

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,)	ORDER NO. 32894
SCHEDULE 91)	

On August 1, 2013, Avista Corporation dba Avista Utilities filed an Application asking 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 period’s 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.

On August 15, 2013, the Commission issued its Notice of Application and Notice of Modified Procedure requesting written comments no later than September 10, 2013. Order No. 32878. On the same day, the Commission also scheduled a public workshop for September 5, 2013 in Coeur d’Alene to discuss this and other rate filings made by Avista. In response to the Commission’s Notice of Modified Procedure, comments were filed by two customers and the Commission Staff. The two customers generally opposed all rate increases without distinguishing between the various Avista rate filings.

Based upon our review of the Application and comments, the Commission grants the Application as set out below.

THE APPLICATION

A. The Rider Programs

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,

¹ Generally T12 fluorescent lighting fixtures use “older” magnetic ballasts while T8 fixtures use newer electronic

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.

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 efficiency-DSM programs for customers. Application at 4. In addition, the Company encourages its all-electric residential customers to convert to natural gas space and water heating. *Id.*

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.

B. The Proposed Rider Increase

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

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.

STAFF COMMENTS

After verifying that the rider account was underfunded by approximately \$3.0 million as of May 31, 2013, Staff supported the Company's proposal to increase the Energy Efficiency Rider.² The increase in the Energy Efficiency Rider will allow the Company to recover its deficiency over two years (October 2013 through September 2015) and would yield sufficient revenue to pay for the Company's budgeted DSM expenditures.

Staff also verified that the deficit was primarily caused by the Company's rebate program regarding the conversion of T12 fluorescent lighting fixtures to higher efficiency T8 lighting fixtures. Avista had originally budgeted approximately \$1.2 million for the program but ultimately paid about \$5.2 million in rebates. Staff Comments at 2-3. Staff also noted that this year's proposed rider increase follows last year's 1.3% decrease. *Id.* at 3.

Although Staff considered amortizing the deficit over a period longer than two years, Staff ultimately recommended the two-year period to recover the forecasted \$3.6 million deficit. Staff also anticipates the Company will soon file an application to review the prudence of its DSM expenditures for years 2010 and 2012. *Id.* at 4.

In summary, Staff recommended the Commission approve the Company's Application to increase its tariff Schedule 91 rider by an overall average of 1.2% effective October 1, 2013.

COMMISSION FINDINGS

Energy efficiency measures and cost-effective DSM programs have long been utilized to reduce the need for higher cost, supply-side resources. While implementation of energy efficiency measures by customers without utility incentives is the least cost resource, the next is prudently administered and cost-effective DSM programs. Some DSM programs provide monetary incentives to customers while others provide educational information.

The Commission has reviewed the Application and the comments provided by the two customers and Commission Staff. Based upon the Company's Application and Staff's audit, we find that the electric Energy Efficiency Rider account is underfunded by approximately \$3.0 million as of May 31, 2013, and this projection will grow to \$3.6 million by the end of this month. We further find that the primary contributor to the underfunding of the rider account was

² The Company's Application stated that the Rider account was underfunded by approximately \$3.0 million as of May 31, 2013. Avista projected that the deficit would grow to \$3.6 million by the end of September 2013. Staff Comments at 2.

the T12 to T8 conversion program for fluorescent lighting fixtures. Based upon our review of the record, we find that it is reasonable to recover the deficiency and fund ongoing DSM programs by increasing the Schedule 91 Energy Efficiency Rider by 1.2% in billed rates. The Commission also approved the recovery of the deficiency over a two-year period. Consequently, the Commission finds it is fair, just and reasonable to increase the Schedule 91 Energy Efficiency Rider as proposed by the Company to be effective October 1, 2013.

ULTIMATE CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities pursuant to the authority granted by Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-336, 61-502, and 61-622.

The Commission further finds that the current Energy Efficiency Rider is insufficient to defray the Company's energy efficiency and DSM costs. Consequently, the Commission finds that the rates proposed in the Company's Application are just and reasonable and shall become effective on October 1, 2013.

ORDER

IT IS HEREBY ORDERED that the Company's Application to increase its electric Energy Efficiency Rider (Schedule 91) by 1.2% based upon billed revenue is granted.

IT IS FURTHER ORDERED that tariff Schedule 91 that accompanied the Application is approved to be effective on October 1, 2013.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. AVU-E-13-05 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20th
day of September 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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