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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	CASE NO. AVU-E-21-01
OF AVISTA CORPORATION FOR THE	)	CASE NO. AVU-G-21-01
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR ELECTRIC AND	)	DIRECT TESTIMONY
NATURAL GAS SERVICE TO ELECTRIC	)	OF PATRICK D. EHRBAR
AND NATURAL GAS CUSTOMERS IN THE	)	IN SUPPORT OF
STATE OF IDAHO	)	STIPULATION

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

I.INTRODUCTION

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

A. My name is Patrick D. Ehrbar and I am employed as the Director of Regulatory Affairs for Avista Utilities ("Company" or "Avista"), at 1411 East Mission Avenue, Spokane, Washington.

Q. Have you previously filed direct testimony in this proceeding?

A. No, I have not.

Q. Please provide information pertaining to your educational background and professional experience?

A. I am presently assigned to the Regulatory Affairs Department as the Director of Regulatory Affairs. I am a 1995 graduate of Gonzaga University with a Bachelor of Business Administration degree. In 1997 I graduated from Gonzaga University with a Master of Business Administration degree. I started with Avista in April 1997 as a Resource Management Analyst in the Company's Demand Side Management (DSM) department. Later, I became a Program Manager, responsible for energy efficiency program offerings for the Company's educational and governmental customers. In 2000, I was selected to be one of the Company's key Account Executives, where I was responsible for, among other things, being the primary point of contact for numerous commercial and industrial customers.

I joined the State and Federal Regulation Department as a Senior Regulatory Analyst in 2007. Responsibilities in that role included being the discovery coordinator for the Company's rate cases, line extension policy tariffs, as well as miscellaneous regulatory issues. In November 2009, I was promoted to Manager of Rates and Tariffs, and later promoted to be Senior Manager of Rates and Tariffs. My primary areas of responsibility included electric and natural gas rate design, decoupling, power cost and natural gas rate adjustments, customer usage and revenue analysis, and tariff administration. In October 2017, I was promoted to my present position, where I am responsible for all matters related to general rate cases, tariff filings, rulemakings, and other regulatory activities.

Q. What is the scope of this testimony?

A. The purpose of my testimony is to describe and support the non-revenue requirement portions of the Stipulation and Settlement ("Stipulation"), filed on June 14, 2021 between the Staff of the Idaho Public Utilities Commission ("Staff"), Clearwater Paper Corporation ("Clearwater"), Idaho Conservation League ("ICL"), Idaho Forest Group, LLC ("Idaho Forest"), the Community Action Partnership Association of Idaho ("CAPAI"), Walmart, Inc. (Walmart), and the Company. These entities are collectively referred to as the "Parties" and singularly as a "Party" and represent all who have appeared in these proceedings. In my testimony I will explain the Settlement components related to Rate Spread and Rate Design, and Other Settlement Items.

Q. Are you sponsoring any exhibits?

A. No, I am not. Company witness Ms. Andrews is sponsoring Exhibit No. 19, which is a copy of the Stipulation and Settlement filed on June 14, 2021, with the Commission.

II. RATE SPREAD & RATE DESIGN

Q. Please explain the settlement terms relating to electric and natural gas cost of service.

A. In this case, for electric operations, the Company prepared an electric cost of service analysis that incorporated, among other things, a system load factor peak credit method of classifying production costs, allocating 100% of transmission costs to demand, and allocating transmission costs on a twelve-month coincident peak allocation factor. The Parties do not agree on any particular cost of service methodology. In recognition, however, that certain rate schedules are generally above their relative cost of service the Parties agree that Schedule 25P should receive 25% of the overall percentage base rate changes for the September 1, 2021 and September 1, 2022 base rate increases. In addition, Schedules 11/12 should receive 25% of the overall percentage base rate change for the September 1, 2022 increase. All other schedules, except Schedule 1, should receive a uniform percentage of the overall base rate revenue increase. The remaining revenue requirement should be spread to Schedule 1.

For natural gas operations, the Parties agreed to a uniform percentage of distribution margin change on September 1, 2021 and September 1, 2022.

The Parties agreed that the Tax Customer Credits should be passed through to customers through separate Tariff Schedules 76 (electric) and 176 (natural gas). For Year 1 electric, the Parties agree to return an amount equal to the base rate increase. For Year 2 electric, the Parties agree to return the remaining balance of the Tax Customer Credit, offsetting the overall base rate increase effective September 1, 2022. The Parties agreed that $250,000 of the Tax Customer Credit applicable to Schedule 11 would be allocated to Schedule 25. For natural gas, the Parties agree to begin returning the Tax Customer Credit September 1, 2021, over a ten-year period as proposed by the Company.

Q. How did the Stipulation address rate design?

A. For settlement purposes, the Parties agreed to the rate design changes proposed by Company witness Mr. Miller in his direct testimony for the September 1, 2021 base rate changes.[1] For the September 1, 2022 base rate increases, the electric and natural gas Residential Basic Charges (Schedule 1 and 101), will increase from $6.00 per month to $7.00 per month, an increase of $1.00 per month. The Parties agreed that there will be no changes to the electric demand charges in either year of the rate plan. All other basic and minimum charges effective September 1, 2022 are as proposed by the Company in its initial filing. Appendix F of the Stipulation (Exhibit No. 19) provides a summary of the current and proposed rates and charges for both electric and natural gas service.

Q. What is the effect on retail rates, by rate schedule, of the proposed settlement?

A. Tables No. 1 and No. 2 reflect the agreed-upon percentage increases by schedule for electric service:

Table No. 1 – Electric Change for Rate Year 1

Rate Schedule	Increase in Base Revenue	Increase in Billing Revenue before Offset	Change in Billing Revenue with Offset
Residential Schedule 1	4.9%	4.9%	0.6%
General Service Schedules 11/12	4.3%	4.1%	0.0%
Large General Service Schedules 21/22	4.3%	4.1%	0.0%
Extra Large General Service Schedule 25	4.3%	4.2%	0.0%
Clearwater Paper Schedule 25P	1.1%	1.0%	-3.1%
Pumping Service Schedules 31/32	4.3%	4.2%	0.0%
Street & Area Lights Schedules 41-48	4.3%	4.2%	0.0%
Overall	**4.3%**	**4.2%**	**0.0%**

[1] For the September 1, 2021 rate increase, the Company proposed that all of the base revenue increase be recovered solely through the energy charges for all of the electric and natural gas rate schedules.

Table No. 2 – Electric Change for Rate Year 2

Rate Schedule	Increase in Base Revenue	Increase in Billing Revenue before Offset	Change in Billing Revenue with Offset
Residential Schedule 1	4.3%	4.4%	0.3%
General Service Schedules 11/12	0.8%	0.8%	-2.5%
Large General Service Schedules 21/22	3.1%	3.1%	-0.8%
Extra Large General Service Schedule 25	3.1%	3.1%	-2.2%
Clearwater Paper Schedule 25P	0.8%	0.8%	-3.2%
Pumping Service Schedules 31/32	3.1%	3.1%	-0.8%
Street & Area Lights Schedules 41-48	3.1%	3.1%	-0.8%
Overall	**3.1%**	**3.2%**	**-0.8%**

Tables No. 3 and No. 4 reflect the agreed-upon percentage changes by schedule for natural gas service:

Table No. 3 – Natural Gas Change for Rate Year 1

Rate Schedule	Change in Margin Revenue	Change in Billing Revenue before Offset	Change in Billing Revenue with Offset
General Service Schedule 101	-3.7%	-2.6%	-4.6%
Large General Service Schedules 111/112	-3.7%	-2.1%	-3.7%
Transportation Service Schedule 146	-3.7%	-3.7%	-6.5%
Overall	**-3.7%**	**-2.5%**	**-4.5%**

Table No. 4 – Natural Gas Change for Rate Year 2

Rate Schedule	Change in Margin Revenue	Change in Billing Revenue
General Service Schedule 101	2.2%	1.6%
Large General Service Schedules 111/112	2.2%	1.3%
Transportation Service Schedule 146	2.2%	2.3%
Overall	**2.2%**	**1.5%**

Q. What are the residential bill impacts if the Commission approves the Settlement Stipulation?

A. Effective September 1, 2021 an electric residential customer using an average of 892 kilowatt hours per month would see a $0.49, or 0.6%, increase per month for a revised monthly bill of $86.12. Effective September 1, 2022 an electric residential customer would see a $0.31, or 0.4%, increase per month for a revised monthly bill of $86.43.

Effective September 1, 2021 a natural gas residential customer using an average of 63 therms per month would see a $2.30, or 4.6%, decrease per month for a revised monthly bill of $47.19. Effective September 1, 2022 a natural gas residential customer would see a $0.76, or 1.6%, increase per month for a revised monthly bill of $47.95.

III. OTHER ELEMENTS OF THE STIPULATION

Q. Please explain the settlement terms relating to the Power Cost Adjustment (PCA) authorized level of expenses.

A. The new level of power supply revenues, expenses, retail load and Load Change Adjustment Rate resulting from the September 1, 2021 settlement revenue requirement, for purposes of monthly PCA mechanism calculations, are detailed in Appendix A of the Stipulation (Exhibit No. 19).

Q. Please explain the settlement terms relating to the authorized base for the Electric and Natural Gas Fixed Cost Adjustment Mechanism.

A. The new level of baseline values for the electric and natural gas fixed cost adjustment mechanism resulting from the September 1, 2021 and September 1, 2022 settlement revenue requirement are detailed in the Stipulation as follows (Exhibit No. 19):

- Appendix B – 2021 Electric FCA Base
- Appendix C – 2022 Electric FCA Base
- Appendix D – 2021 Natural Gas FCA Base
- Appendix E – 2022 Natural Gas FCA Base

Q. Please explain the other issues agreed upon in the Settlement Stipulation.

A. The Parties agreed to meet and confer, prior to the Company's next general rate case filing, regarding the Company's electric cost of service study and the appropriate level of basic charges. The purpose of the workshop will be to discuss the merits of differing cost of service methodologies and basic charge levels. The Company will provide available information, studies and data requested by any of the Parties so as to enable meaningful workshop participation and discussion of issues. No Party shall be bound by workshop discussions and may contest cost of service and rate spread or rate design issues in subsequent proceedings.

Second, the Company and interested parties will meet and confer with Staff, and interested parties, on its weather normalization methodologies, with the intention to see what changes, if any, should be made to further the accuracy of its modeling.[2]

Third, as it relates to the long-term ownership of Colstrip, the Stipulation provided that in Order No. 34814 in Case No. AVU-E-19-01, pertaining to the Company's 2020 Electric Integrated Resource Plan, the Commission ordered the

[2] The Company's electric and natural gas weather normalization adjustment calculates the change in usage required to adjust actual loads during the 2019 test period to the amount expected if weather had been normal. This adjustment incorporates the effect of both heating and cooling (for electric) on weather-sensitive customer groups. The weather adjustment is developed from a regression analysis of ten years of billed usage per customer and billing period heating and cooling degree-day data. The resulting seasonal weather sensitivity factors (use-per-customer-per-heating-degree day and use-per-customer-per-cooling-degree day) are applied to monthly test period customers and the difference between normal heating/cooling degree-days and monthly test period observed heating/cooling degree-days.

Company to file an annual update on its Colstrip ownership interest by October 1 of each year. The report is intended to "provide updated economic analyses of retirement dates, closure plans and estimated retirement dates, and annual accounting for decommissioning and remediation expenditures/estimates." Additionally, the Order requires that "Avista shall notify the Commission within 30 days of Colstrip partner decisions and plant issues that may materially affect Idaho customers." The Commission noted that "Providing a separate venue for the Colstrip analysis reflects the IRP's usefulness as a portfolio planning process that leaves specific resource decisions to separate dockets." The process established will provide a venue for all interested stakeholders to receive information as it pertains to the Company's long-term ownership interest in Colstrip. Avista will extend an invitation to the Parties to participate in scheduled meetings as contemplated by Order No. 34814, supra, and to provide its annual reports filed with the Commission to the Parties.

Fourth, Avista agrees to meet and confer with Commission Staff to discuss the prudence of network upgrades related to the Neilson Substation and Interconnection.

Lastly, Avista agrees to meet and confer with Commission Staff to discuss customer satisfaction metrics, and how the Company's investment in customer-facing technologies affect those metrics and drive customer experiences

Q. Does this conclude your direct testimony?

A. Yes, it does.