



Case No. AVU-E-16-06, Order No. 33769

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Expenses tied to Avista programs deemed prudent

BOISE (June 2, 2017) - State regulators have determined that nearly \$10 million spent by Avista Utilities on energy-efficiency programs in Idaho in 2014 and 2015 was prudently incurred.

The finding by the Idaho Public Utilities Commission means the programs can continue to be funded through an efficiency rider paid by the 125,000 northern Idahoans who receive electric service from Avista.

The Commission's finding does not impact customer rates or the tariff rider, which appears on customer bills as the Demand Side Management Tariff Rider and equates to .245 cents per kilowatt-hour used. Revenues from the rider have been earmarked since 1995 for programs designed to help save energy or reduce demand on the utility's generation system.

Avista's programs include educational outreach, workshops and online tools to help customers better understand their energy use; incentives for weatherization measures enacted by residential, commercial, industrial and low-income customers; and Home Energy Reports delivered to customers that are designed to help them assess their energy use and explore ways to reduce it.

A number of tests are used to determine the programs' effectiveness – whether the savings realized outweigh the costs, and whether they benefit all customers, not just those who participate. Costs deemed ineffective are borne by the company's shareholders rather than customers.

Avista said its Idaho customers received more than \$575,000 in rebates in 2014 and 2015, and that the programs led to energy savings of 31,081 megawatt-hours (MWh) over the two-year period, meeting the goal of 30,996 MWh.

The programs saved 14,789 MWh in 2015, short of the target of 15,666 MWh, the company said, but the 16,292 MWh saved in 2014 exceeded the goal of 15,330 MWh. The most significant shortfall in 2015 was in the non-residential programs.

Avista hired an independent contractor, Nexant, to evaluate the programs' cost-effectiveness. Nexant found that customers who participated in them benefited through lower bills, and that non-participating customers also benefited since the programs reduced demand on the utility's generation system during peak periods.

One of the tests Nexant conducted to screen the programs, the Utility Cost Test, found residual benefits of nearly \$9.1 million in 2014 and approximately \$6.1 million in 2015.

In 2015, when Avista requested approval of expenses related to the programs incurred in 2013, the commission found that \$7.7 million spent in 2013 on voluntary programs for its Idaho customers was prudently incurred. That year, the programs saved 25,899 MWh, exceeding the target of 19,009 MWh.

This year, the commission approved \$9,721,985 in expenses as prudently incurred, which is \$277,757 less than requested. The bulk of the denied expenses (\$277,277) reflects a more accurate breakdown of expenses allocated to the company's operations in Idaho and Washington, the Commission said.

The Commission's order and other documents related to this case are available on the commission's website. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. AVU-E-16-06.