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 IDAHO PUBLIC
 UTILITIES COMMISSION

Attorney for Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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|-----------------------------|---|---|
| IN THE MATTER OF THE |) | CASE NO. AVU-E-11-02 AVU-G-11-03 COMMENTS OF THE IDAHO CONSERVATION LEAGUE |
| APPLICATION OF AVISTA |) | |
| CORPORATION REQUESTING |) | |
| APPROVAL TO DECREASE ITS |) | |
| ENERGY EFFICIENCY PUBLIC |) | |
| PURPOSE RIDER SECHEDULES 91 |) | |
| AND 191 |) | |

The Idaho Conservation League (“ICL”) asks the Commission to deny Avista’s application to reduce the natural gas Energy Efficiency Rider Schedule 191. Avista asks this Commission to not just reduce the rider level, but actually return to customers more money than the rider even collects. The request flies in the face of this Commission’s repeated instructions to acquire all available cost effective energy efficiency. Instead, ICL urges the Commission to maintain funding for natural gas DSM programs because they are “powerful tools customers can use to mitigate the impact of rate increases.” *Order No. 29026*, p. 20, IPC- 02-2 and IPC- 02-3 (May 13, 2002). In the face of rising utility rates, including the pending increase in the general rates and the Purchased Gas Cost rate, customers need access to these powerful tools now more than ever.

Avista’s stated reason for this request is that the current rider account is overfunded by \$1.1 million and the reduction “is to reduce the overfunded balance but should leave enough funding to cover operations even with increasing natural gas targets.” *See Exhibit 1*. However, Avista asks to reduce the rider funding by \$2.9 million while in 2010 the rider only collected

\$2,769,022. *Application* at 6; *2010 DSM Annual Report* at 26, table 25. Meanwhile, in 2010 Avista spent \$1,957,130 on natural gas efficiency in Idaho. *2010 DSM Report* at 26, table 25. The math simply does not make sense. Avista asks the Commission to approve a rider level of essentially negative \$130,978 to pay for programs costing at least \$1,900,000.

Avista's own analysis reveals that significant cost effective potential for natural gas efficiencies exists in Idaho. The 2009 Natural Gas IRP concludes that at a levelized annual cost per therm of \$0.5, the potential efficiencies exceed 2,000,000 therms for the northern division, Washington and Idaho. *Avista 2009 Natural Gas IRP* at 6.9, figure 6.8. While natural gas prices have changed since this IRP, Avista's recent Purchased Gas Cost adjustment case shows the change is not significant enough to substantially reduce this level of potential. Staff's recent assessment of the forecasted cost of natural gas affirms Avista's weighted average cost of gas of \$0.41797. *Staff Comments* at 6, AVU-G-11-04. Even at this lower price, Avista's IRP documents potential gas efficiencies around 1,500,000 therms. *IRP* at 6.9, figure 6.8.

In 2010, Avista only achieved 85% of the goal they established in the 2009 IRP of 2,193,338 therms. *App* at 2; *IRP* at 4.9, table 4.3. The Idaho service territory is roughly 33.47% of this total, or 734,110 therms. *IRP* at 2.1¹ But in Idaho Avista only acquired 472,417 therms, or 64.35% of the goal. *2010 DSM Report* at 18-24.² Even assuming a lower cost effective potential of 1,500,000 therms, Avista should have acquired 502,050 therms in 2010. Moreover, Avista stated in the 2009 IRP that annual energy efficiency savings should grow by 6.5% in order to acquire all cost effective efficiency they determined is available over the next ten years. *IRP* at 4.8 – 4.9, 6.17. In this application Avista asks the Commission to virtually eliminate natural gas

¹ Table showing 145,600 Washington gas customers and 73,250 Idaho gas customers for a total of 218,850 customers in the northern division as of December 31, 2008.

² The per sector savings were: residential 330,629 therms, p. 18, table 18; low income 15,286 therms, p. 20, table 20; and non-residential 156,502 therms, p. 24, table 22.

efficiency funding despite not acquiring all cost effective efficiencies to date and apparently hobbling its effort to acquire efficiencies in future years.

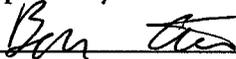
Avista has a very cost effective portfolio of measures to achieve these goals. The application states the natural gas portfolio Total Resource Cost ratio is 1.62 and the Program Administrator Cost ratio is 3.60. *App* at 6. These scores are even better in the 2010 DSM Annual Report. In Idaho, the Total Resource Cost ratio is 2.80, the Program Administrator ratio is 5.48, the Participant Cost ratio is 1.59, and the Ratepayer Impact Measure is 2.26. *2010 DSM Report* at 32-33. This last ratio is the most telling because a positive number under the Ratepayer Impact Measure means that investments in efficiency will not just benefit participants, but will reduce rates for all natural gas customers. *See NAPEE, Understanding Cost-Effectiveness of Energy Efficiency Programs*, at 6-4. Avista's own documents reveal that substantial potential efficiencies are available and the portfolio to achieve their own goals is cost effective from every possible perspective.

Based on the above, ICL believes the application does not present substantial evidence upon which to approve virtually eliminating natural gas efficiency funding. Instead, the evidence supports maintaining current funding so that Idahoans have powerful tools to mitigate the forth-coming rate increases.

WHEREFORE, ICL respectfully requests the Commission consider the foregoing comments.

DATED this 21st day of September 2011.

Respectfully submitted,



Benjamin J. Otto

On behalf of the Idaho Conservation League

**AVISTA CORPORATION
RESPONSE TO REQUEST FOR INFORMATION**

| | | | |
|---------------|---------------------------|----------------|----------------|
| JURISDICTION: | IDAHO | DATE PREPARED: | 09/01/2011 |
| CASE NO: | AVU-E-11-02 / AVU-G-11-03 | WITNESS: | N/A |
| REQUESTER: | Idaho Conservation League | RESPONDER: | Lori Hermanson |
| TYPE: | Production Request | DEPARTMENT: | DSM |
| REQUEST NO.: | ICL-006 | TELEPHONE: | (509) 495-4658 |

REQUEST:

Please explain why Avista proposes to reduce funding for DSM when the Company's portfolios are cost effective.

RESPONSE:

Please refer to the response included for Product Request No. ICL-003.

**AVISTA CORPORATION
RESPONSE TO REQUEST FOR INFORMATION**

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REQUEST:

The Application states, on page 2, Avista achieved 105% of the IRP goal for electricity, but only 85% of the IRP goal for natural gas. Please explain why this record of achievement supports a larger reduction in the gas rider tariff than the electric rider tariff.

RESPONSE:

The increase in Idaho Schedule 191, effective October 1, 2010, was to cover the operations of Idaho natural gas energy efficiency programs as well as to reduce the underfunded balance of over \$1.3 million (balance at effective date). To date, we have a overfunded balance of \$1.1 million for Idaho natural gas so the proposed reduction is to reduce the overfunded balance but should leave enough funding to cover operations even with increasing natural gas targets.

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of September, 2010 I delivered true and correct copies of the foregoing COMMENTS OF THE IDAHO CONSERVATION LEAGUE to the following persons via the method of service noted:

Hand delivery:

Jean Jewell
Commission Secretary (Original and seven copies provided)
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