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IDAHO PUBLIC  
UTILITIES COMMISSION

September 15, 2016

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
P O Box 83720  
Boise, ID 83720-0074

Dear Ms. Jewell:

Re: Case No. AVU-E-16-06 – Avista Supplemental Application

Dear Ms. Jewell:

Enclosed for filing with the Commission is an original and seven (7) copies of Avista Corporation's, doing business as Avista Utilities, Supplemental Application for Case No. AVU-E-16-06, which accompanies the supporting testimony and exhibits requesting that the Commission find that the Company's electric energy efficiency expenditures from January 1, 2014 through December 31, 2015 were prudently incurred.

Please direct any questions on this matter to Dan Johnson, Director, Energy Efficiency at (509) 495-2807 or myself at (509) 495-4975.

Sincerely,

Linda Gervais  
Senior Manager, Regulatory Policy  
Avista Utilities  
[linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com)  
509-495-4975

Enclosures

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10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12	IN THE MATTER OF THE APPLICATION	)	
13	OF AVISTA CORPORATION FOR A	)	CASE NO. AVU-E-16-06
14	FINDING OF PRUDENCE FOR 2014-2015	)	
15	EXPENDITURES ASSOCIATED WITH	)	
16	PROVIDING ELECTRIC	)	
17	ENERGY EFFICIENCY SERVICE IN THE	)	
18	<u>STATE OF IDAHO</u>	)	

19

20 **I. INTRODUCTION**

21 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at  
 22 1411 East Mission Avenue, Spokane, Washington, respectfully requests that the Commission issue  
 23 a finding that Avista's electric energy efficiency expenditures from January 1, 2014 through  
 24 December 31, 2015 were prudently incurred.

25 Beginning in 1995, Avista has requested a finding of prudence for prior period cost  
 26 recovery of energy efficiency expenditures at the time of general rate case filings. This process  
 27 occurred as an outcome of how Avista's Demand Side Management (DSM) Tariff Rider was  
 28 established. As the country's first system benefit charge for conservation, several "legacy"  
 29 protocols were adopted, including the scope and timing of cost-recovery. However, over time,  
 30 reviewing energy efficiency issues in general rate cases did not provide the level of focus desired

1 by parties to these proceedings. Discussions with Commission Staff and Avista's Energy  
2 Efficiency Advisory Group have led to requesting a finding of prudence, and examination of  
3 associated issues, in a stand-alone case as presented herein.

4 The Company requests that this filing be processed under the Commission's Modified  
5 Procedure rules.

6 Communications in reference to this Application should be addressed to:

7 David J. Meyer, Esq.  
8 Vice President and Chief Counsel for  
9 Regulatory and Governmental Affairs  
10 Avista Corporation  
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## 17 II. BACKGROUND

18 The Company's programs are based on providing a financial incentive, or "rebate," for  
19 cost-effective efficiency measures Avista provides opportunities for customers to learn about  
20 rebates we offer as well as tips on how to better manage their home and business energy usage.  
21 We utilize broadcast media with our "Efficiency Matters" campaign to help increase awareness  
22 about energy efficiency. We also use online, radio, and print advertising — as well as our website,  
23 [avistautilities.com](http://avistautilities.com) — to help educate customers on rebates and energy savings tips. Our "Energy  
24 Use Guide" contains information that can be utilized throughout the year to help encourage  
25 efficient use of space heating and cooling, appliances, electronics, and more. Online tools on our  
26 website can perform a free energy analysis to help customers have a better understanding of how  
27 energy is being used in their home, and outline the top ways they can save energy. Home Energy

1 Reports are also delivered to a randomly selected group of approximately 25,200 Idaho customers  
2 annually. The reports are designed to help customers better assess their energy consumption and  
3 explore ways to reduce their energy use.

4 In addition, both residential and nonresidential customers have access to direct outreach  
5 activities. Avista offers energy fairs and workshops for residential customers, with emphasis given  
6 to low-income customers. Direct outreach for nonresidential customers is delivered through  
7 account executives and efficiency engineers who provide on-site information regarding energy  
8 savings opportunities and available program information.

9 For non-residential customers, in addition to prescriptive (or “standard offer”) programs,  
10 Avista offers site-specific (or customized) services. The site-specific program provides incentives  
11 on any cost-effective commercial and industrial energy efficiency measure with a simple financial  
12 payback exceeding one year, up to thirteen years. This is implemented through site analyses,  
13 customized diagnoses, and incentives determined for savings generated specific to customers’  
14 premises.

15 In addition to Avista’s prescriptive and site-specific programs, the Company helps fund the  
16 activities of the Northwest Energy Efficiency Alliance (NEEA). NEEA focuses on using a  
17 regional approach to obtain electric efficiency through the transformation of markets for efficiency  
18 measures and services. These programs bring resource acquisition opportunities to Avista that  
19 would otherwise be either unachievable or more costly in the absence of regional cooperation.

20 The Company provides approximately \$700,000 for low-income weatherization annually  
21 and an additional \$50,000 annually for conservation education in Idaho. This program is  
22 administered by the local community action agencies in our Idaho service territory.

23 The Company has regularly convened stakeholder meetings to gain input from customer

1 representatives, Commission staff members, and individuals from the environmental communities.  
2 In these stakeholder meetings the Company's program offerings are reviewed as well as the  
3 underlying cost-effectiveness tests and results. The Company continues to appreciate the time and  
4 input provided by Avista's stakeholders.

### 5 **III. TARGETS AND RESULTS**

6 The Idaho electric programs have been cost-effective from both a Total Resource Cost  
7 (TRC) test and Program Administrator Cost (PAC) test perspective. The 2014 TRC benefit-to-  
8 cost ratio of 1.76 for the Idaho electric DSM portfolio is cost-effective, with a residual TRC benefit  
9 to customers of over \$6.0 million as provided in Exhibit No.1, Schedule 1. The 2015 TRC benefit-  
10 to-cost ratio of 1.29 for the Idaho electric DSM portfolio is cost-effective, with a residual TRC  
11 benefit to customers of over \$2.4 million. The PAC, also known as the Utility Cost Test (UCT),  
12 benefit-to-cost ratio during 2014 was 3.22, with a residual PAC benefit of nearly \$9.1 million. The  
13 benefit-to-cost ratio during 2015 was 2.39, with a residual PAC benefit of nearly \$6.1 million.

14 The Tariff Rider funded programs have been very successful. Participating customers have  
15 benefited through lower bills. Non-participating customers have benefited from the Company  
16 having acquired lower cost resources as well as maintaining the energy efficiency message and  
17 infrastructure for the benefit of our service territory.

### 18 **IV. COMPANY WITNESS INTRODUCTION**

19 Company witness Mr. Dan Johnson provides an overview of the Company's recent Idaho  
20 DSM portfolio results and expenditures for electric efficiency programs. He also provides  
21 documentation demonstrating that Avista's expenditures for electric efficiency programs have  
22 been prudently incurred. More specifically, he addresses Avista's involvement with the Northwest

1 Energy Efficiency Alliance (NEEA), the Company's Research and Development<sup>1</sup> for university  
2 research and development, overall evaluation by Avista's third-party contractor ("Nexant"), and  
3 opportunities presented for stakeholder involvement .

4 Ms. Lynn Roy with Nexant will describe the methodology and conclusions of her  
5 company's independent impact evaluations and process evaluations that are a central component  
6 of Avista's Evaluation, Measurement, and Verification (EM&V) Framework and EM&V Plan.

7 Her testimony concludes that Avista's Idaho electric DSM programs achieved 31,081  
8 MWh in 2014-15 cost-effectively and that Avista's 2014-2015 energy efficiency programs  
9 addressed all impact and process evaluation needs in accordance with industry and regulatory  
10 standards.

11 **V. CONCLUSION**

12 WHEREFORE, Applicant respectfully requests the Commission issue its Order  
13 finding that the Company's electric energy efficiency expenditures from January 1, 2014 through  
14 December 31, 2015 were prudently incurred, with this application being processed under Modified  
15 Procedure.

16 DATED at Spokane, Washington, this 15st day of September, 2016.

17 AVISTA CORPORATION

18 By  \_\_\_\_\_

19 David J. Meyer,  
20 Vice President and Chief Counsel of  
21 Regulatory & Governmental Affairs

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<sup>1</sup> Case No. AVU-E-13-08

