



Avista Corp.
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Toll Free 800-727-9170

September 27, 2013

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

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IDAHO PUBLIC
UTILITIES COMMISSION

Dear Ms. Jewell:

Re: Avista Application No. AVU-E-13-09 and AVU-G-13-02

Dear Ms. Jewell:

Enclosed for filing with the Commission is an original and seven (7) copies of Avista Corporation, doing business as Avista Utilities application, supporting testimony and exhibits requesting that the Commission find that the Company's electric and natural gas energy efficiency expenditures from January 1, 2010 through December 31, 2012 were prudently incurred.

The Confidential Appendices to Mr. Chris Drake's Exhibit No. 2, Schedule 2 has been placed in a separate sealed envelope.

Please direct any questions on this matter to Bruce Folsom, Director, Energy Efficiency at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

Manager, Regulatory Policy
Avista Utilities
linda.gervais@avistacorp.com
509-495-4975

Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

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 5 P.O. BOX 3727
 6 1411 EAST MISSION AVENUE
 7 SPOKANE, WASHINGTON 99220-3727
 8 TELEPHONE: (509) 495-4316
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10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12	IN THE MATTER OF THE APPLICATION)	
13	OF AVISTA CORPORATION FOR A)	CASE NO. AVU-E-13-09
14	FINDING OF PRUDENCE FOR 2010-2012)	CASE NO. AVU-G-13-02
15	EXPENDITURES ASSOCIATED WITH)	
16	PROVIDING ELECTRIC AND NATURAL GAS)	
17	ENERGY EFFICIENCY SERVICE IN THE)	
18	<u>STATE OF IDAHO</u>)	

19

20 **I. INTRODUCTION**

21 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),
 22 at 1411 East Mission Avenue, Spokane, Washington, respectfully requests that the Commission
 23 issue a finding that Avista's electric and natural gas energy efficiency expenditures from January
 24 1, 2010 through December 31, 2012 were prudently incurred.

25 Beginning in 1995, Avista has requested a finding of prudence for prior period cost
 26 recovery of energy efficiency expenditures at the time of general rate case filings. This process
 27 occurred as an outcome of how Avista's Demand Side Management (DSM) Tariff Rider was
 28 established. As the country's first system benefit charge for conservation, several "legacy"
 29 protocols were adopted, including the scope and timing of cost-recovery. However, over time,
 30 reviewing energy efficiency issues in general rate cases did not provide the level of focus desired

1 by parties to these proceedings. Discussions with Commission Staff and Avista's Energy
2 Efficiency Advisory Group have led to requesting a finding of prudence, and examination of
3 associated issues, in a stand-alone case as presented herein.

4 The Company requests that this filing be processed under the Commission's Modified
5 Procedure rules.

6 Communications in reference to this Application should be addressed to:

7 David J. Meyer, Esq.
8 Vice President and Chief Counsel for
9 Regulatory and Governmental Affairs
10 Avista Corporation
11 P.O. Box 3727
12 1411 E. Mission Avenue, MSC-13
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17 II. BACKGROUND

18 The Company's programs are based on providing a financial incentive, or "rebate," for
19 cost-effective efficiency measures with a simple payback of greater than one year and up to
20 thirteen years. This includes approximately 300 measures that are packaged into about 30
21 programs for customer convenience.

22 Avista's residential programs include high efficiency equipment, electric to natural gas
23 conversions, Compact Fluorescent Lamps (CFLs), "second" refrigerator recycling,
24 weatherization, as well as providing educational assistance through various community events.

25 For non-residential customers, in addition to prescriptive (or "standard offer") programs,
26 Avista offers site-specific (or customized) services. The site-specific program provides

1 incentives on any cost-effective commercial and industrial energy efficiency measure with a
2 simple financial payback exceeding one year, up to thirteen years. This is implemented through
3 site analyses, customized diagnoses, and incentives determined for savings generated specific to
4 customers' premises.

5 In addition to Avista's prescriptive and site-specific programs, the Company helps fund
6 the activities of the Northwest Energy Efficiency Alliance (NEEA). NEEA focuses on using a
7 regional approach to obtain electric efficiency through the transformation of markets for
8 efficiency measures and services. These programs bring resource acquisition opportunities to
9 Avista that would otherwise be either unachievable or more costly in the absence of regional
10 cooperation.

11 The Company provided approximately \$700,000 for low-income weatherization in 2012
12 and an additional \$50,000 for conservation education in Idaho. This program is administered by
13 the local community action agencies in our Idaho service territory.

14 The Company has regularly convened stakeholder meetings to gain input from customer
15 representatives, Commission staff members, and individuals from the environmental
16 communities. In these stakeholder meetings the Company's program offerings are reviewed as
17 well as the underlying cost-effectiveness tests and results. The Company continues to appreciate
18 the time and input provided by Avista's stakeholders.

19 III. TARGETS AND RESULTS

20 The results of Avista's energy efficiency programs continue to exceed the targets
21 established as part of this IRP process. The Company's expenditure of tariff rider revenue has
22 been reasonable and prudent. A portfolio of programs covering all customer classes has been
23 offered with total savings of over 109,100 MWh and 950,822 therms during January 1, 2010

1 through December 31, 2012. This represents 190% of the Company's IRP target of 57,289
2 MWh for this period. A 13-year levelized total resource cost per saved megawatt hour of \$36.55
3 has been achieved. The 21 year levelized total resource cost per saved therm has averaged \$1.13
4 a therm.

5 The Tariff Rider funded programs have been very successful. Participating customers
6 have benefited through lower bills. Non-participating customers have benefited from the
7 Company having acquired lower cost resources as well as maintaining the energy efficiency
8 message and infrastructure for the benefit of our service territory.

9 **IV. COMPANY WITNESS INTRODUCTION**

10 Company witness Mr. Bruce Folsom provides an overview of the Company's recent
11 Idaho DSM portfolio results and expenditures for electric and natural gas efficiency programs.
12 He also provides documentation demonstrating that Avista's expenditures for electric and natural
13 gas efficiency programs have been prudently incurred. More specifically, he addresses Avista's
14 involvement with the Northwest Energy Efficiency Alliance (NEEA), the Company's proposal in
15 a concurrently-filed case¹ for university research and development, the status of the Company's
16 suspended natural gas DSM programs, overall evaluation by Avista's third-party contractor
17 ("Cadmus"), and opportunities presented for stakeholder involvement.

18 Company witness Mr. Chris Drake describes Avista's energy efficiency program
19 offerings available to Idaho customers and program management perspectives. Mr. Drake also
20 responds to Evaluation, Measurement and Verification (EM&V) findings and Cadmus
21 recommendations specific to implementation issues.

22 Lastly, Company witness Ms. Lori Hermanson addresses the cost-effectiveness of Idaho

¹ Case No. AVU-E-13-08 "Application to Fund Selected Research and Development Efficiency Projects."

1 DSM programs offered in 2010-2012, and sponsors evaluation studies.

2 **V. CONCLUSION**

3 WHEREFORE, Applicant respectfully requests the Commission issue its Order
4 finding that the Company's electric and natural gas energy efficiency expenditures from January
5 1, 2010 through December 31, 2012 were prudently incurred, with this application being
6 processed under Modified Procedure.

7 DATED at Spokane, Washington, this 27st day of September, 2013.

8 AVISTA CORPORATION

9 By  _____

10 David J. Meyer,
11 Vice President and Chief Counsel of
12 Regulatory & Governmental Affairs

