

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL**

DATE: JULY 23, 2009

**SUBJECT: CASE NOS. AVU-E-09-06/AVU-G-09-04 (Avista)
TARIFF SCHEDULES 91/191 – ENERGY EFFICIENCY PUBLIC
PURPOSE RIDER ADJUSTMENT – FURTHER PROCEDURAL
RECOMMENDATION**

On June 30, 2009, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an increase to tariff Schedules 91 and 191 rates, Energy Efficiency Public Purpose Rider Adjustment. Schedules 91 and 191 are designed to recover the costs incurred by the Company associated with providing electric and natural gas energy efficiency services to customers. The proposed increase in Schedules 91 (from 2.24 to 3.27%) and 191 (from 1.55 to 2.60%) rates, the Company contends, is necessary to continue to fund ongoing electric and natural gas efficiency programs consistent with the Company's most recent electric and natural gas integrated resource plans (IRPs). It will also serve to amortize a deficiency balance within the electric and natural gas efficiency tariff riders resulting from the Company's response to higher than expected customer demand for services. Also included in the Company's filing are proposed procedural modifications to reduce the likelihood of significant positive or negative balances in the future.

PROCEDURAL BACKGROUND

This matter was initially a decision item on the Commission's July 13 decision agenda. The Company's requested effective date for its Energy Efficiency Rider Adjustments is August 1, 2009. Also on the July 13 agenda was an Avista request to implement a BPA electric service residential and small farm energy rate adjustment credit (Tariff Advice No. 28) for an August 1, 2009 effective date. The increase in the Schedule 91 electric energy efficiency tariff

rider and the BPA credit were offsetting adjustments that the Commission found reasonable to implement at the same time. Accordingly, the Commission saw fit to authorize implementation of the Schedule 91 Electric Energy Efficiency Tariff Rider by interlocutory order for an August 1 effective date while at the same time suspending the proposed gas efficiency tariff rider. Both cases are to be processed under Modified Procedure. IDAPA 31.01.01.201-204. The Commission's procedural decision comported with Staff's recommendation. The Commission's Order and Notice have yet to be issued.

FURTHER PROCEDURAL RECOMMENDATION

Staff now recommends that the Commission approve both the gas and electric energy efficiency tariff riders by interlocutory order for an effective date of August 1, 2009. This procedure will allow all pending and proposed Avista rate changes to sync up for an August 1 effective date, the Company's electric/gas rate case (Order No. 30856, AVU-E/G-09-01); the BPA credit (Tariff Advice 98); and the electric and gas Energy Efficiency Public Purpose Tariff Riders (Avista Schedules 91 and 191). Allowing the gas Schedule 191 Energy Efficiency Tariff Rider to be implemented August 1 by interlocutory order is further justified because the Company has a negative \$1,036,753 natural gas DSM tariff rider balance (unaudited) as of the close of May 2009. (The Company's electric DSM tariff rider balance for Idaho was a negative \$2,361,178 (unaudited) as of the same date.)

COMMISSION DECISION

For reasons set out above, Staff recommends that the Commission by interlocutory order approve an August 1, 2009 effective date for both the Company's Schedule 91 electric and Schedule 191 gas Energy Efficiency Public Purpose Tariff Rider adjustments. The joint cases will be processed pursuant to Modified Procedure and the matter will be brought back for final Commission action following investigation and the filing of comments. Does the Commission agree with Staff's recommended procedure?



Scott Woodbury
Deputy Attorney General

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