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December 29, 2020

Jan Noriyuki, Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Blvd.  
Bldg. 8, Suite 201-A  
Boise, Idaho 83714

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**Re: Case No. AVU-E-19-04 - Avista Corporation Energy Efficiency Assistance Fund (EEAF) 2020 Progress Report**

Dear Ms. Noriyuki:

Avista Corporation, dba Avista Utilities (Avista or the Company) provides this Energy Efficiency Assistance Fund (EEAF) 2020 Progress Report (Report) as a courtesy update to the Idaho Public Utilities Commission (Commission), and to inform the record in Case No. AVU-E-19-04 with respect to the Company's progress in accomplishing section 16(a) of the energy efficiency commitments contained in the approved Stipulation and Settlement (Stipulation) in the above-referenced case.

### **I. Background**

On November 29, 2019, the Commission issued its Order No. 34499 in Case No. AVU-E-19-04, Avista's 2019 electric general rate case (GRC). In its Order, the Commission approved a Stipulation and Settlement entered into by Avista, Clearwater Paper Corporation ("Clearwater"), Idaho Forest Group, LLC (IFG), the Community Action Partnership Association of Idaho, Inc. (CAPAI), the Idaho Conservation League (ICL), and Commission Staff (collectively, the Parties). As part of its energy efficiency commitments identified in the Stipulation, section 16(a) reads:

- a. The parties agree that Avista will establish an Energy Efficiency Assistance Fund ("EEAF"). The purpose of the EEAF is to provide additional funding for projects that



are not otherwise fully funded through existing energy efficiency incentives, or do not otherwise qualify for traditional energy efficiency funding. The EEAF will be funded and disbursed as follows:

- i. The final deferral balance related to the “AFUDC Equity Tax Deferral”, addressed in Case Nos. AVU-E-19-02 and AVU-G-19-01, as ordered in Commission Order No. 34326 will be a source of funding. The estimated deferral balance is approximately \$800,000.<sup>1</sup>
- ii. Avista will contribute below-the-line dollars of \$800,000 in 2019 as a match to the estimated AFUDC Equity Tax Deferral (in subsection i.).
- iii. The funding will be disbursed as directed by the EEAF Advisory Group, a new committee of stakeholders tasked with determining which existing or new programs should receive this funding to address energy efficiency, weatherization, conservation, and low-income needs in Avista’s Idaho service territory.
- iv. The EEAF Advisory Group will consider the needs of all parties and remain flexible on the timing of any disbursements. Any entity seeking funding must first attempt to qualify their applicable project under Avista’s existing energy efficiency programs.
- v. The committee will initially consist of representatives from the following stakeholders: Avista, Staff, the Lewiston Community Action Partnership, ICL, Idaho Forest, and Clearwater. The Committee may add representatives at its discretion.

## **II. EEAF Advisory Group**

In compliance with the Stipulation, the EEAF Advisory Group (Advisory Group) was established, inclusive of representatives from Avista, Commission Staff, ICL, IFG, Clearwater, and the Lewiston Community Action Partnership (CAP), as recommended. In addition to multiple interim email correspondences, the Advisory Group met virtually four times in 2020: June 24, 2020; July 27, 2020; November 13, 2020, and November 20, 2020. During the first two meetings, the Advisory Group reviewed the Stipulation provisions, discussed the purpose of the EEAF and associated Advisory Group, developed principles by which the group would operate, and coordinated next steps for prospective EEAF project proposals. The Parties, through these meetings, set a September 30, 2020 deadline for the first round of project proposals, with proposals then received by Clearwater as well as a joint proposal on behalf of ICL and the Lewiston CAP.

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<sup>1</sup>The actual amount of the AFUDC Equity Tax Deferral was \$732,183. The total EEAF starting balance was \$1,532,183.





After evaluating the proposed projects for potential energy efficiency incentives,<sup>2</sup> the final two EEAF Advisory Group meetings of 2020 were focused on proposal presentations, followed by the review and selection of which projects or programs would receive funding.

### **III. 2020 EEAF Projects**

As a result of its 2020 efforts, the Advisory Group approved four total programs and/or projects to receive funding from the EEAF. Combined, the projects will receive a maximum funding amount of approximately \$678,736 from the EEAF and produce an estimated annual energy efficiency savings of 3,537,012 kWh per year. Descriptions of each selected project or program are provided below.

#### **Clearwater Paper Corporation**

Clearwater presented six industrial energy efficiency upgrade projects for consideration by the EEAF Advisory Group. Due to considerations regarding the timing of implementation, project cost, and equitable distribution of EEAF funds, three of the six proposed projects were approved for funding.

##### **1. PM1 Machine West Hydro-pulper Agitator Replacements**

This project will replace the electric motors and install variable speed drives on the PM1 west repulper agitators. Installing these new components will allow the agitators to be slowed down when only #1 Paper Machine winder trim is fed into the Hydrapulper chest. This is about 40% of the time the pulper is in operation. There is a significant reduction in horsepower required when the agitator speeds are slowed down. The project is estimated to save 2,279,399 kWh/year. The total project cost is estimated at \$574,000, with Clearwater receiving an a maximum EEAF contribution of \$155,000 and an estimated energy efficiency incentive of \$419,000 to pay for the project.

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<sup>2</sup> As part of its energy efficiency commitments, the Stipulation approved in Case No. AVU-E-19-04 further states: Tariff Schedule 90 allows for possible DSM funding of up to 70% of the cost of the project, subject to meeting certain specified cost-effectiveness criteria. The portion of the estimated cost of these identified projects that is not reimbursed under Schedule 90 will be considered for funding through the EEAF, who will consider the needs of all parties and remain flexible on the timing of any disbursements. (See Stipulation, pg. 11)





## **2. No. 4 Power Boiler Demin Feed Water Pump Replacement**

This project will replace two electric motors and install variable speed drives on the Demin Feedwater Pumps. Installing these new components will allow the pumps to be slowed down when condensate return levels are adequate. This is about 90% of the time during normal mill operation. There is a significant reduction in horsepower required when the pump speeds are slowed down. In addition, the new variable speed drives will help during startup of the system by eliminating water hammer. The project is estimated to save 938,521 kWh/year. The total project cost is estimated at \$400,000 with Clearwater receiving an a maximum EEAF contribution of \$212,296 and an estimated energy efficiency incentive of \$187,704 to pay for the project.

## **3. 3L Building Light Upgrade**

This project will replace 20 to 30-year-old HP sodium and metal halide fixtures in our 3L Tissue Machine Building with new High Efficiency LED Type Fixtures. In addition to significant energy savings this will improve lighting quality and color rendering. The project is estimated to save 319,092 kWh/year. The total project cost is estimated at \$90,540, with Clearwater receiving a maximum EEAF contribution of \$61,440 and an estimated energy efficiency incentive of \$29,100 to pay for the project.

### **Lewiston CAP/Idaho Conservation League**

The Lewiston Community Action Partnership, in collaboration with Idaho Conservation League, submitted a joint proposal to relieve the existing backlog of cost-effective weatherization projects that cannot currently be addressed because of health, safety, or repair issues present at the homes. The proposal utilizes \$250,000 of EEAF funds, to be leveraged with other existing funding where possible, to provide non cost-effective weatherization services to single-family residential homes that require work beyond the scope of typical Avista or state-funded health and safety improvements. CAP anticipates the funding will help extend weatherization services to an





additional 20-30 income qualified Avista customers with low incomes, high energy burden, and substantial dwelling issues that otherwise would not be able to be provided. Homes that receive the health, safety, or repair improvements would then be able to go through the Avista low-income weatherization program, which they are currently unable to qualify for without this new program. The Advisory Group unanimously approved this funding request, allowing CAP the requested 2021 calendar year to utilize the \$250,000 and providing the funds without a per project maximum limit or other restrictive provisions.

As part of its EEAF-funded health, safety, or repair improvements program, CAP will track and report to the Parties various metrics such as the number of homes served, overall funding spent per project, associated administration costs, measures installed, and average cost per measure. This reporting will occur at the conclusion of the 2021 program year, and analysis of the results will be used by the Parties when evaluating future EEAF funding requests from CAP and ICL.

#### **IV. Conclusion**

During 2020, the EEAF Advisory Group agreed to fund 4 total projects or programs that do not otherwise qualify for traditional energy efficiency funding; combined these ventures account for approximately \$678,736 of the available approximate \$1.53 million Energy Efficiency Assistance Fund. The EEAF has approximately \$853,447 remaining to be spent on new projects and programs and anticipates a proposal for funding consideration to be submitted by the Idaho Forest Group in early 2021. Further Advisory Group meetings will be scheduled in 2021 to evaluate the success of the already-approved programs and/or projects, with these evaluations then used to inform subsequent rounds of program and/or project proposals. Avista will continue to update the Commission, on an annual basis, of the progress made with these projects and programs, inclusive of the tracked metrics described herein, until all EEAF funds have been exhausted.

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy



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