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**IDAHO PUBLIC**  
**UTILITIES COMMISSION**

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE POWER COST	)	CASE NO. AVU-E-20- <u>07</u>
ADJUSTMENT (PCA) ANNUAL RATE	)	
ADJUSTMENT FILING OF AVISTA	)	DIRECT TESTIMONY OF
CORPORATION	)	ANNETTE M. BRANDON

FOR AVISTA CORPORATION

1           **Q.     Please state your name, business address and present position with**  
2           **Avista Corporation?**

3           A.     My name is Annette M. Brandon and my business address is 1411 East  
4           Mission Avenue, Spokane, Washington. I am presently assigned to the Regulatory Affairs  
5           Department as a Manager of Regulatory Affairs.

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

8           A.     Yes. I am a 2002 graduate of Eastern Washington University with a  
9           Bachelor of Arts degree in Business Administration – Professional Accounting. I started  
10          with Avista in January 1999 as a Budget Analyst in the Company's Transmission  
11          department. I spent three years in the Company's Tax Department before moving to  
12          Resource Accounting for the next eight years. In this role, I was primarily responsible for  
13          accounting for natural gas and associated budgeting and reporting requirements. I joined  
14          the Regulatory Affairs department as a Regulatory Analyst in 2012 and was promoted to  
15          my current role in 2013. My primary responsibilities relate to oversight of the purchase  
16          gas cost adjustment filings, Power Supply including general rate case adjustments,  
17          monthly/annual reporting, key contact for the Company's compensation and benefits  
18          programs, and revenue requirement for our Oregon jurisdiction.

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

20          A.     My testimony provides a summary of the accounting entries and account  
21          balances related to the Power Cost Adjustment (PCA) for the 12-months ended June 30,  
22          2020. My testimony also addresses the proposed surcharge to be effective October 1, 2020,  
23          which will replace the existing rebate.

1           **Q. Are you sponsoring an Exhibit?**

2           A. Yes. I am sponsoring Exhibit No. AMB-1. Page 1 details the calculation of  
3 the proposed uniform cents per kilowatt-hour PCA surcharge of 0.015¢, as well as the  
4 impact of the proposed PCA surcharge rate by rate schedule. Page 2 is the proposed PCA  
5 tariff, Schedule 66.

6           **Q. Would you please provide an overview of the most recent history of**  
7 **Avista's PCA methodology that has been approved by the Idaho Public Utilities**  
8 **Commission ("IPUC")?**

9           A. Yes. On June 29, 2007 the Commission issued Order No. 30361 in Case No.  
10 AVU-E-07-01. That case dealt with the review of the PCA methodology and method of  
11 recovery. The Commission approved a change in the PCA methodology from a trigger and  
12 cap mechanism to a single annual PCA rate adjustment filing requirement.

13           The Commission also approved a change in the method of the PCA deferral rate  
14 adjustment from a uniform percentage basis to a uniform cents per kilowatt-hour basis,  
15 effective with the October 1, 2007 rate change. By Order No. 32206 in Case No. GNR-E-  
16 10-03 dated March 15, 2011, the Commission modified the retail revenue credit  
17 methodology and approved a Load Change Adjustment Rate based on the energy-classified  
18 portion of embedded production revenue requirement effective April 1, 2011.

19           The Commission approved the following procedural schedule for administering the  
20 annual PCA filings:

21           August 1	Company filing for prior July – June deferral period
22	
23           September 1	Review and comments by Staff and other interested parties
24	
25           October 1	Commission Order and effective date of PCA rate
26	adjustment

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1           **Q.   Would you please summarize the filing and Order associated with the**  
2 **existing PCA rate?**

3           A.   Yes. On July 30, 2019, Avista filed its annual PCA rate adjustment for the  
4 period July 1, 2018 through June 30, 2019 and requested a PCA rebate rate of 0.058¢ per  
5 kilowatt-hour effective October 1, 2019. The Commission approved that request in Case  
6 No. AVU-E-19-09, by Order No. 34453, dated September 30, 2019.

7           **Q.   Does the present filing conform to the requirements of the prior**  
8 **Commission Orders regarding the PCA?**

9           A.   Yes. Consistent with prior years, the proposed PCA rate adjustment is based  
10 on the following:

- 11           •   Deferrals for the period July 1, 2019 through June 30, 2020, including interest,
- 12           •   Unamortized balance remaining from the period October 1, 2019 through June
- 13           •   Forecast amortization and interest from July 1, 2020 through September 30,
- 14           •   2021.
- 15           •   2021.
- 16           •   2021.
- 17           •   2021.
- 18           •   2021.

19           **Q.   What were the amounts of deferrals and interest for the period July 1,**  
20 **2019 through June 30, 2020?**

21           A.   The table below summarizes the charges for this period:

22   Deferrals (July 2019 - June 2020)	\$	1,038,548
Renewable Energy Credit Retirement Benefit	\$	(857,010)
23   Interest	\$	15,928
24   Total Deferral Balance	\$	<u>197,466</u>

25           Company witness Mr. Reid discusses the components that make up the \$1,038,548  
26 deferral balance shown above. The \$857,010 credit for Renewable Energy Credit  
27 Retirement benefits is to credit Idaho customers for benefits related to the renewable energy  
28 credits retired to meet Washington's renewable portfolio standards. The RECs used to meet

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1 Washington RPS are tracked 100% in the PCA, per Commission Order. The credit is based  
2 on the Idaho allocation of RECs that were retired to meeting Washington RPS (WA I-937)  
3 that would have been otherwise sold.

4 The \$15,928 interest amount represents interest for the twelve-month period July 1,  
5 2019 through June 30, 2020. Interest for the 6-month period was calculated using the  
6 Customer Deposit Rate of 2% for the entire period, per prior Commission order.

7 **Q. What surcharge rate is the Company proposing to be effective October 1,**  
8 **2020?**

9 A. The Company is proposing a uniform cents per kilowatt-hour PCA surcharge  
10 rate of 0.015¢ to be effective October 1, 2020. Page 1 of Exhibit No. AMB-1 shows the  
11 calculation of the proposed rate. The proposed rate is designed to surcharge the following:

12	Deferrals (July 2019 - June 2020)	\$	1,038,548
13	RPS Compliance	\$	(857,010)
14	Renewable Energy Credit Retirement Benefit	\$	15,928
15	Total Deferral Balance	\$	197,466
16	Unamortized Balance from Previous Deferrals (prior to July 1, 2019)	\$	(4,057,274)
17	Amortization July 2019 - June 2020	\$	3,936,513
18	Interest	\$	(30,625)
19	Total Remaining Amortization Balance	\$	(151,386)
20	Projected Amortization and Interest (July 2020-September 2021)	\$	413,311
21	TOTAL BALANCE FOR AMORTIZATION	\$	459,391

22 After applying the conversion factor related to commission fees and uncollectible  
23 customer accounts, the resulting balance of \$461,909 is divided by forecasted kilowatt-  
hours to derive the proposed surcharge rate of 0.015¢ per kilowatt-hour.<sup>1</sup>

**Q. What is the impact of the proposed PCA rate increase by rate schedule?**

<sup>1</sup> Total Balance for Amortization \$459,391 divided by conversion factor 0.994549 = \$461,909

1           A.   Page 1 of Exhibit No. AMB-1 shows the effect of the proposed PCA rate  
2   increase by rate schedule. The proposed surcharge rate is 0.015¢ per kilowatt-hour, which  
3   is 0.073¢ per kilowatt-hour more than the existing rebate rate of 0.058¢ per kilowatt-hour.  
4   Column (g) shows the percentage increase by rate schedule. The overall increase in  
5   revenue is 0.9%, or \$2.2 million.

6           **Q.   What will be the impact of the proposed change on an average residential**  
7   **customer?**

8           A.   Residential customers using an average of 898 kilowatt-hours per month  
9   would see their monthly bills increase from \$86.27 to \$86.93, an increase of \$0.66 per  
10   month, or 0.8%.

11          **Q.   Is the Company continuing with its customer bill paying assistance**  
12   **programs?**

13          A.   Yes. The Company has several programs available to assist customers with  
14   paying their bills. Avista's Comfort Level Billing (CLB) plan is based on historical charges  
15   or an estimate of future charges and will approximate a monthly average of the customer's  
16   estimated annual billings. The concept of this plan is to help the customer budget for their  
17   utility bills throughout the year by leveling out seasonal highs and lows in their monthly  
18   utility bills. The Customer Assistance Referral and Evaluation Services (CARES) program  
19   provides assistance to special-needs customers through access to specifically trained  
20   CARES representatives who provide referrals to area agencies and churches for help with,  
21   among other things, housing, utilities and medical assistance.

22          The Low Income Home Energy Assistance Program (LIHEAP) is a Federal  
23   program aimed to assist low income customers pay their electric and natural gas bills.  
24   These funds are distributed through local agencies. Project Share is a voluntary

1 contribution option allowing customers to contribute donations that are distributed through  
2 local community action agencies to customers in need.

3 Idaho customers who have children, elderly or infirmed persons living in the  
4 household may qualify for the Winter Moratorium plan. From December 1 through  
5 February 28, customers are not required to pay their bills in full and can defer payment or  
6 make partial payments. In addition, the Winter Payment Plan provides for lower winter  
7 bill payments by allowing customers to make monthly payments equal to one-half of the  
8 levelized bill amounts, with the balance in full or a new payment arrangement due by April  
9 1<sup>st</sup>. The Company also works out payment arrangements with customers having difficulty  
10 paying their bills.

11 In addition, the Company has convenient options that help those who need  
12 flexibility, but are generally able to pay. APS, or automatic payment service (money is  
13 deducted from a customer's checking account automatically each month), is one example.  
14 Other services include debit and credit card service, check-by-phone or over the web,  
15 preferred due date (the customer picks a more convenient date to pay than the one the  
16 Company states on the bill), and e-billing.

17 **Q. Does that conclude your pre-filed direct testimony?**

18 A. Yes, it does.