

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION TO FUND)	CASE NO. AVU-E-13-08
SELECTED RESEARCH AND)	
DEVELOPMENT EFFICIENCY PROJECTS.)	NOTICE OF APPLICATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32895

On August 30, 2013, Avista Corporation applied to the Commission for an Order authorizing the Company to accumulate and account for customer revenues that will provide funding for selected electric energy efficiency research and development ("R&D") projects, proposed and implemented by Idaho's four-year universities. The Company seeks authorization to fund up to \$300,000 per year of R&D from revenue collected through Avista's Schedule 91, "Energy Efficiency Rider Adjustment" (the "Rider") effective November 1, 2013. Application at 1, 9. For a residential customer using 930 kWh per month, the Company's proposal represents about an 0.08¢ per month bill increase. *Id.* at 3. The Company asks for the case to be processed by Modified Procedure.

With this Order, the Commission provides notice of Avista's Application and that interested persons may file written comments about the Application as set forth below.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista generates, transmits, and distributes electricity in northern Idaho and eastern Washington.

YOU ARE FURTHER NOTIFIED that in its Application, the Company notes that the utility industry has the lowest R&D share of net sales among all U.S. industries. The Company explains that the average U.S. industry R&D funding as a percentage of total sales is 3.5%, but that the average R&D funding for the utility industry is 0.1%. Further, the Company's spending for R&D included in Idaho rates as a recoverable expense was \$196,000 in 2012, or 0.8% of Idaho total electric retail revenue. *Id.* at 2-3. This amount consisted of payments to the Electric Power Research Institute, E-Source, and the Northwest Energy Efficiency Alliance. *Id.* at 3.

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YOU ARE FURTHER NOTIFIED that Avista now proposes to recover up to \$300,000 per year of *applied R&D* costs from Rider revenue. The Company explains that such R&D could benefit customers in the next one to four years. The Company says that some, but not all, applied R&D projects would likely be implemented on a utility's system. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company says the additional \$300,000 per year of funding would represent a customer bill increase of about 0.1% per month for a residential customer using 930 kWh per month. The bill increase would be about 0.08¢ per month (about \$1.00 per year). *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company says its Application is consistent with Governor Otter's Idaho Global Entrepreneurial Mission "iGem" initiative, in which industry supplements university R&D funding provided by the State. *Id.* at 1, 3. The Company says its proposal would enhance educational and training opportunities for future utility employees, and invest revenues from customers into Idaho's economy. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that the Company's additional \$300,000 per year of applied R&D funding would be a ceiling and not a requirement that the Company allocate the funding to R&D in any given year. Any remaining balance (not earmarked) would roll over to a future year and, if terminated, the unallocated portion would be added back to the Rider balance. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the Company says the process would begin with it issuing a "call for papers" (similar to a "request for interest"). The Company would choose proposals for funding and would contract with the selected proposal's Principal Investigator (the lead scientist/engineer for the proposal). A third-party project manager would be retained to oversee the project and serve as a liaison to utility staff. The Company will use "stage gate methodology" and project assessment points when structuring proposals and managing projects. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the Company says it will file an annual report by March 31 for the preceding calendar year. The report will include key events during the reporting period (e.g., discussions about the "call for papers," project selection process, project descriptions, project manager, associated contracts, project milestones, research in-progress summaries, etc.) and the accounting for related expenditures. The Company will also include financial reporting in its annual Demand Side Management Report, and will discuss R&D

activity at its semi-annual energy efficiency Advisory Group meetings and public interest webinars. *Id.* at 8.

YOU ARE FURTHER NOTIFIED that Avista says it has notified the public about the revisions proposed in its Application by posting notice on its website, www.avistautilities.com. *Id.* at 9.

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. 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.*

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 **by October 21, 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:

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

Linda M. Gervais
Manager, Regulatory Policy
Avista Corporation
P.O. Box 3727
1411 E. Mission Avenue, MSC-29
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David J. Meyer
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Regulatory and Government Affairs
Avista Corporation
1411 E. Mission Avenue, MSC-13
Spokane, WA 99220-3727
E-mail: david.meyer@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 "Utility 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 Company at the e-mail addresses listed above.

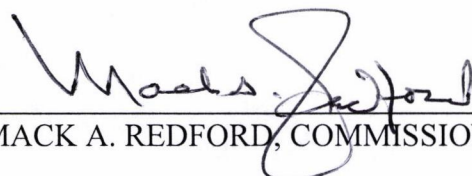
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and,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

ORDER

IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure. Interested persons may file comments no later than October 21, 2013.

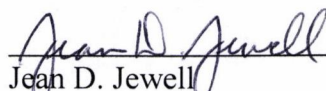
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd
day of September 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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