

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-25-12
CORPORATION’S APPLICATIONS FOR A) AVU-G-25-09
DETERMINATION OF 2024 ELECTRIC AND)
NATURAL GAS ENERGY EFFICIENCY) ORDER NO. 36975
EXPENSES AS PRUDENTLY INCURRED)
)
)
)

On August 29, 2025, Avista Corporation, doing business as Avista Utilities (“Company”), filed two applications with the Idaho Public Utilities Commission (“Commission”) requesting prudence determinations of its 2024 Electric and Gas Energy Efficiency (“EE”) expenses (collectively, the “Applications”).

The Company requested an order designating its electric EE expenditures from January 1, 2024, through December 31, 2024, funded through the Company’s Schedule 91 Energy Efficiency Rider Adjustment in the amount of \$17,276,972, as prudently incurred.

The Company also requested an order designating its natural gas EE expenditures from January 1, 2024, through December 31, 2024, funded through the Company’s Schedule 191 Energy Efficiency Rider Adjustment in the amount of \$2,279,817, as prudently incurred.

The Commission found that processing these cases together was reasonable and would be an efficient use of resources for any parties wishing to join. On September 17, 2025, the Commission issued a Notice of Applications and Notice of Intervention Deadline. Order No. 36762. No parties intervened.

On November 13, 2025, the Commission provided notice that the Applications would be processed under Modified Procedure and set comment deadlines. Order No. 36844.

Based on our review of the record, the Commission now issues this Final Order approving \$17,313,338 in Company electric EE expenditures and \$2,279,811 in Company natural gas EE expenditures from January 1, 2024, through December 31, 2024, as prudently incurred and directing the Company to adjust the evaluation method for its natural gas furnace measure.

APPLICATIONS

The Company’s EE program (“Program”) consists “of options for residential, non-residential and low-income customers, and includes offerings through traditional prescriptive

channels along with site-specific projects, upstream buy-down programs, and other options.” Electric Application at 2; Natural Gas Application at 2. The Program is funded through the Company’s Electric and Natural Gas Energy Efficiency Rider Adjustments (Schedule 91 and Schedule 191), or tariff riders. *Id.*

The Company represented that each Program measure is intended to be cost-effective and is reviewed by a third-party evaluator each year. Electric Application at 2–3; Natural Gas Application at 2–3. The Company includes the results of both its own and the third-party evaluator’s annual evaluations of the Program in the Annual Conservation Report that the Company has filed with the Applications. Electric Application at 3; Natural Gas Application at 3.

The Company requested a Commission determination that \$17,276,972 of expenditures for the Company’s electric Program and \$2,279,817 of expenditures for the Company’s natural gas Program were prudently incurred during 2024. *Id.* The Company stated that approximately 79% of the electric Program expenses and approximately 70% of the natural gas Program expenses are attributable to customer incentives. *Id.*

STAFF COMMENTS

Commission Staff (“Staff”) reviewed the Company’s Applications, attached reports, and discovery responses. Based on its review, Staff recommended the Commission approve \$17,313,338 in electric EE expenditures and \$2,279,811 in natural gas EE expenditures as prudently incurred from January 1, 2024, through December 31, 2024. Staff Comments at 2.

Staff audited the Company’s electric and natural gas EE expenses including a review of over 120 transactions across all the Company’s EE programs. *Id.* at 3. Staff believed that the expenses were generally well-documented and correctly recorded, however, Staff discovered some misallocations requiring adjustment. *Id.* After accounting for electric EE expenses that were erroneously charged to Washington rather than Idaho, the adjustments resulted in an increase of \$36,420 to the electric rider. *Id.* Staff also removed \$54 from the electric rider and \$6 from the natural gas rider for expenses related to employee recognition. *Id.* at 4.

Although the third-party evaluator utilized by the Company to analyze its EE program recommended that the Company estimate natural gas furnace savings based on billing analysis results, Staff did not think the baselines and assumptions would “provide an appropriate estimate of the furnace measure savings” for planning purposes. *Id.* at 6. According to Staff, the evaluator’s treatment-only analysis method introduces bias due to considering only self-selected participants

of the program. *Id.* at 7. As it expressed in the Company’s last EE prudency filing, Staff continued to believe that a market practice baseline is more appropriate to evaluate the Company’s service territory.¹ *Id.* at 8. Staff also believed the post-program regression billing analysis method previously used by the evaluator provided more meaningful results than the treatment-only analysis, because it compared participants to statistically similar non-participants.² Staff recommended the Company make planning adjustments concerning the furnace measure “to reflect the evaluation history and other baseline measures.” *Id.* at 10. Should the Company find itself unable to implement the recommended adjustments in a cost-effective manner, Staff further recommended the Company file to suspend its EE natural gas programs. *Id.*

Finally, Staff recommended the Company use the Regional Technical Forum’s (“RTF”) most recent Northwest Energy-Efficient Manufactured Housing Program (“NEEM”) standards for evaluating the ENERGY STAR Homes program. *Id.* Staff noted that the entirety of the measure’s savings could be eliminated by the updated standards. *Id.*

COMPANY REPLY COMMENTS

The Company did not contest Staff’s adjustments to the EE program expenditures for which a prudency determination is sought. Company Reply Comments at 1.

The Company also acknowledged that if it is ordered to use Staff’s recommended evaluation assumptions for its furnace measure savings, its natural gas EE program is unlikely to be cost effective. *Id.* at 2. However, the Company disputed Staff’s position regarding the evaluator’s chosen billing analysis method, arguing the approach provided results that were more representative of the Company’s service area than alternative methods, was consistent with the approach utilized in previous years, and provided statistically reliable results. *Id.* at 3. The Company also argued that the evaluator’s treatment-only sampling methodology was reasonable because it relies solely on actual customer data, rather than simplifying assumptions, and that sampling size concerns were addressed by combining data from 2022–2024. *Id.*

In response to Staff’s recommendation that the Company use RTF’s most recent NEEM values, the Company stated that RTF values change frequently and that updating EE measures with such regularity would cause confusion and potential market disruptions. *Id.* To align with the

¹ Staff’s Comments at 7–8 in Case No. AVU-E-24-09.

² The Evaluation, Measurement and Verification of Avista Idaho Natural Gas PY2022 Residential, Low-Income, and Nonresidential Energy Efficiency Programs at 18.

RTF NEEM mobile home workbook released in February of 2025, the Company (1) eliminated incentives for Energy Star Manufactured home for natural gas customers in Idaho and (2) reduced incentive levels for Energy Star Certified Manufactured Home customers, effective January 1, 2026. *Id.* at 4.

COMMISSION FINDINGS AND DECISION

The Company is both an electrical and gas corporation, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

Having reviewed the record, the Commission finds it fair, just, and reasonable to approve \$17,313,338 in electric EE Program expenditures and \$2,279,811 in natural gas EE Program expenditures as prudently incurred from January 1, 2024, through December 31, 2024.

Additionally, we find that the Company should adjust its evaluation method for the furnace measure to more accurately reflect its service territory. The treatment-only billing analysis used by the evaluator introduces bias by considering only participants of the program. A market practice baseline and a post-program regression billing analysis like the one used in the 2022 evaluation would be more appropriate and would consider program participants and statistically similar non-participants. We encourage the Company to explore possible revisions to its natural gas EE program with its Energy Efficiency Advisory Group to ensure it maintains cost-effectiveness considering the necessary adjustments to the evaluation method for the furnace measure prior to filing to suspend its natural gas program.

The Commission recognizes and appreciates the Company's revisions to the ENERGY STAR Homes program in response to the RTF's update to NEEM. The Company should continue to work with Staff to ensure the program is informed by current standards.

ORDER

IT IS HEREBY ORDERED that \$17,313,338 in Company electric EE expenditures and \$2,279,811 in Company natural gas EE expenditures from January 1, 2024, through December 31, 2024, are approved as prudently incurred.

IT IS FURTHER ORDERED that the Company shall make necessary adjustments to the evaluation method of the natural gas furnace measure consistent with this Order to reflect the evaluation history and other baseline sources.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of March 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

I:\Legal\ELECTRIC\AVUE2512_G2509_prudence/orders\AVUE2512_G2509_FO_jl.docx