

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY AND GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
1411 E. MISSION AVENUE
P. O. BOX 3727
SPOKANE, WASHINGTON 99220
PHONE: (509) 495-4316, FAX: (509) 495-8851

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE POWER COST)	CASE NO. AVU-E-22- <u>11</u>
ADJUSTMENT (PCA) ANNUAL RATE)	
ADJUSTMENT FILING OF AVISTA)	DIRECT TESTIMONY OF
CORPORATION)	KAYLENE J. SCHULTZ

FOR AVISTA CORPORATION

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

3 A. My name is Kaylene J. Schultz. I am employed by Avista Corporation as
4 Manager of Regulatory Affairs in the Regulatory Affairs Department. My business address
5 is 1411 East Mission, Spokane, Washington.

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

8 A. Yes. I am a graduate from Gonzaga University with a Bachelor of Business
9 Administration degree, majoring in both Accounting and Business Administration, with a
10 concentration in Management Information Systems. After spending nearly eight years in
11 the banking and capital markets sector, I joined Avista in September 2015 as a Natural Gas
12 Analyst in the Company's Gas Supply Department, now Energy Supply. In January 2019,
13 I joined the Regulatory Affairs Department as a Regulatory Affairs Analyst where I was
14 responsible for preparing various annual filings and applications. In my current role as
15 Manager of Regulatory Affairs, my primary areas of responsibility include preparation of
16 general rate case filings, annual power supply related filings, among other things.

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

18 A. My testimony provides a summary of the accounting entries and account
19 balances related to the PCA for the 12-months ended June 30, 2022. My testimony also
20 addresses the proposed surcharge to be effective October 1, 2022, which will replace the
21 existing surcharge that went into effect on October 1, 2021.

22 **Q. Are you sponsoring any Exhibits?**

23 A. Yes. I am sponsoring Exhibit No. KJS-1. Page 1 of that exhibit details the

1 calculation of the proposed uniform cents per kilowatt-hour PCA surcharge of 0.150¢, as
2 well as the impact of the proposed PCA surcharge rate by rate schedule. Page 2 is the
3 proposed PCA tariff, Schedule 66.

4 **Q. Would you please provide an overview of the most recent history of**
5 **Avista’s PCA methodology that has been approved by the Idaho Public Utilities**
6 **Commission (“IPUC”)?**

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

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

17 The Commission approved the following procedural schedule for administering the
18 annual PCA filings:

19 August 1	Company filing for prior July – June deferral period
20	
21 September 1	Review and comments by Staff and other interested
22	parties
23	
24 October 1	Commission Order and effective date of PCA rate
25	adjustment
26	

27 **Q. Would you please summarize the filing and Order associated with the**

1 **existing PCA rate?**

2 A. Yes. On July 30, 2021, Avista filed its annual PCA rate adjustment for the
3 period July 1, 2020 through June 30, 2021, and requested a PCA surcharge rate of 0.251¢
4 per kilowatt-hour effective October 1, 2021. The Commission approved that request in
5 Case No. AVU-E-21-09, by Order No. 35184, dated September 30, 2021.

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

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

- 10 • Deferrals for the period July 1, 2021 through June 30, 2022, including interest,
11
- 12 • Unamortized balance remaining from the period October 1, 2021 through June
13 30, 2022, including interest, and
- 14
- 15 • Forecast amortization and interest from July 1, 2022 through September 30,
16 2022.
- 17

18 **Q. What were the amounts of deferrals and interest for the period July 1,**
19 **2021 through June 30, 2022?**

20 A. Table No. 1 below summarizes the charges for this period:

21 **Table No. 1 – Summary of Deferral Balance**

22 Deferrals (July 2021 - June 2022)	\$ 4,907,111
23 Renewable Energy Credit Retirement Benefit	\$ (712,187)
Interest	\$ 42,385
24 Total Deferral Balance	<u>\$ 4,237,309</u>

25 Company witness Ms. Brandon discusses the components that make up the
26 \$4,907,111 deferral balance shown above. The \$712,187 credit for Renewable Energy
27 Credit Retirement benefits is to credit Idaho customers for benefits related to the renewable

1 energy credits (REC) retired to meet Washington’s renewable portfolio standards (RPS).
 2 The RECs used to meet Washington RPS are tracked 100% in the PCA. The credit is based
 3 on the Idaho allocation of RECs that were retired to meet Washington RPS that would have
 4 been otherwise sold. The \$42,385 interest amount represents interest for the twelve-
 5 month period July 1, 2021 through June 30, 2022. Interest for the 12-month period was
 6 calculated using the Customer Deposit Rate of 1%, per prior Commission order.

7 **Q. What surcharge rate is the Company proposing to be effective October**
 8 **1, 2022?**

9 A. The Company is proposing a uniform cents per kilowatt-hour PCA
 10 surcharge rate of 0.150¢ to be effective October 1, 2022. Page 1 of Exhibit No. KJS-1
 11 shows the calculation of the proposed rate. The proposed rate is designed to surcharge the
 12 following as shown in Table No. 2 below:

13 **Table No. 2 – Amortization Balance Calculation**

14	Deferrals (July 2021 - June 2022)	\$	4,907,111
15	RPS Compliance	\$	(712,187)
	Renewable Energy Credit Retirement Benefit	\$	42,385
16	Total Deferral Balance	\$	4,237,309
17			
	Unamortized Balance from Previous Deferrals (prior to July 1, 2021)	\$	7,702,872
18	Amortization July 2021 - June 2022	\$	(5,639,772)
	Interest	\$	58,923
19	Total Remaining Amortization Balance	\$	2,122,023
20			
	Projected Amortization and Total Interest (July 2022-September 2022)	\$	(1,772,758)
21			
22	TOTAL BALANCE FOR AMORTIZATION	\$	4,586,574

23 After applying the conversion factor related to commission fees and uncollectible

1 customer accounts to the “Total Balance for Amortization” shown above, the resulting
2 balance of \$4,606,631 is divided by forecasted kilowatt-hours to derive the proposed
3 surcharge rate of 0.150¢ per kilowatt-hour.¹

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

5 A. Page 1 of Exhibit No. KJS-1 shows the effect of the proposed PCA rate
6 decrease by rate schedule. The proposed surcharge rate is 0.150¢ per kilowatt-hour, which
7 is 0.101¢ per kilowatt-hour **less** than the existing surcharge rate of 0.251¢ per kilowatt-
8 hour. Column (f) shows the percentage decrease by rate schedule. The overall decrease in
9 revenue is 1.2%, or \$3.1 million.

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

12 A. Residential customers using an average of 892 kilowatt-hours per month
13 would see their monthly bills decrease from \$86.29 to \$85.39, a decrease of \$0.90 per
14 month, or 1.0%. This bill impact does not consider the effects of other filings Avista has
15 made that will go into effect on October 1, 2022.

16 **Q. What programs are in place to help Avista customers pay or manage**
17 **their bills?**

18 A. The Company has several programs available to assist customers with
19 managing their utility bills. Avista’s Comfort Level Billing (CLB) plan, based on historical
20 charges or an estimate of future charges,² approximates a monthly average of the
21 customer’s estimated annual billings. The concept of this plan is to help the customer

¹ Total Balance for Amortization \$4,586,574 divided by conversion factor 0.995646 = \$4,606,631.

² Estimates of future charges are only used when the premise does not have adequate usage history to determine approximate annual average use.

1 budget for their Avista bill throughout the year by leveling out the seasonal highs and lows
2 of their monthly bills. Additionally, the Company's Customer Assistance Referral and
3 Evaluation Services (CARES) program provides specialized assistance to customers
4 encountering medical crises, unemployment, or other personal or financial hardships. This
5 program offers customers access to specifically-trained CARES representatives who
6 provide support to the customer by way of payment arrangements, medical certificates, or
7 referrals to local Community Action Agencies (CAAs, or Agencies) or other organizations
8 for help with—among other things—housing, utilities, and medical assistance.

9 Idaho customers who have children, elderly or infirmed persons living in the
10 household may also qualify for Winter Moratorium between the months of December
11 through February each year. From December 1 through February 28, customers are not
12 required to pay their bills in-full and can instead opt to defer payment throughout these
13 winter months or make partial payments. The Winter Payment Plan, offered from
14 November 1 through March 31 annually, provides for lower winter bill payments by
15 allowing customers to make monthly payments equal to one-half of the levelized bill
16 amounts, with the balance then due in-full, or a new payment arrangement established on
17 the balance, by April 1st. In addition, the Company also offers flexible due dates and both
18 short-term as well as long-term payment arrangements for customers having difficulty
19 paying their bills.

20 Avista also has many convenient billing and payment options available for its
21 customers. For billing purposes, all customers have the opportunity to designate their
22 preferred communication method for their billing and associated reminders—such options
23 include paper copy, e-mail, or even text messaging. For payments, the Automatic Payment

1 Service (APS) allows customers to opt to have their monthly utility bill deducted directly
2 from their checking account or credit card automatically each month. Other payment
3 services include debit and credit card service, check-by-phone or over the web, preferred
4 due date, electronic billing, pay-by-text, as well as many local drop boxes or pay stations
5 for cash or check payments.

6 For Avista's low-income customers, the Federal Low-Income Home Energy
7 Assistance Program (LIHEAP) provides funding to assist them in paying their electric and
8 natural gas bills. These funds are distributed through local CAAs. Additionally, Idaho's
9 Housing Preservation Program offers emergency assistance for utility and/or rental
10 payments for qualifying low-income households.³ Lastly, Avista's Project Share is a
11 voluntary contribution option allowing customers to contribute donations that are then
12 distributed through local Agencies to customers experiencing financial hardship.

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

14 **A. Yes, it does.**

³ The Housing Preservation Program, offered by Idaho Housing and Finance Association (by award from the U.S. Department of the Treasury), can provide up to 15 months of utility and/or rental payment assistance for Idaho renters who earn less than 80% of the Area Median Income (AMI). www.idahohousing.com/hpp/

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CASE NO. AVU-E-22-11
EXHIBIT NO. KJS-1
KAYLENE J. SCHULTZ

FOR AVISTA CORPORATION

AVISTA UTILITIES
IDAHO ELECTRIC
IMPACT OF PROPOSED SCHEDULE 66 PCA INCREASE
PROPOSED RATE TO BE EFFECTIVE OCTOBER 1, 2022

(000s of Dollars)
(000s of kWh)

Line <u>No.</u>	Type of <u>Service</u> (a)	Schedule <u>Number</u> (b)	Forecasted <u>Kilowatt-hours</u> (c)(1)	Total Billed Revenue at Present <u>Rates</u> (d)	Proposed Sch. 66 <u>Change</u> (e)	Percent change on Billed <u>Revenue</u> (f)
1	Residential	1	1,253,008	\$ 115,103	\$ (1,266)	-1.1%
2	General Service	11,12	444,816	\$ 39,048	\$ (449)	-1.1%
3	Large General Service	21,22	539,070	\$ 52,057	\$ (544)	-1.0%
4	Extra Large General Service	25	348,288	\$ 19,054	\$ (352)	-1.8%
5	Clearwater	25P	412,210	\$ 20,536	\$ (416)	-2.0%
6	Pumping Service	31,32	61,860	\$ 5,978	\$ (62)	-1.0%
7	Street & Area Lights	41-49	10,197	\$ 3,834	\$ (10)	-0.3%
8	Total		3,069,449	\$ 255,610	\$ (3,099)	-1.2%
					check	-1.21%
9	Proposed rate	\$ 0.00150	\$ 4,604			
10	Present rate (AVU-E-21-09, Order No. 35184)	\$ 0.00251	\$ 7,703			
11	Rate Change	\$ (0.00101)	\$ (3,099)			
<u>Proposed rate</u>						
12	Total Amortization and Deferral Balance including interest thru 9/30/22		\$ 4,587			
13	Conversion factor (Case No. AVU-E-21-01, Final Stipulation & Settlement)		0.995646			
14	Revenue requirement		\$ 4,607			
15	kWh's from above		3,069,449			
16	Proposed rate:		\$ 0.00150			

(1) Source: Calendar Load forecast for the twelve month period October 1, 2022 - September 30, 2023

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 41-49 are to be increased by 0.150¢ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 29, 2022

Effective October 1, 2022

Issued by Avista Utilities
By

Patrick Ehrbar – Director of Regulatory Affairs

