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IDAHO PUBLIC
UTILITIES COMMISSION

November 21, 2012

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

GNR-E-12-01

Dear Ms. Jewell:

Attached for filing with the Commission is an original and seven copies of the Company's response to the Commission Staff Report on Cost-Effectiveness of Funding Low Income Weatherization Programs and Energy Conservation Programs for Electric Utilities.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais
Manager, Regulatory Policy
State and Federal Regulation
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com

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IDAHO PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S)	
INQUIRY INTO THE COST-EFFECTIVENESS)	
AND FUNDING OF LOW INCOME)	CASE NO. GNR-E-12-01
WEATHERIZATION PROGRAMS AND)	
ENERGY CONSERVATION PROGRAMS FOR)	COMMENTS OF AVISTA
ELECTRIC UTILITIES)	CORPORATION
_____)	

Avista Corporation ("Avista" or "Company") hereby submits comments in response to the Idaho Public Utilities Commission's ("Commission") report on low-income weatherization and energy conservation education programs offered by electric utilities.

The Company appreciates the opportunity to comment on the Commission Staff's "Funding of Low-Income Weatherization and Energy Conservation Programs for Electric Utilities Report" dated October 23, 2012. This was a significant effort. Avista thanks the Staff for coordinating this process in a thorough manner. The Staff has been generally responsive to Avista's perspectives throughout this inquiry and this is reflected by our relatively short comments.

COMMENTS

At page 10 of the Report, Avista agrees "...the TRC and the UCT are the two most important cost-effectiveness tests...". Avista will continue its current practice of reporting all

four of the cost-effectiveness metrics referenced in the Report in recognition of their usefulness in various aspects of portfolio management and reporting.

Recommendation #15, suggesting limiting a utility's contribution to 85% of the project cost, is specific to Avista. Avista appreciates the policy objective driving this concept, which is to improve the cost-effectiveness of our programs as measured by the Total Resource Cost (TRC) test. Avista is committed to increasing its Idaho low-income weatherization TRC results in 2013. Avista intends to do so by working with the Community Action Partnership (CAP) of Lewiston to focus on measures having the most energy-saving potential and considering funding lower-savings measures at lower levels, either by number of units or percentage of utility contribution. Restricting the proportion of the utility incentive to no more than 85% of the total cost will not necessarily have a direct impact upon the TRC cost-effectiveness, since all incremental costs would be included within that calculation regardless of whether the customer or utility funds the measure, but managing towards more cost-effective measures may improve portfolio performance. The ability to do so is constrained by our obligation to provide the CAP agency with a viable opportunity to expend their allotted funds. This should have the effect of improving cost-effectiveness and should achieve the desired Staff policy objective.

Avista notes recommendation #7 (page 21) regarding reductions in arrearages and bad debt (as recognized by Staff on page 20) are transfer payments and thus are not countable as benefits in the TRC and will need to be treated accordingly.

As a minor point Avista questions using, as a factor for increased funding, a list of Low Income Home Energy Assistance Program (LIHEAP) homes waiting for weatherization (i.e., whether it has increased significantly since the last review as a metric for need). When need exceeds funding, an increase in the number of qualifying customers on a list may not be an

appropriate barometer for consideration of increased funding unless all associated factors remain constant. The activity of creating and managing a list (including updates for qualifying customers moving to other premises) would demonstrate need but would not objectively show growth in need.

Lastly at page 27, Staff notes Order No. 32426 reflects the Commission's concern about low-income weatherization cost-effectiveness. Avista shares this concern and heretofore has been following Commission guidance in Order No. 22299 that states: "A liberal valuation of intangible benefits of low-income customer participation should be included in economic analysis...".

In summary, Avista reiterates its appreciation for the Commission Staff's leadership in this inquiry and, as stated throughout this process, is committed to improving the cost-effectiveness of our Idaho low-income weatherization programs.

Respectfully submitted this 21st day of November 2012.

AVISTA CORPORATION



KELLY NORWOOD

Vice President, State and Federal Regulation