



Case No. AVU-E-16-06, Order No. 33617

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Idaho commission begins prudence review of Avista Utilities' electric conservation programs

BOISE (October 11, 2016) – Avista Utilities is seeking a determination from the Idaho Public Utilities Commission that nearly \$10 million it spent during 2014 and 2015 on electric efficiency programs was prudently incurred.

The electric efficiency programs are expected to be cost-effective in order to be funded by the Energy Efficiency Rider paid by Avista's customers. Residential customers pay 0.245 cents per kilowatt-hour for the programs. The prudence review will not impact rates.

All three of Idaho's major investor-owned utilities have "efficiency riders" that pay for programs to incent either the efficient use of electricity or reduce demand on a utility's generation system. The programs are screened by at least three cost efficiency tests to demonstrate that the savings realized are greater than the programs' costs.

Avista claims its energy efficiency savings for 2014 of 16,292 megawatt-hours exceeded its target of 15,330 MWh. Its 2015 savings of 14,789 MWh fell short of its target of 15,666 MWhs, but for the two-year period, its total savings of 31,081 MWhs met the target of 30,996 MWhs.

Avista hired an independent contractor, Nexant, to evaluate the cost-effectiveness of its efficiency programs. According to Nexant, the total benefit to all customers in 2014 was \$6 million and \$2.4 million in 2015. To be cost-effective, the programs must benefit not only those who participate, but all customers because the energy saved is less costly than if Avista were to generate an equal amount of energy itself or buy it from other sources. The programs may also delay the company's need to build or buy new generation.

Most of Avista's residential programs included rebates to customers who installed low-cost lighting and water-saving measures and weatherization materials and participated in appliance recycling programs. More than \$575,000 in rebates were provided to Idaho residential customers, according to Avista.

Avista reports that the revenue raised by the rider did not cover all program expenses. As of Dec. 31, 2015, the tariff rider balance is \$431,784 underfunded.

A copy of Avista's DSM report and other information related to this case is found on the commission's website at www.puc.idaho.gov. Click on "Open Cases," under the "Electric" heading and scroll down to Case No. AVU-E-16-06.

Interested parties who want to intervene in the commission's case to review the prudence of Avista's energy efficiency programs by presenting evidence or cross-examining witnesses must file petitions to intervene by no later than Oct. 18. Later the commission will announce public comment deadlines.

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