

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR)	CASE NO. AVU-E-13-05
AUTHORITY TO INCREASE ITS ENERGY)	
EFFICIENCY RIDER ADJUSTMENT,)	NOTICE OF APPLICATION
SCHEDULE 91)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32878

On August 1, 2013, Avista Corporation dba Avista Utilities filed an Application requesting authority to increase its “Energy Efficiency Rider” found in tariff Schedule 91. The Schedule 91 tariff rider is designed to “match future revenue with budgeted [energy efficiency] expenditures.” Application at 1. The tariff rider mechanism includes a true-up that reconciles the previous periods actual expenditures with Schedule 91 collections. Avista proposes to increase its Schedule 91 rider rates by 1.2%. The proposed tariff rider is designed to recover a purported \$3 million deficit in the rider account over a two-year period and provide approximately \$6.4 million in annual revenues to fund ongoing energy efficiency programs.

NOTICE OF APPLICATION

A. The Rider Programs

YOU ARE HEREBY NOTIFIED that the Company reports that as of May 31, 2013, the fund balance in the Schedule 91 tariff rider account was approximately \$3.0 million underfunded. The Company reports that the underfunded amount is primarily the result of the Company’s efforts to accelerate the conversion of “T12 fluorescent lighting fixtures to higher efficiency T8 fixtures.” *Id.* at 2.¹ During 2012, Avista operated a T12 conversion program where it issued 4,740 rebates to customers. The Company had budgeted approximately \$1.2 million for this conversion program but issued approximately \$5.2 million in rebates. Avista

¹ Generally T12 fluorescent lighting fixtures use “older” magnetic ballasts while T8 fixtures use newer electronic ballasts. T8 lamps with electronic ballasts are more energy efficient than T12 lamps with magnetic ballasts. Electronic ballasts will generally reduce the overall load on a circuit by reducing energy demand. See www.UltraLuxLight.com/fluorescent_tube_faq.html.

said that a significant number of rebate requests were received in the last month of the program (December 2012). *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Schedule 91 rider funds a variety of demand-side management (DSM) programs directed at improving the Company's energy efficiency services. These programs include rebates for: energy efficiency appliances, HVAC improvements, lighting measures, electric motor measures, and participating in the Northwest Energy Efficiency Alliance (NEEA). The Company has about 30 programs for customers to utilize. Application at 4. In addition, the Company encourages its all-electric residential customers to convert to natural gas space and water heating. *Id.*

YOU ARE FURTHER NOTIFIED that the Company also assists in funding various NEEA programs. NEEA operates and implements programs that promote electric conservation and efficiency in Avista's service territory. "Historically, Avista has received approximately 1.5 to 2 aMW of savings in its service territory from NEEA programs." *Id.* at 5. The Company also provides \$700,000 for low-income weatherization programs in 2012 and an additional \$50,000 for conservation education in Idaho. The low-income weatherization program is administered by the local community action agencies in the Company's Idaho service territory.

YOU ARE FURTHER NOTIFIED that in determining the cost-effectiveness of its various DSM programs, the Company applies several evaluation metrics. In particular, the Company utilizes the total resource cost (TRC) test and the program administrator cost (PAC) test to evaluate the cost-effectiveness of its DSM programs. The Company asserts that ratios over 1.0 illustrate that program benefits exceed costs. "For 2012, the Company's DSM portfolios were cost-effective with TRC and PAC ratios of 1.58 and 2.69, respectively." *Id.* at 6.

B. The Proposed Rider Increase

YOU ARE FURTHER NOTIFIED that increasing the Schedule 91 Energy Efficiency Rider by 1.2% in overall billed rates would result in a proposed monthly rate increase in the rider of \$0.92 for the average residential electric customer utilizing 930 kWh per month. This represents an increase of 1.17% per month for the average residential customer. The table below reflects the proposed increase to the Energy Efficiency Rider for various customer classes:

SCHEDULE	EXISTING RATE	PROPOSED RATE
Residential Customers – Sch. 1	0.146¢ per kWh	0.245¢ per kWh
General Service – Sch. 11 & 12	0.162¢ per kWh	0.271¢ per kWh
Large General Service – Sch. 21 & 22	0.125¢ per kWh	0.209¢ per kWh
Extra Large Customers – Sch. 25	0.086¢ per kWh	0.142¢ per kWh
Clearwater Paper – Sch. 25P	0.08¢ per kWh	0.131¢ per kWh
Pumping Service – Sch. 31-32	0.142¢ per kWh	0.240¢ per kWh

The Company proposes that the Commission process this case under Modified Procedure and requests that the proposed tariff Schedule 91 rider be increased effective October 1, 2013.²

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission no later than **September 10, 2013**. If necessary, the Company may file reply comments to be due no later than **September 13, 2013**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

² On July 30, 2013, Avista also filed two other proposals to change its electric rates. First, the Company proposed to increase its Power Cost Adjustment (PCA) rebate in tariff Schedule 66. If approved, the uniform PCA rebate would result in an overall decrease in the PCA rate of (.83%). Case No. AVU-E-13-04. Avista also proposed to adjust its Residential Exchange Program (REP) credit (tariff Schedule 59) to reflect a decrease in BPA-derived benefits from the federal Columbia River power system to residential and small farm customers. Reducing the level of benefits from BPA's Residential Exchange Program will result in a net reduction of the benefit of approximately \$1.1 million, or approximately 0.5%. The reduction in the BPA credit is a federal "pass-through" generally not subject to this Commission's approval. Avista Tariff Advice No. 13-05-E. The requested effective date for both these rate changes is October 1, 2013 – the same requested effective date for the Energy Efficiency Rider.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

David J. Meyer
Vice President and Chief Counsel of
Regulatory and Government Affairs
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220-3727
E-mail: david.meyer@avistacorp.com

Linda Gervais
Manager, Regulatory Policy
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220-3727
E-mail: linda.gervais@avistacorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically

Idaho Code §§ 61-336, 61-502, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments or protests in this matter must do so no later than September 10, 2013. The Company may file reply comments, if necessary, no later than September 13, 2013.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of August 2013.



PAUL KJELLANDER, PRESIDENT

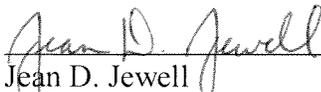


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:AVU-E-13-05_dh