

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION SEEKING A) CASE NOS. AVU-E-14-07
DETERMINATION BY THE COMMISSION) AVU-G-14-02
THAT THE COMPANY’S ELECTRIC AND)
NATURAL GAS ENERGY EFFICIENCY) NOTICE OF APPLICATION
EXPENDITURES WERE PRUDENTLY)
INCURRED) NOTICE OF
) INTERVENTION DEADLINE
)
) ORDER NO. 33131

YOU ARE HEREBY NOTIFIED that on August 12, 2014, Avista Corporation (“Avista” or “Company”) submitted an Application seeking a determination by the Commission that the Company’s electric and natural gas energy efficiency expenditures from January 1, 2013 through December 31, 2013, were prudently incurred. The Company’s Application consists of a cover letter, prefiled testimony and exhibits of three Company witnesses.

YOU ARE FURTHER NOTIFIED that its testimony gives an overview of the Company’s DSM program offerings available to Idaho customers in the 2013 program year.

YOU ARE FURTHER NOTIFIED that in 2013 Avista offered the following residential programs to Idaho electric and/or natural gas customers: High Efficiency Heat Pump; Ductless Heat Pump; High Efficiency Variable Speed Motor; High Efficiency Tanked Water Heater; Space Heat Conversion (Direct Use of Natural Gas); Water Heat Conversion (Direct Use of Natural Gas); Multifamily Natural Gas Market Transformation (Direct Use of Natural Gas); Ceiling, Attic, Floor, Wall Insulation; ENERGY STAR Homes; ENERGY STAR Appliances; CFL (and CFL Recycling) Promotions; “Second” Refrigerator/Freezer Recycling Program; Community Events and Workshops; Low-cost/no-cost information; On-line Home Energy Audits and Analysis; Simple Steps Smart Savings (CFLs and Showerheads); manufacturer buy-downs for compact fluorescent lighting and low-flow showerhead measures (Avista sponsored) (Simple Steps Smart Savings).

YOU ARE FURTHER NOTIFIED that Avista offered the following non-residential (commercial and industrial) programs to Idaho electric and/or natural gas customers: EnergySmart Grocer; Power Management for PC Networks; Premium Efficiency Motors; Food

Service Equipment; Commercial HVAC Variable Frequency Drives; Retro-Commissioning; Commercial Clothes Washers; Vending Machine Controllers; Lighting and Controls; Green Motors Rewind Program; Commercial Windows and Insulation; Standby Generator Block Heater; Site Specific Offerings in Various End Uses.

YOU ARE FURTHER NOTIFIED that Avista offered the following low-income programs to Idaho electric and/or natural gas customers: weatherization assistance and Low Income Energy Assistance Program (LIHEAP).

YOU ARE FURTHER NOTIFIED that for program evaluation, measurement and verification, Avista states it employed a third-party contractor, Cadmus, after a competitive request for proposal (RFP) process. Avista employs an implementation team made up of program managers, coordinators, engineers, account executives, and analysts. The Company asserts that it has provided all necessary verification of installation and project invoices.

YOU ARE FURTHER NOTIFIED that testimony also focused on providing an overview of the Company's recent Idaho DSM portfolio results and expenditures for electric and natural gas efficiency programs; Avista's involvement with the Northwest Energy Efficiency Alliance (NEEA); an update on the Company's university research and development activities; status of the Company's suspended natural gas DSM programs; overall evaluation by Avista's third-party contractor, Cadmus; and stakeholder involvement. The Company attached two exhibits depicting a summary of 2013 research and development projects funded by the DSM tariff rider, and Avista's 2013 Annual Report – Demand-Side Management, Idaho; summary of DSM energy savings and levelized costs; a summary of electric DSM cost-effectiveness; and a summary of natural gas DSM cost-effectiveness.

YOU ARE FURTHER NOTIFIED that the Company noted that it achieved Idaho energy efficiency savings for 2013 of 25,899, 21,999 MWh net savings, first-year MWh. This represents 136% of the Company's target savings of 19,009 MWh dictated by Avista's IRP for this period. Avista has achieved over 189 aMW of cumulative savings through its energy efficiency efforts in the past 36 years. 122 aMW of DSM is currently in place on the Company's system, with approximately 36 aMW in the Idaho service territory. Current Company-sponsored conservation reduces retail loads by 10.6%. Additionally, 51,772 therms of residual first-year efficiency savings were achieved from January 1, 2013 through December 31, 2013.

YOU ARE FURTHER NOTIFIED that Avista spent \$7,634,864 on Idaho electric and natural gas DSM programs, of which 64% were paid out to customers in direct incentives pursuant to the cost-effectiveness tests shown in Exhibit No. 1. This does not include additional benefits such as technical analyses provided to customers by the Company's DSM engineering staff.

YOU ARE FURTHER NOTIFIED that, regarding Avista's participation and funding of Northwest Energy Efficiency Alliance (NEEA) programs, the Company states the levelized cost of resources acquired through Avista's Idaho participation was 1.8 cents per kWh. This compares with \$141 per first-year MWh for Avista-funded local energy efficiency programs in Idaho. During 2013, Avista's Idaho-related NEEA funding was \$801,838.

YOU ARE FURTHER NOTIFIED that on August 30, 2013, Avista recounted that it filed a request with the Commission to authorize up to \$300,000 per year of Schedule 9, DSM Tariff Rider revenue to fund applied research at Idaho's universities through a "call for papers" approach. The intent of this initiative is to supplement the pipeline of emerging technology. Avista states that the Idaho electric and natural gas tariff rider balances were \$3,459,189 (underfunded) and \$674,059 (overfunded), respectively.

YOU ARE FURTHER NOTIFIED that Avista states that it intends to reinstate its natural gas efficiency programs in Idaho as soon as they are "cost-effective," as verified through the application of the Total Resource Cost (TRC) test. Avista alleges that Idaho's electric programs are cost-effective according to the TRC, benefit to cost ratio of 1.23, and Program Administrator Cost (PAC), benefit to cost ratio of 1.86, tests.

YOU ARE FURTHER NOTIFIED that Avista presented the findings of the Cadmus evaluations. Prefiled testimony includes Exhibit 3, Avista 2013 Idaho Electric Impact Evaluation Report. Cadmus conducted impact and process evaluations of the electric and natural gas programs in the residential, non-residential, and low-income sectors. Although natural gas programs were suspended in Idaho prior to 2013, there were several instances where natural gas savings were achieved due to grandfathered projects or dual fuel saving measures. Avista claims that Cadmus's evaluations met industry standards and protocols.

YOU ARE FURTHER NOTIFIED that the Cadmus evaluation included 357 phone surveys conducted for the residential measure verification and over 2,000 general population surveys. The process evaluations included 357 residential participant, 2,160 residential general

population, 201 non-residential participant, and 140 non-residential non-participant surveys. The evaluations also included 20 contractor interviews, as well as interviews with several implementation contractors, Avista PPA, and implementation staff.

YOU ARE FURTHER NOTIFIED that Avista believes the evaluation addresses all 13 measurement and verification needs in accordance with 14 industry and regulatory standards. Impact evaluation on the 2013 program years verified electric savings exceeding IRP and Avista Business Plan goals. Avista believes that the process evaluations reveal that the programs run efficiently while some areas for improvement exist.

NOTICE OF INTERVENTION DEADLINE

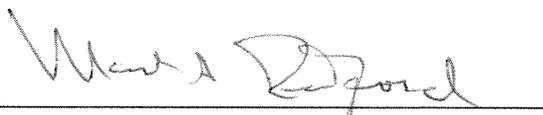
YOU ARE FURTHER NOTIFIED that persons desiring to intervene in Case Nos. AVU-E-14-07 and AVU-G-14-02 for the purpose of becoming a party, i.e., to present evidence, to acquire rights of cross-examination, to participate in settlement or negotiation conferences, and to make and argue motions must file a Petition to Intervene with the Commission pursuant to Rules 72 and 73 of the Commission's Rules of Procedure, IDAPA 31.01.01.072 and .073. Persons desiring to acquire intervenor rights of participation must file a Petition to Intervene within **14 days from the service date of this Order**. Persons desiring intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate future communications in this matter.

ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than 14 days from the service date of this Order.

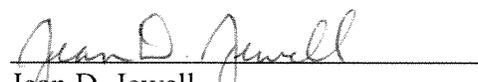
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18th
day of September 2014.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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