

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO) CASE NO. AVU-E-17-06
INCREASE ITS ENERGY EFFICIENCY)
RIDER ADJUSTMENT SCHEDULE 91) ORDER NO. 33897
)

On August 2, 2017, Avista Corporation applied to the Commission to increase its “Energy Efficiency Rider” in Tariff Schedule 91 (tariff rider), which would increase electric customers’ rates by 1.6%. The funds collected by the tariff rider “are used to maintain and operate programs to encourage customers to use electricity and natural gas efficiently.” Order No. 32278 at 1. The tariff rider recovers Company costs associated with providing electric efficiency services to customers, Order No. 30918 at 1, and to “match future revenue with budgeted [energy efficiency] expenditures,” Application at 1. The Company stated that the purpose of the filing was to “establish tariff riders that are sufficient to fund the following twelve months of [Demand Side Management (DSM) programs] as well as amortize any tariff rider imbalance, thus minimizing the amount of future under- or over-collections.” *Id.* The Company asked for an October 1, 2017 effective date. *Id.* at 5.

The Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 33842. Staff timely filed the only written comments, and the Company did not reply. Having reviewed the record, the Commission enters this Order approving the Company’s Application. The Commission’s decision is more fully set forth below.

BACKGROUND

Avista’s tariff rider (Schedule 91) funds DSM programs described in Avista’s Schedule 90, and is applied only to electric efficiency service (as opposed to natural gas programs which are funded through Schedule 191). *Id.* at 3; *see* Order No. 32650 at 1. Schedule 90 includes about 30 programs that provide rebates for residential and nonresidential energy efficiency measures, such as appliance, HVAC, lighting, maintenance, weatherization and sustainable building measures; and conversion from electric to natural gas space and water heating. Application at 3-4. The Company also helps fund programs through the Northwest Energy Efficiency Alliance, which promotes market transformation for energy efficiency through a regional approach. *Id.* at 4. In 2016, the Company provided about \$750,000 for low-

income weatherization through a program administered by the Community Action Partnership Association of Idaho. *Id.*

In determining the cost-effectiveness of its DSM programs, the Company applies tests including the Total Resource Cost (TRC) test and the Utility Cost Test (UCT). *Id.* at 5. The TRC measures the net costs of a program based on the total costs of the program, including the participants' and utility's costs. *Id.*, n. 1. The UCT measures the net costs of a program based on the costs incurred by the program administrator (including incentive costs) and excluding any net costs incurred by the participant. *Id.*

APPLICATION

The Company reported that, as of June 30, 2017, the tariff rider account was underfunded by about \$9.7 million. *Id.* at 2. According to the Company, this underfunded amount was primarily due to the Company's "nonresidential T-LED market transformation" lighting incentive program exceeding budget by \$9 million. *Id.*

In addition, the Company reported that its "forecasted expenditures aligned closely with the actual tariff rider revenues throughout 2016," but that "actual expenditures began trending upwards in April," with a significant steady increase from September through the end of the year. *Id.* at 2-3. However, the Company reported that "actual energy savings matched the upward trend in expenditures and the Company exceeded its annual energy savings goal by 32,630,677 [kilowatt-hours (kWh)]." *Id.* at 3.

The Company proposed "to increase rates collected in Schedule 91 (the tariff rider) to bring the forecasted tariff balance close to \$0 by September 30, 2020, [and] provide an appropriate level of funding for ongoing DSM operations." *Id.* Avista estimated its proposal would cause "an annual [revenue] increase of approximately \$3.9 million," and would cause a \$1.37 (or 1.6%) increase to the average monthly bill of residential electric customers using 910 kWh. *Id.* at 5. The following table shows the proposed increase to the tariff rider for various customer classes:

SCHEDULE	EXISTING RATE	PROPOSED RATE
Residential Customers – Sch. 1	.245¢ per kWh	.395¢ per kWh
General Service – Sch. 11 & 12	.271¢ per kWh	.427¢ per kWh
Large General Service – Sch. 21 & 22	.209¢ per kWh	.340¢ per kWh
Extra Large Customers – Sch. 25	.142¢ per kWh	.219¢ per kWh
Clearwater Paper – Sch. 25P	.131¢ per kWh	.203¢ per kWh
Pumping Service – Sch. 31 & 32	.240¢ per kWh	.396¢ per kWh

Attachment B to Application.

STAFF COMMENTS

On its review of the Company's Application and attachments, Staff supported the Company's requested increase to the tariff rider. Staff Comments at 2. Staff believed the Company's proposal to add \$3.9 million to "insure adequate revenues [for] forecasted expenses while amortizing the underfunded balance over 36 months" is reasonable and appropriate. *Id.* at 4.

Staff believed the Company's customer notice and press release did not fully comply with Rule 125. *Id.* The Company filed a draft customer notice with its Application, but filed a press release three days later (covering this and three other case filings¹), thus failing to fully satisfy Rule 125. *Id.* Staff stated the Company informed customers of this filing through notices sent with customer bills between August 8 and 24, and through notices emailed to more than 26,000 customers. *Id.* Because of these efforts, Staff believed the Company's customers received adequate notice of their opportunity to file comments. *Id.*

DISCUSSION AND FINDINGS

The Commission has jurisdiction over Avista under Title 61 of the Idaho Code, and specifically *Idaho Code* §§ 61-336, -502, and -622. Cost-effective DSM, such as energy efficiency and load management programs, helps customers control their utility bills, reduces the need for higher-cost supply-side resources, and increases system reliability, and is thus a vital utility resource. The Commission has reviewed the Application and comments from Commission Staff.

The Commission finds that the tariff rider is underfunded by about \$3.9 million, and that the primary contributor to the underfunding of the rider account was the nonresidential T-LED market transformation lighting incentive program. We find the Company's proposed adjustments to its Energy Efficiency Tariff Rider to be fair, just and reasonable, to cover projected expenses for the Company's DSM Program and amortize the underfunded tariff rider balance over 36 months. We therefore approve the Company's proposed tariffs as filed, increasing revenues – and thus electric customers' rates – by about 1.6%, effective October 1, 2017.

We remind the Company that we expect it to comply with Rule 125 of our Rules of Procedure. Rules 125.03 and .04 require the Company to file its customer notice *and* press

¹ The three cases are AVU-E-17-04 (Avista's annual Fixed Cost Adjustment filing), AVU-E-17-05 (Avista's residential and small farm energy rate adjustment filing), and AVU-E-17-07 (Avista's annual Power Cost Adjustment filing).


release with its Application, which the Company did not do. IDAPA 31.01.01.125.03-.04. Adequate notice is important to ensure customers have a meaningful opportunity to participate. The Commission has received no public comments in this case to date.

ORDER

IT IS HEREBY ORDERED that the Company's Application to increase its Energy Efficiency Rider Adjustment Schedule 91 is granted as requested, effective October 1, 2017. The Commission approves the Company's proposed Tariff Schedule 91, as filed.

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 ^{29th} day of September 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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