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UTILITIES COMMISSION

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7 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

8 IN THE MATTER OF THE APPLICATION )  
9 OF AVISTA CORPORATION DBA AVISTA ) CASE NO. AVU-E-10-01  
UTILITIES FOR AUTHORITY TO ) CASE NO. AVU-G-10-01  
10 INCREASE ITS RATES AND CHARGES FOR )  
ELECTRIC AND NATURAL GAS SERVICE )  
11 IN IDAHO. )  
)

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14 COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO  
DIRECT TESTIMONY OF  
15 TERI OTTENS  
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## I. INTRODUCTION

Q: Please state your name and business address.

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

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

A: The Community Action Partnership Association of Idaho ("CAPAI") Board of Directors asked me to present the views of an expert on, and advocate for, low income customers of AVISTA Corporation (AVISTA). CAPAI's participation in this proceeding reflects our organization's view that low income people are an important part of AVISTA's customer base, and that these customers would be significantly impacted by the proposed changes to the Company's electric service schedules, as originally filed.

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

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

Q: What are the Community Action Partnerships?

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

1 clothing, home weatherization, energy assistance, affordable housing, health care access,  
2 telephone payment assistance, and much more.

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

4 A: Yes, I have testified and/or provided comments as an expert on behalf of CAPAI in  
5 numerous cases involving AVISTA, PacifiCorp, Idaho Power Company, Intermountain  
6 Gas, and United Water.

## 7 II. SUMMARY

8 Q: Please summarize your testimony in this case?

9 A: The purpose of CAPAI's testimony in this case is to support the negotiated settlement  
10 stipulation previously filed with the Commission. The details of CAPAI's  
11 recommendations, which are incorporated into the stipulation and agreed to by all  
12 signatories, are set forth in the following section.

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

14 A. No, other than that I incorporate by reference the Settlement Stipulation.

## 15 III. BACKGROUND/RECOMMENDATIONS

### 16 A. Background

17 Q: By way of background, why has CAPAI intervened in this particular proceeding?

18 A: CAPAI is concerned that the combined proposed increases in fees and rates will add to  
19 the already heavy energy cost burden that low income families in Idaho face, particularly  
20 in these difficult economic times.

21 Q: Can you provide poverty statistics for Idaho?

22 A: According to the Idaho Department of Commerce, 12.6% of the State's population, when  
23 using the 2006 Census data, falls within federal poverty guidelines and an additional  
24 12.4% fall within the state guidelines set at 150% of poverty levels. The 2006 Census  
25

1 reveals that those living in poverty are categorized as 8.7% elderly, 15.1% children, 9.8%  
2 all other families, 28.5% single mothers and 26.4% all others.

3 Q: How does this translate to energy "affordability?"

4 A: According to the U.S. Department of Energy, the "affordability burden" for total home  
5 energy is set nationwide at 6% of gross household income and the burden for home  
6 heating is set at 2% of gross household income. In Idaho, there was a gap in the  
7 2008/2009 heating season of over \$75 million between what Idahoans can afford to pay  
8 (based on federal standards) for energy and what was actually paid. Currently, the  
9 LIHEAP program sends approximately \$25.6 million (for energy assistance,  
10 weatherization and administration) to Idaho.

11 **B. Settlement Stipulation**

12 Q. Would you please provide an overall summary of the settlement reached by the parties in  
13 this case?

14 A. Yes. Unless otherwise stated, my comments are limited to AVISTA's operations related  
15 to the provision of electric, not gas, service. Generally speaking, the Stipulation does not  
16 attempt to address, let alone resolve, every aspect of AVISTA's rate case filing. Rather,  
17 it constitutes an agreement on the overall revenue requirement increase, revenue  
18 allocation among customer classes, certain rate design and other miscellaneous issues.

19 Q. What are the specific terms of the settlement as they affect CAPAI's interests?

20 A. First, the Stipulation provides for an increase to the Company's revenue requirement of  
21 \$21.25 million annually<sup>1</sup> (electric revenue; gas is an additional \$1.85 million), phased-in  
22 over a period of three (3) years. All signatories to the Stipulation agree that it is in the  
23 overall best interest of the Company's general body of ratepayers.

24 Q. Did CAPAI actively participate in this proceeding?

25 <sup>1</sup> An increase of 9.25% compared to the 14% originally proposed by AVISTA.

1 A. Yes, beginning with a thorough review of the filing itself to becoming a formal party and,  
2 ultimately, to successfully negotiating a settlement, filing this testimony and participating  
3 in the technical hearing to be conducted in this case, CAPAI has exercised all of its rights  
4 and responsibilities as a full and formal party.

5 Q. Will you please identify those additional components of the settlement that were of  
6 particular concern and relevance to CAPAI?

7 A. Yes. First, CAPAI believes that AVISTA's first tier block consumption (600 Kwh) for  
8 its residential rate schedule, is less than the actual monthly non-discretionary usage by  
9 residential customers, including consumption for electric space heating. Absent  
10 additional information and analysis, CAPAI is not yet prepared to recommend a specific  
11 level of consumption that should constitute AVISTA's first tier block for its residential  
12 rates. As the settlement Stipulation states, a future collaboration will be conducted  
13 between CAPAI and AVISTA and all other interested persons.

14 CAPAI naturally values the fact that AVISTA has agreed to a reduction in the  
15 amount of revenue requirement increase from the originally requested 14.0% to 9.25%.  
16 Furthermore, the "rate mitigation" aspect by which the increase will be phased-in over  
17 three years somewhat alleviates what would otherwise be a rate shock were the full  
18 amount of the increase to go into effect immediately.

19 CAPAI also notes that the level of increase to the fixed monthly charge (an  
20 increase from \$4.60 to \$5.00) will be considerably less than originally proposed.

21 CAPAI believes that, although not enough to completely satisfy the existing need,  
22 the Company's agreement to increase the annual low-income weatherization program  
23 funding level from \$465,000.00 to \$700,000.00 is a sizeable increase. Also, the  
24 continued funding of the low-income outreach conservation and education program in the  
25 amount of \$40,000.00 provides benefits to LIHEAP recipients.

1 CAPAI notes that there is currently underway a collaborative process the  
2 objective of which, among other things, is to determine the need for and availability of  
3 resources to adequately satisfy the need for additional low-income weatherization  
4 funding. CAPAI commends AVISTA for being an integral part of that collaborative and  
5 will continue to work with the Company at every opportunity to ensure that it takes into  
6 consideration the needs of its low-income Idaho customers.

7 Q. Is there anything else you wish to add to your assessment of the settlement proposed for  
8 approval in this case?

9 A. Yes. Like any settlement of a contested matter, all parties represented their respective  
10 constituents' specific interests and perspectives. Obviously, there are many issues on  
11 which the parties disagree with the Company and, with each other. Having said that, it is  
12 CAPAI's position that the settlement Stipulation reflects the best result that could be  
13 reasonably expected within the context and circumstances of this particular proceeding.

14 Q. Does CAPAI have any particular goals for the future regarding AVISTA?

15 A. Yes. CAPAI hopes that AVISTA continues to demonstrate concern for its low-income  
16 customers in Idaho not only through adequate funding of its low-income weatherization  
17 program, but also through support of other reasonable efforts to assist low-income  
18 customers and, therefore, the general body of AVISTA's ratepayers. Though it is  
19 unreasonable to expect that CAPAI and AVISTA will always be in agreement on every  
20 issue and that every rate case in the future will be settled, CAPAI commends AVISTA  
21 for its effort and compromise to reach settlement of CAPAI's issues of concern in this  
22 case.

## 23 V. CONCLUSION

24 Q: Does that conclude your testimony?

25 A: Yes it does.

CERTIFICATE OF SERVICE

1 I, the undersigned, hereby certify that on the 5<sup>th</sup> day of August, 2010, I served  
2 a copy of the foregoing document on the following by U.S. mail, first class postage and  
3 electronic mail.

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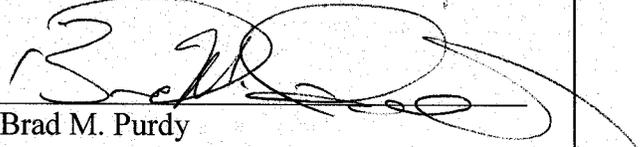
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19 DATED, this 5<sup>th</sup> day of August, 2010

20   
21 Brad M. Purdy