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IDAHO PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

9 **IN THE MATTER OF THE JOINT) CASE NOS. AVU-E-17-09**
 10 **APPLICATION OF HYDRO ONE LIMITED) AVU-G-17-05**
 11 **AND AVISTA CORPORATION FOR)**
 12 **APPROVAL OF MERGER AGREEMENT)**

13
 14 **COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO'S**
 15 **DIRECT TESTIMONY OF WIL GEHL**
 16 **IN SUPPORT OF SETTLEMENT STIPULATION**
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1 **I. INTRODUCTION**

2 Q: Please state your name and business address.

3 A: My name is Wil Gehl. I am the Executive Director of the Community Action Partnership
4 Association of Idaho (CAPAI), located at 3350 W. Americana Terrace, Suite 360, Boise,
5 ID 83706.

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

7 A: The CAPAI Board of Directors asked me to present the views of an expert on, and
8 advocate for, the low income customers of Avista in the context of the proposed merger
9 between Avista Corporation and Hydro One Limited.

10 **II. CAPAI'S BACKGROUND**

11 Q: Please describe CAPAI's organizational structure and the functions it performs, relevant
12 to its involvement in this case.

13 A: CAPAI is an association of the following private, nonprofit organizations that fight
14 poverty in Idaho: 1) The Community Action Partnership (CAP-N & CAP-NC); 2) El
15 Ada, Inc. (El Ada); 3) The Western Idaho Community Action Partnership (WICAP); 4)
16 The South Central Community Action Partnership (SCCAP); 5) The Southeastern Idaho
17 Community Action Agency, Inc. (SEICAA); 6) The Eastern Idaho Community Action
18 Partnership, Inc. (EICAP); 7) The Community Council of Idaho, Inc. (CCI), and; 8)
19 Metro Community Services (MCS), formerly named the Canyon County Organization on
20 Aging, Weatherization and Human Services, Inc. The last two agencies, CCI and MCS,
21 are designated in CAPAI's Bylaws as "special purpose agencies." These agencies are
22 focused on providing services to migrant and senior populations, respectively.
23 Collectively, the six Community Action Agencies (sometimes referred to as "CAPs")
24 along with CCI and MCS are referred to as "member agencies." For the purposes of the

1 Merger Stipulation at issue in this proceeding, there is no relevant distinction between a
2 Community Action Agency and a special purpose agency.

3 Q: Do the collective agencies provide low-income services statewide?

4 A: Yes. Each member agency has a designated service area. Combining all agencies, every
5 county in Idaho is served. The agencies design their various programs to meet the unique
6 needs of communities located within their respective service areas. Not every agency
7 provides all of the following services, but all work with people to promote and support
8 increased self-sufficiency. Programs provided by CAPS include: employment
9 preparation and retention, education assistance, child care, emergency food, senior
10 independence and support, clothing, home weatherization, energy assistance, affordable
11 housing, health care access, and much more.

12 Q: What is the relationship between CAPAI and the member agencies?

13 A: CAPAI is effectively the umbrella organization that provides a myriad of services to the
14 members to assist them in carrying out their individual missions throughout Idaho. Such
15 services include training and technical assistance, coordination of resources, program
16 planning and assistance with implementation, programmatic administrative oversight, and
17 advocacy for the low-income in Idaho, among other things.

18 Q: Are the individual member agencies represented on CAPAI's Board of Directors and, if
19 so, how?

20 A: Yes they are. Each agency has an Executive Director and its own Board of Directors that
21 establishes policy for that agency. The Executive Director manages the day to day
22 functions of the agency. In addition, each Executive Director of each member agency sits
23 on the CAPAI Board of Directors. Thus, there are currently 8 CAPAI Board members.
24

1 Q: Which of the eight member agencies provide low-income assistance to Avista's service
2 territory?

3 A: The Community Action Partnership ("CAP") serves North Idaho including all of Avista's
4 Idaho service territory.

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

6 A: No, this will be my first appearance before this Commission and I welcome the
7 opportunity.

8 Q: Would you please describe CAPAI's involvement in this case?

9 A: CAPAI has participated fully throughout the entirety of this case, filed comments in
10 support of the proposed merger on June 20, 2018, and participated in settlement
11 negotiations.

12 III. SUMMARY

13 Q: Please summarize your testimony in this case?

14 A: The purpose of my testimony is to support the settlement stipulation previously entered
15 into between numerous parties prior to the late intervention of certain others and the
16 rescheduling of these proceedings. The Settlement Stipulation was filed, pursuant to
17 Rule 274 of the Commission's Rules of Procedure, IDAPA 31.01.01.246, with the
18 Commission on April 13, 2018 and initially signed by both applicants, the Commission
19 Staff, Clearwater Paper Corporation, Idaho Forest Group, the Idaho Conservation
20 League, the Washington and Northern Idaho District Council of Laborers, and CAPAI.
21 The Avista Customer Group and the Idaho Department of Water Resources subsequently
22 filed, and were granted, Petitions for Intervention.

23 The Settlement Stipulation was accompanied by a Motion for Approval, also filed
24 on April 13, 2018 pursuant to Rule 274 of the Commission's Rules of Procedure, *Id.* As

1 detailed below, CAPAI unconditionally supports the Settlement Stipulation at issue
2 before this Commission. I also provide the rationale for CAPAI's support of the
3 settlement. Finally, I will explain why I believe that the settlement is in the interests not
4 only of Avista's low-income customers, but also the general body of ratepayers.

5 Q: Are there any exhibits to your testimony?

6 A: No.

7 IV. ESSENTIAL ELEMENTS OF SETTLEMENT

8 Q: Please explain your analysis of the Settlement Stipulation and why CAPAI supports it.

9 A: CAPAI assessed the settlement based primarily upon the impact that it will have on
10 Avista's low income customers, both prior to and after the merger. This should not be
11 construed to mean that the other provisions contained in the Stipulation were not of
12 importance to CAPAI. The Settlement Stipulation was viewed on the whole. Following
13 numerous negotiations, analyses and due consideration, it is CAPAI's that the merger, as
14 proposed and as set forth in the Stipulation, will inure to the benefit of Avista's low
15 income customers in ways that haven't been experienced in recent memory. The
16 Stipulation also contains provisions that will benefit all other customer classes.

17 Q: Will there be a rate impact as a result of the merger?

18 A: Yes. My understanding is that the applicants have committed to a \$15.8 million overall
19 rate credit to customers spread over five years.

20 LOW INCOME PROVISIONS

21 Paragraph 58, Exhibit A:

22 Q: Please outline the specific provisions that you believe will provide meaningful assistance
23 to Avista's low income customers?
24

1 A: The majority of provisions contained within the Stipulation that have the likelihood of
2 providing assistance to the poor are found in Paragraphs 58-65 of Exhibit "A" to the
3 Stipulation. Specifically, Paragraph 58 of the Stipulation states that Hydro One will
4 arrange funding of \$500,308,847 over a ten-year period to help fund energy efficiency,
5 weatherization, conservation, and low income assistance programs. The aforementioned
6 funding will be disbursed by a diverse group of customer groups including the Energy
7 Efficiency, Weatherization, Conservation and low income assistance committee
8 ("EWCL"), a new committee of stakeholders tasked with determining which existing or
9 new programs should receive this funding to address energy efficiency, weatherization,
10 conservation, and low-income needs in Avista's Idaho service territory. The committee
11 will consist of representatives from: Avista, Idaho PUC Commission Staff, the Lewiston
12 CAP agency, Idaho Conservation League (ICL), the Idaho Forest Group, and Clearwater
13 Paper Corporation. The committee will have the ability to add members at its discretion
14 and will consider the needs of all parties while remaining flexible on the timing of any
15 disbursements.

16 Q: When will the EWCL convene to begin fulfilling its role?

17 A: The EWCL will convene within 90 days after the close of the CAPAI-purposed CAP
18 transaction, will present a 10-year funding plan to Avista by June 1, 2019 and will revise
19 this plan periodically, as needed.

20 Q: What is your assessment of the viability and effectiveness of the EWCL?

21 A: I believe that the foregoing EWCL collaborative group of stakeholders will provide a
22 balanced perspective of necessary low-income conservation funding and will help to
23 insure that all interests and perspectives are taken into consideration. Consequently, it
24 provides a thorough safeguard to ensure the best possible selection of opportunities.

1 **COMMUNITY CONTRIBUTIONS**

2 **Paragraph 61, Exhibit A:**

3 Q: What low income benefits will be derived from this particular benefit identified in
4 paragraph?

5 A: Hydro One has agreed to cause Avista to make a one-time \$7,000,000 contribution to
6 Avista's charitable foundation at or promptly following closing of the merger, assuming
7 it is approved by the Commission.

8 Q: What are the low-income benefits that this program is intended to provide?

9 A: The purpose of this pot of money is, for the time-being, yet to be fully defined. The
10 overall intent is to identify ways in which the money could provide assistance to low
11 income customers.

12 **BILL ASSISTANCE**

13 **Paragraph 62, Exhibit A:**

14 Q: What are the presumed benefits of this particular provision to the Stipulation?

15 A: Avista agrees that it will continue to work with low-income agencies to address other
16 issues of low income customer concern. Specifically, Avista has indicated a desire to
17 utilize merger-related funds to develop a program funding bill payment assistance using
18 money that does not come from Avista's ratepayers. Neighboring states such as
19 Washington and Oregon already have bill payment programs in effect. Such programs
20 would go much farther in helping the most impoverished customers than most any other
21 low-income program already in existence. This would provide truly substantial help to
22 Avista's low-income customers. In turn, and as discussed below, there are numerous
23 tangible and intangible benefits that inure to all ratepayers derived from keeping low-
24 income customers as active customers, reducing collection and billing costs and bad-debt

1 write-off, among other things. CAPAI believes that such a program could have a
2 profoundly positive impact and possibly help set the stage for a future program of this
3 nature.

4 **FEE FREE PAYMENT PROGRAM**

5 **Paragraph 63, Exhibit A:**

6 Q: What are the benefits of this list item?

7 A: Avista currently charges no fee for customers who wish to make payments over the
8 telephone. The Company had planned to seek authority to terminate this program and begin
9 charging a fee, as many utilities do. The impact of the merger will be to continue the free
10 program into the indefinite future.

11 **IMPROVE PENETRATION OF LOW-INCOME PROGRAMS**

12 **Paragraph 64, Exhibit A:**

13 Q: What is the intended impact on low-income customers of this proposal?

14 A: Hydro One and Avista will work closely with the Lewiston CAP to undertake a targeted
15 effort with the goal of improving the penetration rate of low income programs in general with a
16 focus on underserved, vulnerable, and high energy burden households. This commitment may
17 include marketing, outreach and data analysis where appropriate. This provision is clearly
18 directed specifically to the companies' low income customers and though not yet constructed or
19 fully defined should prove to be of considerable value to said customers.

20 Q: How will work with local tribes benefit low income customers?

21 A: It is generally accepted that many of Idaho's most impoverished citizens, including
22 customers of Avista, are disproportionately impoverished. Consequently, any program
23 that targets these individuals for assistance will likely be of assistance to a Avista's tribal
24 communities.

1 **General Provision:**

2 Q: What is the value of this particular Stipulation provision?

3 A: Many global settlements involving multiple jurisdictions, such as the one at hand, contain
4 most favored nation status to ensure that, during the course of a protracted, multi-
5 jurisdiction process, no participant is any worse off than any other merely by virtue of
6 their negotiating prowess. Consequently, should any state receive any concession,
7 whether for low-income customers, or non-low income, it assures equitable treatment
8 across the utility's numerous service territories and markets.

9 **V. CONCLUSION**

10 Q: Do you have any summary remarks regarding the proposed merger?


11 A: Yes. The proposed merger represents a unique opportunity to obtain numerous desirable
12 conditions for all of the Company's customers. The Company has been creative in
13 fashioning a result that, if approved, should go far in addressing the needs of its low
14 income customers.

15 Q: Does this conclude your testimony?

16 A: Yes, it does.

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