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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA'S APPLICATIONS FOR DETERMINATION OF ITS 2020-2021 ELECTRIC AND NATURAL GAS ENERGY EFFICIENCY EXPENSES AS PRUDENTLY INCURRED	)	**CASE NO. AVU-E-22-13 AVU-G-22-05** **COMMENTS OF THE COMMISSION STAFF**

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On August 1, 2022, Avista Corporation dba Avista Utilities ("Company") filed two Applications, each requesting the Commission issue an order finding that the Company's $13,236,234 in electric and $4,928,907, in natural gas energy efficiency expenditures from January 1, 2020, through December 31, 2021, were prudently incurred (referred to collectively as the "Applications"). The Applications summarize the Company's Energy Efficiency ("EE") activities and their cost-effectiveness. The Applications include the Company's 2020 and 2021 Annual Conservation Reports and Idaho Incentive Modification Methodology document. The Applications also include the 2020/2021 impact evaluation reports of the Company's electric and natural gas EE programs.

STAFF ANALYSIS

Staff reviewed the Company's Application; Annual Conservation Reports; Evaluation, Measurement, and Verification ("EM&V") Reports; and additional information provided by the Company. Based on its review, Staff recommends the Commission approve $13,206,688 in electric EE expenditures and $4,919,548 in natural gas EE expenditures as prudently incurred from January 1, 2020, through December 31, 2021.

The comments below detail Staff's analysis of the Company's program financials, portfolio performance, cost-effectiveness analyses, program offerings, and on-going projects. Absence of any discussion on additional points should not be construed as Staff's support or endorsement for the Company's position without a full evaluation in the future.

Financial Review

Staff audited the Company's Demand Side Management ("DSM") expenses which included a sampling and review of 125 transactions across all the Company's programs. Staff determined the Company correctly documented expenses and instituted controls designed to eliminate improper payment of program incentives. Additionally, the Company's internal review process identified and corrected mistakes prior to the filing of its DSM reports. Based on Staff's audit and review, most of the Company's DSM rider expenses appear to be prudent.

During its audit of EE expenses, Staff identified two mileage reimbursements paid in 2021 for Washington site visits totaling $76 that were incorrectly allocated to both Washington and Idaho. Idaho's portion of that expense is $23. Staff removed this expense from the Company's prudency request.

In addition to the mileage adjustment, Staff recommends the Commission disallow the Company's third-party natural gas and electric cost-effectiveness evaluations for 2020. Staff believes the evaluations provided lacked both usefulness and Company oversight; therefore, were not prudently incurred expenses. Staff discusses this in greater detail in the *Third-party cost-effectiveness analysis* section of these comments.

Table No. 1 below provides a summary of the Company's Idaho Electric rider revenues, expenses and ending balance. Table No. 2 provides a summary of the Company's Idaho Natural Gas rider revenues, expenses and ending balance. The referenced tables have incorporated the

mileage reimbursement adjustment and Staff's disallowance of third-party cost-effectiveness evaluations.

Table No. 1: Electric Tariff Rider Reconciliation

Beginning Balance, as of January 1, 2020 – (Underfunded)	$	(4,375,287)
Reported Tariff Rider Revenue 2020	$	10,273,434
Reported Tariff Rider Expenses 2020	$	(6,472,333)
Ending Balance, as of December 31, 2020 – (Underfunded)	$	(574,186)
Reported Tariff Rider Revenue 2021	$	10,700,382
Reported Tariff Rider Expenses 2021	$	(6,763,901)
Staff Proposed Mileage Adjustment	$	23
Staff Proposed Electric Sector Cost-effectiveness Adjustment	$	29,524
Ending Balance, as of December 31, 2021 - Overfunded	$	3,391,842

Table No. 2: Natural Gas Tariff Rider Reconciliation

Beginning Balance, as of January 1, 2020 – Overfunded	$	78,073
Reported Tariff Rider Revenue 2020	$	1,382,684
Reported Tariff Rider Expenses 2020	$	(2,482,258)
Ending Balance, as of December 31, 2020 – (Underfunded)	$	(1,021,500)
Reported Tariff Rider Revenue 2021	$	1,401,103
Reported Tariff Rider Expenses 2021	$	(2,446,649)
Staff Proposed Gas Sector Cost-effectiveness Adjustment	$	9,359
Ending Balance, as of December 31, 2021 – (Underfunded)	$	(2,057,687)

As of December 31, 2021, the Company's electric tariff rider was overfunded. On July 29, 2022, in Case No. AVU-E-22-09, the Company filed for approval to decrease its electric tariff Schedule 91, "Energy Efficiency Rider Adjustment" rates, by 1.4%, effective October 1, 2022. In that Application, the Company stated that the balance of the electric tariff rider was overfunded by nearly $4.9 million as of June 30, 2022. The Commission approved a decrease to the EE Rider Adjustment rates effective October 1, 2022. Order No. 35545 at 3. This change is expected to bring the forecasted tariff balance to $0 by September 30, 2025. Order No. 35545 at 2.

Table No. 2 shows that as of December 31, 2021, the Company's Natural gas tariff rider was underfunded. On September 2, 2022, in Case No. AVU-G-22-07, the Company applied for approval to increase its natural gas tariff Schedule 191, "Energy Efficiency Rider Adjustment"

rates, by 3.0%, effective November 1, 2022. In that Application, the Company stated that the balance of the natural gas tariff rider was underfunded by approximately $2.1 million as of July 31, 2022. The Commission approved an increase to the Energy Efficiency Rider Adjustment rates effective October 1, 2022. Order No. 35575 at 3. This change is expected to bring the forecasted tariff balance to $0 by September 30, 2025. Order No. 35575 at 2.

The Company's internal audit department audited the EE processes for adequacy of controls and adherence to industry best practices. In response to Staff's Production Request No. 7, the Company stated that the "Internal Audit noted no significant findings, and it appears the DSM department has appropriate internal controls in place to accurately process qualified customer rates." Staff agrees with the assessment and discovered that the Company's use of internal controls and approvals eliminate improper payments of program incentives.

Energy Efficiency Portfolio Overview

In support of its filing, the Company submitted the 2020 Annual Conservation Report ("2020 Annual Report") and the 2021 Annual Conservation Report ("2021 Annual Report") along with attached appendices and exhibits. These reports and attachments provide detailed overviews of the Company's electric and natural gas EE portfolio performance as well as program and measure level performance details.

For the 2020 program year, the Company reported a cost-effective electric portfolio with a Utility Cost Test[1] ("UCT") ratio of 2.09. 2020 Annual Report at 14. The electric sector captured annual savings of 16,711 MWh, surpassing the Integrated Resource Plan ("IRP") electric savings target of 15,387 MWh. Despite the success of the Company's programs, 2020 annual savings decreased by 34% when compared to 2019. Much of the reduction in electric savings can be attributed to the discontinuation of the Simple Steps, Smart Savings program at the end of third quarter of 2020. In 2021, the annual electric savings decreased by an additional 19% to 13,510 MWh or 93% of the Company's 14,504 MWh IRP target. The 2021 electric portfolio was cost-effective with a UCT ratio of 1.24. 2021 Annual Report at 14.

In 2020 and 2021, the Company's natural gas portfolios achieved 84% of its IRP targets. In 2020, the natural gas portfolio savings increased 62% from 2019, saving 352,548 therms

[1] The UCT considers cost-effectiveness from the perspective of the utility. The UCT presents as a ratio of the benefits of avoided supply costs to costs incurred by the program administrator. Any ratio above 1 is cost-effective.

compared to the 421,270 therm savings IRP target. Most of this increase originated from the Company's residential programs which experienced a significant increase in participation. The Company reports that the 2020 natural gas EE portfolio was cost-effective with a UCT ratio of 1.64. 2020 Annual Report at 13. In 2021, both the residential and the commercial and industrial ("C&I") sectors saw a slight decrease in savings with 300,000 therms compared to the 358,160 therm savings IRP target. The 2021 natural gas portfolio is reported as cost-effective with a UCT ratio of 1.24. 2021 Annual Report at 14.

In early 2020, the onset of the COVID-19 pandemic created multiple limitations on the Company's EE programs. Social distancing requirements, shutdowns, and other restrictions led to many programs being temporarily suspended. The Company was proactive in adjusting its programs to incorporate virtual and contactless procedures to accommodate these restrictions. On-site work programs such as the Multi-Family Direct Install and Home Energy Audit programs were placed on hold but have since resumed operations in 2022. While most programs saw decreases in participation, some programs, including the residential HVAC program, experienced increased performance as customers reprioritized their investments. In 2021, the Company's programs continued to see the effects of the COVID-19 pandemic with reduced participation and labor shortage challenges impacting the Company's EE programs. Staff looks forward to reviewing the Company's EE programs as work begins to resume in the Company's next prudency filing.

Residential Sector

The Company's residential sector is designed to encourage customers to improve their homes' EE through a variety of interventions including upstream buy downs, direct installation programs, and customer rebates. Programs and rebates can be separated into programs that focus on specific EE opportunities such as HVAC systems, envelope improvements, and load reductions.

In 2020, the Company states the residential electric sector was cost-effective with a UCT ratio of 1.47 and 5,283 MWh of savings. 2020 Annual Report at 72. While the program was reported as cost-effective, the residential electric sector experienced a significant decrease in savings, most of which can be attributed to the end of the Simple Steps, Smart Savings program on September 30, 2020. The program was administered by the Bonneville Power Administration

("BPA") and sunset because the lighting market transformed to high-efficiency bulbs. This program accounted for 56% of residential electric savings while only being active for the first three quarters of 2020. The full effect of this discontinuation can be seen in 2021 where the savings decreased another 73% to a total 1,413 MWh. With savings from the Simple Steps, Smart Savings program entirely absent, the fuel efficiency program became the top performer, accounting for 41% of sector savings. The 2021 residential electric sector continued to be cost-effective with a UCT ratio of 1.52. 2021 Annual Report at 73. With the residential lighting sector's transformation to high efficiency bulbs now complete, Staff looks forward to reviewing the Company's efforts to expand residential sector savings in future prudency filings.

In 2020, the Company reports the residential gas sector was cost-effective with a UCT ratio of 2.46. 2020 Annual Report at 72. In contrast to the reductions in electric savings, the 2020 residential natural gas sector savings increased by 176% from 2019 to a total of the 317,550 therms. Most of these savings were part of the HVAC program which saw a significant increase in participation due to an increased natural gas furnace incentive and consistent replacement rates despite the impact of COVID-19. In 2021, the residential gas sector savings decreased to 276,057 therms and remained cost-effective with a UCT ratio of 1.47. The HVAC program continued to see high participation and savings in 2021 while other programs experienced decreased participation.

Non-Residential Sector

The non-residential sector focuses on capturing energy savings for the C&I customers of the Company's Idaho service territory. The C&I programs make use of prescriptive measures for common installations with predictable savings, and site-specific measures that calculate savings for unique or complex projects. The non-residential sector also includes the Business Partner Program initiated in the fall of 2019. Since its launch, the Business Partner Program has connected with 1,926 small businesses in rural Idaho and helped them implement energy saving opportunities offered by the Company.

In 2020, the Company reports that the Non-Residential electric sector was cost-effective with a UCT ratio of 2.01. 2020 Annual Report at 27. Compared to 2019, the sectors electric savings decreased by 33% to an annual savings of 11,213 MWh. In 2021, despite a slight increase in savings to 11,943 MWh, the UCT ratio dropped to 1.34. The Company reports that

the benefits of the program were reduced by about one million dollars while the costs remained relatively consistent contributing to the decrease in cost-effectiveness. This can be attributed to the Company's Prescriptive Exterior Lighting Program.

In 2020, the Company reports the C&I natural gas program was cost-effective with a UCT ratio of 1.01. 2020 Annual Report at 27. In 2021, the Company reports the C&I natural gas program UCT ratio dropped to 0.64. The Company states that the program is sensitive to its participation rate, and low participation significantly reduced savings while operating costs remained consistent. The Company expects that due to the significant size of C&I projects, even a minor increase in participation will increase the cost-effectiveness. 2021 Annual Report at 30. Staff will continue to monitor the programs participation and cost-effectiveness.

Low-Income Weatherization Sector

The Company partners with the Lewiston Community Action Partnership ("CAP") to administer its EE programs to its low-income customers. The Company provides the CAP agency with a list of measures deemed cost-effective from the Total Resource Cost[2] ("TRC") perspective that the Company fully funds. For measures that are not cost-effective, the Company provides the CAP agency a partial reimbursement equal to the avoided cost for each measure.

In 2020, the Company reports that the Low-Income Weatherization program was not cost-effective from either TRC or UCT perspectives with UCT ratios of 0.5 and 0.1 for the electric and natural gas sectors, respectively. 2020 Annual Report at 109 and 110. While the program has traditionally struggled with cost-effectiveness, the Company reports the success of 146 electric projects and 149 natural gas projects in 2020, capturing 215 MWh of electric savings and 5,495 therm savings. For both natural gas and electric savings, the program achieved realization rates of 110%. In 2021, the program funded 158 electric projects and 133 natural gas projects capturing 154 MWh and 3,217 therms of energy savings. The 2021 Low-Income program again did not achieve cost-effectiveness from either the TRC or the UCT perspective with UCT ratios of 0.29 and 0.35 for the electric and natural gas sectors. 2021 Annual Report at

[2] The TRC considers cost-effectiveness from the perspective of the service territory, which includes the utility and customers. The TRC presents as a ratio of the benefits of avoided supply costs to costs incurred by the program administrator and customers. Any ratio above 1 is cost-effective.

102. Regardless, the program continues to capture energy savings with an electric realization rate of 140%.

Cost-Effectiveness Analysis

For the current filing, the Company provided two sets of cost-effectiveness workpapers for 2020, one for the Company's internal cost-effectiveness analysis and one for the contracted third-party cost-effectiveness analysis. *See* Response to Production Request No. 1. The UCT results for both the internal and third-party cost-effectiveness analyses are summarized in Table No. 3.

Table No. 3: 2020 Internal and Third-party Electric and Gas Portfolio Cost-effectiveness Results

	2020 Electric Portfolio		**2020 Gas Portfolio**	
Sector	**Internal UCT**	**Third-party UCT**	**Internal UCT**	**Third-party UCT**
Portfolio	2.23	2.16	1.26	1.64
Low Income	0.49	0.50	0.19	0.10
Residential	2.59	3.01	1.77	2.46
Non-Residential	2.39	2.01	1.01	0.92

In the Company's previous prudency filings, Case Nos. AVU-E-20-13 and AVU-G-20-08, Staff recommended the Company conduct its cost-effectiveness analysis internally instead of through a third-party. By the time of Commission Order No. 35129 recommending internal analysis, the Company had already contracted with third-party evaluators who had completed work on the 2020 cost-effectiveness analysis. In its Reply Comments, the Company expressed concern that if an in-house cost-effectiveness analysis is conducted, the completed third-party work may not be considered useful. In response, the Commission allowed the Company to provide a combined 2020-2021 cost-effectiveness analysis to be included in the 2021 Annual Conservation Report. Order No. 35129 at 5,7, and 9. Staff understands the Company's concern over the usefulness of the contracted third-party 2020 cost-effectiveness analysis and believes that both cost-effectiveness analyses have the potential to provide useful insights, both

independently and in comparison with each other. However, each analysis, third-party and internal cost-effectiveness analysis, must justify their expense by providing quality work with meaningful, relevant, and accurate results.

In Response to Production Request No. 1, the Company noted that its internal cost-effectiveness analysis used methods independent of its third-party contractor. Staff believes that while this is appropriate in certain instances, the internal and third-party analyses are based on the same data and should produce similar results with any differences clearly explained by differences in method. The following sections discuss Staff's analysis of the Company's internal and third-party cost-effectiveness analyses.

Internal cost-effectiveness analysis

Staff believes that the Company's cohesive internal cost-effectiveness workpapers demonstrate a marked improvement in quality over third-party workpapers, however they are not without error. Staff analysis discovered that important reporting metrics including cost-test ratios, benefits, and costs, were clearly formulated and directly related to relevant input values. While the clarity of the workpapers are improved, the Company's internal workpapers do contain several labeling and calculation errors. Additionally, while reconciling errors in the third-party worksheets the Company also corrected several input errors for its internal workpapers. A summary of all reconciled errors can be found in Attachment A. Staff believes that errors in the Company's internal cost-effectiveness are likely artifacts of the Company's first attempt to run these calculations in-house. However, ensuring that fundamental cost-effectiveness input values correctly reflect program performance is of the utmost importance. Additionally, while greatly reduced in volume, these types of errors are consistent with Staff discoveries in previous prudency fillings. Staff recommends that the Company continue to develop its quality control, internal knowledge, and review processes to avoid the possibility of Staff recommending future adjustments on cost-effectiveness analysis labor hours in future cases.

One specific area of improvement highlighted by the Company's corrections is in its input values used as a basis for calculations. Staff is concerned that the Company's internal cost-effectiveness workpapers use hard-coded, lump-sum inputs for several important calculated values like cumulative electric avoided costs, total year one energy savings, and total incentives. Using hard-coded inputs for calculated values prevents Staff from verifying the accuracy of cost-

effectiveness calculations and has the potential to invalidate all subsequent calculations. Even minor differences from actual program performance can be scaled and produce exponentially inaccurate results. Staff believes that the Company should base calculations on fundamental program reporting values like units served, unit energy savings, and unit incentive. For the avoided cost calculations, the Company was able to provide cumulative avoided cost calculations with formulas enabled. *See* Response to Production Request No. 24 – Attachment A. Staff encourages the Company to continue to link all calculations with formulas whenever possible.

The residential sector's HVAC Natural Gas Furnace measure in the Company's internal cost-effectiveness worksheet provides an example of how hard-coded values can easily produce unusable results. In the workpapers, the "Y1 Therm Savings" are input as a cumulative value representing the sum therm savings of all 2,012 participants. The "Y1 Therm Savings" are used to calculate the present value of avoided costs ("PV of NG AC") and therefore represents total gas avoided costs. This is inconsistent with the labeling convention which implies it is for an individual project through a later cell labeled "Gas Avoided Cost Total". In "Gas Avoided Cost Total," avoided costs are calculated using the "PV of NG AC" multiplied by measure participation. In this way, the calculation has scaled measure savings by participation twice. The result is "Gas Avoided Cost Total" in excess of $3.7 billion, more than 1000 times the avoided costs of the Company's entire natural gas EE portfolio. Staff was able to verify that this example and similar calculation errors were not used to calculate UCT values and reporting metrics. However, if these errors are not corrected, some of these values could impact future calculations if used by the Company. The Company should have internal controls in place for validating accuracy of Company workpapers.

Third-party cost-effectiveness analysis

Staff believes that the Company continued to provide inadequate oversight and quality control to its third-party contractors. Specifically, Staff found a lack of oversight on the cost-effectiveness calculations conducted by the third-party contractors. These issues are like the Company's previous prudency filings which ultimately led to Commission Order No. 35129 which ordered the Company to conduct internal cost-effectiveness calculations.

During its review, Staff noted inconsistent program savings, benefits, and cost values between the Company's internal cost-effectiveness analysis, third-party cost-effectiveness

analysis, and the 2020 Annual Report. Some differences in benefits are expected as explained by the Company's independent method for calculating avoided costs; however, program savings and costs should remain constant between analyses. In the Company's Responses to Production Request Nos. 23-31, the Company provided reconciliations for the following sectors: (1) Low-Income Gas sector savings benefits and costs; (2) Residential Gas sector benefits; (3) Non-Residential Gas sector benefits and costs; (4) Low-Income Electric sector benefits and costs; (5) Residential Electric sector savings, benefits and costs; and (6) Non-Residential Electric sector benefits and costs. A comprehensive list of the errors corrected in both the internal and third-party cost-effectiveness analyses can be found in Attachment A.

Of the six sectors evaluated by a third-party, the residential, low-income, and non-residential gas programs had fundamental errors in their avoided cost calculations and were unable to provide meaningful or reliable results. Additionally, all electric sector analyses had significant input and calculation errors. Staff believes that these fundamental input and calculation errors should have been corrected by the Company's quality control process. While the third-party cost-effectiveness analysis had already been completed when the Company prepared its own analysis, a comparison could have provided adequate indication of issues with the third-party analyses or discovered in a quality review process.

Lack of the Company's oversight for third-party contracts has been an ongoing issue; Staff noted similar concerns in the 2013, 2014, 2016, 2018, and 2020 prudency filings. While the cost-effectiveness analysis is being brought in-house, Staff believes Impact and Process evaluations are best conducted by independent third-parties. The Company bears responsibility for ensuring the quality and accuracy of calculations provided by all third-party contractors. Due to these ongoing issues, Staff does not believe the Company's expenses for third-party cost-effectiveness evaluations were prudently incurred and therefore recommends the Commission remove these expenditures. In Supplemental Response to Production Request No. 8, the Company provided breakdowns of all EM&V expenses incurred in 2020 and 2021 by task. The Company identifies $29,524 of electric and $9,359 of gas cost-effectiveness calculation expenses from its third-party contractors, Staff recommends removing these expenses.

Moving forward, Staff recommends the Company actively manage and review the results of all third-party contracts, like the Impact and Process evaluations, to ensure the results are accurate, relevant, and useful to avoid the potential of future disallowances. Staff intends to

closely monitor the Company's third-party contracts in the future to ensure the expenses are prudent and have adequate oversight by the Company.

Rebates and Incentives

In Case Nos. AVU-E-20-13 and AVU-G-20-08, Staff stated its concerns over the fluctuation of rebates and incentives offered by the Company. The Commission directed the Company, Staff, and interested parties to develop a process to evaluate and update rebates and incentives based on objective criteria. Order No. 35129 at 8-9.

In the current filing, the Company submitted the Idaho Energy Efficiency Incentive Methodology document as Exhibit No. 3 and as appendix F in the 2021 Annual Report. In the document, the Company outlines its incentive standards, factors that influence incentive revisions, sources used to determine savings, and the process for evaluating rebates. Staff believes the Company's document clearly describes the objective criteria, standards, and processes for evaluating and changing program incentives, satisfying the Commission's order. Staff looks forward to reviewing future incentive changes.

Northwest Energy Efficiency Alliance ("NEEA")

In Case Nos. AVU-E-20-13 and AVU-G-20-08, Staff stated its concerns over NEEA claimed savings for code changes in neighboring states. The Commission directed the Company to conduct an independent EM&V to verify the savings and cost-effectiveness of the NEEA program. Order No. 35129 at 9. To date, the Company, in collaboration with Idaho Power, has selected a vendor, developed the scope of work, and is currently evaluating the workplan. At its October 2022 EEAG meeting, the Company stated it expects to have results from the study in the first quarter of 2023. Staff looks forward to reviewing the results of the study and validating the savings NEEA claims for the Company's service territory. Staff continued to find evidence of claimed savings by NEEA for out of state code changes in the current filing.

Research and Development Projects

In the Company's previous prudency filing, the Commission directed the Company to update its Research and Development ("R&D") program to include measurable targets and metrics for programs that prioritize benefits for Idaho customers. Order No. 35129 at 8. To date, the Company has not proposed an update to the program but has continued to seek research projects that align with the Commission's order. In Case No. AVU-E-21-13, the Company applied to fund two electric transportation pilot programs using Schedule 91 R&D funding. The Commission did not approve the programs use of R&D funding. Order No. 35361 at 3 and 8. Currently the Company has no new R&D projects selected. In its October 2022 EEAG meeting, the Company stated it is reaching out to universities for research topics that satisfy the Commission's Order for projects with measurable metrics and provide direct benefits to Idaho customers. Staff looks forward to reviewing the projects the Company proposes. Staff verified that the Company's expenses in 2020 and 2021 contain only expenses for projects that were under contract prior to Commission's Order No. 35129.

Verification of Avoided Energy

Staff believes that the Company used justified estimates of avoided energy savings for both its electric and gas EE programs. These estimates are important, because – when combined with the avoided cost per unit of energy – they provide the basis for determining the overall avoided costs for each measure and ultimately the cost-effectiveness of the entire program.

Staff reviewed the Appendices of both Annual Reports, which contained the details for each avoided energy saving estimate, as well as the third-party verification of those estimates. Staff agrees that the per-unit estimates are reasonable, and therefore, the overall avoided cost estimates are also reasonable.

STAFF RECOMMENDATION

Staff recommends that the Commission approve $13,206,688 in electric and $4,919,548 in natural gas expenditures as prudently occurred from January 1, 2020, through December 31, 2021. These amounts reduce the Company's request by making adjustments to its third-party cost-effectiveness analysis expenditure and other misallocated expenses. Additionally, Staff recommends the Company actively manage and review the results of all third-party contracts,

such as Impact and Process evaluations, to ensure that the results are accurate, relevant, and useful to avoid the potential of future disallowances.

Respectfully submitted this 20th day of December 2022.

Dayn Hardie
Deputy Attorney General

Technical Staff: Jason Talford
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i:umisc/comments/avug22.13_avug22.5dhjjt comments

ATTACHMENT A
TO
STAFF COMMENTS
IN CASE NOS.
AVU-E-22-13/
AVU-G-22-05

Attachment A: Summary of errors reconciled in the internal and third-party cost-effectiveness calculations by sector.[1]

Issues with third-party	Issues with internal
Residential Gas • Benefits calculation included 10% conservation adder • Avoided costs used different discount rate Residential Electric • Double counted $602,830 of incentive expenses • Did not include $77,768 of general implementation expenses Non-Residential Gas • Benefits calculation used prior CPA avoided cost values (2016 vs 2018) • Benefits calculation included 10% conservation adder • Idaho avoided costs understated by subtracting Washington Carbon Adder. • Double counted Transmission & Distribution avoided costs • Did not use winter avoided costs for heating equipment • Avoided costs used different discount rate from internal calculation Non-Residential Electric • Incentive value overstated by $176,477 Low-Income Electric • Excluded $90,906 of general implementation expenses. Low-Income Gas • Benefits calculation included 10% conservation adder in addition to the 10% adder already included in the TRC. • Avoided costs used different discount rate • Benefits calculation did not include Health and Safety benefit • Used wrong savings value	Residential Electric • Double counted $262,550 of third-party costs Non-Residential NG • Non-Incentive utility costs understated by $30,049 Non-Residential Electric • Incentive values understated by $271,515 Low-Income Gas • Used wrong savings value

[1] *See* Company's Response to Production Request No. 23-31.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20TH DAY OF DECEMBER 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. AVU-E-22-13/AVU-G-22-05, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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