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June 20, 2022

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 2022 Update Report**

Dear Ms. Noriyuki:

Avista Corporation, dba Avista Utilities (Avista or the Company) provides this Energy Efficiency Assistance Fund (EEAF) 2022 Update 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. The Advisory Group has met many times since mid-2020 for the purposes of reviewing the Settlement provisions, discussing the purpose of the EEAF and associated Advisory Group, developing principles by which the group would operate, reviewing project proposals, and ultimately approving projects to be funded by the EEAF. In 2022, along with the approval of new projects, updates regarding the progress or completion of previously approved and/or funded programs/projects were also included in these meetings.

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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.





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

The Advisory Group approved four total programs and/or projects in 2020 to receive funding from the EEAF. Combined, the projects were approved to 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, not including savings from the weatherization of low-income homes. Descriptions of each selected project or program are provided below.

#### **Clearwater Paper Corporation**

##### **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 a maximum EEAF contribution of \$155,000 and an estimated energy efficiency incentive of \$419,000 to pay for the project.

**Project Status:** Project fully completed in 2022 as detailed below:

- Project Cost = \$568,322.88
- Annual Electric Savings = 1,371,100 kWh
- Energy Efficiency Incentive = \$315,353
- EEAF Contribution = \$155,000

##### **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 Feed Water 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 approximately 938,521 kWh/year. The total project cost is estimated at \$400,000 with Clearwater receiving a maximum EEAF contribution of \$212,296 and an estimated energy efficiency incentive of \$187,704 to pay for the project.

**Project Status:** Project fully completed in 2022 as detailed below:

- Project Cost = \$388,705
- Annual Electric Savings = 776,307 kWh
- Energy Efficiency Incentive = \$178,551
- EEAF Contribution = \$210,154

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

This project will replace 20 to 30-year-old HP sodium and metal halide fixtures in the 3L Tissue Machine Building with new High Efficiency LED Type Fixtures. In addition to significant energy savings (an estimated 319,092 kWh/year), this will improve lighting quality and color rendering. 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.

**Project Status:** Project fully completed in 2022 as detailed below:

- Project Cost = \$202,534
- Annual Electric Savings = 476,884.76 kWh
- Energy Efficiency Incentive = \$109,683.50
- EEAF Contribution = \$61,440

### **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 proceed with 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.

**Project Status:** Through June 2, 2022, the Lewiston CAP has provided health, safety, or repair improvements to 13 homes for a total of \$103,618. The Lewiston CAP will continue to complete home improvements until all funds have been spent.

#### **IV. 2022 EEAF Projects**

The Advisory Group approved six total programs and/or projects in 2022 to receive funding from the EEAF. Combined, the projects will receive a maximum funding amount of approximately \$853,447 from the EEAF and produce an estimated annual energy efficiency savings of 2,214,510 kWh per year, not including savings from the weatherization of low-income homes. Descriptions of each selected project or program are provided below.

##### **Clearwater Paper Corporation**

###### **1. CLO<sub>2</sub> Lurgi Chiller Replacements**

The project is estimated to save 1,291,250 kWh/year. The total project cost is estimated at \$1,167,000, with Clearwater receiving an a maximum EEAF



contribution of \$350,000 and an estimated energy efficiency incentive of \$296,988 to pay for the project.

### **Idaho Forest Group**

#### **1. Grangeville Large Motor Drives – Synchronous Belt Conversion**

The project is estimated to save 210,000 kWh/year. The total project cost is estimated at \$43,500, with IFG receiving an a maximum EEAF contribution of \$13,050 and an estimated energy efficiency incentive of \$30,450 to pay for the project.

#### **2. Grangeville Planer Space Heat – Electric to Steam Conversion**

The project is estimated to save 452,536 kWh/year. The total project cost is estimated at \$185,000, with IFG receiving an a maximum EEAF contribution of \$80,917 and an estimated energy efficiency incentive of \$104,083 to pay for the project.

#### **3. Grangeville Domestic Water Pumps – VFD Pressure Control & Tanks**

The project is estimated to save 86,124 kWh/year. The total project cost is estimated at \$21,539, with IFG receiving an a maximum EEAF contribution of \$6,461 and an estimated energy efficiency incentive of \$15,077 to pay for the project.

#### **4. Lewiston Heede Portal Log Crane – Cable Reel Hydraulic to Electric Conversion**

The project is estimated to save 174,600 kWh/year. The total project cost is estimated at \$150,000, with IFG receiving an a maximum EEAF contribution of \$110,000 and an estimated energy efficiency incentive of \$40,158 to pay for the project.

### **Nez Perce Tribal Housing Authority (NPTHA)<sup>2</sup>**

The NPTHA currently operates essential home repair programs with limited annual funding and continually seeks other funding to assist with much needed essential home repairs. The NPTHA will utilize the EEAF to provide essential home repairs for energy conservation or which limit access to programs that provide weatherization services. The program will serve Native American households residing within the Nez Perce Indian reservation and who are Avista customers. The NPTHA will continue to partner with the Lewiston CAP to coordinate essential home repairs with any weatherization programs that their common clients may be eligible for. Through NPTHA's experience, essential home repairs that eliminate health & safety risks or energy waste and provide housing stability can range anywhere from \$500 to \$15,000. The proposed project will provide essential home repairs up to a project limit of \$12,000 per household. The NPTHA will also provide energy conservation improvements for rental units under their management. In total, the NPTHA requested \$330,000 from the EEAF and the Advisory Group unanimously approved of this project with a slightly lower level of funding, \$293,176.

### **V. Conclusion**

Since inception, the EEAF Advisory group has approved funding totaling \$1,532,183, which is the total amount of funding available in the EEAF. The 10 projects approved for funding are anticipated to save 5,751,122 kWh per year, not including weatherization of low-income homes that have received health, safety, or repair improvements by the Lewiston CAP or essential home repairs by the NPTHA. The funds awarded served the primary intent of the EEAF, to fund projects or programs that are not otherwise fully-funded through existing energy efficiency incentives, or do not otherwise qualify for traditional energy efficiency funding. Apart from the savings attributed to low-income homes that have been weatherized following the health, safety and repair improvements, the savings from the projects of Idaho Forest Group and Clearwater equated to the removal of approximately 537 homes from the electric grid. Avista will continue to update the Commission annually, on or before March 31<sup>st</sup>, of the progress made with these projects and

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<sup>2</sup> The NPTHA is not a member of the EEAG Advisory Group but was approached by the ICL regarding submitting a proposal for EEAF funding. ICL worked with the NPTHA on their proposal, which the Advisory Group unanimously supported.



programs, inclusive of the tracked metrics described herein, until all EEAF funds have been exhausted.

Sincerely,

*/s/ Shawn Bonfield*

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