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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF AVISTA CORPORATION FOR THE AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE TO ELECTRIC CUSTOMERS IN THE STATE OF IDAHO	)))))))	CASE NO. AVU-E-19-04 DIRECT TESTIMONY OF DENNIS P. VERMILLION

FOR AVISTA CORPORATION

(ELECTRIC)

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Dennis P. Vermillion and I am employed as the President of Avista Corporation, and also serve as Chairman of the Board of Directors for Avista Corp. subsidiary Alaska Electric Light and Power Company. My business address is 1411 E. Mission Avenue, Spokane, Washington.

Q. Would you briefly describe your educational background and professional experience?

A. Yes. I received a Bachelor of Science degree in electrical engineering from Washington State University in 1985. I started working for Avista in 1985 and have held numerous positions in energy trading, marketing, risk management, power transmission contracting, and resource planning and coordination. I was appointed as President and Chief Operating Officer of Avista Energy in 2001. I was appointed Vice President of Energy Resources for Avista Utilities in 2007 at the close of the sale of Avista Energy. In 2009, I was appointed President of Avista Utilities, and later in January 2018 was appointed President of Avista Corporation, and in that role serve on Avista Corporation's Board of Directors. On May 13, 2019, Scott Morris announced to the Company's Board of Directors that he will retire from the Company effective March 1, 2020. However, he will serve as the Executive Chairman of the Board of Directors until his retirement date, but will transition his duties as Chief Executive Officer to me effective October 1, 2019.

I currently serve as a board member for Western Energy Institute (WEI) and American Gas Association (AGA) and the Avista Foundation. I formerly served on the board of Spokane County United Way and was a past chairman of the Spokane County Campaign.

Q. What is the scope of your testimony in this proceeding?

A. In my testimony I summarize the Company's proposal in this filing, and address our continuing capital investment, which continues to be the primary driver behind the Company's most recent general rate cases. I discuss our ongoing focus on cost management and cost efficiencies which have been undertaken to help mitigate the overall rate request, as well as our continued focus on communicating with customers, our overall customer satisfaction, and our customer support programs. Finally, I introduce the other Company witnesses who support this general rate case filing.

A table of contents for my testimony is as follows:

Q. Are you sponsoring exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit No. 1, Schedule 1. Schedule 1, page 1, is a diagram of Avista's corporate structure. Schedule 1, pages 2 and 3, are maps showing Avista's electric and natural gas service areas.

II. OVERVIEW OF AVISTA

Q. Please briefly describe Avista Utilities.

A. Avista Utilities serves approximately 388,000 electric and 355,000 natural gas customers in a 30,000 square mile service territory covering portions of Idaho, Washington and Oregon. As of December 31, 2018, Avista Utilities had total assets (electric and natural gas) of approximately $5.5 billion (on a system basis), with electric retail revenues of $801 million (system) and natural gas retail revenues of $288 million (system). As of December 31, 2018, Avista had 1,766 regular and seasonal employees.

Q. Please describe Avista's current business focus for its utility operations.

A. Our strategy continues to focus on our energy and utility-related businesses, with our primary emphasis on the electric and natural gas utility business. Our strategic initiatives are now aligned across four focus areas: our customers, our people, performance, and innovation. We have placed additional emphasis upon our customers as being central to all that we do, to ensure our services are safe, reliable, and affordable.

III. PRIMARY FACTORS DRIVING THE PROPOSED RATE REQUEST

Q. What are the primary factors driving the Company's need for an electric increase?

A. The increase in overall costs to serve customers in Idaho is driven primarily by the continuing need to replace and upgrade the facilities and technology we use every day to serve our customers.[1] As explained further by Company witness Ms. Andrews, in 2020,

[1] As discussed by Mr. Thies, from 2019 through 2023, the capital expenditure level is expected to remain constant at approximately $405 million annually, for utility generation, transmission, electric and natural gas distribution facilities, and other requirements.

proposed net power supply expense is reduced from that currently authorized, offsetting the Company's overall increase. The remaining increase impacting the Company's revenue requirement request relates to net increases in operation and maintenance (O&M) and administrative and general (A&G) expenses for Avista's electric operations compared to current authorized levels, mainly due to increased labor and benefits, as well as increases in information services and technology (IS/IT) non-labor expenses. To recognize these cost changes, the Company has included a number of pro forma adjustments to capture the net increases the Company will experience from the 2018 test year.

Q. What is driving the need for continued capital investment?

A. Schedule 3 of Exhibit No. 2, sponsored by Company witness Mr. Thies, is a copy of Avista's "Infrastructure Investment Plan", a plan that provides an overview of our capital investment prioritization process and the six key "investment drivers", which are:

1. Respond to customer requests for new service or service enhancements;
2. Meet our customers' expectations for quality and reliability of service;
3. Meet regulatory and other mandatory obligations;
4. Address system performance and capacity issues;
5. Replace infrastructure at the end of its useful life based on asset condition; and
6. Replace equipment that is damaged or fails, and support field operations.

An explanation of each of these drivers, as well as examples of specific capital projects under these drivers, is provided in the Infrastructure Investment Plan. Mr. Thies provides further details on our capital planning process, which is used to identify and prioritize capital investment, in the appropriate time frame, in a manner that best meets the future needs and expectations of our customers. Company witnesses Mr. Thackston, Ms. Rosentrater, and Mr.

Kensok provide details of the 2019 capital projects, pro formed into this case and included in Ms. Schuh's pro forma capital adjustment. Those witnesses address why the projects need to be done in the planned time frame, and what the risks and consequences are of not completing the projects in that time frame.

Q. What are the major components of the increased net plant investment included in the Company's request?

A. Looking at the changes to "gross" plant in service proposed in this filing, Idaho "gross" plant increases by approximately $93.4 million through December 31, 2019, or 6.1% for electric operations, as compared to what is currently embedded in base retail rates. A breakdown of the incremental electric gross plant additions by major component for each year is as shown in Table No. 1 below:

Table No. 1: Electric Gross Plant Additions

Gross Plant Additions (000s)	
Investment	**2019**
Generation/Transmission	$ 50,321
Distribution	$ 30,229
General & Intangible	$ 12,830
Total Electric Gross Additions	$ 93,380

As noted in Table No. 1, in order to meet the energy and reliability needs of our customers, $50.3 million of the electric "gross" plant increase is due to the Company's investment in thermal and hydro generating facilities, as well as additional transmission investment. Electric distribution "gross" plant increases $30.2 million above that approved in the last general rate case. The electric portion of general and intangible "gross" plant increases $12.8 million.

Company witness Ms. Schuh sponsors the restating and pro forma capital adjustments which incorporate the effects of these capital investments in the determination of the Company's proposed revenue requirements. Other Company witnesses, (i.e. Mr. Thackston regarding production assets; Ms. Rosentrater regarding transmission, distribution and general assets; and Mr. Kensok regarding the costs associated with Avista's IS/IT projects) provide more information regarding the 2019 pro forma capital projects included in this case, describing the need for and timing of these capital projects.

Q. Please provide an overview of the changes in net power supply expenses.

A. As discussed in Company witness Mr. Kalich's direct testimony, the level of Idaho's share of power supply expense for rate year 2020 pro formed into this case has decreased by approximately $3.8 million ($11 million on a system basis), from the level currently included in base rates.

Q. Are any costs associated with the proposed merger with Hydro One included in the Company's general rate request?

A. No, there are not. Any costs associated with the proposed merger were charged to non-utility accounts. As a second check, our Regulatory Affairs team did a thorough review of its general ledger to verify that no costs were included in this case that were associated with the proposed transaction.

IV. SUMMARY OF RATE REQUEST

Q. What is the revenue increase proposed for Avista's electric rate request in this filing?

A. The proposed electric revenue increase is shown in Table No. 2 below:

Table No. 2

	Proposed Electric Revenue Increase	Base % Increase	Billed %[2] Increase
January 1, 2020	$5.3 million	2.1%	2.1%

The Company's electric request is based on a proposed rate of return of 7.55%, with a common equity ratio of 50% and a 9.9% return on equity (ROE).

Q. When would the Company's proposed rate request become effective?

A. The tariff schedules provide for an effective date of July 14, 2019; however, in the Company's Application in this case, Avista has requested that the tariffs be suspended with a proposed effective date of January 1, 2020, consistent with the terms of the agreed-upon Settlement in our present Two-Year Rate Plan.

Q. How is the Company proposing to spread the electric increases to each of the customer rate schedules?

A. The proposed electric increase to each customer rate schedule is shown in Table No. 3 below:[3]

[2] The "billed" percentage calculation includes the revenues associated with other tariff schedules such as demand-side management (DSM) funding, and the Residential Exchange Credit.

[3] Company witness Mr. Miller provides details of the proposed spread of the increase to each customer rate schedule.

Table No. 3 – Proposed % Electric Increase by Schedule

Rate Schedule	Increase in Base Rates	Increase in Billing Rates
Residential Schedule 1	3.4%	3.5%
General Service Schedules 11/12	0.0%	0.0%
Large General Service Schedules 21/22	1.5%	1.5%
Extra Large General Service Schedule 25	1.5%	1.6%
Clearwater Paper Schedule 25P	1.5%	1.6%
Pumping Service Schedules 31/32	1.5%	1.5%
Street & Area Lights Schedules 41-49	0.0%	0.0%
Overall	**2.1%**	**2.1%**

Q. What is the proposed monthly bill increase for a residential electric customer with average consumption?

A. The proposed monthly bill increase for a residential customer using an average of 898 kWhs per month is $2.89 per month, or a 3.5% increase in their electric bill. The present bill for 898 kWhs is $82.57 compared to the proposed level of $85.46, including all rate adjustments.

Q. Did the Company evaluate the need for a natural gas general rate case?

A. Yes, it did. As Ms. Andrews discussed, the Company also prepared a preliminary natural gas pro forma study. The results of the natural gas study showed for the rate year 2020 a very slight revenue sufficiency of $6,000 or -0.01%. The results of the Company's natural gas study included the impact of the reduction in depreciation rates approved by the IPUC (per Case No. AVU-G-18-02) effective April 1, 2019. Prior to consideration of the depreciation rate adjustment, the preliminary natural gas study results showed a revenue deficiency of approximately $645,000 or 1.50%, resulting from increased plant investment, O&M and A&G expenses, and changes in cost of capital. These results for the natural gas study were de minimis, unlike the electric pro forma study, which showed a substantial revenue deficiency, albeit reduced due to the offsetting reduction of net power supply costs. It is also important to note that, as agreed to in Case No. AVU-G-18-02, without a natural gas GRC filing prior to the effective date of the Company's Purchased Gas Adjustment in November 2019, the Company is required to begin deferring the benefit of the natural gas depreciation expense reduction, effective November 1, 2019, and do so until such time as the revised depreciation rates are reflected in base rates. Customers, therefore, will receive the benefit of the reduced depreciation rates anyways, and these benefits will not otherwise offset increased expenses during the 2020 rate period.

V. COST MANAGEMENT AND EFFICIENCIES

Q. Is Avista continuing to pay particular attention to controlling its costs in order to mitigate the level of price increases to its customers?

A. Yes. We recognize that increases in costs will result in bills that will be more difficult for some of our customers to pay. I can assure you that we are not just sitting on the sidelines as our costs go up. We continue to aggressively manage costs to achieve the appropriate balance in providing safe and reliable service at cost-effective rates, and a high level of customer satisfaction, while preserving the financial health of the utility. We are focused on long-term sustainable savings to continuously improve our service to customers and manage costs into the future. Some of the measures from the last couple of years that we are continuing, are briefly explained below, as well as a number of more recent initiatives.

First, the Company continues to operate under a hiring restriction which requires approval by the Chairman/CEO, President, the CFO, and the Sr. VP for Human Resources for all replacement or new hire positions.

In an effort to keep medical office visits down, we offer access to phone or web-based 24/7 telemedicine and we have an on-site medical clinic. Beginning in 2017, Avista offered a self-insured High Deductible Health Plan ("HDHP") in addition to the current self-insured plan. The HDHP requires plan participants to pay all costs of medical care up to defined deductible limits. Over time we expect this plan to result in lower overall medical costs to the Company.

To mitigate operating expense increases in IS/IT, Avista works to automate our systems through technology where reasonable and prudent to do so, and we work to negotiate discounted multi-year contracts with vendors that result in discounted maintenance and support rates. As an example, in 2016 we introduced a cloud-based business performance monitoring tool that automates a portion of the labor performed by our IS teams. This subscription-based license model resulted in a significant reduction of internal labor costs over a three year period, allowing us to redeploy our IS operations team labor resources and providing immediate cost savings.

The Company's "Work Digitization Effort" prioritized opportunities that have a cost savings potential by digitizing the remaining back office, work processes, inventory or other areas where we might be able to achieve efficiencies. This presented a chance to think about how we might continue to streamline our processes using technology and ultimately create an inventory of opportunities. Avista assembled a team of 40 individuals from across the organization and requested they poll their respective business units for possible ideas to achieve efficiencies and find cost savings. The team collected the ideas and brought them in for review and analysis to determine if they were being addressed in another forum, or if they had merit for futures sequencing, planning and implementation efforts. This activity allowed our project planning team an opportunity to ensure that efforts known to create efficiencies were being appropriately sequenced for action. We are continuing to sequence these efforts for planning and implementation as we have funding to do so, and as they make prudent sense to complete.

Another example where the Company has successfully managed its expenses, is related to our Fleet Asset Management Program which includes optimizing our maintenance schedule to reduce repairs and ensure peak performance, idle-reduction programs to reduce fuel consumption, "right-sizing" engines to maximize fuel efficiency, and using recycled motor oil.

The Company's Investment Recovery Department receives materials from the field and inspects these materials for reassignment, reuse, recycling or scrapping. Avista inspected 1.7 million pounds of scrap in 2017 for a total savings of $690,000. Both of these examples are continuous improvement practices to manage expenses over time.

In 2016, Customer Service partnered with Supply Chain to review the existing contracts with each of our three collection agencies. At the same time, Avista participated in a benchmark study that revealed opportunities for lowering the fees we were paying to our collection agencies and implement new processes of working together to increase the recovery percentage on the dollars we assign to the collection agencies. Later that same year, Customer Service adopted a scorecard process utilized by Supply Chain as a tool for performance management. The collection agency scorecard provides a baseline against which future results are compared (trend analysis).

Shortly after the initial presentation of the new scorecards, three new contracts were fully executed, based on the results of these scorecards, and each included reduced fee rates. The efforts put forth in building strong partnerships, mutual accountability and communication have proven to be highly successful. In comparison to the baseline performance established in 2016, the collection agency recoveries have increased by 50% while our fee rates paid have been reduced by 12%. The estimated value for 2018 compared to the 2016 baseline performance is approximately $511,000.

Q. Are these the only measures the Company has taken recently to mitigate increased costs?

A. No. Avista is constantly looking for improvements in the way it provides services to its customers, as well as ways to reduce the costs of those services. Ideas are generated through Business Process Improvement (BPI). BPI integrates the expertise of people, streamlines processes, and appropriately applies technology to collectively optimize business processes and create sustainable results. For instance, between 2016 and 2018, twenty-two projects provided approximately $8 million in savings, efficiencies, and/or avoided costs. Most of the savings/efficiencies referenced above are a direct result of this process as well.[4]

VI. COMMUNICATIONS WITH CUSTOMERS

Q. How is Avista communicating with its customers to explain what is driving increased costs for the Company?

A. The Company proactively communicates with its customers about a range of subjects through a variety of channels: Avista's website www.myavista.com, electronic and print newsletters, Avista Connect www.myavista.com/Connect, social media, customer

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[4] Any actual cost savings are embedded in the Company's 2018 historical test year.

forums, one-on-one customer interactions through field personnel and account representatives, bill inserts, direct email, media contacts, group presentations, through our employees' involvement in community, business and civic organizations, and more. We believe our communications help our customers and the communities we serve to better understand the utility business as well as issues faced by the Company that contribute to their energy rates, such as increased and ongoing infrastructure investment and improvement, environmental mitigation and security.

Our employees provide excellent customer service, and this focus on communicating with our customers includes providing our employees messaging and new tools and training to make it easier to communicate with friends, family and customers. We have found that once a customer talks with our employees, and voices their concerns and receives answers to their questions, their satisfaction level increases.

We are also continuing our focus on informing customers of the many programs we offer to provide assistance in managing their energy bills, and ensuring that our employees are equipped to engage in these conversations.

VII. CUSTOMER SATISFACTION

Q. What kind of feedback are you receiving from customers related to customer satisfaction?

A. Our customer service surveys indicate that customer satisfaction remains high. Our overall customer satisfaction from our voice-of-the-customer (VOC) surveys for 2018 was 97% in our Idaho, Washington, and Oregon operating divisions, the highest ever ratings since the Company began tracking VOC over 20 years ago. The purpose of the VOC Survey is to measure and track customer satisfaction for Avista Utilities' "contact" customers – i.e., customers who have contact with Avista through the Contact Center and/or work performed through an Avista construction office. This rating reflects a positive experience for customers who have contacted Avista related to the customer service or field service they received. These results can be achieved only with very committed and competent employees.

VIII. CUSTOMER SUPPORT PROGRAMS

Q. Please summarize briefly the customer support programs that Avista provides for its customers in Idaho.

A. Avista Utilities offers a number of programs for its Idaho customers, such as energy efficiency programs, Project Share for emergency assistance to customers, the Customer Assistance Referral and Evaluation Service (CARES) program, level pay plans, and payment arrangements. Some of these programs will serve to mitigate the impact on customers of the proposed rate increase.

Some of the key programs that we offer or support are as follows:

1. **Project Share.** Project Share is a community fuel fund that is supported by a partnership of utilities and community action agencies; it provides "emergency" energy assistance to qualified households that have exhausted all other energy assistance resources. Avista employees and customers voluntarily donate to Project Share; in 2018 this group donated $149,033 to the program. Additionally, during the same year the Company contributed $137,360 to Project Share to help individuals stay connected to essential services.

2. **Customer Assistance Referral Evaluation Services (CARES) Program.** Avista's CARES Department works with customers experiencing difficult circumstances such as medical crisis, unemployment, family hardships, or other special conditions that may impact the customer's ability to pay their utility bill. CARES works with the customer to connect them with energy assistance, provide

specialized payment arrangements, and often delays disconnect to accommodate this process.

3. **Comfort Level Billing.** The Company offers the option for residential customers to pay the same bill amount each month of the year by averaging their annual usage. Under this program customers can avoid unpredictable winter heating bills.

4. **Multiple Payment Methods.** The Company offers a number of no-cost payment methods for customers. In addition to making a payment at pay stations, drop boxes, or paying by cash at pay stations or the Company's office, Avista also offers customers online payment through the Company's website whether it is ACH, credit/debit card and pay-by-telephone payment options which provide almost immediate account updating and the customer can make these payments without leaving their home.

5. **Energy Efficiency.** Avista began offering energy efficiency programs to its customers in 1978. These programs pursue all cost-effective energy efficiency and operate within the prevailing market and economic conditions. Recent programs with the highest impacts on energy savings include residential and non-residential prescriptive lighting, residential fuel efficiency, site-specific lighting, and small business projects. Avista energy efficiency programs provide conservation and education options to the residential, low income, commercial, and industrial customer segments. Program delivery includes prescriptive, site-specific, regional, upstream, behavioral, market transformation, and third-party direct install options. Prescriptive programs, or standard offerings, provide cash incentives for standardized products such as the installation of qualifying high-efficiency heating equipment. Prescriptive programs work in situations where uniform products or offerings are applicable for large groups of homogeneous customers and primarily occur in programs for residential and small commercial customers.

These programs and the partnerships we have formed with community action agencies have been invaluable to customers who often have nowhere else to go for help.

IX. <u>SUMMARY OF WITNESSES</u>

Q. Would you please provide a brief summary of the testimony of the other witnesses representing Avista in this proceeding?

A. Yes. The following additional witnesses are presenting direct testimony on behalf of Avista:

Mr. Mark Thies, Senior Vice President, Chief Financial Officer and Treasurer, will provide a financial overview of the Company and will explain the proposed capital structure and overall rate of return, as well as Avista's credit ratings. He will also discuss, among other things, the Company's capital expenditures program and Interest Rate Risk Management Plan. In brief he shows:

1. Avista's corporate credit rating from Standard & Poor's (S&P) is currently BBB and Baa2 from Moody's Investors Service. Avista must operate at a level that will support a solid investment grade corporate credit rating in order to access capital markets at reasonable rates. A supportive regulatory environment is an important consideration by the rating agencies when reviewing Avista. Maintaining solid credit metrics and credit ratings will also help support a stock price necessary to issue equity under reasonable terms to fund capital requirements.

2. We are proposing an overall rate of return of 7.55 percent, which includes a 50 percent common equity ratio, a 9.9 percent return on equity, and a cost of debt of 5.2 percent. We believe our proposed overall rate of return of 7.55 percent and the proposed capital structure provide a reasonable balance between safety and economy.

3. Avista's plans call for a continuation of utility capital investments in generation, transmission and distribution systems and technology to preserve and enhance service reliability for our customers. Capital expenditures of $405 million per year (system) are planned for the five-year period ending December 31, 2023. Avista needs adequate cash flow from operations to fund these requirements, together with access to capital from external sources under reasonable terms, on a sustainable basis.

Mr. Adrien McKenzie, as President of Financial Concepts and Applications (FINCAP), Inc., has been retained to present testimony with respect to the Company's cost of common equity. He concludes that:

- In order to reflect the risks and prospects associated with Avista's jurisdictional utility operations, his analyses focused on a proxy group of 21 other utilities with comparable investment risks.
- Because investors' required return on equity is unobservable and no single method should be viewed in isolation, he applied the DCF, CAPM, ECAPM, and risk premium methods to estimate a fair ROE for Avista, as well as referencing the expected earnings approach.
- Based on the results of these analyses, and giving less weight to extremes at the high and low ends of the range, he concluded that the cost of equity for the proxy group of utilities is in the 9.8 percent to 10.8 percent range, or 9.9 percent to 10.9 percent after incorporating an adjustment to account for the impact of common equity flotation costs.
- As reflected in the testimony of Mr. Thies, Avista is requesting a fair ROE of 9.9 percent, which is well below the 10.4 percent midpoint of his recommended range. Considering capital market expectations, the exposures faced by Avista, and the economic requirements necessary to maintain financial integrity and support additional capital investment even under adverse circumstances, it is his opinion that 9.9 percent represents a conservatively low ROE for Avista.

Ms. Elizabeth Andrews, Senior Manager of Revenue Requirements, will generally cover accounting and financial data in support of the Company's need for the proposed electric rate relief requested in the Company's filing. She will explain pro formed operating results, including expense and rate base adjustments made to actual operating results and rate base.

Mr. Scott Kinney, Director of Power Supply, will provide an overview of Avista's resource planning and power supply operations. This includes the current and future load and resource position and future resource plans, planned participation in the Western Energy Imbalance Market, and the recent signing of a 20 year Power Purchase Agreement (PPA) for the Rattlesnake Flat wind project output. As part of an overview of the Company's risk management policy, he will provide an update on the Company's hedging practices.

Mr. Jason Thackston, Senior Vice President of Energy Resources, will provide an overview of our recent April 2019 announcement regarding our "100% Clean Electricity Goal by 2045", and he will address the 2019 generation-related capital projects including 2019 projects associated with Colstrip Unit Nos. 3 and 4.

Mr. Clint Kalich, Manager of Resource Planning & Power Supply Analyses, will 1) describe the Company's use of the AURORA dispatch model, or "Dispatch Model;" 2) discuss our transmission revenue assumptions; 3) identify and explain the proposed normalizing and pro forma adjustments to the 2018 test period power supply revenues and expenses; and 4) detail the proposed level of expense and Load Change Adjustment Rate (LCAR) for Power Cost Adjustment (PCA) purposes, using the pro forma costs proposed by the Company in this filing.

Ms. Heather Rosentrater, Vice President of Energy Delivery, will provide an overview of the Company's electric delivery facilities, discuss our electric reliability trends and areas of focus, and explain the factors driving our continuing investment in electric distribution infrastructure. She will explain how our efforts to maintain the asset health and performance of our electric transmission system, including compliance with mandatory federal standards for transmission planning and operations is driving a continuing demand for new investment. Further, she describes why each capital investment in our operations facilities and fleet operations is needed to support the efficient delivery of service to our customers, today and into the future.

Mr. James Kensok, Vice President Chief Information and Security Officer, provides an overview of, and discusses costs associated with, the Company's IS/IT programs and projects. These costs are comprised of the capital investments for a range of IS/IT projects that support systems used by the Company, including security and technology refresh/expansion, customer facing technology such as myavista.com and our outage mobile application, among several other applications. He explains why our information technology investments are necessary in the time frames indicated and why investments in technology are necessary in order to perform in a safe, secure, reliable, and efficient manner.

Ms. Karen Schuh, Manager of Regulatory Affairs, will cover Avista's capital adjustments to utility plant from December 31, 2018 through December 31, 2019, including the 2019 pro forma capital projects, discussed by the capital witnesses (Mr. Thackston, Ms. Rosentrater, and Mr. Kensok) included in the Company's revenue requirement.

Ms. Tara Knox, Manager of Regulatory Accounting Initiatives, covers the Company's electric cost-of-service study performed for this proceeding. Additionally, she is sponsoring the electric revenue normalization adjustments to the test year results of operations.

Mr. Joseph Miller, Manager of Pricing and Tariffs, discusses the spread of the proposed electric increases among the Company's general service schedules. His testimony will also describe the changes to the rates within the Company's electric schedules.

Q. Does this conclude your pre-filed direct testimony?

A. Yes.