

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: KARL KLEIN  
DEPUTY ATTORNEY GENERAL**

**DATE: OCTOBER 31, 2013**

**SUBJECT: AVISTA'S APPLICATION FOR A PRUDENCY DETERMINATION FOR  
2010-2012 ELECTRIC AND GAS ENERGY EFFICIENCY  
EXPENDITURES, CASE NOS. AVU-E-13-09 AND AVU-G-13-02**

On September 30, 2013, Avista Corporation dba Avista Utilities applied for an order finding that it prudently incurred \$25,380,857 in electric and natural gas energy efficiency expenditures from January 1, 2013 through December 31, 2012.<sup>1</sup> The Company asks the Commission to process the case under Modified Procedure. Application at 1.

The Company's energy efficiency programs provide a financial incentive/rebate for cost-effective efficiency measures with a simple payback of greater than one year and up to 13 years. The Company packages about 300 measures into 30 programs for customer convenience. Residential programs include high efficiency equipment, electric-to-natural gas conversions, Compact Fluorescent Lamps, "second" refrigerator recycling, weatherization, and educational assistance through community events. *Id.* at 2. Non-residential programs include prescriptive (standard offer) programs and site-specific (customized) programs. The site-specific programs provide incentives on cost-effective commercial and industrial energy efficiency measures with a simple financial payback exceeding one year, up to 13 years. *Id.* at 2-3.

Besides these programs, the Company helps fund the Northwest Energy Efficiency Alliance ("NEEA"), which uses a regional approach to obtain electric efficiency by transforming markets for efficiency measures and services. The Company says these programs allow it to

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<sup>1</sup> The \$25,380,857 in total energy efficiency expenditures consists of \$20,010,255 in electric energy efficiency expenditures and \$5,370,602 in natural gas energy efficiency expenditures. *See* Direct Testimony of Lori B. Hermanson at 4.

acquire resources that would otherwise be unachievable or more costly without regional cooperation. *Id.* at 3.

The Company says it provided about \$700,000 for low-income weatherization in 2012 and \$50,000 for conservation education in Idaho, with the program being administered by local community action agencies. *Id.*

The Company regularly convenes stakeholder meetings to obtain input from customers, Commission Staff, and environmental interests. At these meetings, the Company reviews its energy efficiency programs and their cost-effectiveness. *Id.*

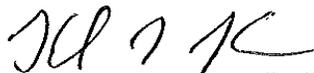
The Company reports that its energy efficiency programs continue to exceed the targets set in the Integrated Resource Plan (“IRP”) and that its expenditures of tariff rider revenue has been reasonable and prudent. The Company has offered programs for all customer classes with total savings of more than 109,100 MWh and 950,822 therms from January 1, 2010 through December 31, 2012. The Company says this represents 190% of the Company’s IRP target of 57,289 MWh, a 13-year levelized total resource cost per saved MWh of \$36.55, and a 21-year levelized total resource cost of per saved therm of \$1.13 per therm. The Company says its tariff rider funded programs have been very successful. Participating customers benefit from lower bills; non-participating customers benefit from the Company acquiring lower cost resources and maintaining the energy efficiency message and infrastructure for the benefit of its service territory. *Id.* at 3-4.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission process the Company’s Application under Modified Procedure with a 90-day comment period and 14-day reply period. The Company concurs with this approach.

#### **COMMISSION DECISION**

Does the Commission wish to process the Company’s Application under Modified Procedure with a 90-day comment period and 14-day reply period?



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Karl Klein  
Deputy Attorney General

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