



Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

July 31, 2013

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

Dear Ms. Jewell:

Re: Avista Application No. AVU-E-13-05

Dear Ms. Jewell:

Enclosed for filing with the Commission is an original and 7 copies of the Company's application requesting an increase to Schedule 91 rates, "Energy Efficiency Rider Adjustment," also known as the "energy efficiency tariff rider." Schedule 91 is designed to recover the costs incurred by the Company associated with providing electric energy efficiency services to customers.

Please direct any questions on this matter to Bruce Folsom, Sr. Manager, Energy Efficiency at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

Manager, Regulatory Policy
Avista Utilities
linda.gervais@avistacorp.com
509-495-4975

Attachements

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IDAHO PUBLIC UTILITIES COMMISSION

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IDAHO PUBLIC UTILITIES COMMISSION

1 DAVID J. MEYER
 2 VICE PRESIDENT AND CHIEF COUNSEL FOR
 3 REGULATORY AND GOVERNMENTAL AFFAIRS
 4 AVISTA CORPORATION
 5 P.O. BOX 3727
 6 1411 EAST MISSION AVENUE
 7 SPOKANE, WASHINGTON 99220-3727
 8 TELEPHONE: (509) 495-4316
 9 david.meyer@avistacorp.com

10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION)
 13 OF AVISTA CORPORATION FOR THE) CASE NO. AVU-E-13- 05
 14 REQUEST TO DECREASE ITS ENERGY)
 15 EFFICIENCY RIDER ADJUSTMENT)
 16 SCHEDULE 91)

17

18 **I. INTRODUCTION**

19 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),
 20 at 1411 East Mission Avenue, Spokane, Washington, respectfully requests approval of a increase
 21 to Schedule 91 rates “Energy Efficiency Rider Adjustment”.

22 The Company’s tariff rider mechanism is designed to match future revenue with
 23 budgeted expenditures. To ensure appropriate recovery, the mechanism includes a true-up
 24 feature that reconciles the previous periods’ actual expenditures and collections. The purpose of
 25 this filing is to establish tariff riders that are sufficient to fund the following twelve months of
 26 DSM as well as amortize any tariff rider imbalance, thus minimizing the amount of future under-
 27 or over-collections. In this filing, Avista proposes to increase billed electric rates by 1.2%
 28 through proposed revisions in Schedule

29

1 The Company requests that this filing be processed under the Commission's Modified
2 Procedure rules.

3 Communications in reference to this Application should be addressed to:

4 David J. Meyer, Esq.
5 Vice President and Chief Counsel for
6 Regulatory and Governmental Affairs
7 Avista Corporation
8 P.O. Box 3727
9 1411 E. Mission Avenue, MSC-13
10 Spokane, WA 99220-3727
11 Phone: (509) 495-4316
12 david.meyer@avistacorp.com
13

Linda Gervais
Manager, Regulatory Policy
Avista Corporation
P.O. Box 3727
1411 E. Mission Avenue, MSC-27
Spokane, WA 99220-3727
Phone: (509) 495-4975
linda.gervais@avistacorp.com

14 II. BACKGROUND

15 As of May 31, 2013, the current Schedule 91 (electric) tariff rider balance was
16 approximately \$3.0 million underfunded. Underfunded balances indicate that more tariff rider
17 funding was needed to fund the ongoing Demand Side Management (DSM) operations. This
18 underfunded amount is primarily driven by the Company's nonresidential T12 to T8 market
19 transformation program which contributed to prescriptive lighting incentives exceeding the \$1.2
20 million budgeted incentives by \$4.0 million.

21 During 2012, the Company leveraged regional and national efforts to accelerate the
22 conversion of T12 fluorescent lighting fixtures to higher efficiency T8 fixtures. Avista's
23 conversion program was specifically designed to target the replacement of existing operational
24 T12 fixtures. The program featured a prescriptive incentive available for a limited period of
25 time, an application process specific to the needs of this program and a coordinated outreach
26 program focusing the customers attention on the need to take action by a pre-specified deadline.

1 The program required customers to submit their rebate applications between January 1st, 2012
2 and December 31st, 2012. Customer participation significantly exceeded expectations with a
3 total of 4,740 rebates being received during this time. Participation was heavily weighted
4 towards the last month of that program, indicating the value of the pre-specified program
5 deadline and further defining a potentially replicable approach to replace-before-burnout
6 efficiency opportunities in the future.

7 In the past, the increase to Schedule 91 allowed for adequate revenue to both fund current
8 energy efficiency operations as well as to reduce the accumulation of the underfunded tariff rider
9 balance. The tariff rider adjustment proposed in this filing is designed to recover the under-
10 funded balance over a two-year period, and provide approximately \$6.4 million in annual
11 revenue to fund ongoing electric efficiency.

12 Schedule 91 funds DSM programs described in the Company's Schedule 90. All
13 Schedule 91 DSM revenue is applied only to the provision of electric efficiency service
14 including programs offered by the Company directly, through designated contractors, or as part
15 of regional electric programs as well as evaluation, measurement and verification (EM&V).

16 These programs include but are not limited to the following:

- 17 • Appliance measures
- 18 • Compressed air measures
- 19 • HVAC measures
- 20 • Industrial measures
- 21 • Lighting measures
- 22 • Maintenance measures
- 23 • Motors measures
- 24 • Northwest Energy Efficiency Alliance participation
- 25 • Shell measures
- 26 • Sustainable Building measures
- 27 • Behavioral programs

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1 The Company's programs are based on providing a financial incentive, or "rebate," for
2 cost-effective efficiency measures with a simple payback of greater than one year and up to
3 thirteen years. This includes approximately 300 measures that are packaged into about 30
4 programs for customer convenience.

5 Avista has long encouraged the direct-use of natural gas to its electric customers. As an
6 electric energy efficiency program, the Company is continuing this effort with residential rebates
7 for the conversion of electric to natural gas space and water heat loads as well as a broad
8 program for any non-residential electric to natural gas conversions meeting specified criteria for
9 relative British Thermal Unit (BTU) efficiency. The cost-effective potential for these measures
10 has been incorporated into Avista's Integrated Resource Planning effort and are contained within
11 the identified acquisition goal.

12 Avista's residential programs include high efficiency equipment, electric to natural gas
13 conversions, Compact Fluorescent Lamps (CFLs), "second" refrigerator recycling,
14 weatherization, as well as providing educational assistance through various community events.

15 For non-residential customers, in addition to prescriptive (or "standard offer") programs,
16 Avista offers site-specific (or customized) services. The site-specific program provides
17 incentives on any cost-effective commercial and industrial energy efficiency measure with a
18 simple financial payback exceeding one year, up to thirteen years. This is implemented through
19 site analyses, customized diagnoses, and incentives determined for savings generated specific to
20 customers' premise or process. In addition to the site-specific offering, commercial and
21 industrial programs available to Avista customers include lighting and controls, commercial food
22 service equipment, premium efficiency motors, power management for personal computer
23 networks, commercial HVAC variable frequency drives, refrigerated warehouses, vending

1 machine controllers, demand controlled ventilation, side-stream filtration, steam trap
2 replacement and repair, multifamily development, electric to natural gas water heater
3 conversions, and commercial clothes washers.

4 In addition to Avista's prescriptive and site-specific programs, the Company helps fund
5 the activities of the Northwest Energy Efficiency Alliance (NEEA). NEEA focuses on using a
6 regional approach to obtain electric efficiency through the transformation of markets for
7 efficiency measures and services. These programs bring resource acquisition opportunities to
8 Avista that would otherwise be either unachievable or more costly in the absence of regional
9 cooperation. Historically, Avista has received approximately 1.5 to 2 aMW of savings in its
10 service territory from NEEA programs.

11 The Company provided approximately \$700,000 for low-income weatherization in 2012
12 and an additional \$50,000 for conservation education in Idaho. This program is administered by
13 the local community action agencies in our Idaho service territory.

14 In 2012, approximately 17.8 Full Time Equivalent (FTE) delivered energy efficiency
15 programs and measures resulting in Idaho local electric savings of 24,183 MWh from local
16 programs and 15,943 MWh through NEEA (130% of the IRP goal).

17 Several metrics are applied to determine the costs and benefits of these programs. The
18 Company has calculated the Total Resource Cost (TRC) test and the Program Administrator Cost
19 (PAC) to provide insights into program efficacy.¹ Ratios over 1.0 illustrate that benefits exceed

¹ The Total Resource Cost Test measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. The Program Administrator Cost Test measures the net costs of a demand-side management program as a resource option based on the costs incurred by the program administrator (including incentive costs) and excluding any net costs incurred by the participant. The benefits are similar to the TRC benefits. Costs are defined more narrowly.

1 costs. For 2012, the Company's DSM portfolios were cost-effective with TRC and PAC ratios
2 of 1.58 and 2.69, respectively, for the electric portfolio

3 The Company has regularly convened stakeholder meetings to gain input from customer
4 representatives, Commission staff members, and individuals from the environmental
5 communities. In these stakeholder meetings the Company's program offerings are reviewed as
6 well as the underlying cost-effectiveness tests and results. The Company continues to appreciate
7 the time and input provided by Avista's stakeholders.

8 **VI. REQUEST FOR APPROVAL**

9 In conclusion, Avista respectfully requests the Commission approve the proposed
10 increase in rates and charges in Schedule 91. The estimated annual revenue change associated
11 with this filing is an increase of approximately \$2.6 million for electric Schedule 91, or an
12 increase of 1.2% in overall billed rates. The proposed rate increase will have an average monthly
13 bill impact to residential electric customers using 930 kWh of \$0.92 increase to their bill, or
14 1.17%.

15 **VII. CUSTOMER NOTIFICATION**

16 Notice to the public of the proposed rates and charges, pursuant to IDAPA 31.21.02.102,
17 will be given simultaneously with the filing, by posting a notice at each of the Company's
18 district offices in Idaho, which is attached as Attachment A. Notice of proposed rates will also
19 be given to all Idaho customers by individual bill insert. The proposed effective date is October
20 1, 2013.

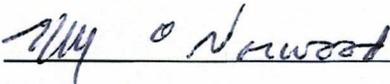
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1 **VIII. CONCLUSION**

2 WHEREFORE, Applicant respectfully requests the Commission issue its Order
3 finding the proposed rates and charges in Schedule 91 attached to this Application as Attachment
4 B to be fair, just, reasonable and nondiscriminatory, and effective for electric service rendered on
5 and after October 1, 2013, with this application being processed under Modified Procedure.

6 DATED at Spokane, Washington, this 31st day of July, 2013.

7 AVISTA CORPORATION

8 By 

9 Kelly O. Norwood,
10 Vice President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 91

ENERGY EFFICIENCY RIDER ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Energy Efficiency Rider or Rate Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover costs incurred by the Company associated with providing energy efficiency services and programs to customers.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	- .245 ¢ per kWh	Schedule 25	- .142 ¢ per kWh
Schedule 11 & 12	- .271 ¢ per kWh	Schedule 25P	- .131 ¢ per kWh
Schedule 21 & 22	- .209 ¢ per kWh	Schedule 31 & 32	- .240 ¢ per kWh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Services (Schedules 41, 42, 43, 44, 45, 46, 47, 48 & 49) are to be increased by 2.67%.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 31, 2013

Effective October 1, 2013

Issued by Avista Utilities

By



Kelly O. Norwood, Vice-President, State & Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 91

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MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	- <u>.245</u> ¢ per kWh	Schedule 25	- <u>.142</u> ¢ per kWh
Schedule 11 & 12	- <u>.271</u> ¢ per kWh	Schedule 25P	- <u>.131</u> ¢ per kWh
Schedule 21 & 22	- <u>.209</u> ¢ per kWh	Schedule 31 & 32	- <u>.240</u> ¢ per kWh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Services (Schedules 41, 42, 43, 44, 45, 46, 47, 48 & 49) are to be increased by 2.67%.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 31, 2013

Effective October 1, 2013

Issued by Avista Utilities
By

Kelly O. Norwood, Vice-President, State & Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 91

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MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	- .146 ¢ per kWh	Schedule 25	- .086 ¢ per kWh
Schedule 11 & 12	- .162 ¢ per kWh	Schedule 25P	- .080 ¢ per kWh
Schedule 21 & 22	- .125 ¢ per kWh	Schedule 31 & 32	- .142 ¢ per kWh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Services (Schedules 41, 42, 43, 44, 45, 46, 47, 48 & 49) are to be increased by 4.65%.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 30, 2012

Effective October 1, 2012

Issued by Avista Utilities
By

Kelly O. Norwood, Vice-President, State & Federal Regulation