

Idaho Public Utilities Commission

Case Nos. AVU-E-13-09, Order No. 33009

Contact: Gene Fadness (208) 334-0339

Avista Utilities' expense to implement efficiency programs declared prudent

BOISE (April 11, 2014) – The Idaho Public Utilities Commission has determined that Avista Utilities' prudently incurred \$25.17 million in expense related to its electric and gas efficiency programs during 2010-12.

The commission's finding means those expenses can be included in the electric rider of 0.245 cents per kilowatt-hour on customer electric bills. The gas rider is temporarily zeroed out because low natural gas prices render the expense related to the gas efficiency programs less prudent. The prudence finding does not impact customer rates.

The electric efficiency programs provided more than 109,100 megawatt-hours of savings during 2010-12. Natural gas efficiency programs resulted in 950,822 therms not being used.

The commission determined that \$25.17 million of the \$25.4 million the company spent on energy and natural gas efficiency programs was prudently incurred.

The 30 programs funded by the rider must pass cost-effectiveness tests that demonstrate all customers benefit, not just those who participate in the programs. One test, the Total Resource Cost test, measures whether the total costs in Avista's north Idaho service territory decrease as a result of the programs. That test showed that for every \$1 invested in the programs, the benefit to all customers is \$1.91.

Some of the programs for residential customers include financial incentives for installation of high-efficiency equipment, compact fluorescent lamps, refrigerator recycling, weatherization, and electric-to-natural gas conversions. Commercial and industrial customers who participate can take advantage of customized, site-specific programs.

The commission did not include about \$100,000 Avista paid the state Department of Energy Resources for efficiency projects at schools because Avista paid the incentives without verifying that the efficiency measures had been installed and without receiving contractor receipts or invoices to confirm the purchases and labor associated with the projects. The commission believes the efficiency measures were purchased and installed and will allow those expenses to be included in the prudence determination once verification is provided. The commission also didn't include \$14,120 paid to Lewis Clark State College for the same reasons.

The commission also said Idaho customers should not have to pay for more frequent third-party evaluation required by Washington state, also part of Avista's service territory. Although

the evaluations provide some benefit to Idaho customers, Avista agreed to shift about \$100,000 from the Idaho rider to the Washington rider. The commission also encouraged Avista to abide by the 50 percent cap on site-specific efficiency projects' cost and to more carefully manage its labor costs related to all the efficiency programs' implementation.

Overall, the commission expressed satisfaction with Avista's management of the programs, which provide cost benefits to customers. "Like commission staff and the Idaho Conservation League, we applaud Avista's longstanding 'top down' commitment to demand-side management and stakeholder involvement in energy efficiency issues," the commission said.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. AVU-E-13-09.

###