

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: JUNE 23, 2011

**SUBJECT: CASE NOS. AVU-E-11-02/AVU-G-11-03
APPLICATION OF AVISTA CORPORATION FOR DECREASE IN ITS
ENERGY EFFICIENCY RIDER**

On June 13, 2011, Avista Corporation filed an Application requesting approval of a decrease in its Energy Efficiency Rider for both electric and gas service, Schedules 91 and 191. The funds collected by the Energy Efficiency Riders are used to maintain and operate programs to encourage customers to use electricity and natural gas efficiently. The Company estimates that in 2010 the energy efficiency programs resulted in electric savings of 68,911 MWh and natural gas savings of 1.9 million therms. Application, p. 2. Approximately 77% of the energy efficiency budget was provided to customers as rebates (residential customers) and financial incentives for commercial and industrial customers. Avista's residential programs include high efficiency equipment, electric to natural gas conversions, compact fluorescent lights, "second" refrigerator recycling, weatherization, rooftop chimney dampers, and educational assistance through community events. Application, p. 3.

The Application states that at their present levels, the revenue produced by the Energy Efficiency Rider would exceed the requirements necessary to fund the DSM programs during the next 12 months. As of the close of April 2011, Avista's Idaho electric DSM tariff rider balance is \$723,240, and the Idaho natural gas DSM tariff rider balance is \$897,808. Application, p. 2. At the beginning of 2010 the tariff riders were underfunded by \$11.9 million. In the past year, however, increases to the tariff riders have provided for adequate revenue to both fund current

energy efficient operations and to eliminate the unfunded balance. Accordingly, Avista proposes that the rider tariff rates be decreased. Specifically, Avista proposes that the rider for electric service, Schedule 91, be decreased by 0.3% of billed rates, resulting in a decrease of \$750,000 in rider funds. Avista proposes that the tariff rider for natural gas service, Schedule 191, be decreased 4.2% of billed rates, resulting in a decrease of \$2.9 million in collected rider funds. Avista proposes that the new rates be effective August 1, 2011.

Avista requested that its Application be processed by Modified Procedure. Staff recommends that the Application be processed by Modified Procedure with a 21-day comment period.

COMMISSION DECISION

Should the Application of Avista Corporation for a decrease in its Energy Efficiency Riders for electric service and natural gas service be processed by Modified Procedure with a 21-day comment period?



Weldon Stutzman
Deputy Attorney General

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