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May 29, 2009

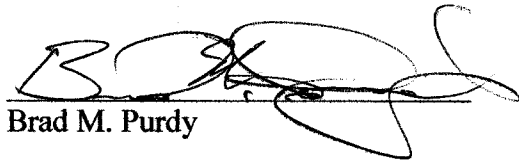
Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

RE: Case No. AVU-E-09-01: Direct testimony of Teri Ottens

Dear Ms. Jewell:

Enclosed, please find an original and 9 copies of the direct testimony of Teri Ottens on behalf of the Community Action Partnership Association of Idaho in the above-referenced docket. Also enclosed is a CD containing the testimony. There are no exhibits. Please contact me should you have any questions.

Sincerely,


Brad M. Purdy

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-09-01
OF AVISTA CORPORATION FOR THE) AVU-G-09-01
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC)
AND NATURAL GAS CUSTOMERS IN THE)
STATE OF IDAHO.)
)
)

**COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO
DIRECT TESTIMONY OF
TERI OTTENS**

1 **I. INTRODUCTION**

2 Q: Please state your name and business address.

3 A: My name is Teri Ottens. I am the Policy Director of the Community Action Partnership
4 Association of Idaho headquartered at 5400 W. Franklin, Suite G, Boise, Idaho, 83705.

5 Q: On whose behalf are you testifying in this proceeding?

6 A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors
7 asked me to present the views of an expert on, and advocate for, low income customers of
8 AVISTA.

9 Q: Please describe CAPAI's organization and the functions it performs, relevant to its
10 involvement in this case.

11 A: CAPAI is an association of Idaho's six Community Action Partnerships, the Community
12 Council of Idaho and the Canyon County Organization on Aging, Weatherization and
13 Human Services, all dedicated to promoting self-sufficiency through removing the causes
14 and conditions of poverty in Idaho's communities.

15 Q: What are the Community Action Partnerships?

16 A: Community Action Partnerships ("CAPs") are private, nonprofit organizations that fight
17 poverty. Each CAP has a designated service area. Combining all CAPS, every county in
18 Idaho is served. CAPS design their various programs to meet the unique needs of
19 communities located within their respective service areas. Not every CAP provides all of
20 the following services, but all work with people to promote and support increased self-
21 sufficiency. Programs provided by CAPS include: employment preparation and dispatch,
22 education assistance child care, emergency food, senior independence and support,
23 clothing, home weatherization, energy assistance, affordable housing, health care access,
24 and much more.

25 Q: Have you testified before this Commission in other proceedings?

1 A: Yes, I have testified on behalf of CAPAI in numerous cases involving PacifiCorp, Idaho
2 Power Company, AVISTA, and United Water.

3 II. SUMMARY

4 Q: Please summarize your testimony in this case?

5 A: The purpose of CAPAI's involvement in this case is to seek assurance from AVISTA that
6 it will take measures to support legislative action in the 2010 legislative session that will
7 eliminate any potential prohibition against allowing public electric utilities to voluntarily
8 propose and, if approved by the Commission, implement low-income bill payment
9 assistance programs for the Company's low-income customers.

10 Q. Are there any exhibits to your testimony in this case?

11 A. No.

12 III. RECOMMENDATIONS

13 A. Please briefly describe the history behind CAPAI's efforts to seek the necessary
14 legislative enactments to allow low-income bill payment assistance.

15 Q: By way of background, CAPAI has pursued changes to Idaho's Public Utilities Law for
16 several years that removes prohibitions that have long been perceived to prohibit public
17 utilities from implementing programs that assist their low-income customers in paying
18 their bills.

19 Q. What actions have CAPAI and other stakeholders taken to achieve CAPAI's objective in
20 this regard?

21 A. Most recently, on September 29, 2008, the Commission implemented Case No. GNR-U-
22 08-01 to provide a forum for the exploration of issues related to the affordability of
23 energy in Idaho. The Commission noted that a variety of factors were, and continue to,
24 contribute to upward pressure on electric and natural gas rates in Idaho. Consequently,
25 energy affordability has become a central issue for many Idaho households and

1 businesses, particularly for low-income customers. As a result of the Commission's
2 initiation of Case No. GNR-U-08-01, workshops were conducted in which all of Idaho's
3 largest public utilities and numerous other stakeholders, including CAPAI, contributed
4 their respective perspectives on the issue of energy affordability and how best to address
5 the problems Idahoans face. Pursuant to Commission directive, the Commission Staff
6 ultimately prepared and submitted a report to the Commission identifying the many
7 issues raised by workshop participants, the position taken by the participants, and Staff's
8 specific recommendations regarding those issues.

9 Q. Was the possibility of pursuing legislative change to allow bill payment assistance
10 addressed during the workshops and included in Staff's report?

11 A. Yes. It is fair to say that bill payment assistance was one of the more thoroughly
12 discussed issues and potential means for addressing energy affordability. Though not
13 every workshop participant supported permitting bill payment assistance programs, Staff
14 ultimately supported the idea, noting that it would require legislative action to remove the
15 existing barrier to implementing such programs.

16 Q. What is the "barrier" you refer to?

17 A. Currently, Idaho law prohibits utilities from setting rates or charges, or taking any action,
18 that is preferential to any particular customer or class. Because bill payment assistance
19 programs would provide assistance to utilities' low-income customers and, arguably,
20 would be preferential.

21 Q. Exactly what legislative changes do CAPAI propose be implemented in order to pave the
22 way for bill payment assistance programs?

23 A. CAPAI proposed legislation that would possess the following characteristics. First, the
24 Idaho Public Utilities Law would be amended to allow utilities to voluntarily propose
25 programs that would assist their low-income customers in paying their bills. Second, the

1 design of any such proposed program would be within the discretion of the utilities.

2 There would be no universal format or design and each utility would be allowed to design
3 programs that would best suit the needs of their respective companies and customers.

4 Finally, any program proposed by a utility would be subject to Commission approval
5 following a proceeding that would permit all members of the public to comment on the
6 proposed program.

7 Q. Would a program such as you have described provide system-wide benefits that would be
8 reaped by all of a utility's customers and not just those who are low-income?

9 A. Yes. Over the course of the past few years, CAPAI has been a party to numerous cases
10 before this Commission, including rate cases for AVISTA, Idaho Power, Rocky
11 Mountain Power, and United Water. In the process of its involvement in these cases,
12 CAPAI has demonstrated that Idaho's public utilities incur substantial expense when a
13 customer is disconnected for inability to pay and/or is often delinquent in paying their
14 bill. These costs are not always recovered from the customer who is disconnected or is
15 delinquent and, thus, the costs are passed on to all ratepayers. These costs include,
16 among others, the costs of disconnection and reconnection, costs incurred in attempting
17 to collect from customers who are delinquent, legal costs of pursuing collection and,
18 ultimately, costs of writing off bad debt.

19 Q. What was the Commission's reaction to the idea of seeking legislative change that would
20 permit such programs?

21 A. The Commission supported the concept of bill payment assistance programs. In Order
22 No. 30724, issued in Case No. GNR-U-08-01 the Commission stated that is "supports
23 legislation that would allow utilities to propose for Commission consideration programs,
24 policies, and rates for the benefit of low-income residential customers. The legislation
25 should allow the utilities flexibility in the programs to be proposed, recognizing that each

1 utility has differing circumstances and unique service areas. Details regarding the
2 appropriate rate mechanism to support such programs can be discussed through future
3 cases as they come before the Commission. The proposal of such programs should be
4 voluntary on the part of the utility. The Commission urges all utilities to support such
5 legislation, even if some do not intend to propose programs.” Order No. 30724 at pp. 2-3.

6 Q. What action, if any, was ultimately taken to pursue change to the current legislative
7 regime to allow bill payment assistance?

8 A. CAPAI drafted proposed legislation that contained the characteristics I have already
9 described and that, CAPAI believes, conforms to the Commission’s Order No. 30724..

10 Q. Did AVISTA take a position on bill payment assistance and, if so, what was that position
11 and did AVISTA take any action in support of that position?

12 A. During the workshops conducted in Case No. GNR-U-08-01, AVISTA expressed support
13 for the general concept of bill payment assistance programs noting that it already has
14 such a program in place in the State of Washington which permits these programs. In
15 fact, low-income assistance programs can be found in the States of Oregon, Utah,
16 Montana and Wyoming as well as many other States throughout the country.

17 Q. Did AVISTA offer a rationale other than solely assisting its low-income customers in
18 support of bill payment assistance programs?

19 A. Yes. AVISTA generally expressed its belief that such programs are beneficial from a
20 purely business standpoint and, therefore, benefit all of the Company’s customers. This
21 rationale is based, in part, on avoiding the costs I referred to earlier regarding
22 disconnections/reconnections of customers and having customers who are chronically
23 delinquent in paying their bills.

24 Q. What action did AVISTA ultimately take in support of bill payment assistance?
25

1 A. The Company lobbied in support of a low-income bill that was introduced in the Idaho
2 Senate. Although the bill failed to pass on the Senate floor by a single vote, AVISTA
3 made a genuine and commendable effort to seek its passage.

4 Q. If AVISTA supported bill payment assistance legislation in the most recent legislative
5 session, what does CAPAI seek in this proceeding?

6 A. CAPAI seeks a commitment from AVISTA that it will continue to take all reasonable
7 steps to seek the ultimate passage of bill payment assistance legislation. CAPAI urges
8 AVISTA to commit not only to passively supporting legislation, but to assist in the
9 education and awareness of all interested parties regarding how and why bill payment
10 assistance programs offer more than assistance to exclusively low-income customers but
11 also reduce system costs resulting in lower overall rates for all customers. CAPAI also
12 seeks a commitment from AVISTA that if bill payment assistance legislation is
13 introduced in the 2010 legislative session, AVISTA will lobby in support of the
14 legislation as it did in the 2009 session.

15 Q. Does this conclude your testimony?

16 A. Yes, it does.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 29th day of May, 2009, I caused to be served on the individuals listed below, the foregoing document via electronic transmission and U.S. Postage.

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