

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NOS. AVU-E-25-12
CORPORATION’S APPLICATIONS FOR A) AVU-G-25-09
DETERMINATION OF 2024 ELECTRIC AND)
NATURAL GAS ENERGY EFFICIENCY)
EXPENSES AS PRUDENTLY INCURRED) ORDER NO. 37022
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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 Energy Efficiency (“EE”) expenses (“Application”). 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.

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. Commission Staff (“Staff”) filed comments to which the Company replied. The Commission received no public comments.

On March 23, 2026, the Commission issued a Final Order approving \$17,313,338 in Company electric EE expenditures from January 1, 2024, through December 31, 2024, as prudently incurred. Order No. 36975.

On April 10, 2026, Clearwater Paper Corporation (“Clearwater”) filed a Petition for Reconsideration of Order No. 36975 (“Petition”).¹ Staff and the Company filed answers opposing the Petition.

We now issue this Order denying the Petition.

CLEARWATER’S PETITION

Clearwater stated that the Commission’s finding of more than \$17 million in Company electric EE expenditures as prudently incurred was erroneous because more than \$4 million of that amount was attributable to measures that were not cost effective, necessitating reconsideration of

¹ While the Commission found both the Company’s electric and natural gas 2024 EE expenditures prudently incurred in Order No. 36975, Clearwater’s Petition focused on the electric EE costs.

Order No. 36975. Petition at 3. Clearwater also argued reconsideration is required because there was a failure of due process and notice requirements concerning the Company’s prudence filing. *Id.* at 7.

According to Clearwater, it is unreasonable to approve recovery of costs from ratepayers when the associated EE measures are not cost-effective. *Id.* at 4. Clearwater represented that approximately half of the expenditures from the Company’s Small Business Lighting program (the largest of the Company’s EE programs and the only program Clearwater examined in detail) were incurred for measures that exceeded the program’s 65 cents per kilowatt-hour cost effectiveness threshold.² *Id.* While Clearwater acknowledged that the program is cost effective overall, it argued that incentive payments made under individual measures to achieve kilowatt-hour savings exceeding the cost effectiveness threshold should be disallowed for recovery. *Id.* at 5–6.

Clearwater further argued that the Company’s ratepayers were not provided sufficient notice that a prudence determination would form the basis of a requested rate increase in a subsequent docket.³ *Id.* at 7. According to Clearwater, if not for the Petition, “there would be absolutely no opportunity for any [Company] ratepayer to challenge the prudence of the underlying rate increase being requested in the [AVU-E-]26-01 Docket.” *Id.* at 8. Clearwater contended that the fact that no public comments were filed in the prudence determination docket while over 70 public comments were filed in the requested rate increase docket was evidence of the failure of notice. *Id.*

STAFF’S ANSWER TO THE PETITION

Staff argued that the findings of Order No. 36975 were reasonable, lawful, and based on accurate findings of fact. Staff’s Answer to Petition at 2. Staff alleged Clearwater’s Petition was based on a faulty understanding of the Company’s demand-side management (“DSM”) operational practices. *Id.*

According to Staff, the prudence of EE program expenditures is not dependent solely on individual measures’ cost-effectiveness, and it is common for cost-effective programs to include measures that were not always cost-effective. *Id.* Staff contended that disallowing recovery of

² Clearwater noted that pursuant to the Company’s response to a discovery request in a separate docket, the cost effectiveness threshold for the Company’s Small Business Lighting program recently increased to 72 cents per kilowatt-hour, but Clearwater stated that this change did not affect the analysis included in the Petition.

³ On February 13, 2026, the Company filed an application in Case No. AVU-E-26-01, requesting authority to increase its I.P.U.C. No. 28, Schedule 91, “Energy Efficiency Rider Adjustment” rates by approximately 7.4%, effective May 1, 2026.

costs for all EE measures that failed to prove cost-effective in a year would unreasonably burden utilities and create a strong disincentive for implementing or maintaining EE programs. *Id.* at 2–3. Staff believed that the Company was taking steps to maintain program cost-effectiveness and to achieve cost-effectiveness at a measure-specific level. *Id.* at 3.

Staff also argued that Clearwater’s allegation of a failure to provide adequate notice was faulty for several reasons. *Id.* Staff noted that the Application sought, and Order No. 36975 conferred, a prudence determination for 2024 electric EE expenses, while the rate increase sought in Case No. AVU-E-26-01 was due to an underfunded balance accumulated primarily in 2025—a fact that belies Clearwater’s argument that Case No. AVU-E-26-01 was the direct result of Case No. AVU-E-25-12. *Id.* at 4. According to Staff, “[t]he Commission has an extensive history of making determinations in DSM prudence filings that did not result in a rider rate change.” *Id.* Staff further contended that Company press releases and customer notices were not required in this case, because the Application did not request a rate increase, and that the Commission properly issued a Notice of Application and multiple press releases regarding the Company’s request for a prudence determination. *Id.*

THE COMPANY’S ANSWER TO THE PETITION

In arguing against Clearwater’s request for reconsideration, the Company argued that Order No. 36975 represented a reasonable and consistent application of the Commission’s prudence determination standards that was supported by the evidentiary record. Company’s Answer to Petition at 1–2.

The Company asserted that a prudence determination calls for an evaluation of the reasonableness of costs when incurred and does not include a requirement of later-determined measure-by-measure cost effectiveness, as Clearwater desires. *Id.* at 3. The Company argued that should the Commission adopt Clearwater’s proposed approach to determining EE program cost prudence, “utilities would be unable to administer Commission-approved programs with confidence that approved costs will remain recoverable.” *Id.* at 4–5. According to the Company, the Petition fails to identify any methodological errors, unsupported fact findings, inconsistent calculations, or misapplication of Commission-approved cost-effectiveness tests relied upon in Order No. 36975 that would justify reconsideration. *Id.* at 3–4.

The Company believed Clearwater’s contention regarding a failure of customer notice requirements rested on a faulty conflation of the process for seeking prudence determination with

that for pursuing rate recovery. *Id.* at 5. The Company represented that the Application did not concern how or when the Company would recover 2024 electric EE program costs and instead sought only a determination that those costs had been prudently incurred. *Id.* The Company argued that there were several components to the Schedule 91 Tariff Rider Adjustment rate increase sought in Case No. AVU-E-26-01 that were distinct from 2024 electric EE program expenditures. *Id.* at 6. The Company noted that the Petition did not identify any requirement for notice of potential future rate increases triggered by applications seeking prudence determinations. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has the authority to grant or deny reconsideration pursuant to *Idaho Code* § 61-626(2). Reconsideration allows any interested person to bring to the Commission’s attention any question previously determined, and it affords the Commission an opportunity to rectify any mistakes or omissions. *Washington Water Power Co., v. Kootenai Environmental Alliance*, 99 Idaho 875, 879, 591 P.2d 122, 126 (1979). Commission Rule of Procedure 331.01 provides:

Petitions for reconsideration must set forth specifically the ground or grounds why the petitioner contends that the order or any issue decided in the order is *unreasonable, unlawful, erroneous or not in conformity with the law*, and a statement of the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted.

IDAPA 31.01.01.331.01 (emphasis added). Any person may petition the Commission to clarify an order under Rule 325, IDAPA 31.01.01.325.

Following our review of the Petition and the previously filed materials in the case record, the Commission declines to grant reconsideration of Order No. 36975. Clearwater has failed to adequately demonstrate that the Order “is unreasonable, unlawful, erroneous or not in conformity with the law.”

Clearwater’s contention that each measure comprising an EE program must prove cost-effective in a given year to justify the utility’s recovery of expenditures in those measures for the year is inconsistent with Commission precedent and the Commission’s stated goal of encouraging utilities to develop cost-effective EE programs. While the Commission maintains a commitment to ensuring EE programs remain a net positive to ratepayers, as Staff noted in its answer to the Petition, “[i]t is common for cost-effectiveness programs to have individual measures that were not cost-effective at a point in time.” Staff’s Answer to Petition at 2. If the Commission were to automatically disallow costs when individual measures failed to achieve cost-effectiveness—even when, as here, those measures were part of an overall cost-effective EE program or portfolio of

programs—we would be actively encouraging utilities to discontinue EE programs that benefit customers. Rather, as stated by the Company, the prudence of costs is evaluated at the time incurred. Clearwater failed to demonstrate any unreasonableness or error in the Commission’s determination that the Company’s 2024 electric EE expenditures were prudent when they were incurred.

Clearwater’s position that notice of a proposed rate increase is required when a utility applies for a prudence determination is similarly untenable. As staff pointed out, the Commission has often made DSM prudence determinations that did not result in a corresponding rate increase.⁴ The Company is correct in its assertion that the Application in did not request a rate increase, either explicitly or implicitly. The Commission provided proper notice of the issues being evaluated in this case (i.e. the prudence of the Company’s 2024 EE program expenditures) by way of a Notice of Application, with an accompanying Notice of Intervention Deadline, and multiple press releases. The Commission also provided public comment and Company reply deadlines to allow interested individuals or entities the opportunity to comment on the Company’s Application.

ORDER

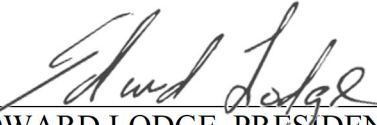
IT IS HEREBY ORDERED that Clearwater’s Petition for Reconsideration is denied.


THIS IS A FINAL ORDER. Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this case may appeal to the Supreme Court of Idaho under the Public Utilities Law and the Idaho Appellate Rules.

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⁴ In multiple instances, the Commission has ordered *decreases* to tariff riders funding EE programs (e.g. Order Nos. 35539 and 36337) despite preceding findings that costs incurred in the administration of those programs were prudently incurred (e.g. Order Nos. 35313, 35663, and 36245).


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of May 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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