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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-23-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-23-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	DIRECT TESTIMONY
AND NATURAL GAS CUSTOMERS IN THE)	OF
<u>STATE OF IDAHO</u>)	JOSEPH D. MILLER

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

1 **I. INTRODUCTION**

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

4 A. My name is Joseph D. Miller and my business address is 1411 East Mission
5 Avenue, Spokane, Washington. I am presently assigned to the Regulatory Affairs
6 Department as Senior Manager of Rates and Tariffs.

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

9 A. Yes. I am a 1999 graduate of Portland State University with a Bachelor's
10 degree in Business Administration, majoring in Accounting. In 2005, I graduated from
11 Gonzaga University with a Master's degree in Business Administration. I joined the
12 Company in March 2008, after spending eight years in both the public and private
13 accounting sector. I started with Avista as a Natural Gas Accounting Analyst in the
14 Company's Resource Accounting Department. In January 2009, I joined the State and
15 Federal Regulation Department as a Regulatory Analyst. My primary responsibility was
16 coordinating discovery for the Company's general rate case filings. In my current role as
17 Senior Manager of Rates and Tariffs, I am responsible for the Company's electric and
18 natural gas rate design, customer usage and revenue analysis, and tariff administration,
19 among other things.

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

21 A. My testimony in this proceeding will cover the spread of the proposed 2023
22 and 2024 electric and natural gas base revenue increases among the Company's electric and
23 natural gas general service schedules. For the 2023 rate change, on a total billed revenue
24 basis the Company is proposing to increase electric customer billed rates of \$37.5 million

1 or 14.7% and an increase to natural gas customer billed rates of \$2.8 million or 2.7%. For
2 the 2024 rate change, on a total billed revenue basis the Company is proposing an increase
3 to electric customer billed rates of \$13.2 million, or 4.5% and an increase to natural gas
4 customer billed rates of \$0.1 million or 0.1%. My testimony will also detail the proposed
5 changes to the electric and natural gas Basic Charges for electric residential rate schedule
6 1, and natural gas general service schedule 101.

7 **Q. Would you please provide an overview of the Company's electric and**
8 **natural gas rate requests?**

9 A. Yes. As discussed by Company witness Mr. Vermillion, the Company is
10 proposing a Two-Year Rate Plan for years 2023 and 2024, with proposed rate changes
11 effective September 1 of each year. The Company is proposing a Two-Year Rate Plan, to
12 once again, avoid annual rate cases in its Idaho jurisdiction, providing benefits to all
13 stakeholders. A Two-Year Rate Plan, with rate changes in 2023 and 2024, would provide
14 benefits by providing a level of rate predictability to customers over this two-year period.
15 A two-year window also provides Avista with the opportunity to manage its business in
16 order to achieve a fair rate of return within known price changes. Finally, relief is provided
17 to all stakeholders (customers, the Commission and its Staff, intervenors, and the
18 Company) from the administrative burdens and costs of litigation of annual general rate
19 cases.

20 Accordingly, the Company has filed two sets of tariffs for each of the electric and
21 natural gas service schedules. The first tariff for each rate schedule provides for an effective
22 date of March 1, 2023; however, in the Company's Application in this case, Avista has
23 requested that the tariffs related to the 2023 rate request be suspended with a proposed
24 effective date of September 1, 2023. The second set of tariffs filed for each of the electric

1 and natural gas service schedules have an effective date of September 1, 2024, consistent
2 with the Company's second-step rate change proposal.

3 Provided below in Table Nos. 1 & 2 is a summary of the proposed change, by rate
4 schedule, on a billing basis (inclusive of all base and billing rate components):

5 **Table No. 1 – 2023 & 2024 Electric Rate Request by Schedule**

6	Rate Schedule	Description	2023 Billing Change	2024 Billing Change
7	Residential Service	Schedule 1	15.3%	4.7%
8	General Service	Schedules 11 & 12	14.2%	4.4%
9	Large General Service	Schedules 21 & 22	14.1%	4.3%
10	Extra Large General Service	Schedule 25	14.2%	4.4%
11	Extra Large General Service 25P	Schedule 25P	14.0%	4.3%
	Pumping Service	Schedules 31 & 32	14.2%	4.4%
	Street & Area Lights	Schedules 41 - 49	13.8%	4.2%
	Total		14.7%	4.5%

12
13 **Table No. 2 – 2023 & 2024 Natural Gas Rate Request by Schedule**

14	Rate Schedule	Description	2023 Billing Change	2024 Billing Change
15	General Service	Schedule 101	3.5%	0.1%
16	Large General Service	Schedules 111 & 112	0.0%	0.0%
17	Interruptible Service	Schedules 131 & 132	0.0%	0.0%
18	Transportation Service	Schedule 146	0.0%	0.0%
	Total		2.7%	0.1%

19 **Q. Are you sponsoring any Exhibits that accompany your testimony?**

20 A. Yes. I am sponsoring Exhibit No. 18, Schedules 1 through 3 related to the
21 proposed electric increase, and Schedules 4 through 6 related to the proposed natural gas
22 increase. These exhibits were prepared by me, or under my supervision. A table of contents
23 for my testimony is as follows:

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II. PROPOSED ELECTRIC REVENUE INCREASE

Summary of Electric Rate Schedules and Tariffs

Q. Would you please explain what is contained in Schedules 1 and 2 of Exhibit No. 18?

A. Yes. Schedule 1 is a copy of the Company’s present and proposed electric tariffs for 2023 and 2024, showing the changes (strikeout and underline) proposed in this filing. Schedule 2 contains the proposed (clean) electric tariff sheets for 2023 and 2024 incorporating the proposed changes included in this filing.

Q. What is contained in Schedule 3 of Exhibit No. 18?

A. Schedule 3 contains information regarding the proposed spread of the electric revenue increase among the service schedules and the proposed changes to the rates within the schedules. Page 1 shows the 2023 and 2024 proposed general revenue and percentage increases by rate schedule compared to the present revenue under base tariff and billing rates. Page 2 shows the rates of return and the relative rates of return for each of the schedules before and after application of the proposed 2023 general increase. Pages 3 and

1 4 show the present rates under each of the rate schedules, the proposed changes to the rates
2 within the schedules, and the proposed rates after application of the 2023 and 2024 rate
3 changes. These pages will be referred to later in my testimony.

4 **Q. Would you please describe the Company's present rate schedules and**
5 **the types of electric service offered under each?**

6 A. Yes. The Company presently provides electric service under Residential
7 Service Schedule 1, General Service Schedules 11 and 12, Large General Service Schedules
8 21 and 22, Extra Large General Service under Schedule 25 and Schedule 25P (Clearwater
9 Paper's Lewiston Plant), and Pumping Service Schedules 31 and 32. Additionally, the
10 Company provides Street Lighting Service under Schedules 41-46, and Area Lighting
11 Service under Schedules 47-49. Schedules 12, 22, 32, and 48 cover residential and farm
12 service customers who qualify for the Residential Exchange Program operated by the
13 Bonneville Power Administration. The rates for these schedules are identical to the rates
14 for Schedules 11, 21, 31, and 47, respectively, except for the Residential Exchange rate
15 credit.

16 The following table shows the type and number of customers served in Idaho (as of
17 June 2022 – the Company's test year) under each of the electric service schedules:

18 **Table No. 3 – Customers by Service Schedule**

<u>Rate Schedule</u>	<u>No. of Customers</u>
19 Residential Schedule 1	113,144
20 General Service Schedules 11/12	22,959
21 Large General Service Schedules 21/22	891
Extra Large General Service Schedule 25	11
22 Clearwater Paper Schedule 25P	1
23 Pumping Service Schedules 31/32	1,520

1 **Proposed Electric Rate Spread**

2 **Q. For 2023, what is the proposed electric revenue increase, and how is the**
3 **Company proposing to spread the increase by rate schedule?**

4 A. For 2023, the proposed electric increase is \$37,462,000, or 13.6% over
5 present base tariff rates in effect. The proposed general increase over present billing rates,
6 after including all other rate adjustments (such as DSM and Residential Exchange), is
7 14.7%. The proposed percentage change by rate schedule is as follows:

8 **Table No. 4 – Proposed % Electric Increase by Schedule - 2023**

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
Residential Schedule 1	13.6%	15.3%
General Service Schedules 11/12	13.6%	14.2%
Large General Service Schedules 21/22	13.6%	14.1%
Extra Large General Service Schedule 25	13.6%	14.2%
Clearwater Paper Schedule 25P	13.6%	14.0%
Pumping Service Schedules 31/32	13.6%	14.2%
Street & Area Lights Schedules 41-48	<u>13.6%</u>	<u>13.8%</u>
Overall	<u>13.6%</u>	<u>14.7%</u>

15 This information is shown with more detail on page 1 of Exhibit No. 18, Schedule 3.

16 **Q. What rationale did the Company use to develop the proposed spread**
17 **the total 2023 general revenue increase request of \$37,462,000 among its various rate**
18 **schedules?**

19 A. The Company believes that the results of the electric cost of service study
20 (sponsored by Company witness Mr. Garbarino) could be used as a guide to spread the
21 general increase. However, given the relative size of the proposed base revenue increase,
22 Avista is proposing to spread the revenue increase on a uniform percent of revenue basis at
23 the proposed levels. The spread of the proposed increase still results in the rates of return
24 for the various electric service schedules moving closer to the overall rate of return (unity).

1 The Company may propose additional movement toward unity in future proceedings.
2 Table No. 5 below shows the relative rates of return before and after application of the
3 proposed general increase:

4 **Table No. 5 – Present & Proposed Relative Rates of Return**

5	Present	Proposed
6	Relative	Relative
6	<u>ROR</u>	<u>ROR</u>
7	0.87	0.91
7	1.24	1.16
8	0.88	0.90
8	1.22	1.19
9	1.59	1.49
9	0.75	0.80
10	1.70	1.28
11	1.00	1.00

12 This information is shown in detail on Page 2, Schedule 3 of Exhibit No. 18.

13 **Q. If the Commission were to order a revenue requirement lower than the**
14 **Company's request, how does the Company propose to spread the revenue increase?**

15 A. If the Commission were to order a lower revenue requirement than filed for,
16 the Company proposes to allocate the same increase as the Company's initial filing to
17 Residential Service Schedule 1, Large General Service Schedules 21/22, and Pumping
18 Service Schedules 31/32. The remaining revenue should then be applied equally to
19 Schedules 11/12, Schedule 25, Schedule 25P and the Street and Area Lights Schedules as
20 those schedules are providing significantly more than their relative cost of service as
21 discussed by Mr. Garbarino.

22 **Q. For 2024, what is the proposed electric revenue increase, and how is the**
23 **Company proposing to spread the increase by rate schedule?**

24 A. For 2024, the proposed electric increase is \$13,150,000, or 4.2% over base

1 tariff rates. The proposed general increase over billing rates, including all other rate
 2 adjustments (such as DSM and Residential Exchange), is 4.5%. Consistent with the 2023
 3 rate spread, the Company used a uniform percentage of revenue for purposes of spreading
 4 the proposed 2022 electric revenue increase. The proposed percentage increase by rate
 5 schedule is as follows:

6 **Table No. 6 – Proposed % Electric Increase by Schedule - 2024**

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
Residential Schedule 1	4.2%	4.7%
General Service Schedules 11/12	4.2%	4.4%
Large General Service Schedules 21/22	4.2%	4.3%
Extra Large General Service Schedule 25	4.2%	4.4%
Clearwater Paper Schedule 25P	4.2%	4.3%
Pumping Service Schedules 31/32	4.2%	4.4%
Street & Area Lights Schedules 41-48	<u>4.2%</u>	<u>4.2%</u>
Overall	<u>4.2%</u>	<u>4.5%</u>

13 This information is shown with more detail on page 1 of Exhibit No. 18, Schedule 3.

14 **Proposed Rate Design**

15 **Q. Where in your Exhibit do you show a comparison of the present and**
 16 **proposed rates within each of the Company’s electric service schedules?**

17 A. Pages 3 (for 2023) and 4 (for 2024) of Schedule 3 in Exhibit No. 18 shows
 18 a comparison of the present and proposed rates within each of the schedules, which I will
 19 describe below. Column (a) shows the rate/billing components under each of the schedules,
 20 column (b) shows the present base tariff rates within each of the schedules, column (c)
 21 shows the present rate adjustments applicable under each schedule, and column (d) shows
 22 the present billing rates. Column (e) shows the proposed general rate increase to the rate
 23 components within each of the schedules, column (f) shows the proposed billing rates and
 24 column (g) shows the proposed base tariff rates.

1 **Q. Is the Company proposing any changes to the existing rate structures**
2 **within its rate schedules?**

3 A. No. The Company is not proposing any changes to the present rate
4 structures within its electric schedules.

5 **Q. Turning to Residential Service Schedule 1, could you please describe**
6 **the present rate structure under this schedule?**

7 A. Yes. Residential Schedule 1 has a present customer or basic charge of \$7.00
8 per month and two energy rate blocks: 0-600 kWhs and over 600 kWhs. The present base
9 tariff rate for the first 600 kWhs per month is 9.234 cents per kWh and 10.378 cents for all
10 kWhs over 600.

11 **Q. How does the Company propose to spread Schedule 1's proposed 2023**
12 **general revenue increase of \$18,298,000 to the rates within that schedule?**

13 A. The Company proposes to apply an equal percentage increase to the two
14 energy blocks and increase the Basic Charge from \$7.00 per month to \$15.00 per month.
15 The proposed increase for the first 600 kWhs used per month under the schedule is 0.536
16 cents per kWh, and an increase of 0.601 cents per kWh for usage over 600 kWhs per month.
17 I will discuss the justification and rationale for the increase in the basic charge later in my
18 testimony.

19 **Q. How does the Company propose to spread Schedule 1's proposed 2024**
20 **general revenue increase of \$6,422,000 to the rates within that schedule?**

21 A. The Company proposes to increase the monthly customer charge from
22 \$15.00 per month to \$20.00 per month. The remaining revenue for the schedule is proposed
23 to be recovered through a uniform percentage decrease of approximately 0.4% applied to
24 the two energy block rates. The proposed decrease for the first 600 kWhs used per month

1 under the schedule is 0.036 cents per kWh, and a decrease of 0.040 cents per kWh for usage
2 over 600 kWhs per month.

3 **Q. For 2023, what is the proposed increase for a residential electric**
4 **customer with average consumption?**

5 A. Inclusive of the increase to the basic charge, the proposed bill change for a
6 residential customer using an average of 927 kWhs per month is \$13.18 per month, or an
7 15.4% change in their electric bill. The present bill for 927 kWhs is \$85.40, and that would
8 increase to \$98.58.

9 **Q. For 2024, what is the proposed increase for a residential electric**
10 **customer with average consumption?**

11 A. The proposed increase for a residential customer using an average of 927
12 kWhs per month is \$4.66 per month, or a 4.7% increase in their electric bill, resulting in an
13 overall bill of \$103.24, including all rate adjustments. As noted above, this includes a \$5
14 per month increase in the monthly basic charge, offset by a reduction in volumetric rates.

15 **Q. Turning to General Service Schedules 11/12, could you please describe**
16 **the present rate structure and rates under those schedules?**

17 A. Yes. General Service Schedules 11/12 are the service schedules typically
18 applicable to customers with an average demand of less than 20 kW per month, such as
19 small retail establishments (Schedule 11), or shops for residential customers which require
20 a separate service (Schedule 12). The present rate structure under the schedules includes a
21 monthly customer charge of \$15.00, an energy rate of 9.293 cents per kWh for all usage up
22 to 3,650 kWhs per month, and an energy rate of 6.513 cents per kWh for usage over 3,650
23 kWhs per month. There is also a demand charge of \$6.00 per kW for all demand in excess
24 of 20 kW per month. There is no charge for the first 20 kW of demand.

1 **Q. How is the Company proposing to apply Schedule 11/12’s proposed**
2 **2023 general revenue increase of \$5,960,000 to the rates within those schedules?**

3 A. The Company is proposing that the customer charge of \$15.00 per month
4 increase to \$18.00 per month and the variable demand rate of \$6.00/kW per month increase
5 to \$6.50/kW. The remaining revenue increase for those schedules is proposed to be
6 recovered through a uniform percentage increase applied to the two energy rates. The
7 increase in the first block rate is 1.226 cent per kWh (the first 3,650 kWhs used per month),
8 and a 0.858 cent per kWh increase to the second energy block.

9 **Q. How is the Company proposing to apply Schedule 11/12’s proposed**
10 **2024 general revenue increase of \$2,095,000 to the rates within those schedules?**

11 A. The Company is proposing that the customer charge increase by \$2.00 per
12 month, from \$18.00 to \$20.00. The Company is also proposing that the variable demand
13 rate increase from \$6.50/kW to \$7.00/kW. The remaining revenue increase for those
14 schedules is proposed to be recovered through a 0.334 increase to the first energy block
15 (the first 3,650 kWhs used per month), and a 0.233 cent per kWh to the second energy
16 block.

17 **Q. Why is the Company proposing an 16.7% increase to the demand**
18 **charge for Schedule 11/12 over the rate plan?**

19 A. The system allocated demand cost from the cost of service study is
20 approximately \$13.18 per kilowatt (kW) month.¹ The Company’s present monthly demand
21 charges range from \$5.00–\$6.00/kW, depending on service schedule. While the exact level
22 of costs classified as demand-related can be debated, clearly the levels of demand charges
23 will continue to be well below demand-related costs.

¹ Exhibit No. 16, Schedule 3, page 3, line 21

1 In addition, the Company's transmission and distribution system is constructed to
2 meet the collective peak demand of its customers. Further, the Company must have
3 adequate resources available to meet peak demand. If customers reduce their peak demand,
4 it will reduce the need for additional investment in these facilities and resources. Customers
5 need to receive the proper price signal to encourage a reduction in their peak demand, i.e.,
6 higher demand charges.

7 For these reasons, the Company believes that it is important to increase the demand
8 charge in this case for Schedule 11/12, as well as for Schedules 21/22 and 25, by a
9 percentage greater than that applied to the energy rates. If demand charges are not increased
10 at least proportionately with energy charges over the rate plan, customers who have a poor
11 load factor (high peak demand compared to average energy use) would see a lower
12 percentage increase in their bill than a comparable customer with a good load factor (low
13 peak demand compared to average energy use). This result would not send the appropriate
14 price signal to commercial and industrial customers, nor would it reflect the fact that the
15 Company's demand charges are well below the costs associated with meeting customers'
16 peak demand.

17 **Q. Turning to Large General Service Schedules 21/22, would you please**
18 **describe the present rate structure under those schedules and how the Company is**
19 **proposing to apply Schedule 21/22's 2023 increase of \$6,394,000 to the rates within**
20 **the schedules?**

21 A. Yes. Large General Service Schedules 21/22 are the service schedules
22 applicable to customers with monthly demands over 50 kW, but less than 3,000 kW.
23 Typical customers served are grocery stores, schools, and office buildings on Schedule 21,
24 with retirement homes and other qualified residential load served on Schedule 22.

1 These schedules consist of a minimum monthly charge of \$425 for the first 50 kW
2 or less, a demand charge of \$5.50 per kW for monthly demand in excess of 50 kW, and two
3 energy block rates: 6.583 cents per kWh for the first 250,000 kWhs per month, and 5.548
4 cents per kWh for all usage in excess of 250,000 kWhs.

5 The Company is proposing that the minimum demand charge for the first 50 kW of
6 \$425 per month increase to \$500 per month and the demand charge of \$5.50/kW per month
7 increase to \$6.50/kW per month. The remaining revenue increase for the schedules is
8 proposed to be recovered through a uniform percentage increase of approximately 12.4%
9 applied to the two energy block rates. The proposed increase for the first 250,000 kWhs
10 used per month under the schedules is 0.815 cents per kWh, and an increase of 0.687 cents
11 per kWh for usage over 250,000 kWhs per month.

12 **Q. Would you please describe how the Company is proposing to apply**
13 **Schedule 21/22's 2024 increase of \$2,243,000 to the rates within the schedule?**

14 A. Yes. The Company is proposing to increase the present minimum demand
15 charge (for the first 50 kW or less) by \$25 per month, from \$500 to \$525, and increase the
16 demand charge from \$6.50/kW to \$7.00/kW. The remaining revenue increase for the
17 schedules is proposed to be recovered through a uniform percentage increase of
18 approximately 3.5% applied to the two energy block rates. The proposed increase for the
19 first 250,000 kWhs used per month under the schedules is 0.259 cents per kWh, and an
20 increase of 0.220 cents per kWh for usage over 250,000 kWhs per month.

21 **Q. Turning to Extra Large General Service Schedule 25, would you please**
22 **describe the present rate structure under that schedule, and how the Company is**
23 **proposing to apply Schedule 25's 2023 increase of \$2,814,000 to the rates within the**
24 **schedule?**

1 A. Yes. Schedule 25 is applicable for customers with demands in excess of
2 3,000 kVa per month, such as large industrial customers and universities. Extra Large
3 General Service Schedule 25 consists of a minimum monthly charge of \$14,000 for the first
4 3,000 kVa or less, a demand charge of \$5.00 per kVa for monthly demand in excess of
5 3,000 kVa, and two energy block rates: 5.693 cents per kWh for the first 500,000 kWhs
6 per month and 4.769 cents per kWh for all usage in excess of 500,000 kWhs.

7 The Company is proposing that the present minimum demand charge of \$14,000
8 per month increase to \$16,000 per month and the volumetric demand charge of \$5.00/kVA
9 per month increase to \$5.75/kVA per month. The remaining revenue increase for the
10 schedule is proposed to be recovered through a uniform percentage increase of
11 approximately 13.2% applied to the two energy block rates. The proposed energy rate
12 increase for the first 500,000 kWhs used per month is 0.754 cents per kWh and the increase
13 for usage over 500,000 per month is 0.632 cents per kWh.

14 **Q. Would you please describe how the Company is proposing to apply**
15 **Schedule 25's 2024 increase of \$987,000 to the rates within the schedule?**

16 A. Yes. The Company is proposing that the minimum demand charge of
17 \$16,000 be increased by \$1,000 to \$17,000 per month. Further, the Company is proposing
18 to increase the volumetric demand charge from \$5.75/kVA to \$6.25/kVA. The remaining
19 revenue increase for the schedule is proposed to be recovered through a uniform percentage
20 increase of approximately 3.5% applied to the two energy block rates. The proposed energy
21 rate increase for the first 500,000 kWhs used per month is 0.224 cents per kWh and the
22 increase for usage over 500,000 per month is 0.187 cents per kWh.

23 **Q. Please describe the service the Company provides to Clearwater**
24 **Paper's Lewiston Plant under Schedule 25P.**

1 A. In Commission Order No. 34252, dated June 28, 2013, the Commission
2 approved a five-year Electric Service Agreement (Agreement) between Avista and
3 Clearwater, applicable to its Lewiston Plant.² The Agreement became effective July 1,
4 2013 and was replaced with a new Agreement effective March 1, 2019. The 2013
5 Agreement provided for Clearwater to use its on-site generation to serve its own load, and
6 for Clearwater to purchase from Avista all of the electric power requirements that exceed
7 the electric power generated by Clearwater. This contract was not in effect with Avista
8 during the twelve months ended 2022 test year.

9 On February 27, 2019 the Commission approved a new Power and Purchase and
10 Sale Agreement (Order No. 34252) between Avista and Clearwater that allows Avista to
11 sell to Clearwater an amount of energy equivalent to its generation at a second block rate
12 of \$24.56 per MWh. In turn, Clearwater sells the electricity it generates and the
13 corresponding REC's to Avista at a contract rate of \$24.50 per MWh (adjusted for
14 Commission fees). Because Avista buys and sells an equivalent amount of energy at near
15 equivalent prices, the new Agreement provides the same benefit to Clearwater as allowing
16 Clearwater to generate into its own load under the prior Agreement.

17 Avista serves Clearwater's load requirements under Schedule 25P. As described in
18 Schedule 25P, for purposes of all proposals related to General Rate Case Filings, "Base
19 Revenue" will be defined as Clearwater's "net" generation requirements as measured
20 through the Block 1 Retail Meter. Because the effects of the Block 2 Generation load are
21 removed from the Company's filing, the new Agreement has no impact on the level of base
22 revenue proposed to be recovered in the Company's filing.

² On July 30, 2015 the Commission approved (Order No. 33350) a Joint Petition between Avista and Clearwater which, among other things, gave approval of a contract amendment which would extend the length of the original contract from June 30, 2018 to June 30, 2021 (Case No. AVU-E-15-06).

1 **Q. Please describe the application of the proposed Schedule 25P 2023**
2 **increase of \$2,602,000 to the rates within the schedule.**

3 A. Similar to Schedule 25, the Company is proposing that the present minimum
4 demand charge of \$14,000 per month increase to \$16,000 per month. The per month
5 volumetric demand charges of \$5.00/kVA for all kVA between 3,000 and 55,000 increase
6 to \$5.75/kVA, and the \$2.50/kVA for all kVA over 55,000 increase to \$3.00/kVA. The
7 remaining revenue increase for the schedule is proposed to be recovered through an increase
8 of 0.557 cents per kWh to the energy charge.

9 **Q. Please describe the application of the proposed Schedule 25P 2024**
10 **increase of \$914,000 to the rates within the schedule.**

11 A. Similar to Schedule 25, the Company is proposing that the present minimum
12 demand charge of \$16,000 be increased by \$1,000, to \$17,000 per month. Further, the
13 Company is proposing to increase the volumetric demand charge for the 3,000 – 55,000
14 kVA block from \$5.75/kVA to \$6.25/kVA. The remaining revenue change for the schedule
15 is proposed to be recovered through a percentage increase of approximately 3.4% applied
16 to the single energy block rate, an increase of 0.162 cents per kWh.

17 **Q. Turning to Pumping Schedules 31/32, would you please describe how**
18 **the Company is proposing to apply the 2023 increase of \$844,000 to the rates within**
19 **the schedules?**

20 A. The Company is proposing an increase the present \$13.00 per month
21 customer charge to \$16.00 per month in 2023. The remaining revenue increase is proposed
22 to be spread on a uniform percentage basis of approximately 13.2% to the two energy rate
23 blocks under the schedules. The proposed increase in the first block rate is 1.374 cents per
24 kWh and the increase in the second block rate is 1.160 cents per kWh.

1 A. As in prior general rate cases, the Company would, as a part of its
2 Compliance Filing at the conclusion of this case, submit the final baseline values for its
3 Fixed Cost Adjustment Mechanism (for both 2023 and 2024) prior to new rates going into
4 effect as a result of this general rate case.

5
6 **III. PROPOSED NATURAL GAS REVENUE INCREASE**

7 **Q. Would you please explain what is contained in Schedules 4 and 5 of**
8 **Exhibit No. 18?**

9 A. Yes. Schedule 4 of Exhibit No. 18 is a copy of the Company's present and
10 proposed natural gas tariffs for 2023 and 2024, showing the changes (strikeout and
11 underline) proposed in this filing. Schedule 5 of Exhibit No. 18 contains the proposed
12 (clean) natural gas tariff sheets for 2023 and 2024 incorporating the proposed changes
13 included in this filing.

14 **Q. Would you please explain what is contained in Schedule 6 of Exhibit No.**
15 **18?**

16 A. Schedule 6 of Exhibit No. 18 contains information regarding the proposed
17 spread of the natural gas revenue increase among the service schedules and the proposed
18 changes to the rates within the schedules. Page 1 shows the proposed general revenue and
19 percentage increase by rate schedule. Page 2 shows the rates of return and the relative rates
20 of return for each of the schedules before and after the proposed 2023 increase. Pages 3 and
21 4 show the present rates under each of the rate schedules, the proposed changes to the rates
22 within the schedules, and the proposed rates after application of the 2023 and 2024 rate
23 changes. These pages will be referred to later in my testimony.

1 **Summary of Natural Gas Rate Schedules and Tariffs**

2 **Q. Would you please review the Company's present rate schedules and the**
3 **types of natural gas service offered under each?**

4 A. Yes. The Company's present Schedules 101 and 111 offer firm sales service.
5 Schedule 101 generally applies to residential and small commercial customers who use less
6 than 200 therms/month. Schedule 111 is generally for customers who consistently use over
7 200 therms/month and Schedule 131 provides interruptible sales service to customers
8 whose annual requirements exceed 250,000 therms. Schedule 146 provides
9 transportation/distribution service for customer-owned natural gas for customers whose
10 annual requirements exceed 250,000 therms.

11 **Q. The Company also has rate Schedules 112 and 132 on file with the**
12 **Commission. Would you please explain which customers are eligible for service under**
13 **these schedules?**

14 A. Yes. Schedules 112 and 132 are in place to provide service to customers
15 who at one time were provided service under Transportation Service Schedule 146. The
16 rates under these schedules are the same as those under Schedules 111 and 131 respectively,
17 except for the application of Temporary Gas Rate Adjustment Schedule 155. Schedule 155
18 is a temporary rate adjustment used to amortize the deferred natural gas costs approved by
19 the Commission in the prior Purchased Gas Cost Adjustment ("PGA") filing. Because of
20 their size, transportation service customers are analyzed individually to determine their
21 appropriate share of deferred natural gas costs. If those customers switch back to sales
22 service, the Company continues to analyze those customers individually; otherwise, those
23 customers would receive natural gas cost deferrals which are not due them; thus the need
24 for Schedules 112 and 132. There are only two customers served under these schedules as

1 of June 30, 2022.

2 **Q. How many customers does the Company serve under each of its natural**
3 **gas rate schedules in Idaho?**

4 A. As of June 30, 2022, the Company provided service to the following number
5 of customers under each of its schedules in Idaho:

6 **Table No. 7 – Customers by Service Schedule**

7

<u>Rate Schedule</u>	<u>No. of Customers</u>
8 General Service Schedule 101	91,039
9 Large General Service Schedules 111/112	1,572
10 Interruptible Sales Service Schedules 131/132	0
11 Transportation Service Schedule 146	6

12 **Q. Is the Company proposing any changes to the present rate structures**
13 **within its natural gas service schedules?**

14 A. No. The Company is not proposing any changes to the present rate
15 structures within its natural gas schedules.

16 **Proposed Rate Spread**

17 **Q. For 2023, what is the proposed natural gas revenue increase, and how**
18 **is the Company proposing to spread the increase by rate schedule?**

19 A. For 2023, the proposed base revenue increase is \$2,771,000, or 6.0% in base
20 margin³ revenue. The proposed general increase over present billing rates, after including
21 all other rate adjustments (such as DSM and PGA), is an increase of 2.7%. The proposed
percentage change by rate schedule is as follows:

³ Base margin revenue refers to the base revenue associated with the Company's ownership and operation of its natural gas distribution operations. It is the revenue related to delivering natural gas to customers, and does not include the cost of natural gas, upstream third-party owned transportation, or the effect of other tariffs.

Table No. 8 – Proposed % Natural Gas Change by Schedule - 2023

<u>Rate Schedule</u>	<u>Increase in Margin Rates</u>	<u>Increase in Billing Rates</u>
General Service Schedule 101	0.3%	0.1%
Large General Service Schedules 111/112	0.0%	0.0%
Interrupt. Sales Service Schedules 131/132	0.0%	0.0%
Transportation Service Schedule 146	<u>0.0%</u>	<u>0.0%</u>
Overall	<u>0.2%</u>	<u>0.1%</u>

Q. What information did the Company use to develop the proposed spread of the overall 2023 change to the various rate schedules?

A. The Company used the results of the cost of service study (sponsored by Company witness Mr. Anderson) as a guide to spread the natural gas general increase. Given the modest size of the request, the Company has applied the entire rate increase to General Service Schedule 101, as this is the only schedule providing less than their relative rate of return. The spread of the proposed increase results in the rates of return for the various service schedules moving towards overall rate of return (unity). The relative rates of return before and after application of the proposed 2023 increase by schedule are as follows:

Table No. 9 – Present & Proposed Relative Rates of Return

<u>Rate Schedule</u>	Present Relative ROR	Proposed Relative ROR
General Service Schedule 101	0.91	0.96
Large General Service Schedules 111/112	1.41	1.20
Transportation Service Schedule 146	1.79	1.52
Overall	1.00	1.00

Page 2 of Exhibit No. 18, Schedule 6 shows this information in more detail.

Q. For 2024, what is the proposed natural gas revenue increase, and how is the Company proposing to spread the increase by rate schedule?

1 A. For 2024, the proposed base revenue increase is \$120,000, or 0.2% in base
2 margin revenue. The proposed general increase over billing rates, after including all other
3 rate adjustments (such as DSM and PGA), is an increase of 0.1%. Consistent with the 2023
4 rate spread, the Company applied the increase to General Service Schedule 101. Below is
5 a table showing the effect of the Company’s 2024 proposed natural gas increase by rate
6 schedule:

7 **Table No. 10 – Proposed % Natural Gas Change by Schedule - 2024**

8		Increase in	Increase in
9	<u>Rate Schedule</u>	<u>Margin Rates</u>	<u>Billing Rates</u>
10	General Service Schedule 101	0.3%	0.1%
11	Large General Service Schedules 111/112	0.0%	0.0%
12	Interrupt. Sales Service Schedules 131/132	0.0%	0.0%
13	Transportation Service Schedule 146*	<u>0.0%</u>	<u>0.0%</u>
14	Overall	<u>0.2%</u>	<u>0.1%</u>

15 This information is also shown on page 1 of Exhibit No. 18, Schedule 6.

16 **Proposed Rate Design**

17 **Q. Would you please explain the present rate design within each of the**
18 **Company’s present natural gas service schedules?**

19 A. Yes. General Service Schedule 101 generally applies to residential and small
20 commercial customers who use less than 200 therms/month. The schedule contains a single
21 rate per therm for natural gas usage and a monthly customer/basic charge.

22 Large General Service Schedule 111 has a four-tier declining-block rate structure
23 and is generally for customers who consistently use over 200 therms/month, such as
24 schools, restaurants, and office buildings. The schedule consists of a monthly minimum
charge plus a usage charge for the first 200 therms or less, and block rates for 201-1,000
therms/month, 1001-10,000 therms/month and usage over 10,000 therms/month.

1 Interruptible Sales Service Schedule 131 contains a single rate per therm for natural
2 gas usage. The schedule also has an annual minimum (deficiency) charge based on a usage
3 requirement of 250,000 therms per year. There are presently no customers taking service
4 under this rate schedule.

5 Transportation Service Schedule 146 contains a \$300 per month customer charge
6 and contains a single rate per therm for natural gas usage. The schedule also has an annual
7 minimum (deficiency) charge based on a usage requirement of 250,000 therms per year.

8 **Q. Where in your Exhibit No. 18 do you show the present and proposed**
9 **rates for the Company's natural gas service schedules?**

10 A. Pages 3 and 4 of Schedule 6 shows the present and proposed rates under
11 each of the rate schedules, including all present rate adjustments (adders) for the 2023 and
12 2024 rate changes. Columns (g, h, & i) on those pages show the proposed changes to the
13 rates contained in each of the schedules.

14 **Q. How does the Company propose to spread Schedule 101's proposed**
15 **2023 general revenue increase of \$2,771,000 to the rates within that schedule?**

16 A. Similar to electric, the Company proposes to increase the monthly customer
17 charge from \$7.00 per month to \$15.00 per month. The remaining revenue change for the
18 schedule would be recovered through a 19.2% decrease, or 8.444 cents per therm reduction
19 in the volumetric energy rate. This is shown in columns (g), page 3, Schedule 6 of Exhibit
20 No. 18.

21 **Q. How does the Company propose to spread Schedule 101's proposed**
22 **2024 general revenue increase of \$120,000 to the rates within that schedule?**

23 A. The Company proposes to increase the monthly customer charge from
24 \$15.00 per month to \$20.00 per month. The remaining revenue change for the schedule

1 would be recovered through a 21.4% decrease, or 7.598 cents per therm reduction in the
2 volumetric energy rate. This is shown in column (g), page 4, Schedule 6 of Exhibit No. 18.

3 **Q. For 2023, what is the proposed monthly change for a residential natural**
4 **gas customer with average usage?**

5 A. Inclusive of the customer charge increase, the bill impact for a residential
6 customer using an average of 64 therms of natural gas per month would be \$2.60 per month,
7 or 3.5%. A bill for 64 therms per month would be increased from the present level of
8 \$73.42 to a proposed level of \$76.02. As noted earlier, this includes an \$8 per month
9 increase in the monthly basic charge, offset by a reduction in the volumetric rate.

10 **Q. For 2024, what is the proposed monthly increase for a residential**
11 **natural gas customer with average usage?**

12 A. Inclusive of the customer charge increase, the increase for a residential
13 customer using an average of 64 therms of natural gas per month would be \$0.14 per month,
14 or 0.2%, resulting in an overall bill of \$76.16, including all rate adjustments. As noted
15 earlier, this includes a \$5 per month increase in the monthly basic charge, offset by a
16 reduction in the volumetric rate.

17 **Q. Would you please explain the proposed changes in the rates for Large**
18 **General Service Schedules 111?**

19 A. Yes. The present rates for Schedules 101 and 111 provide guidance for
20 customer placement: customers who generally use less than 200 therms/month should be
21 placed on Schedule 101, customers who consistently use over 200 therms per month should
22 be placed on Schedule 111. Not only do the rates provide guidance for customer schedule
23 placement, they provide a reasonable classification of customers for analyzing the costs of
24 providing service. The Company is not proposing to change the total revenue collected for

1 Schedule 111 in either 2023 or 2024.

2 The proposed 2023 decrease to the minimum charge for Schedule 111 (for 200
3 therms or less) of \$16.16 per month is a function of the volumetric charge change under
4 Schedule 101. This methodology maintains the present relationship between the schedules
5 and will minimize customer shifting. In order for the Schedule to remain revenue neutral,
6 the remaining revenue requirement for the schedules is proposed to be recovered through a
7 uniform percentage change of approximately 5.5% to blocks 2, 3 and 4.

8 The proposed 2024 change to the Schedule 111 minimum charge for Schedule 111
9 (for 200 therms or less) is a reduction of \$10.19 per month. In order for the Schedule to
10 remain revenue neutral, the remaining revenue requirement for the schedule is proposed to
11 be recovered through a uniform percentage increase of approximately 3.3% to blocks 2, 3
12 and 4.

13 **Q. Did the Company propose a revenue increase for Schedules 131/132?**

14 A. No customers are presently served on these schedules. The Company is not
15 proposing any changes to the rates under Schedules 131/132 over either year of the rate plan.

16 **Q. Is the Company proposing a change to the rates under Transportation**
17 **Schedule 146?**

18 A. No. The Company is not proposing to change the rates for Schedule 146 over
19 either year of the rate plan.

20 **Q. Is the Company proposing any other changes to its natural gas service**
21 **schedules?**

22 A. No, it is not.

23 **Q. Turning now to the Company's Natural Gas Fixed Cost Adjustment**
24 **Mechanism, how will new baseline information be incorporated into the mechanism?**

1 A. As in the prior general rate case, the Company would, as a part of its
2 Compliance Filing at the conclusion of this case, submit the final baseline values for its
3 Fixed Cost Adjustment Mechanism (for both 2023 and 2024) prior to new rates going into
4 effect as a result of this general rate case.

5 6 **IV. RESIDENTIAL BASIC CHARGE**

7 **Q. As part of Settlement approved in the Company's last general rate case,**
8 **did the Parties agree to “meet and confer” on the appropriate level of basic charges?**

9 A. Yes. Provision 24 of the Settlement Stipulation in Case No. AVU-E-21-01
10 stated the following:

11 Electric Cost of Service and Basic Charge Workshop – The Parties
12 agree, prior to the Company's next general rate case filing, to meet and
13 confer regarding the Company's electric cost of service study and the
14 appropriate level of basic charges. The purpose of the workshop will be
15 to discuss the merits of differing cost of service methodologies and basic
16 charge levels. The Company will provide available information, studies
17 and data requested by any of the Parties so as to enable meaningful
18 workshop participation and discussion of issues. No Party shall be
19 bound by workshop discussions and may contest cost of service and rate
20 spread or rate design issues in subsequent proceedings.

21
22 In compliance with that agreement, the Parties held a virtual meeting on May 4, 2022, to
23 discuss the merits of differing basic charge levels. Based on discussion from that meeting
24 and the Company's own analysis, the Company is proposing higher basic charge levels in
25 this proceeding.

26 **Q. Please summarize your proposal for the basic charge proposals in this**
27 **proceeding.**

28 A. The Company is proposing to make substantive changes to both the electric
29 and natural gas basic charges in order to design rates that better align with the actual fixed

1 costs to serve customers. The Company envisions a five-year plan that increases the basic
 2 charges each year until they more closely align with the actual fixed costs to serve
 3 customers as discussed below. The first two increases are discussed below and included in
 4 the rate design components in this proceeding. The remaining changes are illustrative and
 5 will be proposed in subsequent general rate case filings by the Company. Table No. 11
 6 below details the basic charge changes over the next five years.

7 **Table No. 11 – Proposed Basic Charge Changes**

	<u>Schedule 001 Electric</u>	<u>Schedule 101 Natural Gas</u>
8 Present	\$7.00	\$7.00
9 2023 - Rate Year 1	\$15.00	\$15.00
2024 - Rate Year 2	\$20.00	\$20.00
10 2025 - Future GRC	\$25.00	\$22.00
2026 - Future GRC	\$30.00	\$24.00
11 2027 - Future GRC	\$35.00	\$26.00

12 **Q. Why is the Company proposing a multiyear transition for the basic**
 13 **charge changes?**

14 A. The Company is proposing a multiyear transition in order to temper the bill
 15 impacts for lower use customers and avoid rate shock. The Company is attempting to
 16 balance moving towards the alignment of fixed costs in customer rates, recognizing that
 17 these changes will have an impact on its customers.

18 **Q. What proportion of revenues from residential customers is recovered**
 19 **through the fixed basic charge?**

20 A. At present levels, approximately only 6.3% of base revenue is recovered
 21 through the basic charge for electric customers and approximately 18.5% for natural gas
 22 customers.

23 **Q. Why is the Company proposing to increase the Schedule 001 monthly**
 24 **basic charge for electric customers?**

1 A. A significant portion of the Company's costs are fixed and do not vary with
2 customer usage. These costs include distribution plant and operating costs to provide
3 reliable service to customers. Upon evaluation of the total customer allocated costs, as
4 shown in Mr. Garbarino's Exhibit No. 16, Schedule 3, Page 4, line 26, those costs are
5 \$19.24 per customer per month. Factoring in distribution demand cost per customer per
6 month of \$23.84, as shown in Mr. Garbarino's Exhibit No. 16, Schedule 3, Page 4, line 29,
7 the total customer and distribution demand monthly cost is \$43.08. These are essentially
8 fixed costs that are allocated based on the number of customers served. Given the large
9 disparity between the level of customer and demand costs and the present level of the basic
10 charge, the Company believes that it is appropriate to recover more of these fixed customer
11 costs through the basic charge. The result of a basic charge that does not adequately recover
12 the fixed costs of customers is those costs are then recovered through a higher volumetric
13 charge. The effect of a low basic charge is that customers with low monthly usage are being
14 subsidized by customers with higher monthly usage.

15 **Q. Has the Company prepared an analysis to determine how the proposed**
16 **change in the basic charge levels would impact customers bills at different usage**
17 **levels?**

18 A. Yes. Table No. 12 below shows the Rate Year 1 residential bill impact at
19 differing usage levels inclusive of the increased revenue proposed in this proceeding.

Table No. 12 – Electric Bill Impact

Schedule 001 Present					Schedule 001 Proposed				Total Bill	Bill Impact	% Change
Usage Level	Basic Charge	Block 1	Block 2	Total Bill	Basic Charge	Block 1	Block 2				
	\$7.00	\$0.08088	\$0.09135		\$15.00	\$0.08624	\$0.09736				
100	\$7.00	\$ 8.09		\$15.09	\$15.00	\$ 8.62		\$23.62	\$8.53	56.5%	
200	\$7.00	\$ 16.18		\$23.18	\$15.00	\$ 17.25		\$32.25	\$9.07	39.1%	
300	\$7.00	\$ 24.26		\$31.26	\$15.00	\$ 25.87		\$40.87	\$9.61	30.7%	
400	\$7.00	\$ 32.35		\$39.35	\$15.00	\$ 34.50		\$49.50	\$10.15	25.8%	
500	\$7.00	\$ 40.44		\$47.44	\$15.00	\$ 43.12		\$58.12	\$10.68	22.5%	
600	\$7.00	\$ 48.53		\$55.53	\$15.00	\$ 51.74		\$66.74	\$11.21	20.2%	
700	\$7.00	\$ 48.53	\$ 9.14	\$64.67	\$15.00	\$ 51.74	\$ 9.74	\$76.48	\$11.81	18.3%	
800	\$7.00	\$ 48.53	\$ 18.27	\$73.80	\$15.00	\$ 51.74	\$ 19.47	\$86.21	\$12.41	16.8%	
900	\$7.00	\$ 48.53	\$ 27.41	\$82.94	\$15.00	\$ 51.74	\$ 29.21	\$95.95	\$13.01	15.7%	
927	\$7.00	\$ 48.53	\$ 29.87	\$85.40	\$15.00	\$ 51.74	\$ 31.84	\$98.58	\$13.18	15.4%	
1000	\$7.00	\$ 48.53	\$ 36.54	\$92.07	\$15.00	\$ 51.74	\$ 38.94	\$105.68	\$13.61	14.8%	
1100	\$7.00	\$ 48.53	\$ 45.68	\$101.21	\$15.00	\$ 51.74	\$ 48.68	\$115.42	\$14.21	14.0%	
1200	\$7.00	\$ 48.53	\$ 54.81	\$110.34	\$15.00	\$ 51.74	\$ 58.42	\$125.16	\$14.82	13.4%	
1300	\$7.00	\$ 48.53	\$ 63.95	\$119.48	\$15.00	\$ 51.74	\$ 68.15	\$134.89	\$15.41	12.9%	
1400	\$7.00	\$ 48.53	\$ 73.08	\$128.61	\$15.00	\$ 51.74	\$ 77.89	\$144.63	\$16.02	12.5%	
1500	\$7.00	\$ 48.53	\$ 82.22	\$137.75	\$15.00	\$ 51.74	\$ 87.62	\$154.36	\$16.61	12.1%	

As is shown in the table, a customer with average usage of 927 kWh’s per month would receive the approximate average increase being requested in this case. Those customers who use less than the average would see larger bill impacts and those customers with higher usage would see lower than average bill impacts.

Q. Why is the Company proposing to increase the Schedule 101 monthly basic charge for natural gas customers?

A. Similar to electric, a significant portion of the Company’s costs are fixed and do not vary with customer usage. Upon evaluation of the total customer allocated costs, as shown in Mr. Anderson’s Exhibit No. 17, Schedule 6, Page 4, line 24, those costs are \$21.96 per customer per month at current rates. Factoring in distribution demand cost per customer per month of \$7.56, as shown in Mr. Anderson’s Exhibit No. 17, Schedule 2, Page 8, the total customer and distribution demand monthly cost is \$29.51. Like electric, there is a large disparity between the level of customer and demand costs and the present level of the basic charge, the Company believes that it is appropriate to recover more of these fixed customer costs through the basic charge. The effect of a low basic charge is that customers with low monthly usage are subsidized by customers with higher monthly usage.

1 **Q. Has the Company prepared an analysis to determine how the proposed**
2 **change in the basic charge levels would impact natural gas customers bills at different**
3 **usage levels?**

4 A. Yes. Table No. 13 below shows the natural gas Rate Year 1 residential bill
5 impact at differing usage levels inclusive of the increased revenue proposed in this
6 proceeding.

7 **Table No. 13 – Natural Gas Bill Impact**

	Schedule 101 Present			Schedule 101 Proposed			Bill Impact	% Change
Usage Level	Basic Charge	Block 1	Total Bill	Basic Charge	Block 1	Total Bill		
	\$7.00	\$ 1.03788		\$15.00	\$ 0.95344			
10	\$ 7.00	\$ 10.38	\$ 17.38	\$ 15.00	\$ 9.53	\$ 24.53	\$ 7.16	41.2%
20	\$ 7.00	\$ 20.76	\$ 27.76	\$ 15.00	\$ 19.07	\$ 34.07	\$ 6.31	22.7%
30	\$ 7.00	\$ 31.14	\$ 38.14	\$ 15.00	\$ 28.60	\$ 43.60	\$ 5.47	14.3%
40	\$ 7.00	\$ 41.52	\$ 48.52	\$ 15.00	\$ 38.14	\$ 53.14	\$ 4.62	9.5%
50	\$ 7.00	\$ 51.89	\$ 58.89	\$ 15.00	\$ 47.67	\$ 62.67	\$ 3.78	6.4%
60	\$ 7.00	\$ 62.27	\$ 69.27	\$ 15.00	\$ 57.21	\$ 72.21	\$ 2.93	4.2%
64	\$ 7.00	\$ 66.42	\$ 73.42	\$ 15.00	\$ 61.02	\$ 76.02	\$ 2.60	3.5%
70	\$ 7.00	\$ 72.65	\$ 79.65	\$ 15.00	\$ 66.74	\$ 81.74	\$ 2.09	2.6%
80	\$ 7.00	\$ 83.03	\$ 90.03	\$ 15.00	\$ 76.28	\$ 91.28	\$ 1.24	1.4%
90	\$ 7.00	\$ 93.41	\$100.41	\$ 15.00	\$ 85.81	\$ 100.81	\$ 0.40	0.4%
100	\$ 7.00	\$ 103.79	\$110.79	\$ 15.00	\$ 95.34	\$ 110.34	\$ (0.44)	-0.4%
110	\$ 7.00	\$ 114.17	\$121.17	\$ 15.00	\$ 104.88	\$ 119.88	\$ (1.29)	-1.1%
120	\$ 7.00	\$ 124.55	\$131.55	\$ 15.00	\$ 114.41	\$ 129.41	\$ (2.13)	-1.6%
130	\$ 7.00	\$ 134.92	\$141.92	\$ 15.00	\$ 123.95	\$ 138.95	\$ (2.98)	-2.1%
140	\$ 7.00	\$ 145.30	\$152.30	\$ 15.00	\$ 133.48	\$ 148.48	\$ (3.82)	-2.5%
150	\$ 7.00	\$ 155.68	\$162.68	\$ 15.00	\$ 143.02	\$ 158.02	\$ (4.67)	-2.9%

16 As is shown in the table, a customer with average usage of 64 therms per month would
17 receive the approximate average increase being requested in this case. Those customers
18 who use less than the average would see larger bill impacts and those customers with higher
19 usage would see lower than average bill impacts or rate reductions.

20 While the Company acknowledges that these rate design changes will impact
21 customers bills, the changes to both the electric and natural gas basic charges will better
22 align customers rates with the actual fixed costs to serve customers and reduce the intra-
23 class subsidization that presently exists within customers rates.

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

1 A. Yes, it does.