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IDAHO PUBLIC  
UTILITIES COMMISSION

**HAND DELIVERED**

September 27, 2011

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

Re: Case No. AVU-E-01-11: CAPAI Application for Intervenor Funding

Dear Ms. Jewell:

Included herewith is the original and seven (7) copies of Community Action Partnership Association of Idaho's Application for Intervenor Funding in the above-referenced proceeding. Thank you for your acceptance of this filing.

  
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IDAHO PUBLIC  
 UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION	)	CASE NOS. AVU-E-11-01
OF AVISTA CORPORATION FOR THE	)	AVU-G-11-01
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR ELECTRIC AND	)	
NATURAL GAS SERVICE TO ELECTRIC	)	COMMUNITY ACTION
AND NATURAL GAS CUSTOMERS IN THE	)	PARTNERSHIP ASSOCIA-
STATE OF IDAHO	)	TION OF IDAHO'S APPLICA-
	)	TION FOR INTERVENOR
	)	FUNDING
	)	

COMES NOW, Applicant Community Action Partnership Association of Idaho (CAPAI) and, pursuant to Idaho Code § 61-617A and Rules 161-165 of the Commission's Rules of Procedure, IDAPA 31.01.01, petitions this Commission for an award of intervenor funding in the above-captioned proceeding.

**Rule 161 Requirements:**

AVISTA is a regulated, electric and gas public utility with gross Idaho intrastate annual revenues exceeding three million, five hundred thousand dollars (\$3,500,000.00).

**Rule 162 Requirements:**

**(01) Itemized list of Expenses**

Consistent with Rule 162(01) of the Commission's Rules of Procedure, an itemized list of all expenses incurred by CAPAI in this proceeding is attached hereto as Exhibit "A."

## **(02) Statement of Proposed Findings**

The proposed findings and recommendations of CAPAI are set forth in the comments of Teri Ottens submitted in this matter,<sup>1</sup> and reflected in the settlement stipulation currently before the Commission to which CAPAI is a signatory.

CAPAI fully participated in every aspect of this case from the filing of a Petition to Intervene to the filing of this pleading, and fully participated in settlement negotiations leading to the Stipulation now before the Commission for consideration. Consistent with the settlement stipulation previously submitted to the Commission for approval, CAPAI makes the following summary of Ms. Ottens' comments and presents its statement of proposed findings and recommendations to the Commission.<sup>2</sup>

First, Ms. Ottens expressed concern regarding the frequency with which Idaho's three major electric public utilities have been filing general rate case applications. AVISTA, for example, has filed applications seeking general rate increases in four of the past four years. CAPAI is concerned that AVISTA's low-income customers are already stretched beyond their means and frequent rate increases will only exacerbate this fact. In addition, Ms. Ottens expressed concern that the effect of frequent general rate case filings, coupled with other mechanisms in place to stabilize earnings for Idaho's major electric utilities, has essentially shifted the burden and risk of current economic conditions from utility shareholders to ratepayers.

Ms. Ottens listed several aspects of the settlement stipulation that mitigates the concerns expressed above. First, AVISTA agreed to reduce its requested rate increase from 3.7% to 1.1%.

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<sup>1</sup> Ms. Ottens' comments were originally submitted to the Commission in the form of prefiled, direct testimony but were converted to comments through an informal agreement to avoid incurring undue expense in travelling to Coeur D' Alene for the technical hearing. The substance of Ms. Ottens' comments is identical to her original testimony.

<sup>2</sup> For the sake of brevity, this list is not an exhaustive summation of virtually every issue resolved by the settlement agreement and for which CAPAI had a position.

Though every rate increase constitutes a hardship for AVISTA's poorest customers, this reduced amount is considerably more palatable.

Incidentally, Ms. Ottens specifically challenges any notion that the interests of low-income customers are always best served by simply keeping residential rates as low as possible. It is CAPAI's position that, depending on what other measures a utility might implement, it could be far more advantageous for low-income customers to accept a modest rate increase if it were coupled with a substantial increase in funding to existing low-income programs, or the creation of new programs such as bill assistance which AVISTA offers to its residential customers literally miles away across the border in Washington. Thus, while all things being equal, CAPAI agrees that lower residential rate increases benefit low-income customers, it isn't always the most significant way to benefit those customers.

Another component of the settlement that somewhat ameliorates CAPAI's concerns is that AVISTA has agreed to not seek any rate increase that is effective prior to April 1, 2013. This helps to reduce the frequency of rate increases discussed earlier.

Of all the charitable programs, events and causes supported by AVISTA, only the Company's low-income weatherization assistance (LIWA) program and low-income education outreach program provide assistance exclusively to low-income customers. Regarding LIWA, Ms. Ottens's comments provide an explanation of why CAPAI agreed to a settlement that did not result in an increase in funding to that program.

First, CAPAI notes that AVISTA has agreed to a number of increases to its LIWA program over the past few years bringing the current funding level to \$700,000 annually. This, Ms. Ottens notes, is higher than the funding levels of both Idaho Power and Rocky Mountain Power when calculated on a per capita basis. To illustrate her point, Ms. Ottens calculated the

number of residential Idaho customers for each of the three utilities and divided that into each utility's respective LIWA funding level. This calculation reveals that AVISTA is funding its program at a level roughly 25% higher than Rocky Mountain and more than 200% higher than Idaho Power, the latter of which has not increased its LIWA funding since its 2003 general rate case.

It is CAPAI's position that there are several guiding principles in establishing appropriate levels of LIWA funding, including the disparity between the need for funding and available resources. In this respect, all three major electric utilities have a significant LIWA backlog. Another important guiding principle, however, is that of "parity" between the funding levels of the three utilities. CAPAI firmly believes that in order for rates to be fair, just and reasonable to utilities and ratepayers alike, it is important that the Commission ensure that the respective levels of funding for Idaho's three major electric utilities be relatively equal.

If one utility offers substantially higher funding than the others, as is the case with AVISTA, then that utility's low-income customers are essentially being favored over other low-income customers throughout the state. Similarly, customers of utilities with inappropriately low funding are being discriminated against. Thus, the principle of parity applies to both the utilities as well as their customers. Ms. Ottens contends that the eligibility criteria for participation in the LIWA programs of all three programs is the same, the program design characteristics are relatively equal and, therefore, there is no reason for funding levels to vary significantly.

Furthermore, the costs of LIWA, as with any conservation resource, are ultimately passed on to other ratepayers. If one utility falls substantially behind another in terms of LIWA funding, such as Rocky Mountain Power and, particularly, Idaho Power have done, then a substantial funding increase must be ordered for those underfunding utilities. The greater the disparity

between utilities, the greater the funding increase and the greater the impact on customers' rates in order to resolve that disparity. Because there are currently pending general rate increases for the three utilities and because AVISTA was the first case in which settlement negotiations were conducted, it was necessary for CAPAI to weigh the principle of addressing low-income "need" against the disparity in funding between utilities, the principle of parity, and the principle of avoiding the rate impact of large LIWA funding increases. After weighing these principles, it seemed most compelling to CAPAI to seek increases for Idaho Power and Rocky Mountain Power before pursuing additional funding from AVISTA. This weighing of principles seemed a fair and reasoned approach to settlement with AVISTA.

Ms. Ottens pointed to two additional factors that entered into CAPAI's decision to agree to settle this case without an increase in AVISTA's LIWA funding. First, regarding LIWA, AVISTA agreed to Section 13(b) of the Settlement Stipulation which provides that "[t]he Company and interested parties will meet and confer prior to the Company's next general rate case filing in order to assess the Low Income Weatherization and Low Income Energy Conservation Education Programs and discuss appropriate levels of low-income weatherization funding in the future." By the time that such a meeting takes place, CAPAI hopes to have eliminated the considerable disparity between the funding levels of the three utilities and discussions with AVISTA regarding its funding level will not be premature.

Second, AVISTA agreed to increase funding to its existing Outreach for Low-Income Conservation Education Program by 25% from a total of \$40,000 to \$50,000, which is in addition to the \$700,000 currently funded by the Company for LIWA. CAPAI believes that this program has proven to be a cost-effective and helpful tool in increasing understanding and

awareness of energy conservation for AVISTA's low-income customers and the agreed increase is reasonable.

In summary, it is CAPAI's recommendation that the Commission accept the proposed settlement based, in part, on the fact that the Settlement Stipulation strikes a fair, just and reasonable compromise between competing interests and principles and is in the best overall interests of all AVISTA ratepayers. Regarding AVISTA's low-income customers, a 1.1% increase is obviously preferable to nearly 4%. Furthermore, the Company's increased funding to low-income outreach and education combined with a stay-out for rates until the Spring of 2013, as well as AVISTA's agreement to discuss whether its existing levels of LIWA funding are adequate prior to the next rate case are concessions by the Company that justify the settlement.

### **(03) Statement Showing Costs**

CAPAI submits that the costs and fees incurred in this case, and set forth in Exhibit "A," are reasonable in amount. CAPAI has historically made a concerted effort to minimize its expenses and maximize the effect that its efforts have in proceedings before this Commission. Though this matter was settled, because of the broad scope of issues raised by all parties, and due to the level of CAPAI's involvement, it required the investment of considerable time and resources by CAPAI to effectively participate and address issues of concern to the general body of ratepayers.

CAPAI submits that this case was conducted under what could be characterized as unprecedented circumstances. As the Commission is well aware, general rate proceedings were filed earlier this year by AVISTA, Rocky Mountain Power and Idaho Power at roughly the same point in time. Furthermore, Rocky Mountain had previously filed a case that, from CAPAI's perspective, is one of the most significant filings in the better part of the past decade as far as

low-income issues are concerned. That case is PAC-E-11-13 in which Rocky Mountain contends that its low-income weatherization program is not a cost-effective DSM resource and never will be under traditional cost-effectiveness criteria. Based on this premise, Rocky Mountain is currently seeking Commission authority to relieve the Company from ever evaluating the cost-effectiveness of its program again. For reasons beyond the scope of this Application, both the nature and timing of Rocky Mountain's "11-13" filing, if accepted by the Commission as viable, have called into question the continued existence of low-income weatherization.

The 11-13 case was filed on April 29, 2011. A Notice of Application was not issued until two months later. The 11-13 case is being processed under modified procedure and comments are due October 28, 2011. The three general rate cases were filed subsequent to the 11-13 case and Staff quickly scheduled those cases for settlement negotiations starting with the AVISTA filing, though it was the last of the rate cases filed. This procedural and substantive scenario casts all three utilities' low-income weatherization programs into considerable uncertainty and has made attempts at settlement in the rate cases awkward for CAPAI who intended to seek LIWA funding increases for all three utilities.

Staff has not agreed to support increased LIWA funding in any of the general rate cases pending a resolution of the 11-13 case which, though the parties cannot speculate, might not be resolved by final order until the end of this year or early 2012. This means that the Commission's final resolution of the 11-13 case, and the continued existence of LIWA, might not be known until after the general rate cases are resolved. This somewhat compromised CAPAI's settlement posture in the AVISTA case though CAPAI remains supportive of that

settlement. CAPAI does not intend, however, to settle either the Rocky Mountain or Idaho Power rate cases due to the stalemate that the 11-13 filing has caused for LIWA funding.

The reason that CAPAI raises these points is to explain that the amount of time and resources expended by CAPAI's legal counsel and expert witness in the AVISTA case have been increased because of the complexity created by the unusual circumstances currently at play. Therefore, instead of creating economies of scale for CAPAI, the unprecedented, simultaneous pendency of the three rate cases and the 11-13 filing has had the opposite effect. CAPAI is in no way criticizing the Commission's procedural handling of the cases just referred to, but simply wishes for the Commission to be aware of the sensitivities and challenges of navigating through these unusual circumstances and the effects of they have had on the amount of costs and fees incurred by CAPAI in this case. Thus, CAPAI respectfully submits that the costs incurred, and requested in Exhibit "A," are reasonable in amount.

#### **(04) Explanation of Cost Statement**

CAPAI is a non-profit corporation overseeing a number of agencies who fight the causes and conditions of poverty throughout Idaho. CAPAI's funding for any given effort might come from a different variety of sources, including governmental. Many of those funding sources, however, are unpredictable and impose conditions or limitations on the scope and nature of work eligible for funding. CAPAI, therefore, has relatively little "discretionary" funds available for all projects. Some matters before this Commission, furthermore, do not qualify for intervenor funding by virtue of their nature.

Thus, were it not for the availability of intervenor funds and past awards by this Commission, CAPAI would not be able to participate in cases before this Commission. Even with intervenor funding, participation in Commission cases constitutes a significant financial

hardship because CAPAI must pay its expenses as they are incurred, not if and when intervenor funding becomes available.

**(05) Statement of Difference**

Although Staff provided valuable input regarding most every issue to this matter, CAPAI is the only party who represented the interests of AVISTA's low-income customers and proposed the conditions agreed to by AVISTA and described herein.

**(06) Statement of Recommendation**

CAPAI has long submitted that providing assistance to a utility's low-income customers provides system-wide benefits in numerous respects including, but not limited to, the fact that low-income weatherization programs constitute cost-effective, prudent energy resources and that programs designed to assist low-income customers through education and by other means reduces the percentage of those customers who might be lost to the Company's system, or more likely to be untimely in paying their bills due to their dire financial circumstances resulting in associated costs to other ratepayers. Therefore, the proposals and recommendations made by CAPAI are "of concern to the general body of utility users or consumers."

**(07) Statement Showing Class of Customer**

To the extent that CAPAI represents a specific AVISTA customer class, it is the residential class.

RESPECTFULLY SUBMITTED, this 27th day of September, 2011.

  
Brad M. Purdy

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 27th day of September, 2011, I caused to be served on the individuals listed below, the foregoing document via electronic transmission.

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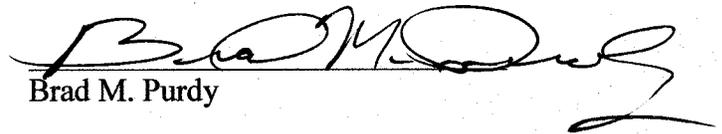
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Brad M. Purdy

**EXHIBIT "A"**  
**ITEMIZED EXPENSES**

<b>Costs:</b>		
Photocopies/postage		\$45.76
<b>Total Costs</b>		<b>\$45.76</b>
<b>Fees:</b>		
Legal (Brad M. Purdy –78.38 hours @ \$130.00/hr.)		\$10,189.40
Expert Witness (Teri Ottens – 13.0 hours @ \$50.00/hr.)		\$650.00
<b>Total Fees</b>		<b>\$10,839.40</b>
<b>Total Expenses</b>		<b>\$10,885.16</b>