. • Defined process for business units to incorporate equitable planning in project decisions, design, implementation, or completion. • Alignment with overall Company Strategy – specifically a shared understanding of how of our “customer of at the center” vision will include equitable planning components (i.e. “lens”).
DELIVERABLES	<p>A Framework and Implementation Plan for incorporating energy equity components into the Company’s overall business planning process that will include:</p> <ul style="list-style-type: none"> • “Equitable Business Planning” Framework comprised of: Common Language, Guiding Principles, Core Energy Equity Policies, Equitable Planning , Preliminary Energy Equity Focus Areas and Smart Goals, Employee Expectations with a concentrated approach for integrating the framework into the company’s culture. • Identification of gaps to determine future state. • Implementation Plan
IN SCOPE (Capital)	<ul style="list-style-type: none"> ▪ Framework for Internal Capital Planning Process that will serve as an example for other areas of the business ▪ Feedback loop for listening to and reflecting customer needs ▪ Update to Business Case Template Narrative
OUT OF SCOPE	<ul style="list-style-type: none"> ▪ Operation and Maintenance (O & M) Cost Process for Incorporating Energy Equity ▪ State-wide distributional Equity Metrics – Commission Defined (TBD)

WORKING DEFINITION

Equity	Fair and just inclusion. Treating all people fairly, recognizing that each person has a unique circumstance, and allocating resources and opportunities in a manner which achieves a equal outcome
Equitable Energy Components	<ul style="list-style-type: none"> ▪ <u>Recognition</u> - which requires an understanding of circumstances that have resulted in historical or ongoing inequalities and prescribes efforts that seek to reconcile these inequalities. ▪ <u>Procedural</u> – focus on inclusive decision-making process and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making processes historically. ▪ <u>Distributional</u> - objective aims to ensure that marginalized and vulnerable populations do not receive an inordinate share of the burdens or are denied access to benefits. ▪ <u>Restorative justice</u>, - which is using regulatory government organizations or other interventions to disrupt and address distributional, recognitional, or procedural injustices, and to correct them through laws, rules, policies, orders, and practices.
Energy Equity in Business Planning	Avista’s methodology for ensuring our work results in fair outcomes for customers, recognizing that customers have different needs based on many different factors.

MILESTONES

Key Milestones	Est. Start Date	Est. Due Date
Executive Review / Definitions and Objectives	00/00/0000	09/18/2023
Form Project Team, Organizational Team Management, Create Draft Framework	09/18/2023	12/31/2023
Functional Business Team Training, Director Training, Pilot Kick off	01/01/2024	03/30/2024
Create Equitable Business Process Template, Evaluate new CBIs, Cost/Benefit Analysis Evaluation and Matrix	03/31/2024	06/30/2024
Present to CPG Pilot Results, Consolidate Feedback, Compile Results, Identify Next Steps	07/01/2024	09/15/2024
Create Report for UTC Compliance Filing	09/16/2024	12/31/2024

DEPENDENCIES & RISKS

CONSTRAINTS	<ul style="list-style-type: none"> Workshop process with UTC on Distributional Equity (Timing) Data limitations for metrics, limited staff resources (outreach, engagement, analysis, etc.) Conflicting expectations among the states
ASSUMPTIONS/DEPENDENCIES	<ul style="list-style-type: none"> Development of 2025 Clean Energy Implementation Plan and CBIs Business Transformation Support for Organization Change and Asset Management Approval/Review of equity evaluation components by Equity and other Advisory Groups
ANTICIPATED RISKS	<ul style="list-style-type: none"> Limited Staff Resources - multiple priorities Conflicting Washington regulatory requirements (and expectations) Conflicting expectations among the states

PROJECT TEAM & INTERNAL STAKEHOLDERS

Title	Department	Role Description
Manager Business Transformation	Business Transformation	Core Project Team – Key input, process, implementation
Process Improvement	Business Transformation	Core Project Team – Process Lead
Operations Analyst	Business Transformation	Core Project Team – Capital Planning Lead
Business Analyst	Business Transformation	Core Project Team – Data Analytics Lead
Social Impact Manager	Community Outreach	Primary Equity Customer Interface
Customer Experience Manager	Customer Experience	Customer Service Persona – experience lead
Sr. Manager Regulatory Policy	Regulatory Policy	Regulatory Policy
Integrated Resource Planning Mgr	Energy Supply	Equity considerations at beginning of IRP process
Sr. Forecaster & Economist	Financial Planning & Analysis	Root Cause analysis and economic indicators
Energy Efficiency Manager	Energy Efficiency	Equity considerations via programs and procedures
Energy Efficiency Program Manager	Energy Efficiency	Customer interface expert
Equity, Diversity, Inclusion	Human Resources	Customer Representative - Input

EXTERNAL STAKEHOLDER GROUPS	<ul style="list-style-type: none"> Utility Joint Planning Group Utilities and Transportation Commission Public Counsel Unit of Attorney General’s Office Equity Advisory Group
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