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**Comments of the Snake River Alliance
In the Matter of the Application of Avista Corporation for Authority to Decrease the Energy
Efficiency Rider Adjustment Schedule 91**

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IDAHO PUBLIC
UTILITIES COMMISSION

Case No. AVU-E-12-07

**Submitted by
Ken Miller, Clean Energy Program Director, Snake River Alliance**

Sept. 17, 2012

The Snake River Alliance ("Alliance") appreciates the opportunity to provide comments relating to the application by Avista Utilities to decrease the amount of its Energy Efficiency Rider rate (Schedule 91) as filed to this Commission in Case No. AVU-E-12-07, and also in response to the Commission's Notice of Modified Procedure, Order No. 32621.

The Alliance has long advocated energy efficiency and development of certain renewable energy resources in the portfolios of Avista Utilities and all regulated electric utilities in Idaho. As the Commission knows, the Alliance has long supported robust energy efficiency program development and support through tariff riders and other mechanisms available to Idaho utilities through Commission orders.

The Alliance does not support the request by Avista Utilities in this case because we view the request as premature and as having the potential to undermine ongoing attempts to expand demand-side management (DSM) programs offered by Avista in its Idaho jurisdiction. Many of our objections to Avista's pending request are similar to those we raised in a similar case earlier this year in which Rocky Mountain Power sought and received PUC permission to decrease its customer efficiency services rate.

This Request is Premature

We appreciate the Commission's desire to ensure that Idaho's regulated electric utilities do not over-collect from customers the funds needed to administer programs of any nature. However, we are unsure that the applicant has established the case that such a threat exists here. As with Rocky Mountain Power's application to reduce its efficiency funding, we do not believe there is a record of ongoing over-collection of demand side management (DSM) funds from customers. The Commission states in Order No. 32621 that:

"The Company says only 55% of the currently projected electric DSM tariff rider surcharge revenue is needed to fund the expected DSM operations for the 12 months following October 1, 2012, given a projected balance of \$886,761 at the end of September 2012. Thus, the Company requests a 45% reduction in the electric DSM tariff rider surcharge effective October 1, 2012. The Company says the surcharge reduction would not impact the Company's ability to fund and pursue cost-effective DSM

resources; it will merely adjust revenues to move the tariff rider balance towards zero. Id. at 3.”

It is difficult to conclude that such an abrupt and deep reduction in DSM collections and spending will not have an impact on existing or future DSM programs. Avista’s application at P. 3 states that:

“Avista is proposing substantial reductions to both electric and natural gas DSM tariff rider surcharges (Schedules 91 and 191 respectively) in recognition of changes in the future expected expenditures for those programs as well as existing tariff rider balances. Through June 2012, Avista’s Idaho electric DSM tariff rider balance was \$316,231 (Company owes ratepayer) and the Idaho natural gas DSM tariff rider balance was \$1,355,23 (Company owes ratepayer).

Avista further states that “Only 55 percent of the currently projected electric DSM tariff rider surcharge revenue is necessary to fund the expected DSM operations for the 12 months following October 1, 2012, given a projected positive balance of \$888,761 at the close of September 2012.”

We believe that such a short time period in which DSM funds were over-collected and the magnitude of the over-collections does not allow the Commission to determine the wisdom of such a dramatic reduction of 45 percent in efficiency rider funds.

As we did with Rocky Mountain Power, we suggest that Avista Utilities be allowed sufficient time to justify a 45 percent reduction in its energy efficiency rider level. Our preference is that Avista return to the Commission after such time it has established that the DSM account is being repeatedly overfunded. There was a reason the rider was set at its current level, and Avista’s application does not fully explain what has changed in the intervening time to warrant reducing the rider.

The request before the Commission would reduce the Schedule 91 rate by 1.3 percent. The Company claims that the verified electric savings of 59,002 MWh, or 115 percent of its IRP goal in 2010-2011, shows the efficacy of its DSM programs, and we agree.

While we do not discount the value of a reduced rider level to many customers, we also believe the estimated monthly savings of \$1.05 on a typical residential bill can be more than offset by well-designed efficiency programs that deliver an order of magnitude more in customer benefits (including reduced bills) than saving \$12 a year.

When reviewing funding levels for DSM and other energy efficiency measures, we believe the standard should not be that a utility is concerned about the *possibility* that it may over-collect (as may be the case here), but rather that the Commission be presented with evidence that the utility actually *did* over-collect. In the event customers are overcharged what by all accounts in this case is a very small amount of money to support DSM programs, there are mechanisms in

place for the Commission to order over-collected funds to be returned to customers. Reducing the amount collected in the rider by nearly half, or \$3.46 million, does not appear to be supported in Avista's application, particularly at a time when the Pacific Northwest has embarked on an aggressive expansion of energy efficiency measures to help utilities meet new load growth and to help offset generation lost to the retirement of fossil fuel generations.

We agree with the Commission's past findings that Avista's electricity efficiency programs have merit and that the spending on these programs has been prudently incurred. The efficacy of the low-income assistance programs alone is evidence that these programs should be expanded rather than simply maintained at current funding levels or less.

Conclusion

The Alliance shares the Commission's concerns about the impacts rates are having on Idaho electricity customers. We comment frequently in various cases involving this and other utilities that have rate impacts, and we impose on the Commission to allow us to intervene in some of them. We did not do so here, because we believe this matter is clear and also because of the Commission's decision to process this case through Modified Procedure.

A request to change the level of customer financing of DSM programs – whether higher or lower – must be accompanied with compelling evidence that a repeated imbalance in collections is occurring and must be corrected. We do not believe that is yet the case here.

We are not submitting comments in Avista's companion request for its natural gas efficiency collections (Schedule 191 AVU-G-12-06).

As always, the Alliance is grateful to the Commission for the opportunity to provide its comments in Case No. AVU-E-12-07 and anticipates participating in future discussions as appropriate on the issues raised by this docket.

Respectfully submitted,

Ken Miller
Clean Energy Program Director
Snake River Alliance
P.O. Box 1731
Boise, ID 83701
(208) 344-9161 (o)
(208) 841-6982 (c)
kmiller@snakeriveralliance.org

www.snakeriveralliance.org