

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE) CASE NO. AVU-E-14-10
REQUEST TO USE AVAILABLE FUNDS)
FROM SCHEDULE 95 TO PROMOTE)
ROOFTOP SOLAR INSTALLATIONS ON) ORDER NO. 33218
COMMERCIAL BUILDINGS.)**

On September 18, 2014, Avista Utilities filed an Application with the Commission requesting revisions to its Schedule 95 – Optional Renewable Power Rate. The Company seeks to use available/surplus funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in Idaho. Avista requested that the revisions become effective November 14, 2014.

On October 14, 2014, the Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline of November 21, 2014, and a reply deadline of December 3, 2014. Order No. 33151. Pursuant to *Idaho Code* § 61-622, the Commission suspended Avista’s proposed effective date in order to allow adequate time to review the Application.

By this Order, we approve Avista’s proposed revisions to its Schedule 95.

THE APPLICATION

Avista states that it is a proponent of utilizing a variety of energy resources as well as offering energy efficiency measures to provide safe and reliable service to its customers. The Company’s Schedule 95 – Optional Renewable Power Rate – allows customers to purchase blocks of renewable power. In furtherance of this objective, the Company would like to expand the awareness of renewable energy generation options, specifically by funding locally-owned, commercial solar, using funds from its current Schedule 95.

Since 2002, Avista has offered electric customers the opportunity to voluntarily support the development of renewable energy by participating in the Company’s Buck-a-Block program under its Schedule 95. Avista’s wind power option was priced in increments, or “blocks,” of \$1.00. Each \$1.00 block of wind purchased by customers equaled 55 kilowatt hours (kWh).

In 2004, the Company filed revisions to its program. Avista modified the program from an optional wind power rate to an optional renewable power rate. Avista states that these revisions also reflected a lower wholesale cost of wind power to Avista and represented the cost of renewable energy certificates (RECs) associated with the renewable resource. The RECs were primarily from wind power generated at the Stateline Wind Energy Center, but could also come from other “Green-e certified” resources. The revised program continued to include voluntary participation in increments of \$1.00 per block. However, blocks were modified to represent 300 kWh of renewable energy as opposed to the previous 55 kWh. Avista explains that this created an opportunity to enhance the Buck-a-Block program. Presently, this voluntary program continues to allow customers the choice to purchase a “block” of renewable power equal to 300 kWh that is produced through regional wind or solar projects for \$1.00 a block.

According to Avista, approximately 3,500 customers purchased nearly 227,000 blocks (68,000 MWh) in 2013. All of the costs and benefits stay within the program. The Buck-a-Block program requires regular program administration, promotion, and communication with customers. The intent of the program is to continually match funds collected with the annual program costs while balancing the need to collect enough funding to meet potential growth and potentially higher priced RECs. However, due to the availability of low-cost RECs in recent years and a plateau in subscription levels, it has resulted in surplus revenues that exceed the costs by approximately \$200,000. This has prompted the Company to explore additional ways to promote and acquire additional renewable energy for the program.

The Company proposes to use, when available, any available funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in the Company’s service territory in Idaho and Washington. Successful grant recipients would agree to allow their installation to be made available for the education of its building occupants and members of the community on the merits of solar energy generation and the Buck-a-Block program. Preference for grant recipients would be given to school districts and buildings where the visibility of the installation will have the greatest impact for both educational purposes as well as solar energy generation. Geographic distribution throughout the Company’s service territory will also be considered as part of the evaluation.

Avista estimates that the existing \$200,000 surplus would fund the installation of 6-8 small projects (5 kW or less) or 2 larger projects (20 kW or less).¹ After application and screening, grant recipients would be awarded partial or full funding that could fund the cost of a rooftop solar installation, not to exceed \$70,000 per site. Costs and risks associated with a site feasibility or assessment study, labor and contracting costs related to the installation, and ongoing maintenance will be the responsibility of the grant recipient.

COMMENTS

Five public comments were received in support of Avista's proposal. Snake River Alliance also filed comments applauding the Company for developing "such an innovative program that will help advance the 2012 Idaho Energy Plan's stated goals of promoting renewable energy in its diverse forms." SRA Comments at 2.

Commission Staff reviewed Avista's proposal to determine the impact that the changes would have to Buck-a-Block program participants and to ratepayers. Staff expressed concern about the shift in fixed costs from net-metered customers² to the rest of the customer base. Staff determined that the level of uncollected fixed costs associated with this proposal would have little to no impact on customers' rates. However, based on the potential to shift fixed cost recovery to other customers, Staff recommended that the Commission monitor the growth of the program. Staff further recommended that Avista disburse grant money in proportion to the amount of Schedule 95 money collected from each jurisdiction (Washington and Idaho). Staff recommended that the Company include updates to its annual Schedule 95 report beginning in 2015 in order to allow the Commission to monitor the modified program's impact.

FINDINGS AND CONCLUSIONS

Avista is an electric corporation and public utility pursuant to *Idaho Code* §§ 61-119 and 61-129. This Commission has jurisdiction and authority over Avista and the issues in this case under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

¹ Future costs may vary based on market conditions, the size of the installation and where the equipment is manufactured.

² Eighty-three percent of the energy obtained from net-metered customers is derived from solar energy.

Based on our review of the Company's Application, the public comments and comments of Commission Staff, we find that it is just and reasonable to approve Avista's proposal to modify and update its tariff. Schedule 95 is funded by the voluntary contributions of customers who support renewable energy. We find that the Company's proposal to promote and build awareness of rooftop solar is consistent with the intent of the tariff.

We commend Avista for being pro-active in proposing a creative use for excess funds that increases overall awareness of solar energy resources and also provides an educational opportunity to the community. In order to ensure that grant monies are allocated fairly, we direct Avista to manage and disburse the funds in proportion to collections from each jurisdiction. We further direct the Company to include in its annual Schedule 95 report the expenses and benefits for each rooftop installation, including a description of the educational and research benefits actually observed, in order to allow the Commission to monitor the impact of these approved Schedule 95 changes.

ORDER

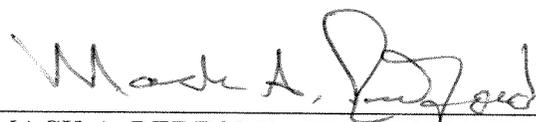
IT IS HEREBY ORDERED that Avista's proposed revisions to its Schedule 95 are approved. Avista is directed to update its annual report of Schedule 95 as more fully described herein.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. 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 30th
day of January 2015.



PAUL KJELLANDER, PRESIDENT

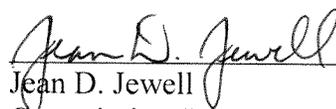


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:AVU-E-14-10_ks2