

**Puget Sound Energy COVID-19 Cost Deferral Petition
Dockets UE-200780 and UG-200781**

**Avista Corporation COVID-19 Cost Deferral Petition
Dockets UE-200407 and UG-200408**

**Pacific Power & Light Company COVID-19 Cost Deferral Petition
Docket UE-200234**

**Cascade Natural Gas Corporation COVID-19 Cost Deferral Petition
Docket UG-200479**

**NW Natural COVID-19 Cost Deferral Petition
Docket UG-200264**

**DECLARATION OF LISA W. GAFKEN
IN SUPPORT OF JOINT RESPONSE OF
THE OFFICE OF THE WASHINGTON ATTORNEY GENERAL
PUBLIC COUNSEL UNIT
AND
THE ENERGY PROJECT**

Exhibit No. 5:

**Puget Sound Energy, Avista, PacifiCorp, and Cascade's Responses
to Public Counsel and The Energy Project's Informal Data Request No. 8**

**Puget Sound Energy's Response to Public Counsel
and The Energy Project's Informal Data Request No. 8**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-200780 and UG-200781
Puget Sound Energy
Petition for Order Authorizing Accounting Cost Associated With COVID-19**

PUBLIC COUNSEL & THE ENERGY PROJECT INFORMAL DATA REQUEST NO. 008:

What, if any, cost savings measures have been implemented by the Company in 2020, in order to mitigate the adverse financial impacts caused directly or indirectly by the COVID-19 pandemic? Please describe each measure and provide the most detailed available quantification of the monthly achieved expense and capitalized cost reductions achieved to date from such initiatives.

Response:

As noted in Puget Sound Energy's ("PSE") Response to Public Counsel & The Energy Project Data Requests Nos. 003 and 009, PSE completed a review of budgeted costs and completed cost savings measures directly in response to the COVID-19 pandemic which are largely a result of social distancing and employees working remotely, including the following:

- Employee expenses (travel, meals, parking, fuel, mileage)
- Employee Training
- Printing and office supply equipment

The most detailed quantification is available within Attachment A to PSE's Response to Public Counsel & The Energy Project Data Request No. 003 and PSE's Response to Public Counsel & The Energy Project Data Request No. 009. These amounts are projected savings estimated through the budgeting process. Due to constant changes in how actual spending occurs, much of which is not COVID-related, it is not possible to provide actual monthly savings. PSE anticipates that overall, when excluding the impacts of bad debt expense, COVID-19 related cost savings will be roughly equal to incremental costs.

Additionally, as the above items only reference operating expense measures, refer to PSE's Response to Public Counsel & The Energy Project Data Request No. 012, which notes that certain capital projects were curtailed in response to the COVID-19 pandemic and provides the estimated financial impact.

**Avista's Response to Public Counsel and
The Energy Project's Informal Data Request No. 8,
Attachment A**

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/23/2020
CASE NO.:	UE-200407 & UG-200408	WITNESS:	N/A
REQUESTER:	PC/TEP	RESPONDER:	Lauren Pendergraft
TYPE:	Data Request	DEPT:	Financial Planning and Analysis
REQUEST NO.:	PC/TEP - 08	TELEPHONE:	(509) 495 2998
		EMAIL:	lauren.pendergraft@avistacorp.com

REQUEST:

What, if any, cost savings measures have been implemented by the Company in 2020, in order to mitigate the adverse financial impacts caused directly or indirectly by the COVID-19 pandemic? Please describe each measure and provide the most detailed available quantification of the monthly achieved expense and capitalized cost reductions achieved to date from such initiatives.

RESPONSE:

The Company implemented a budget review team in April 2020 to proactively identify cost reduction opportunities to mitigate adverse financial impacts caused directly, indirectly, or unrelated to the COVID-19 pandemic.

The budget reduction guidance communicated to the organization can be found in the attached email (PC-TEP-DR-08 Attachment A).

The table below identifies specific measures and targeted 2020 savings amounts (as compared to original 2020 budget). The amounts were estimated as a reduction to the annual budget and not available by month. Actual cost savings may not be available until year end when all net activity can be analyzed. See DR PC-TEP-15 for monthly variance information.

(amounts in millions)	<i>Estimated</i> Annual Savings (compared to original budget)	Reduction related to COVID-19?
Cancelled events	\$0.2	Directly
Decreased transportation costs	\$0.9	Directly
Lower collection fees	\$0.1	Directly
Training/conference travel	\$1.5	Indirectly
Misc. other savings	\$0.6	Indirectly

In response to increased expenses not related to COVID-19, the company also identified approximately \$3.8M of savings related to operations (including maintenance expense, delay in hiring positions, and non-utility marketing/advertising) which were not savings related to COVID-19.

Additionally, the Company has implemented additional review and approval steps for the capital budget for 2020. Throughout the remainder of this year, the Capital Planning Group (CPG) will make recommendations, if any, to the executive team for approval for funding level changes to capital projects.

Pendergraft, Lauren

From: Cox, Bryan
Sent: Tuesday, May 26, 2020 9:27 AM
Subject: Budget reduction guidance related to hiring, travel/training/conferences and one leave usage.

Good morning everyone. I hope you had an opportunity to enjoy the Memorial Day Holiday as we move closer to summer. This note is being sent to the **#corp leadership group** distribution list. As communicated previously, we experienced and forecasted increased costs due to a combination of factors including additional costs related to Covid-19, one-time costs related to recent regulatory orders and additional expenses not related to Covid-19. In response to these increased costs, several expense reduction opportunities were identified by a budget review team across the organization. Examples of categories of expense reduction opportunities include open positions, training/travel/conferences, maintenance work, initiatives, and certain accounting items. The following guidelines have been developed to address hiring, travel/training/conferences, and one-leave usage to help achieve these expense reductions opportunities.

Leadership Focus

Our goal is to implement these guidelines across our organization to support consistency in the employee experience and achieve the identified cost savings. The success of this effort is a shared responsibility and depends on all of us doing our part as we make decisions over the course of the year. As conditions evolve during the year, we will continue to check in on the budget reduction effort, which will inform planning for 2021.

Hiring

There is no hiring freeze and we are continuing to balance the need to continue to provide safe and reliable energy and fulfill our role as an essential service, while managing cost pressure in 2020 and 2021 and ensuring the on-boarding employee experience for new employees is effective.

External Postings:

- When evaluating whether to fill open positions, consider risk and business impact of not filling the position. Look at alternative solutions, including delaying filling the position, re-distributing work, -creating development opportunities or making organizational changes. Ask “is it something that has to be filled now, or can it wait post Recovery Stage?” and “what are innovative ways to approach meeting this need?”
- Normal business case approval process.
- VPs will hold positions that will be hired on a delayed basis.
- For newly approved business cases, HR will work with the hiring leader to determine readiness for onboarding the new employee.

Internal Postings:

- When evaluating whether to fill open positions, consider risk and business impact of not filling the position. Look at alternative solutions, including delaying filling the position, re-distributing work, -creating development opportunities or making organizational changes. Ask “is it something that has to be filled now, or can it wait?” and “what are innovative ways to approach meeting this need?” In addition, consider the business domino impact.
- Normal business case approval process

Travel/Training/ Conferences

Pandemic-related restrictions on travel & large gatherings, along with the rapid acceleration of virtual alternatives to meeting and learning dovetails well with the company’s current need to reduce

expenses. Shifting to virtual meetings and training where possible still supports business activities and employee development, while at the same time helps us meet our cost management goals for 2020. PGU/TEP Exhibit No. 5
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Where possible, employees should participate in meetings and events virtually when travel expense is involved (and during Pandemic Plan stages that limit the size of in-person gatherings). Non-essential business travel such as non-required training and industry conferences that are not directly related to critical business operations is not permitted during the current Critical Sustained phase.

We recognize, virtual participation will likely be less expensive than in-person participation, however, the intent is to proceed with the previously planned level of training or a reduction rather than expand participation due to lower per participant cost. This will allow savings to be used to offset other company cost pressures.

This includes:

- Business-related travel within and outside our service territory, especially travel that involves airfare and lodging
- Travel related to employee learning and training
- Travel related to attending conferences and industry meetings

Recommended strategies for meeting commitments to budget reduction targets for training:

Non-Required Training: Deferring/ eliminating; or participating virtually where appropriate

Required Training*: Participating in required training virtually if that option is available

*(*Required training includes training as required by law, compliance requirements, certification maintenance such as professional engineer license, CPA, and other professional certifications required for certain roles)*

Exceptions may be made by VP approval such as limited industry conference/ meeting attendance for industry trade organization board/committee members or when no virtual alternatives exist for required training that cannot be deferred.

If employees need to attend in person, they are expected to ensure in advance that proper protocols will be followed by the event organizer and themselves to minimize COVID-19 exposure risk (per company & governmental guidelines in effect at the time of events). Employees with concerns about how an event or gathering is being managed relative to COVID-19 risk should talk with their leader before attending.

One-Leave

Since April, we have experienced an understandable and significant slow-down in employee usage of One-Leave. Now that we have somewhat stabilized under the Critical Sustain phase of our pandemic response, it's time to start encouraging employees to return to using their One-Leave. Taking One-Leave helps employees manage the high stress load they are carrying in this challenging and ambiguous time and supports the company's cost management objectives.

- We all need to re-charge given the large and cumulative amount of change we have all been experiencing and managing as a result of COVID-19.
- Using our One-Leave is a win/win for each of us and the company. We all encounter these evolving challenges differently. Taking One-Leave helps re-establish boundaries between work and home. Disconnecting from work allows us to get a much needed break and to come back refreshed physically and mentally.
- Everyone is highly encouraged to utilize their full accrual of One Leave for 2020. On average, employees would need to use 19 days each during 2020 in order to meet budgeted One-Leave taken.
- Some employees have asked if we will be modifying the One-Leave Program parameters. We will not be making any changes. No additional allowances will be made to extend the 750 hour limit beyond December 31. Employees who project that they will be exceeding the 750 hour limit by 12/31/2020 are encouraged to use down their One leave bank throughout the remainder of the year, so that they do not lose hours in excess of 750 hours effective 1/1/2021.
- Please refer to the COVID site on Avenue for personal domestic and international travel guidance.

- One-Leave reports are sent monthly and will be updated to help leaders understand how one-leave usage is comparing to accruals and budget for visibility on progress.

We care about employee well-being and we need to manage our costs. In support of both, we are asking that leaders begin encouraging One-Leave usage, and that they develop strategies to accommodate requested employee time off for the remainder of the year.

This week Finance will send out instructions to update your expected spend reflecting the expense reductions. Thank you for your continued dedication to our people and customers.

Bryan

Bryan Cox | VP Safety & Human Resources | Avista Corp.

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**PacifiCorp's Response to Public Counsel and
The Energy Project's Informal Data Request No. 8**

PC-TEP Data Request 8

What, if any, cost savings measures have been implemented by the Company in 2020, in order to mitigate the adverse financial impacts caused directly or indirectly by the COVID-19 pandemic? Please describe each measure and provide the most detailed available quantification of the monthly achieved expense and capitalized cost reductions achieved to date from such initiatives.

Response to PC-TEP Data Request 8

Refer to the Company's response to PC-TEP Data Request 3. The only costs savings measures that are applicable to the categories described in the response to Data Request 3 relate to customer outreach to mitigate the risk of bad debt, including customer payment programs and low income assistance. The Company has sent out communications to customers about flexible payment plans and access to low income assistance, and encourages customers to contact the Company about any arrearages accumulated during the moratorium. Quantification of the impacts of this outreach on bad debt expense is not possible.

PREPARER: Heather Loechle / Melissa Nottingham

SPONSOR: To Be Determined

**Cascade's Responses to Public Counsel and
The Energy Project's Informal Data Request No. 8**

Request No. 8

Date prepared: September 23, 2020
Preparer: Kevin Conwell
Contact: Christopher Mickelson
Email: Christopher.Mickelson@cngc.com
Telephone: 509-734-4549

PC/TEP-8 What, if any, cost savings measures have been implemented by the Company in 2020, in order to mitigate the adverse financial impacts caused directly or indirectly by the COVID-19 pandemic? Please describe each measure and provide the most detailed available quantification of the monthly achieved expense and capitalized cost reductions achieved to date from such initiatives.

Response:

In April 2020 a hiring freeze was not implemented, but there was an additional requirement of additional approval for replacement positions, since the Company was facing a lot of unknowns. For the right reasons we delayed filling positions and looked at a variety of staffing alternatives along with adding additional approval and justification requirements before replacing a position. Effective September 2, 2020, the requirement for additional approval was removed, however Officers are expected to continue to consider alternatives and exercise judgement when approving replacement positions.

See attached files:

- PC-TEP-8 Waived Late Payment Costs.xlsx
- PC-TEP-8-5500-Travel.xlsx
- PC-TEP-8-5851-5853-Training.xlsx
- PC-TEP-8-5800-Misc Employee Expenses excluding Training.xlsx

Company management instructed cuts to the capital budget as a result of COVID-19. Please see the response to DR 12 for more detailed information related to the capital budget cuts.