

BEFORE THE

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IDAHO PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION DBA AVISTA)
UTILITIES FOR AUTHORITY TO INCREASE)
ITS RATES AND CHARGES FOR)
ELECTRIC AND NATURAL GAS SERVICE)
IN IDAHO.)
_____)

CASE NO. AVU-E-15-05
AVU-G-15-01

DIRECT TESTIMONY OF RANDY LOBB
IN SUPPORT OF THE STIPULATION
AND SETTLEMENT

IDAHO PUBLIC UTILITIES COMMISSION

NOVEMBER 13, 2015

1 Q. Please state your name and business address for the
2 record.

3 A. My name is Randy Lobb and my business address is
4 472 West Washington Street, Boise, Idaho.

5 Q. By whom are you employed?

6 A. I am employed by the Idaho Public Utilities
7 Commission as Utilities Division Administrator.

8 Q. What is your educational and professional
9 background?

10 A. I received a Bachelor of Science Degree in
11 Agricultural Engineering from the University of Idaho in 1980
12 and worked for the Idaho Department of Water Resources from
13 June of 1980 to November of 1987. I received my Idaho
14 license as a registered professional Civil Engineer in 1985
15 and began work at the Idaho Public Utilities Commission in
16 December of 1987. I have analyzed utility rate applications,
17 rate design, tariff filings and customer petitions. I have
18 testified in numerous proceedings before the Commission
19 including cases dealing with rate structure, cost of service,
20 power supply, line extensions, regulatory policy and facility
21 acquisitions. My duties at the Commission include case
22 management and oversight of all technical Staff assigned to
23 Commission filings.

24 Q. What is the purpose of your testimony in this case?

25 A. The purpose of my testimony is to describe the

1 proposed comprehensive settlement in this case and explain
2 Staff's support.

3 Q. Please summarize your testimony.

4 A. The proposed Stipulation and Settlement (the
5 "Settlement") provides an electric rate increase on January
6 1, 2016 of \$1.7 million (0.69%) and a natural gas rate
7 increase of \$2.5 million (3.49%). It also provides for a
8 Fixed Cost Adjustment (FCA) mechanism for both electric and
9 gas service to track recovery of Commission authorized fixed
10 costs and either surcharge for shortfalls or credit for over
11 collection on an annual basis.

12 After comprehensive review of the Company's
13 Application, thorough audit of Company books and records and
14 extensive negotiation with parties to the case, Staff
15 supports the proposed Settlement. Staff believes that the
16 Settlement, supported by all parties to the case is in the
17 public interest and should be approved by the Commission.

18 **Background**

19 Q. Please describe Avista's original filing.

20 A. Avista made its original filing on May 13, 2015
21 requesting authority to increase its rates by \$13.2 million
22 (5.2%) and \$3.2 million (4.5%) for electric and gas service,
23 respectively, effective January 1, 2016. The Company also
24 requested to increase its rates by an additional \$13.7
25 million (5.1%) and \$1.7 million (2.2%) for electric and gas

1 service, respectively, effective January 1, 2017. The
2 Company proposed a capital structure of 50/50 and a return on
3 common equity of 9.9%.

4 The Company proposed to spread the revenue increase
5 in both years to electric and gas customer classes using a
6 25% move and a 33% move toward cost of service, respectively.
7 Residential customer charges would increase from \$5.25 to
8 \$8.50 and from \$4.25 to \$8.00 per month for electric and
9 natural gas service, respectively.

10 Finally, the Company proposed an FCA for both gas
11 and electric service to track monthly recovery of fixed costs
12 on an annual basis in between rate cases. If cost recovery
13 was below that authorized by the Commission, then customers
14 would receive a surcharge. If cost recovery exceeded that
15 authorized by the Commission, customers would receive a
16 credit.

17 **Settlement Overview**

18 Q. Please summarize the proposed Settlement.

19 A. The proposed Settlement specifies a rate increase
20 of \$1.7 million (0.69%) and \$2.5 million (3.49%) for electric
21 and natural gas service, respectively, effective January 1,
22 2016. It also specifies a 50/50 debt to equity capital
23 structure, a 5.34% cost of debt and a 9.5% return on common
24 equity.

25 Besides specifying capital structure, equity return

1 and the debt cost for both electric and gas service, the
2 Settlement also specifies a variety of expense and investment
3 adjustments. The electric and gas revenue adjustments fall
4 primarily into three categories: 1) eliminate test year
5 proforma expense and investment beyond December 31, 2015; 2)
6 modify miscellaneous test year expenses; and 3) lengthen
7 amortization periods for deferred accounts. Electric revenue
8 requirement is further adjusted by continuing Palouse Wind
9 expense recovery through the Power Cost Adjustment (PCA)
10 mechanism rather than through base rates.

11 The revenue increase will be spread to each
12 electric and gas customer class based on a 25% and 33% move
13 toward class cost of service, respectively, as originally
14 proposed by the Company. Electric residential energy rates
15 will increase by a uniform percentage to generate the
16 additional revenue. The basic charge for residential
17 electric customers will remain at \$5.25 per month while the
18 basic charge for residential gas service will increase from
19 \$4.25 to \$5.25 per month. The remaining increase will be
20 spread uniformly to commodity rates.

21 The Settlement also establishes an FCA for 3 years
22 for both electric and natural gas service to track and defer
23 over or under collection of Commission authorized fixed costs
24 on an annual basis. The Settlement describes a variety of
25 FCA requirements including treatment of new and existing

1 customers and annual reporting.

2 Q. Are there any other provisions included in the
3 proposed Settlement?

4 A. Yes. The Settlement also specifies base power
5 supply expenses for use in the PCA mechanism, extension of
6 electric and natural gas rebates and an agreement for the
7 parties to meet and confer on low income weatherization
8 programs and low income consumption data.

9 **Settlement Process**

10 Q. What was the process that lead to the all-party
11 Settlement?

12 A. After the Company's initial filing on May 13, 2015,
13 the Commission issued a Notice of Application and set an
14 intervention deadline of June 29, 2015. Five parties
15 intervened in the case: 1) Clearwater Paper, 2) Consumer
16 Action Partnership of Idaho (CAPAI), 3) Idaho Conservation
17 League, 4) Idaho Forest Group and 5) Snake River Alliance.

18 Avista, Staff and the intervening parties then
19 conferred and set a schedule that included settlement
20 workshops, filing dates for direct and rebuttal testimony and
21 a date of November 23, 2015 for a technical hearing. Parties
22 convened a workshop on September 18, 2015 to discuss case
23 settlement.

24 Through extensive discussions and give and take on
25 a variety of issues that included over 23 revenue requirement

1 adjustments, class cost of service, revenue spread, rate
2 design, multi-year rate plans and fixed cost adjustment
3 mechanisms, the parties came to tentative agreement. Over
4 the next month, the parties agreed to language culminating in
5 the proposed Settlement and Stipulation filed on October 19,
6 2015.

7 **Staff Investigation**

8 Q. What type of investigation did Staff conduct to
9 evaluate the Company's rate increase request?

10 A. There were fifteen Utilities Division Staff
11 assigned to extensively review the Company's application and
12 identify issues in preparation for litigation at hearing.
13 Staff conducted two weeks of onsite audits, submitted 156
14 production requests, and reviewed rate increase requests
15 filed by the Company in other state jurisdictions.

16 Staff identified twenty three adjustments to the
17 Company's requested revenue requirement, evaluated and
18 developed annual power supply expense for the PCA, compared
19 and contrasted past and present class cost of service models
20 and assessed the need for an FCA mechanism. Staff prepared a
21 revenue requirement and established positions on all of the
22 major issues in preparation to file direct testimony on
23 October 21, 2015.

24 Q. How did Staff prepare for the settlement workshop?

25 A. Staff prepared for the settlement workshop by

1 preparing for testimony in the litigated case. Staff
2 developed its revenue requirement adjustments and positions
3 on various issues for presentation at the workshop in
4 conjunction with preparing testimony for hearing.

5 Q. What is Staff's settlement objective?

6 A. The objective of settlement is to achieve an
7 outcome that is better for customers than what otherwise
8 could be achieved through a litigated case. Successful
9 settlement from Staff's perspective is to convince the
10 Company and other parties to accept the majority of Staff
11 revenue adjustments and positions as part of the proposed
12 Settlement rather than risk losing those issues at hearing.

13 Q. Does the Settlement achieve those objectives?

14 A. Yes, I believe that it does. Of the 23 electric
15 revenue requirement adjustments that Staff identified,
16 roughly 17 were incorporated either totally or partially in
17 the Settlement. Rather than an increase of \$13.2 million as
18 proposed by the Company, the Settlement specified an electric
19 increase of only \$1.7 million. On the gas side, 14 of 16
20 adjustments were fully or partially included in the
21 Settlement reducing the increase from \$3.2 million to \$2.5
22 million.

23 Q. What type of revenue requirement adjustments were
24 proposed by Staff and included in the Settlement?

25 A. Besides a reduction in return on common equity, the

1 adjustments generally fall into three categories: 1)
2 eliminate test year proforma expense and investment beyond
3 December 31, 2015; 2) modify miscellaneous test year expense;
4 and 3) lengthen amortization periods for deferred accounts.

5 Q. What effect did equity return have on revenue
6 requirement?

7 A. The Company had originally proposed a return on
8 common equity of 9.9% while the Settlement specifies a return
9 of 9.5%. Staff notes that the lower return is consistent
10 with return on equity established in Avista's Washington
11 jurisdiction and Staff believes it is within a reasonable
12 range for Avista's financial situation and represents a
13 reasonable compromise in this case.

14 The return on equity adjustment reduced electric
15 revenue requirement by \$2.44 million and natural gas revenue
16 requirement by \$415,000. Capital structure and cost of debt
17 remain as originally proposed by the Company.

18 Q. What effect did limiting the test year proforma
19 period have on revenue requirement?

20 The Company's original proposal included a multi-
21 year rate increase with budgeted expense and capital
22 additions included through December 31, 2017. The Settlement
23 specifies a single year rate increase on January 1, 2016 with
24 expense and investment included through December 31, 2015.
25 The Settlement specifically reduces electric test year

1 revenue requirement by \$3.9 million to reflect reduced levels
2 of actual 2015 capital investment and removes planned capital
3 additions in 2016.

4 The Settlement further removes nearly \$1 million in
5 electric revenue requirement for insurance, information
6 services and technology and non-executive labor expense
7 increases planned for 2016. Adjustment for these items on
8 the gas side reduced revenue requirement by \$333,000. Staff
9 maintains that limiting test year proforma expense and
10 investment to December 31, 2015 better reflects known and
11 measurable costs actually incurred by the Company and is
12 consistent with past Commission Order (No. 30772).

13 Q. What test year expenses were actually reduced from
14 the Company's proposal?

15 A. The second category of adjustments reflects a
16 \$688,000 reduction in electric revenue requirement and a
17 \$279,000 reduction in gas revenue requirement to reduce
18 proposed expense recovery in rates. The parties agreed to a
19 variety of adjustments that Staff believes reflected more
20 appropriate levels of expense.

21 Injuries and damage expenses were reduced for both
22 electric and gas operations to reflect average expenses
23 incurred over the last 6 years. Officer incentives were
24 removed and non-officer incentives were reduced to reflect
25 100% rather than a 102% payout. Other miscellaneous

1 administration and general expenses were reduced for such
2 items as insurance expense for directors and officers, a
3 legal expense error, abnormally high cleanup expenses
4 incurred in 2014, Board of Director expense allocated to
5 shareholders and miscellaneous account 930 expenses.

6 Q. What impact did extended amortization of deferral
7 balances have on stipulated revenue requirement?

8 A. The third category of adjustments extended deferral
9 balance amortization periods to reduce test year revenue
10 requirement by \$788,000 and \$168,000 for electric and gas
11 service, respectively. Staff maintained that amortization
12 periods for project Compass and Lake Spokane project
13 deferrals should be set at 4 years rather than 2 years as
14 proposed by the Company. The parties agreed to 4 years for
15 the purpose of settlement.

16 Q. Were there other revenue requirement adjustments
17 included in the Settlement that did not fit into the three
18 categories?

19 A. Yes. The Settlement included an electric expense
20 adjustment of \$3.5 million for the Palouse Wind project.
21 Expenses and benefits associated with this project are
22 currently include for recovery in the Company's PCA
23 mechanism. The Settlement specifies that Palouse Wind
24 expenses will continue to be recovered in the PCA rather than
25 included in base rates as originally proposed by the Company.

1 Q. Why does Staff believe it is appropriate to
2 continue PCA treatment of Palouse Wind expense?

3 A. Staff maintains that the Palouse Wind project was
4 never acquired to meet loads in Idaho. It was acquired to
5 comply with Resource Portfolio Standards in Washington State.
6 While the project does generate energy and provide some value
7 to Idaho customers, the cost for Avista to purchase the
8 project output exceeds the value of the energy generated.
9 Consequently, Staff believes that Company shareholders should
10 share in the annual economic loss created by the project.
11 Avista disagrees with Staff's position but accepts the
12 stipulated treatment for purposes of this case. The net
13 customer benefit of continued PCA treatment of Palouse Wind
14 expense is approximately \$350,000 or the Company's 10% share
15 of \$3.5 million that would be eliminated with base rate
16 treatment.

17 **Revenue Spread and Rate Design**

18 Q. Please explain the Settlement with respect to class
19 cost of service and revenue spread.

20 A. The Company's original application in this case
21 included class cost of service studies for both electric and
22 natural gas service. Those studies both showed that
23 residential and small commercial customers were paying less
24 than their appropriate cost of service and large high load
25 factor customers were paying more than their appropriate cost

1 of service. The Company consequently proposed moving
2 electric customers 25% toward cost of service and gas
3 customers 33% toward cost of service.

4 While no party specifically agreed with the
5 methodology used in the Company's cost of service study, all
6 parties agreed that the study results generally indicated
7 whether customer classes were above or below cost of service.
8 Therefore, all parties accepted the Company's proposed
9 incremental move toward cost of service.

10 Staff fully reviewed the Company's class cost of
11 service studies submitted in this case and those submitted by
12 the Company in prior cases. Staff agrees for the purposes of
13 this case that cost of service trends support the incremental
14 move as proposed in the Settlement. The resulting percentage
15 increase by customer class is shown on page 15 of the
16 Settlement.

17 Q. How does the Settlement specify that rates will
18 change?

19 A. The Settlement specifies that the volumetric energy
20 rate will increase by a uniform percentage for all customer
21 classes and residential basic charges will remain at \$5.25
22 per month. The basic charge for natural gas residential
23 customers will increase from \$4.25 per month to \$5.25 per
24 month with a uniform percentage increase in the volumetric
25 energy rate for the remaining revenue requirement balance.

1 The revenue requirement for all other gas service schedules
2 will be applied as a uniform percentage increase in the
3 volumetric energy rate.

4 Staff supports the increase in the natural gas
5 basic charge for residential customers that equals the
6 current electric basic charge for residential customers.
7 Staff also believes the uniform percentage increase in
8 volumetric energy charges is appropriate in this case given
9 the small overall increase in revenue requirement.

10 Q. Could you please describe the electric and natural
11 gas rebate extension?

12 A. Yes, electric customers are currently receiving an
13 annual rebate through December 31, 2015 of approximately \$2.8
14 million for 2013 earnings sharing approved by the Commission
15 in Case No. AVU-E-14-05. The Settlement specifies that the
16 \$2.8 million annual rebate will continue through December 31,
17 2017 using \$5.6 million in 2014 revenue sharing.

18 The natural gas rebate of approximately \$1.2
19 million annually for 2013 revenue sharing and unused energy
20 efficiency balance is also set to expire on December 31,
21 2015. The Settlement specifies that \$0.2 million in 2014
22 revenue sharing will be used to partially offset the \$1.2
23 million rebate that will expire on January 1, 2016.

24 Staff believes that use of revenue sharing funds to
25 prolong rebates that would otherwise expire or to mitigate a

1 portion of an expiring rebate is appropriate. Customers are
2 entitled to these funds and Staff supports the rate
3 stabilizing effect that occurs from including them in the
4 Settlement.

5 **Fixed Cost Adjustment**

6 Q. What is an FCA mechanism?

7 A. An FCA mechanism is designed to track fixed cost
8 (Company costs that do not change with energy consumption)
9 recovery and either surcharge for under recovery or rebate
10 for over recovery on an annual basis. The mechanism
11 decouples fixed cost recovery from energy consumption to
12 assure that fixed costs are recovered no matter how much
13 energy is consumed.

14 Q. Please explain the Company's proposed FCA
15 mechanism.

16 A. The Company proposed a permanent electric and
17 natural gas FCA based on a Commission approved level of fixed
18 cost recovery per customer, known as the Fixed Cost
19 Adjustment Revenue-Per-Customer. The proposal included two
20 Rate Groups, Residential and Non-Residential. The
21 Residential Rate Group included Schedule 1 for the electric
22 FCA and Schedule 101 for the natural gas FCA. The Commercial
23 Rate Group for the electric FCA included Schedules 11, 12,
24 21, 22, 31, 32. The Commercial Rate Group for the gas FCA

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1 included Schedules 111 and 112. Each Rate Group had a
2 distinct Fixed Cost Adjustment Revenue-Per-Customer.

3 The Company proposed an annual filing for each rate
4 group to recover or rebate the appropriate deferred revenue
5 amount over a 12-month period (January-December). The
6 surcharge/rebate reconciles monthly differences between fixed
7 costs allowed to be collected on a per-customer basis, and
8 the non-weather normalized actual fixed costs collected. The
9 deferred revenue under/over collection would then be
10 separately surcharged or rebated to each customer group
11 through the Company's proposed electric tariff Schedule 75 or
12 the natural gas tariff Schedule 175.

13 Q. Is the stipulated FCA mechanism identical to the
14 Company's original proposal?

15 A. No. The parties have only agreed to a 3-year
16 pilot, with a review following the end of the second full
17 year. This will allow Staff and other parties an
18 opportunity to evaluate the mechanism and determine whether
19 it is functioning as intended. The mechanism can be
20 modified or discontinued if it is found to be operating
21 improperly. In order to facilitate on-going review, the
22 Company agreed to provide quarterly reports showing the
23 monthly deferrals by rate group, what the deferrals would
24 have been if tracked by rate schedule, use and revenue-per-

25

1 customer for existing and new customers, and other summary
2 financial information.

3 The Company had proposed to use the FERC interest
4 rate on the unamortized FCA balancing accounts. Instead,
5 the Parties have agreed to calculate the accrued interest
6 based on the Customer Deposit Rate, which is consistent with
7 prior Commission Orders.¹

8 While the Company's original proposal did not
9 include a cap on annual surcharges, the Parties have agreed
10 that FCA surcharges in any given year cannot exceed 3%. The
11 cap will be applied by rate group with any unrecovered
12 balances carried forward to future years for recovery.
13 Staff believes the cap is necessary to prevent large annual
14 surcharges if weather or economic conditions vary
15 significantly in a particular year.

16 The FCA mechanics proposed in the Settlement are
17 nearly identical to the Company's proposal. The only
18 difference is that Fixed Cost Adjustment Revenue-Per-
19 Customer for new customers added after the test period will
20 be less than that for existing customers.

21 Q. Why should Revenue-Per-Customer differ for new and
22 existing customers in the FCA?

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¹ Based on Order No. 33187 in Case No. GNR-U-14-12, the
deposit rate for 2015 is 1.0%. The rate is updated annually.

1 A. The Parties agreed that the Fixed Cost Adjustment-
2 Revenue-per-customer for new electric customers will exclude
3 fixed production and transmission costs. For new natural
4 gas customers, recovery of costs related to fixed production
5 and underground storage would also be excluded. This
6 disparate treatment will limit fixed cost recovery for new
7 customers in between rate cases to fixed costs that are more
8 certain to occur.

9 Staff maintains that certain types of investments
10 are "lumpy" and may not actually be required to serve new
11 customers in between general rate cases. Rather than assume
12 these costs are incurred for automatic recovery in the FCA,
13 they are removed from new customer revenue and only those
14 incremental costs directly related to serving new customers
15 are included.

16 The new customer investment issue is further
17 highlighted when the FCA reconciles the monthly difference
18 between fixed costs allowed to be collected on a per-
19 customer basis and fixed costs actually collected. As the
20 number of customers increase between rate cases, the total
21 fixed costs allowed to be collected increases beyond the
22 amount reviewed and authorized by the Commission. An FCA
23 should not become a substitute for general rate case
24 filings, whereby the Company requests rate treatment for
25 investments actually incurred. Staff believes limiting FCA

1 recovery to specific types of fixed costs better assures
2 that costs recovered through the FCA are actually incurred
3 to serve a new customer.

4 Q. When will the Company file a proposed surcharge or
5 rebate?

6 A. FCA implementation will commence concurrently with
7 the natural gas and electric rate changes January 1, 2016.
8 On or before July 1, 2017 the Company will file its first
9 proposed rate adjustment surcharge or rebate based on
10 deferred revenue recorded from January 2016 through December
11 2016. The proposed tariff (Schedule 75 for electric,
12 Schedule 175 for natural gas) included with that filing will
13 show the adjustment as a rate per kWh for electric and a rate
14 per therm for natural gas. This FCA rate will be determined
15 using expected energy sales to surcharge/rebate the
16 appropriate deferred revenue amount over a twelve-month
17 period effective October 1, 2017 for electric (to coincide
18 with the PCA period) and November 1, 2017 for natural gas (to
19 coincide with the Purchased Gas Cost Adjustment period). The
20 annual FCA will be filed consistent with this schedule for
21 the remaining 2 years.

22 Q. Please explain why an FCA is necessary and how it
23 benefits customers?

24 A. Historically, Staff has generally supported rate
25 design proposals that keep fixed charges low in order to

1 encourage conservation and allow customers to control their
 2 bills. While the Company's fixed costs do not necessarily
 3 change with the level of energy consumption, recovery of
 4 those fixed costs does. For example, when weather or
 5 favorable economic conditions contribute to higher than
 6 normal energy or natural gas sales, the Company may over-
 7 recover its fixed costs. Conversely, when Demand-Side
 8 Management ("DSM") or price signals from certain rate
 9 designs cause customers to use less energy or natural gas,
 10 the Company may under-recover its fixed costs.
 11 Consequently, there's a financial disincentive for the
 12 Company to encourage conservation. The table below shows
 13 the Company's revenue from fixed charges as a percent of its
 14 total fixed costs for each schedule included in the FCA.

Electric	Schedule 1	Schedule 11/12	Schedule 21/22	Schedule 31/32
Fixed Costs	79,710,926	28,188,128	38,749,289	3,969,533
Fixed Charge Revenue	6,484,165	2,463,750	4,835,600	133,576
Fixed Charge % of Fixed Costs	8.10%	8.70%	12.50%	3.40%
Natural Gas	Schedule 101	Schedule 111/112		
Fixed Costs	37,448,841	9,374,373		
Fixed Charge Revenue	4,769,536	1,677,185		
Fixed Charge % of Fixed Costs	12.74%	17.89%		

* Calculated using page 1 of Appendix B and C. For purposes of this table, Distribution and Customer Related Costs, and Common Costs are assumed to be fixed costs. Natural Gas Fixed Costs also include the demand related charges in Schedule 150.

1 The FCA reduces the financial disincentive to
2 encourage conservation by decoupling a portion of revenue
3 from the Company's energy and gas sales. Consequently, the
4 Company will be at less risk of not fully recovering its
5 fixed costs when it promotes cost-effective DSM programs
6 and/or rate designs that send a price signal to conserve
7 energy or natural gas. If the Company successfully
8 encourages lower energy and gas consumption, Staff believes
9 the FCA will undoubtedly save customers money in the long-
10 run by deferring or eliminating capital costs that might
11 otherwise be required to serve growing load.

12 Q. What impact might the FCA mechanism have on
13 customers?

14 A. Staff looked at the last two years to see what the
15 impact would have been had the proposed mechanism been in
16 place. In 2013, residential customers would have received a
17 rebate of 0.79% for electric and 0.02% for gas. For the
18 same time period, commercial customers would have received a
19 rebate of 2.07% for electric and a surcharge of 1.60% for
20 gas. In 2014, residential customers would have received a
21 rebate of 0.05% for electric and a surcharge of 1.17% for
22 gas. For the same time period, commercial customers would
23 have received a rebate of 2.24% for electric and a surcharge
24 of 1.97% for gas.

25

1 Staff believes the mechanism will be largely
2 impacted by weather, economic conditions, DSM/conservation,
3 and rate design. For example, if temperatures are relatively
4 mild (warm winters and cool summers), customers could see FCA
5 surcharges. Conversely, if temperatures are extreme (cold
6 winters and hot summers), customers could see FCA credits.

7 Q. Are there any other provisions in the Settlement?

8 A. Yes, the Settlement specifies that the parties will
9 collaborate on low income weatherization and low income
10 energy efficiency education. The objective of the
11 collaboration is to identify energy and gas consumption
12 levels of low income customers and identify the proper
13 energy efficiency funding levels in the future.

14 The Settlement also specifies that the parties will
15 initially meet no later than June 1, 2016 to discuss these
16 issues. Staff fully supports collaboration on the low
17 income energy efficiency issues and looks forward to
18 actively participating in all associated meetings.

19 Q. Does this conclude your testimony in this case?

20 A. Yes, it does.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 13TH DAY OF NOVEMBER 2015, SERVED THE FOREGOING **DIRECT TESTIMONY OF RANDY LOBB IN SUPPORT OF THE STIPULATION AND SETTLEMENT**, IN CASE NOS. AVU-E-15-05/AVU-G-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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