**Exhibit No. \_\_\_T (DJR-5T)**

 **Docket UE-120436, et al.**

 **Witness: Deborah J. Reynolds**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,**  **Complainant,** **v.****AVISTA CORPORATION, d/b/a AVISTA UTILITIES,**  **Respondent.****WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,** **Complainant,****v.****AVISTA CORPORATION d/b/a AVISTA UTILITIES,** **Respondent.** | **DOCKETS UE-120436/UG-120437** **(*consolidated)*****DOCKETS UE-110876/UG-110877** ***(consolidated)*** |

**CROSS-ANSWERING TESTIMONY AND DIRECT TESTIMONY OF**

**Deborah J. Reynolds**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

***Re: The Decoupling Proposal of the NW Energy Coalition***

***And Low-income Rate Assistance Program Issues***

**September 19, 2012**

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# INTRODUCTION

### Q. Please state your name and business address.

A. My name is Deborah J. Reynolds. My business address is the Richard Hemstad Building, 1300 S. Evergreen Park Dr. SW, Olympia, Washington 98504.

### Q. Are you the same Deborah J. Reynolds whose testimony and exhibits from Dockets UE-110876 and UG-110877 are included in this docket?

A. Yes. That testimony is Exhibit No. \_\_\_ (DJR-1T) and those exhibits are Exhibit Nos. \_\_\_ (DJR-2) through \_\_\_ (DJR-4). I set forth my qualifications in that testimony, so I will not repeat them here.

# PURPOSE AND SUMMARY

### Q. What is the purpose of your cross-answering testimony?

A. The purpose of this testimony is to respond to the February 24, 2012, testimony filed by various parties that address the full electric decoupling proposal of the NW Energy Coalition (NWEC), as presented by its witness, Mr. Ralph Cavanagh. Specifically, I respond to the testimony of Mr. Patrick Ehrbar on behalf of Avista, Exhibit No. \_\_\_ (PDE-9T), Mr. David Dismukes on behalf of Public Counsel, Exhibit No. \_\_\_ (DED-1T), and Mr. Michael Deen on behalf of the Industrial Customers of Northwest Utilities, Exhibit No. \_\_\_ (MCD-1T).

 In addition, I explain how the Commission’s decision on the decoupling issue in the recent rate case involving Puget Sound Energy (PSE) may apply to this case.

### Q. Did you respond to a decoupling proposal by NWEC in that recent PSE rate case docket?

A. Yes. I filed and defended testimony on this issue in that recent PSE rate case, Dockets UE-111048 and UG-111049.

### Q. What is Staff’s recommendation on decoupling in this case?

A. As Staff has already testified, the standards set forth in the Commission’s Decoupling Policy Statement are proper policies and the Commission should apply them in this case, or at least not lightly ignore them.[[1]](#footnote-2) Staff continues to recommend that if the Commission approves decoupling, it should require the following conditions prior to implementing a decoupling mechanism:

* Require additional evidence by decoupling proponents quantifying the change in the capital cost rates occasioned by the specific decoupling mechanism adopted by the Commission, or the amount of equity in the ratemaking capital structure appropriate under decoupling, or both.
* Adopt the Earnings Test as outlined in my Exhibit No. \_\_\_ (DJR-2), modifying the Earnings Test dead band as appropriate.[[2]](#footnote-3)
* Adopt the Conservation Test as outlined in my Exhibit No. \_\_\_ (DJR-2).[[3]](#footnote-4)
* Require third party evaluation of conservation achievement, which will also identify any incremental conservation.
* Require third party evaluation of comparable benefits for low-income customers.
* Require revisions to the Energy Recovery Mechanism (ERM).
* Exclude the effect of weather.

### Q. What is Staff’s primary objection to NWEC’s decoupling proposal?

A. In this docket, both Staff and the Company have analyzed attrition for Avista. Ms. Kathryn Breda is Staff’s witness on this issue. Typically, decoupling does not address attrition, as Mr. Cavanagh has conceded in testimony he filed in the recent PSE rate case.[[4]](#footnote-5) In fact, Avista opposes decoupling in part because it does not address attrition.[[5]](#footnote-6) Staff’s attrition allowance takes into consideration revenue trends, which can encompass lost revenues from all causes, including lost revenues due to conservation.[[6]](#footnote-7)

 I recognize the Commission has stated that decoupling “was never intended to supplant other tools that deal with demonstrated earnings attrition.”[[7]](#footnote-8) However, there is a nexus between attrition and decoupling, because to the extent an attrition analysis takes into account the impact of changes in load due to conservation, it will address one of the impacts decoupling is intended to address. Therefore, should the Commission approve a decoupling mechanism, it must take care to reconcile the two (decoupling and attrition) if both tools are in effect.

### Q. Are there other reasons Staff objects to NWEC’s decoupling proposal?

A. Yes. The NWEC proposal fails to comply with the most significant elements of the Decoupling Policy Statement, namely:

* It does not appropriately analyze the impact of conservation on Avista;
* It is not appropriately applied to all customer classes;
* It makes no reduction to cost of capital;
* It fails to condition revenue per customer recovery on achieving conservation targets;
* It does not identify comparable conservation benefits for low-income customers;
* It does not describe the incremental conservation the Company should pursue under decoupling; and
* It fails to net increased wholesale sales due to conservation in the true-up.

# THE COMMISSION’S RECENT PSE RATE ORDER

### Q. Have you reviewed the Commission’s discussion of decoupling in its recent rate order involving PSE?

A. Yes.

### Q. How did the Commission characterize its Decoupling Policy Statement in that PSE Order?

A. The Commission stated that it did not intend the Decoupling Policy Statement to be “immutable doctrine,” and the Commission remained open to considering proposals that varied from it.[[8]](#footnote-9)

### Q. Is that consistent with what you assumed in your earlier decoupling testimony, Exhibit No. \_\_\_ (DJR-1T)?

A, Yes. Staff understands the Decoupling Policy Statement is a flexible document, and a specific decoupling proposal can depart from a particular policy or policies and still be accepted by the Commission. However, it is reasonable for the Commission to expect parties proposing decoupling to address their proposal in light of that Decoupling Policy Statement.[[9]](#footnote-10)

### Q. Did NWEC address its decoupling proposal in light of the policies in the Commission’s Decoupling Policy Statement?

A. No. As I described in my earlier-filed decoupling testimony, Exhibit No. \_\_\_ (DJR-1T) at 5, line 15 to 6, line 4, NWEC’s witness Mr. Cavanagh failed to address several of the policies that the Commission directed a proponent of decoupling to address.

### Q. Did the Commission provide other guidance on decoupling in that PSE Order?

A. Yes. In that Order, the Commission stated it would not approve a decoupling mechanism for PSE because of PSE’s “staunch opposition.”[[10]](#footnote-11)

### Q. Does that statement apply to Avista?

A. Yes. While to date, Avista’s opposition to decoupling is more subtle than PSE’s, like PSE, Avista also opposes decoupling.[[11]](#footnote-12) A consistent result for Avista would be for the Commission to deny NWEC’s decoupling proposal in this case.

# STAFF RESPONSES TO DECOUPLING TESTIMONY OF OTHER PARTIES

### Q. Before you respond to the other parties on decoupling, please generally describe NWEC’s decoupling proposal.

A. NWEC proposes a full decoupling mechanism for Avista’s electric operations. Avista’s revenues would be based upon a revenue-per-customer (“RPC”) value for all electric customers, except the 22 customers Avista serves under Schedule 25, Extra Large General Service.[[12]](#footnote-13)

 The NWEC proposal would guarantee Avista would recover that RPC through a deferred accounting and true-up process. The true-ups of actual revenue to the RPC level would occur annually, subject to a three percent rate increase cap. Avista would defer any amount above the cap and recover it in later annual rate changes.

 NWEC proposes that the mechanism run for at least five years, subject to a future evaluation by an independent contractor. Finally, the NWEC-proposed mechanism requires annual reports by Avista describing its progress toward conservation targets.[[13]](#footnote-14)

## Staff Response on Customer Issues: Including All Customer Classes; Decoupling Per-Customer Versus Per-Class; and Excluding New Customers

### Q. Please briefly summarize the Commission’s policies on customer-specific issues.

A. The Commission’s policy is that a full decoupling proposal should include all customer classes, unless it would be lawful or consistent with the public interest to do otherwise.[[14]](#footnote-15) In the Commission’s recent PSE Order, the Commission concluded that the revenue per customer mechanism should be per-class.[[15]](#footnote-16) The Commission has further recognized that revenue associated with new customers is offset by the costs to serve those customers, and that these revenues and costs should be in reasonable balance if new customers are included in the mechanism.[[16]](#footnote-17)

### Q. What does Avista say about these customer-specific issues?

A. Avista would include all customer classes in a decoupling mechanism, except for Street and Area Lighting Schedules 41 through 48.[[17]](#footnote-18) The calculations in Mr. Ehrbar’s Exhibit No. \_\_\_ (PDE-10) show cost per customer separately calculated for each rate schedule, consistent with the Commission’s guidance in the PSE Order. Avista does not mention new customers.

### Q. Is it appropriate to exclude Street and Area Lighting from decoupling?

A. Yes. As Mr. Ehrbar notes, Street and Area Lighting customers already are billed on a flat monthly rate, so a decoupling mechanism would have no effect on them.

### Q. What does Public Counsel say about these customer specific issues?

A. Like Avista, Public Counsel disagrees with NWEC’s proposal to exclude Schedule 25 customers from a decoupling mechanism. Public Counsel testifies that because these customers participate in conservation programs, it does not make sense to exclude them.[[18]](#footnote-19) Staff agrees with this testimony.

 In Mr. Dismukes’ discussion of found margins from increases in the customer base, i.e., new customers, Public Counsel implies that new customers should be excluded from any mechanism.[[19]](#footnote-20) However, Mr. Dismukes provides no evidence that revenues and costs are not in reasonable balance as the Decoupling Policy Statement would require before removing new customers from a mechanism. Lacking such evidence, Staff sees no reason to exclude new customer revenue from the mechanism.

### Q. What does ICNU say about these customer-specific issues?

A. ICNU agrees with NWEC that large industrial customers in Schedule 25 should be excluded from decoupling mechanisms. ICNU notes that Avista’s previously filed comments on the Decoupling Policy Statement suggested excluding Schedule 25 customers.[[20]](#footnote-21) ICNU alleges that a single customer dropping out of that rate schedule would have dire effects on the remaining customers.[[21]](#footnote-22)

### Q. What is Staff’s response to ICNU on excluding Schedule 25 customers from decoupling??

A.First, ICNU’s point is unrealistic because Schedule 25 has had a stable customer base. Only four customers were added to Schedule 25 in the last 10 years, and none have departed.[[22]](#footnote-23) Second, even if we assume a Schedule 25 customer leaves the system and there is an adverse effect, Avista would respond by moving up the timing of its next general rate case filing to address the problem. Also, ICNU’s witness fails to provide any evidence that would explain how excluding Schedule 25 customers would not be an undue preference or discriminatory in favor of those customers.

### Q. How does ICNU address the issue of decoupling per-customer versus decoupling per-class, and how does ICNU relate this to the inclusion of new customers?

A. ICNU proposes an alternative decoupling mechanism that Mr. Deen refers to as “rate-cap” decoupling.[[23]](#footnote-24) ICNU’s witness interprets the Decoupling Policy Statement to require evidence of a reasonable balance between new customer costs and benefits before new customers would be included in a decoupling mechanism.[[24]](#footnote-25) ICNU’s proposed rate-cap decoupling would remove the off-setting revenues, but not the costs, associated with new customers.

### Q. What is Staff’s response to ICNU on the new customer issue?

A. As I mentioned above, Staff disagrees that a full decoupling mechanism should ignore increases in the customer base. The portion of the Decoupling Policy Statement cited by Mr. Deen merely recognizes the existence of offsetting factors in the current environment.[[25]](#footnote-26) As the Commission stated, “a properly constructed full decoupling mechanism that is intended, between general rate cases, to balance out both lost and found margin from any source can be a tool that benefits both the company and its ratepayers.”[[26]](#footnote-27)

 Similar to Mr. Dismukes above, Mr. Deen provides no evidence that revenues and costs are not in reasonable balance as the Decoupling Policy Statement would require before removing new customers from a mechanism. Lacking such evidence, Staff sees no reason to exclude new customer revenue from the mechanism.

 While Staff agrees that decoupling should be done on a per-class basis, this could be done as described in Mr. Ehrbar’s testimony noted above, not as described in Mr. Deen’s Exhibit No. \_\_\_ (MCD-1T) at 7, lines 1-6.

## The Impact of Decoupling on the Rate of Return

### Q. Please briefly describe the Commission’s policy on the impact of decoupling on rate of return.

A. The Commission recognizes that decoupling can reduce risk to investors and that a decoupling proposal needs to evaluate this impact on cost of capital.[[27]](#footnote-28)

### Q. If the Commission approves a decoupling mechanism, how could the Commission implement this policy?

A. The Commission could reduce the overall rate of return by adopting a return on equity in the lower end of a reasonable range, or by reducing the amount of equity in the Company’s ratemaking capital structure, or both.

### Q. What does Staff propose?

A. As Mr. Elgin testifies, the Commission should recognize the risk reduction impacts of a decoupling mechanism by reducing the amount of equity in the capital structure.[[28]](#footnote-29)

### Q. What does Avista say about the impact of a decoupling mechanism on the rate of return?

A. Avista says a decoupling mechanism should have no impact on the rate of return.[[29]](#footnote-30) Avista suggests that decoupling is simply a patch applied to the ratemaking process to restore the revenue related to energy efficiency.[[30]](#footnote-31)

### Q. What is Staff’s response?

A. The Company is wrong because it disregards the fact that the full decoupling mechanism under discussion in this docket restores far more than just energy efficiency. As Mr. Ehrbar remarks, “such a mechanism should factor in all changes in use per customer, including changes due to weather.”[[31]](#footnote-32)

 After making this claim, the Company continues to use the energy savings estimates to explicitly incorporate the impact of energy efficiency on future load, even though the “energy savings estimates are really intended to be used for [conservation program] forecasting and as a guide for making a decision about which plant to purchase, where plant A is conservation and plant B is a gas plant.”[[32]](#footnote-33) Notably, Avista also fails to recommend either a specific capital structure or specific capital cost rates under decoupling, even though the Company is recommending capturing the effects of weather, which is one of the main components of risk.

 In sum, the testimony Avista offers on this issue is insufficient to support the Company’s conclusion that rate of return is unaffected by a decoupling mechanism.

### Q. What do Public Counsel and ICNU say about the impact of a decoupling mechanism on the rate of return?

A. Both Public Counsel and ICNU strongly agree with the Commission policy and urge the Commission to apply it. Public Counsel’s witness Mr. Dismukes testifies that decoupling has an effect on the allowed rate of return, and that effect should be incorporated into the mechanism.[[33]](#footnote-34) He provides several examples of regulatory commissions that have reduced the rate of return when implementing decoupling.[[34]](#footnote-35) While he makes no specific calculation of that effect, he encourages consideration of these issues in the context of a general rate case.[[35]](#footnote-36)

 ICNU witness Mr. Deen suggests the Commission use the low end of the return on equity range that the Commission otherwise finds appropriate.[[36]](#footnote-37) He also cites several regulatory commission cases in which the commission adjusted rate of return when adopting decoupling.[[37]](#footnote-38) Mr. Deen further recommends that the Earnings Test be capped at the rate of return last determined by the Commission, rather than 25 basis points above that rate of return.[[38]](#footnote-39)

### Q. What is Staff’s response?

A. Staff agrees with ICNU and Public Counsel that the Commission should apply its policy on the rate of return impacts of decoupling. Staff proposes the Commission lower the equity ratio as a means to address the issue.[[39]](#footnote-40)

 However, Staff disagrees with ICNU that the Earnings Test should be capped at the rate of return last approved by the Commission. Mr. Deen offers no justification for this proposal. As I explained in my earlier filed exhibit on decoupling, the Commission should use an Earnings Test based on the low end of the range with a 25 basis point dead band above the previously authorized rate of return to retain the Company’s incentive to manage costs appropriately.[[40]](#footnote-41)

## Conditioning Recovery of Deferred Amounts on Conservation Achievement

### Q. Please briefly describe the Commission’s policy on conditioning decoupling deferral recovery on achieving conservation targets.

A. The Commission’s policy is that “[r]evenue recovery by the company under the mechanism will be conditioned upon a utility’s level of achievement with respect to its conservation target.”[[41]](#footnote-42)

### Q. What does Avista say about this policy?

A. Avista says the Commission should not apply this policy because the penalties in the Energy Independence Act (EIA) are sufficient to encourage the Company to invest in conservation.[[42]](#footnote-43) It is interesting that Avista’s witness, Mr. Ehrbar, makes no mention of the incentive inherent in the EIA penalty to set the targets as low as possible. In the presence of decoupling, this would need to be further explored.

### Q. Should the Commission link conservation achievement to revenue recovery under decoupling?

A. Yes. The Commission’s linkage of conservation achievement to full decoupling is intended to transform the removal of a disincentive to invest in conservation into an incentive *to invest* in conservation.[[43]](#footnote-44) Staff’s proposed Conservation Test described in my Exhibit No. \_\_\_ (DJR-2) effectively implements that policy. I am confident that an incentive *to invest* in conservation will be more effective in increasing conservation than merely removing a disincentive.

### Q. What do Public Counsel and ICNU say about conditioning decoupling deferrals recovery on Avista achieving conservation targets?

A. Public Counsel and ICNU both support this condition.[[44]](#footnote-45)

### Q. What is Staff’s response?

A. Staff agrees. In exchange for customers guaranteeing Avista will receive a specific level of revenue recovery, it is fair to condition the Company’s recovery of those guaranteed revenues by proving it did what decoupling promises to do; remove barriers to acquiring all cost-effective conservation.

## Providing Comparable Conservation Benefits to Low-Income Customers

### Q. Please briefly describe the Commission’s policy on low-income and decoupling.

A. The Commission’s policy is that a decoupling proposal should demonstrate that the utility’s low-income conservation programs provide benefits to low-income customers that are roughly comparable to other ratepayers, and if not, that the low-income programs aim to achieve conservation levels comparable to other ratepayers.**[[45]](#footnote-46)**

### Q. What does Avista say about this low-income policy?

A. Avista states that Avista’s conservation programs provide benefits to low-income ratepayers that are roughly comparable to other ratepayers. Mr. Ehrbar explains that customers participating in the Company’s standard (i.e., not low-income) conservation programs receive funding of approximately 57 percent for the whole cost of the energy efficiency measure, which is much less than the 100 percent received by low-income customers. He also says that the Company’s budget for low-income conservation is 25 percent of the residential conservation program budget, which is similar to the percentage of low-income customers in Avista’s service territory.[[46]](#footnote-47)

### Q. What is Staff’s response?

A. Staff finds these analyses helpful. However, for the Commission’s policy to be fully implemented, it will be necessary for the Company to provide ongoing proof that low-income customers continue to enjoy roughly equivalent benefits. Staff believes that a third-party evaluation, combined with Avista’s additional evidence will sufficiently ensure that low-income customers appropriately benefit from conservation programs.

### Q. What do Public Counsel and ICNU say about conservation programs for low-income customers?

A. Neither Public Counsel nor ICNU address the merits of the issue, though Public Counsel calls attention to NWEC’s failure to address low-income customer issues.[[47]](#footnote-48)

## Describing Incremental Conservation

### Q. What is the Commission’s policy on describing the incremental conservation the utility would achieve via decoupling?

A. The Commission’s policy is that a decoupling proposal be supported by “[e]vidence describing the incremental conservation the company intends to pursue in conjunction with the mechanism.”[[48]](#footnote-49) As described in the Decoupling Policy Statement’s discussion of direct conservation incentives, this could include a plan to present direct evidence at the end of the target period that identifies the actions the company took to exceed the target that were not part of its conservation program at the time the Commission set the biennial conservation target.[[49]](#footnote-50) Under this approach, the company should plan to show why these actions were not included in its initial forecast of achievable energy efficiency for the target period. The proposal should also separately identify plans to increase participation in existing measures versus implementing new measures.

### Q. Does the Commission require evidence that the incremental conservation results from decoupling?

A. No. The Decoupling Policy Statement discusses incremental conservation in the context of the EIA target. This suggests that the Commission is looking for the conservation under decoupling that is “incremental to the target.”

### Q. Does the Commission require evidence of the incremental conservation that the company will pursue?

A. Yes. The Decoupling Policy Statement clearly requires evidence of the conservation the company will pursue that is incremental to the target. This evidence is part of the target-setting process. The conservation potential assessment provided by the company in the target-setting process should thoroughly address this issue.

### Q. What else does the Commission require?

A. The Decoupling Policy Statement combines discussion of evidence that would be included in a company’s conservation plan (forward-looking) with the evidence that would be included in a company’s conservation report (backward-looking).[[50]](#footnote-51) It is reasonable to conclude that the Commission’s Decoupling Policy Statement intended to address both forward- and backward-looking aspects of incremental conservation, as described in the Commission’s target-setting orders under the EIA.[[51]](#footnote-52)

### Q. What does Avista say about this policy?

A. Avista says the EIA already requires Avista to pursue all cost-effective conservation, and until there is a mechanism that addresses the historical test year, such as an attrition allowance, the Commission should not require Avista to pursue any additional conservation.[[52]](#footnote-53)

### Q. What is Staff’s response?

A. Staff is not convinced by Avista’s argument. The incremental conservation that is available for the Company to pursue is already identified in the conservation potential assessment as part of the target-setting process. The Conservation Test outlined in my earlier-filed Exhibit No. \_\_\_ (DJR-2), at 16, is a reasonable approach to capturing incremental conservation that has been pursued, and it creates an opportunity for the Company to achieve additional benefits from conservation investment.

### Q. What do Public Counsel and ICNU say about this issue?

A. Public Counsel’s witness Mr. Dismukes correctly recognizes NWEC’s failure to discuss the Commission’s incremental conservation policy.[[53]](#footnote-54) More significantly, both Public Counsel and ICNU argue there is no incremental conservation to be achieved because of the EIA requirement that Avista pursue all cost-effective, reliable conservation.[[54]](#footnote-55)

### Q. What is your response to Public Counsel’s and ICNU’s argument?

A. Staff does not agree. In setting a target for conservation, the timing of the conservation is an important factor. Therefore, the Company could acquire cost-effective incremental conservation over and above its target by acquiring conservation earlier in time than the Company otherwise has planned, or by taking advantage of conservation opportunities that are discovered after the targets are set.[[55]](#footnote-56)

 This is supported by the Decoupling Policy Statement’s discussion of conservation incentive mechanisms.[[56]](#footnote-57) In addition, the Company’s current conservation targets have been set based on what is now a three-year-old analysis by the Northwest Power and Conservation Council. New conservation technologies continually emerge, and provide additional opportunities to acquire cost-effective conservation.

## Accounting for the Net Benefits of Off-System Sales or Costs Avoided Due to the Utility’s Conservation Efforts Under Decoupling

### Q. Please briefly describe the Commission’s policy on off-system sales of electricity or avoided costs attributable to conservation efforts due to decoupling.

A. The Commission’s policy is that a decoupling proposal must describe how the off-system sales and avoided cost benefits that result from decoupling would be determined and netted against the decoupling deferral true-up.[[57]](#footnote-58)

### Q. What does Avista say about this issue?

A. Avista agrees with NWEC that no further action is necessary because Avista’s Energy Recovery Mechanism (ERM) is “designed to transfer to customers any margin on wholesale transactions in excess of the company’s generation and transmission costs.”[[58]](#footnote-59)

### Q. Is Avista correct in this description of the ERM?

A. No. Like NWEC, Avista ignores the existence of the ERM dead bands and sharing bands. These bands are in place to limit rate volatility, but, combined with the ERM 10 percent trigger, they have the added effect of limiting the transfer of margin on wholesale transactions until those cumulative margins are greater than $45 million.[[59]](#footnote-60)

 I discuss this issue in my earlier filed decoupling testimony, Exhibit No. \_\_\_ (DJR-1T), at 19, lines 8-12. I conclude that as long as there are dead bands or sharing bands in the ERM, ratepayers will not receive the full value of the off-system sales benefits and related avoided cost benefits due to decoupling. While a specific mechanism could be developed to provide ratepayers these benefits, the ERM simply is not such a mechanism.

### Q. Does Avista also discuss the retail revenue credit as an issue for decoupling?

A. Yes. Mr. Ehrbar discusses the retail revenue credit in his Exhibit No. \_\_\_ (PDE-9T), at 32, lines 11-18. He notes that it is important that any decoupling mechanism be in harmony with the ERM and particularly the retail revenue credit, which is part of the ERM. According to Avista, if the Commission approved decoupling, Avista would need to establish individual retail revenue credits by rate schedule in the ERM.

### Q. What is Staff’s response?

A. Avista’s proposal is accurate as far as it goes, but it would significantly complicate the ERM, which is not designed to address variations in power supply costs by rate schedule. Staff witness Mr. Buckley explains that the ERM is functioning as intended, and Staff is recommending the Commission accept certain changes in the calculation of the retail revenue credit as proposed by Avista witness Mr. Johnson.[[60]](#footnote-61) Staff believes the combination of the revised ERM and an attrition allowance appropriately addresses Avista’s revenue concerns.

### Q. What does Public Counsel say about the interaction between the ERM and decoupling?

A. Public Counsel agrees ratepayers should get the benefits of incremental off-system sales, and recognizes NWEC’s failure to adequately address off-system sales in its proposed decoupling mechanism.[[61]](#footnote-62) Public Counsel also notes that Avista’s previously-sponsored (but not accepted) mechanism called the EELA (Energy Efficiency Load Adjustment) included a base revenue credit to customers for found margins from off-system sales.[[62]](#footnote-63) Mr. Dismukes also calculates found margin from off-system sales on pages 15 to 17 of Exhibit No. \_\_\_ (DED-1T).

### Q. What is Staff’s response?

A.Staff agrees it would be an error for the Commission to accept the NWEC decoupling proposal without considering the impact on power costs. The ERM does not do this. For example, a fairly aggressive conservation achievement level, of 1% of retail sales, would not be enough to even exceed the dead band of the ERM.

 If the Commission wishes to move ahead with decoupling at this time, it would be necessary to address the changes in power costs that occur when loads are lower, and that offset the lost retail revenue. The simplest way to do this is to use the per-kWh cost found in the ERM, which currently is about $.033/kWh, when computing the decoupling deferral amount.[[63]](#footnote-64)

### Q. What does ICNU say about the interaction between the ERM and decoupling?

A. ICNU does not address this issue.

# OTHER ISSUES

### Q. Does the Commission approve the use of conservation savings in the way Avista uses them in Mr. Ehrbar’s Chart 2, Exhibit No. \_\_\_ (PDE-9T) at 6, lines 6-14?

A. No. Mr. Ehrbar simply adds the conservation savings estimates to the weather-normalized use-per-customer. This is not the same as the actual effect conservation has on load in a particular year. In the Commission’s recent PSE Order, the Commission said: “No matter how well-suited the engineering estimates of savings may be for their intended purposes, we do not find them suitable for the purpose of determining rates.”[[64]](#footnote-65) Although the Commission made that statement in the context of denying PSE’s Conservation Savings Adjustment, that statement applies here as well.

### Q. Do you agree with Public Counsel’s discussion about NWEC’s proposal to include the effects of weather in the decoupling mechanism?

A. Yes, in part. Mr. Dismukes accurately describes how including the impacts of weather shifts this risk to the customer.[[65]](#footnote-66)

 However, Mr. Dismukes goes on to suggest NWEC’s proposed decoupling mechanism would adjust for weather on a monthly basis,[[66]](#footnote-67) but NWEC is proposing an annual adjustment that incorporates weather effects.

 Notwithstanding these arguments, Staff believes full decoupling should exclude the effects of weather. Weather variability is one of the risks that is appropriately shared by the status quo, i.e., existing weather normalization adjustments and volumetric rates.

### Q. ICNU recommends that the Commission review the decoupling program after 12 months, and at least every two years thereafter. ICNU quotes from your Exhibit No. \_\_\_ (DJR-2) at 14-15 regarding “continuing Commission scrutiny” of a decoupling mechanism to support its recommendation.[[67]](#footnote-68) What is Staff’s response?

A. A two-year review cycle is not necessary. In the testimony cited by ICNU, I also referred to a requirement that the utility file a rate case within four years of the start of a decoupling mechanism.[[68]](#footnote-69) I contemplated that rate case would be the docket for Commission review of the mechanism. Regulatory certainty is an important aspect of a decoupling program and contributes to ensuring that the cost of capital benefits of decoupling continue to be reflected in rates. In fact, Moody’s Investor’s Service uses the permanency of a decoupling mechanism as one of the characteristics it evaluates in determining the credit support offered by a decoupling mechanism.[[69]](#footnote-70) Review on the shorter schedule recommended by ICNU would likely be detrimental to that goal.

# CONCLUSION ON DECOUPLING PROPOSAL

### Q. Please summarize your position on the full decoupling proposal offered by NWEC.

A. The Commission should reject in its entirety NWEC’s full decoupling proposal as inconsistent with the several elements I have identified from the Commission’s Decoupling Policy Statement.

### Q. Does this conclude your testimony on decoupling?

A. Yes.

# LOW-INCOME RATE ASSISTANCE PROGRAM ISSUES

#  A. Introduction

### Q. What is the purpose of this section of your testimony?

A. I respond to the testimony of Avista witness Mr. Kopczynski on low-income rate assistance funding.

### Q. What is Staff’s recommendation for Avista’s low-income rate assistance program tariff in this case?

A. For the purpose of this case, Staff recommends the Commission maintain the existing funding level for the Company’s Low-income Rate Assistance Program (LIRAP), and implement a two-year certification for certain low-income customers, to be determined in consultation with Community Action Agencies (CAAs).

 Staff also recommends the Commission require Avista, in its next general rate case, to submit a proposal for changing LIRAP from a grant program to a discount rate program. I describe the specifics of this recommendation at the end of my testimony.

## B. Description of LIRAP; Number of Customers Served; Nature of Grants

### Q. Please generally describe Avista’s LIRAP tariff.

A. Avista’s LIRAP tariff went into effect as a pilot program (without suspension) in 2001 in Dockets UE-010436 and UG-010437. Avista’s program is modeled after the federal Low-income Home Energy Assistance Program (LIHEAP). Avista collects the funds for LIRAP from ratepayers through electric and natural gas surcharges on Schedules 91 and 191, respectively, entitled the “Public Purposes Rider Adjustment – Washington”.

 Avista’s LIRAP aims to reduce the percentage of income that low-income households spend on energy services, called the “energy burden”.[[70]](#footnote-71) This is accomplished through bill assistance grants, low-income and senior outreach programs, conservation education and support of community programs that increase customers’ ability to pay basic living costs. Grants are distributed to customers whose eligibility is verified by CAAs.

### Q. Who is eligible to participate in LIRAP?

A. Customers with an annual household income of 125 percent or less of the Federal Poverty Level (FPL) are eligible for participation in LIRAP Heat, and customers older than 60 years of age on fixed incomes at or below 200 percent FPL are eligible for participation in LIRAP Senior Energy Outreach. LIRAP Share is available to customers who are not eligible for or have exhausted all other energy assistance resources.

### Q. Can you estimate the percentage of Avista customers that receive bill assistance through LIRAP compared to the total number of eligible customers?

A. Yes. I estimate that only about 21 percent of eligible Avista customers actually receive LIRAP assistance.

 In 2009, an estimated 31,000 customers, or about 17 percent of total residential customers, in Avista’s Washington service territory were at or below 125 percent of the FPL, and therefore eligible to qualify for LIRAP.[[71]](#footnote-72) Applying that same proportion of low-income customers to the 2011 customer base results in an estimated 36,500 eligible low-income customers.[[72]](#footnote-73)

 By comparison, a total of 7,543 of grants were distributed in the Company’s Washington service territory in program year 2010-2011,[[73]](#footnote-74) or approximately 21 percent of the estimated eligible low-income customer base.

### Q. How much LIRAP funding directly benefits Avista’s customers through grants?

A. In program year 2010-2011, the total revenue collected by Avista for LIRAP was $4,701,900, and the total amount spent on direct bill assistance grants was $2,610,161, or 55 percent of the total program budget.[[74]](#footnote-75) The large amount of the program budget left unspent at the end of the program year is due to the late distribution of LIHEAP funding in that program year, which took precedence over distribution of LIRAP grants. Unspent funds are typically carried over to be spent in the next program year. Table 1 shows the relative funding levels of LIRAP since the program’s inception.

**Table 1. LIRAP Revenue Relative to Total Revenue, 2001-2011**

|  |  |  |  |
| --- | --- | --- | --- |
| Program Year  | LIRAP Revenue[[75]](#footnote-76) | Gas & electric revenue[[76]](#footnote-77),[[77]](#footnote-78) | Percent of revenue spent on LIRAP |
| 2002 | $2,731,616 | $457,758,970 | 0.52% |
| 2003 | $2,678,068 | $449,705,487 | 0.60% |
| 2004 | $3,158,220 | $466,054,767 | 0.68% |
| 2005 | $3,039,672 | $502,198,862 | 0.61% |
| 2006 | $3,157,635 | $567,308,768 | 0.56% |
| 2007 | $3,846,394 | $672,855,318 | 0.57% |
| 2008 | $3,302,091 | $632,282,185 | 0.52% |
| 2009 | $4,078,532 | $652,499,763 | 0.63% |
| 2010 | $4,220,837 | $569,508,215 | 0.74% |
| 2011 | $4,701,900 | $628,593,123 | 0.75% |

There are three types of grants funded through Avista’s LIRAP: LIRAP Heat, Senior Energy Outreach and LIRAP Share. In 2010-2011, the average LIRAP Heat grant amount was $454 per customer, the average LIRAP Share grant was $230, and the average Senior Energy Outreach grant was $254.[[78]](#footnote-79)

Table 1 also shows that LIRAP funding is approaching 1 percent. As LIRAP funding approaches 1 percent of revenue, questions about the structure of the current program, the right amount of funding necessary to meet the needs, and how that funding should be managed to efficiently meet the needs of low-income customers need to be addressed.

## C. The Commission’s Low-income Statute

### Q. Please identify the Commission’s low-income statute.

A. The Commission’s authority regarding low-income programs is set forth in RCW 80.28.068, which was enacted in 1999, and states:

Upon request by an electrical or gas company, or other party to a general rate case hearing,[[[79]](#footnote-80)] the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company's cost of service and recovered in rates to other customers.

### Q. What issues does Staff wish to bring to the Commission’s attention in this docket regarding that statute?

A. The above statute refers to “rate discounts” with the related costs and lost revenues include in the utility’s cost of service. The LIRAP currently is a grant program, which effectively offers low-income customers service at a reduced rate. Staff recommends the Commission approve a transition from the LIRAP to a rate discount program.

## D. Advantages of a Discount Rate Program

### Q. Are there advantages to a discount rate program over a grant program?

A. Yes. A rate discount program could serve more eligible low-income customers, and would not be implemented on a first come, first served basis.

 Also, a grant-based program provides a one-time lump sum dollar amount to apply toward a customer’s energy bill, whereas a discounted monthly energy rate can smooth out eligible customers’ monthly energy expenditures, thereby providing greater predictability throughout the year for bill payment and reducing arrearages.

 A discount rate program can also include tiered rates based on income to meet varied customer needs without requiring an individual benefit calculation, which should reduce the administrative burden.

A discounted rate would also bring the program closer in line with the language of the statute, which allows the Commission to “approve rates…at a discount for low-income senior customers and low-income customers.”[[80]](#footnote-81) A discount rate would be reviewed in a general rate case and included in the utility’s cost of service.

### Q. Is there precedent for a discount rate low-income program?

A. Yes. PacifiCorp’s Low-income Bill Assistance (LIBA) program uses a discount rate. The Commission approved this program in 2001,[[81]](#footnote-82) and approved a five year plan for the program when it approved a settlement in Docket UE-111190.[[82]](#footnote-83) In a 2007 study by a consultant, PacifiCorp’s program was found to reduce arrearages more effectively than grant programs.[[83]](#footnote-84)

### Q. What are the advantages to focusing on minimizing arrearages rather than reducing energy burden?

A. Focusing on minimizing arrearages directly addresses one of the key goals of a low-income assistance program: to keep low-income customers connected to energy service. Minimizing arrearages is a clearer metric to use for measuring the success of a program than reducing energy burden, because the company already tracks this information. There is uncertainty about how much the energy burden should be reduced, and therefore how much benefit each customer should receive. Energy burden is better suited to a grant program rather than to a rate discount program.

### Q. Are there impacts of moving to a discount rate program?

A. Yes. A transition from the current grant-based program to a discount program will have impacts on Senior Energy Outreach and LIRAP Share, which are both currently funded through the same Public Purpose Rider Adjustment – Washington. Staff recognizes the value of both of these programs and suggests that the Company shareholders fund Senior Energy Outreach and LIRAP Share.

## E. Other Issues with LIRAP

### Q. Are there other issues with Avista’s LIRAP that Staff is concerned about?

A. Yes. As I described above, Avista’s LIRAP is not available to all eligible low-income customers because the current funding level is capped, which limits the number of participants. In effect, LIRAP benefits are distributed on a first-come, first-served basis, which presents a fairness issue.

 Further, there is uncertainty about the level of benefit sufficient to keep customers connected to energy services and whether the LIRAP benefits accomplish this effectively and efficiently.

Having said that, Staff acknowledges that Avista’s LIRAP has made significant progress in reducing energy burden. In the last program year, the energy burden was reduced by 47 percent for customers between 51 and 100 percent of the FPL and by 39 percent for customers between 100 and 125 percent of the FPL.[[84]](#footnote-85) However, as mentioned above, reducing energy burden may not be the only appropriate goal for LIRAP.

## F. Two Year Certification of Eligible Customers

### Q. What is the issue regarding the frequency of certification of qualified customers?

A. Certification of eligible customers is the main administrative cost of low-income programs. This is true for both LIRAP and a discount program.

### Q. What are the advantages of two-year certification of certain qualified customers?

A. The bulk of the administrative costs for LIRAP come from certifying customer eligibility. Currently, the CAAs certify customer eligibility on an annual basis. However, for certain customers, such as those on fixed incomes or Supplemental Security Income, it is unlikely their eligibility will change from one year to the next. Certifying these customers’ eligibility for two years instead of one will allow the CAAs to increase the number of customers certified for any given year without increasing funding.

### Q. Is there precedent for using two-year certification?

A. Yes. PacifiCorp’s Low-income Bill Assistance (LIBA) program allows certain eligible customers, primarily those on fixed incomes, to be certified for LIBA participation for two years, instead of one. PacifiCorp’s two-year certification will be phased in over a five-year period beginning in 2012. This will allow 25 percent more customers to participate in the program by 2016, while keeping the administrative load of the CAAs constant.

## Recommendations

### Q. What does Avista propose concerning low-income assistance?

A. Avista witness Mr. Kopczynski proposes increasing the funding level for LIRAP “by a percentage amount equal to the percentage base rate increase granted in this case for residential customers.”[[85]](#footnote-86) He recommends no changes in the LIRAP program design, but he recommends that program design issues be addressed in a statewide discussion with the Commission, utilities, low-income advocates and other interested parties. Avista does not discuss the rate discount issue, presumably because the Company was not aware of Staff’s concerns in that regard.

### Q. What is Staff’s recommendation?

A. Staff recommends that the Commission order Avista to file a proposal in the next general rate case to change LIRAP from a grant program to a discount rate that is included in the company’s cost of service. The proposal must:

* Evaluate minimizing arrearages as the basis for determining benefit amount;
* Implement two-year certification for certain eligible low-income customers, determined in consultation with CAAs; and
* Explore options for reducing administrative burden.

 Additionally, the proposal should:

* Consider tiered rates based on income level;
* Include a multi-year transition plan;
* Address the funding for Senior Energy outreach and LIRAP Share; and
* Be developed in consultation with Staff, The Energy Project, and the affected agencies.

Staff further recommends that the broader issues of low-income assistance program goals, design and implementation be discussed in a statewide context, consistent with Avista’s recommendation.

### Q. What is Staff’s recommendation for LIRAP funding in this case?

A. To accommodate an orderly transition to a rate discount program, Staff recommends the Commission maintain the existing funding level for LIRAP. The Commission should require Avista to implement a two-year certification for certain low-income customers, to be determined in consultation with Community Action Agencies (CAAs).

### Q. Does this conclude your testimony?

A. Yes.

1. Report and Policy Statement on Regulatory Mechanisms, Including Decoupling, to Encourage Utilities to Meet or Exceed their Conservation Targets, Docket U-100522 (November 4, 2010) (“Decoupling Policy Statement”). [↑](#footnote-ref-2)
2. My Exhibit No. \_\_\_ (DJR-2) at 12 includes an earnings test for discussion purposes that was essentially the same as that addressed by Mr. Cavanagh. It is also very similar to the earnings test in Avista’s gas decoupling mechanism, although Avista’s gas mechanism does not contemplate the 25 basis point dead band. I would clarify, however, that whatever dead band is chosen by the Commission, it should be based on a rate of return set in the general rate case that implements decoupling. In addition, the dead band should be carefully crafted to provide upside earnings only if the Company can demonstrate a connection between achieved efficiencies beyond those required by statute and its earnings at the high end of any range are determined to be fair. [↑](#footnote-ref-3)
3. Exhibit No. \_\_\_ (DJR-2), at 15, 16, and 28. [↑](#footnote-ref-4)
4. *Utilities and Transp. Comm’n v. Puget Sound Energy,* Dockets UE-111048 & UG-111049, Cavanagh, Exhibit No. \_\_\_ (RCC-1T) at 10, line 14. [↑](#footnote-ref-5)
5. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 10, line 20. [↑](#footnote-ref-6)
6. *Utilities and Transp. Comm’n v. Puget Sound Energy,* Dockets UE-111048 & UG-111049, Elgin, Exhibit No. \_\_\_ (KLE-1T) at 79, lines 9-11. [↑](#footnote-ref-7)
7. *Utilities and Transp. Comm’n v. Puget Sound Energy, Inc.,* Dockets UE-111048 & UG-111049, Order 08 (May 7, 2012) at 167, Paragraph 455 (PSE Order). [↑](#footnote-ref-8)
8. PSE Order at 167, n 617. [↑](#footnote-ref-9)
9. See Decoupling Policy Statement at 23, ¶ 36. [↑](#footnote-ref-10)
10. PSE Order at 166, ¶ 453. [↑](#footnote-ref-11)
11. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 1, line 18. [↑](#footnote-ref-12)
12. Schedules 1 (Residential), 11/12 (General), 21/22 (Large General), 31/32 (Pumping), 41-49 (Street and Area Lighting). [↑](#footnote-ref-13)
13. The Commission requires Avista to file similar reports per Docket UE-100176. [↑](#footnote-ref-14)
14. Decoupling Policy Statement at 18, Criterion 1, ¶ 28. [↑](#footnote-ref-15)
15. PSE Order at 164, n. 605. [↑](#footnote-ref-16)
16. Decoupling Policy Statement at ¶ 28, n. 44. [↑](#footnote-ref-17)
17. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 24, lines 25-29, and Exhibit No. \_\_\_ (PDE-10). [↑](#footnote-ref-18)
18. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 31, lines 1-7. [↑](#footnote-ref-19)
19. Id. at 31, line 8 through 32, line 6. [↑](#footnote-ref-20)
20. Deen, Exhibit No. \_\_\_ (MCD-1T) at 4, lines 8-13. [↑](#footnote-ref-21)
21. Id. at 5, lines 2-4. [↑](#footnote-ref-22)
22. Avista Response to Staff Data Request 4, Attachment A. [↑](#footnote-ref-23)
23. Deen, Exhibit No. \_\_\_ (MCD-1T), at 7, lines 1-6, and 9, lines 10-17. [↑](#footnote-ref-24)
24. Id. at 7, line 17. [↑](#footnote-ref-25)
25. Decoupling Policy Statement at ¶ 11, n. 22 and ¶ 28, n. 44. [↑](#footnote-ref-26)
26. Id. at 16, line 27. [↑](#footnote-ref-27)
27. Id. at 16-17, ¶¶ 27-28. [↑](#footnote-ref-28)
28. Elgin, Exhibit No. \_\_\_ (KLE-2T), at 3, lines 1-11. [↑](#footnote-ref-29)
29. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 9, line 9 to 10, line 10, and 29, lines 17-23. [↑](#footnote-ref-30)
30. Id. at 9, lines 13-15. [↑](#footnote-ref-31)
31. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 1, line 20. [↑](#footnote-ref-32)
32. PSE Order at 171, ¶ 465. [↑](#footnote-ref-33)
33. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 21, lines 18-22. [↑](#footnote-ref-34)
34. Exhibit No. \_\_\_ (DED-6). [↑](#footnote-ref-35)
35. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 25, lines 6-7. [↑](#footnote-ref-36)
36. Deen, Exhibit No. \_\_\_ (MCD-1T) at 11, lines 18-21. [↑](#footnote-ref-37)
37. Id at 13, lines 2-6. [↑](#footnote-ref-38)
38. Id. at 10, lines 12-13. [↑](#footnote-ref-39)
39. Elgin, Exhibit No. \_\_\_ (KLE-2T) at 3, lines 1-11. [↑](#footnote-ref-40)
40. Exhibit No. \_\_\_ (DJR-2) at 12-14. [↑](#footnote-ref-41)
41. Decoupling Policy Statement at 17, ¶ 28. [↑](#footnote-ref-42)
42. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 30, lines 26-31. [↑](#footnote-ref-43)
43. Exhibit No. \_\_\_ (DJR-2) at 16. [↑](#footnote-ref-44)
44. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 10, lines 4-17; Deen, Exhibit No. \_\_\_ (MCD-1T) at 10, lines 1-6. [↑](#footnote-ref-45)
45. ###  Decoupling Policy Statement at 19, Criterion 4, ¶ 28.

 [↑](#footnote-ref-46)
46. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 26, lines 10-14 and 27, lines 8-16. [↑](#footnote-ref-47)
47. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 34, lines 6-11. [↑](#footnote-ref-48)
48. Decoupling Policy Statement at 19, Criterion 3, ¶ 28. [↑](#footnote-ref-49)
49. Id. at 21, ¶ 33. [↑](#footnote-ref-50)
50. Id. at 21, Element 2, ¶ 33 and at 22, Element 3, ¶ 33. [↑](#footnote-ref-51)
51. *Pac. Power & Light Co.*, Docket UE‑111880, Order 01 Approving Pacific Power & Light Company’s 2012-2021 Achievable Conservation Potential and 2012-2013 Conservation Target Subject to Conditions (April 26, 2012); *Puget Sound Energy*, Docket UE‑111881, Order 01 Approving Puget Sound Energy’s 2012-2021 Achievable Conservation Potential and 2012-2013 Conservation Target Subject to Conditions (June 14, 2012); *Avista Corporation*, Docket UE‑111882, Order 01 Approving Avista Corporation’s 2012-2021 Achievable Conservation Potential and 2012-2013 Conservation Target Subject to Conditions (February 10, 2012). [↑](#footnote-ref-52)
52. Ehrbar, Exhibit No. \_\_\_ (PDE-9T) at 26, lines 1-6. [↑](#footnote-ref-53)
53. Dismukes, Exhibit No. \_\_\_ (DED-1T) at 34, lines 1-4. [↑](#footnote-ref-54)
54. Id. at 6, line 12; Deen, Exhibit No. \_\_\_ (MCD-1T) at 3, line 21. [↑](#footnote-ref-55)
55. See my Exhibit No. \_\_\_ (DJR-2) at 18. [↑](#footnote-ref-56)
56. Decoupling Policy Statement at ¶ 33. [↑](#footnote-ref-57)
57. Id. at 17, Element 4, ¶ 28 and at n.45. [↑](#footnote-ref-58)
58. Ehrbar, Exhibit No. \_\_\_ (PDE-9T), at 31, line 19 to 32, line 18. [↑](#footnote-ref-59)
59. Buckley, Exhibit No. \_\_\_ (APB-CT1,) at 21. [↑](#footnote-ref-60)
60. Buckley, Exhibit No. \_\_\_ (APB-1CT), at 19-21. [↑](#footnote-ref-61)
61. Dismukes, Exhibit No. \_\_\_ (DED-1T), at 32, line 7 to 33, line 5. [↑](#footnote-ref-62)
62. Id. at 33, lines 10-12. [↑](#footnote-ref-63)
63. Exhibit No. \_\_\_ (WGJ-5), Retail Revenue Credit = $33.29 per MWh; also, see my Exhibit No. \_\_\_ (DJR-2), at 29, line 13, column c. [↑](#footnote-ref-64)
64. PSE Order at 175, ¶ 473. [↑](#footnote-ref-65)
65. Exhibit No. \_\_\_ (DED-1T), at 26, line 13, through 27, line 2. [↑](#footnote-ref-66)
66. Id. at 27, line 12. [↑](#footnote-ref-67)
67. Deen, Exhibit No. \_\_\_ (MCD-1T), at 15, lines 10-13. [↑](#footnote-ref-68)
68. Exhibit No. \_\_\_ (DJR-2) at 14, last ¶. [↑](#footnote-ref-69)
69. Moody’s Investor’s Service, Special Comment: Decoupling and 21st Century Rate Making, at 6 and 7 (November 4, 2011). [↑](#footnote-ref-70)
70. Avista, Low-Income Rate Assistance Program Annual Summary Report (2011), at 2. (“LIRAP Report”). [↑](#footnote-ref-71)
71. Dockets UE-090134, UG-090135 & UG-060518, Exhibit No. \_\_\_ (BJH-2), at 76. [↑](#footnote-ref-72)
72. “Avista Corporation 2011 Washington State Electric Annual Report,” at 20, filed 4/13/2012 pursuant to RCW 80.04.080. [↑](#footnote-ref-73)
73. The LIRAP program year was initially May 1 to April 30, and was adjusted to match the federal budgeting year, running from October 1, 2011 to September 30, 2012. The 2011 LIRAP Report covers the program year May 2010 to April 2011, before that adjustment was made. [↑](#footnote-ref-74)
74. LIRAP Report, at 6. [↑](#footnote-ref-75)
75. LIRAP Report, at 5. This column covers the program year. [↑](#footnote-ref-76)
76. Annual gas and electric revenue from residential, commercial and industrial sales. For ease of reference, Staff compared LIRAP program year revenue from May 1, 2001, to April 30, 2002, with annual gas and electric revenue from 2002, and so on for each year in this table. [↑](#footnote-ref-77)
77. Avista Corporation Washington State Annual Electric Reports and Avista Corporation Washington State Annual Gas Reports, 2002-2011. [↑](#footnote-ref-78)
78. LIRAP Report, at 6. [↑](#footnote-ref-79)
79. The language regarding requests by an “other party to a general rate case hearing” was added in 2009. [↑](#footnote-ref-80)
80. RCW 80.28.068. [↑](#footnote-ref-81)
81. PacifiCorp Docket UE-002063, (January 24, 2001). [↑](#footnote-ref-82)
82. *Utilities and Transp. Comm’n v. Avista Corp.,* Dockets UE-111190, Settlement Stipulation (February 21, 2012), at 8-10. [↑](#footnote-ref-83)
83. Quantec, Low-Income Arrearage Study (2007). [↑](#footnote-ref-84)
84. LIRAP Report, at 4. [↑](#footnote-ref-85)
85. Dockets UE-120436 & UG-120437, Exhibit No. \_\_\_(DFK-1T), at 45. [↑](#footnote-ref-86)