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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION FOR A)	CASE NO. AVU-E-13-09
FINDING THAT IT PRUDENTLY)	AVU-G-13-02
INCURRED ITS 2010 – 2012 ELECTRIC)	
AND NATURAL GAS ENERGY)	COMMENTS OF THE IDAHO
EFFICIENCY EXPENDITURES.)	CONSERVATION LEAGUE

The Idaho Conservation League (ICL) recommends the Commission find Avista's 2010 – 2012 energy efficiency expenditures were prudently incurred. While Avista's testimony and exhibits filed in this case do raise several important issues, these are more appropriate to resolve on a prospective basis. The primary reason ICL supports a finding of prudence despite these issues is that prudence is measured "based on the information available at the time the decision is made."¹ As more or new information becomes available that draws into question the prudence of an investment, the role of the regulator is to ensure the utility is "aware of changing conditions and to take corrective actions to mitigate negative impacts on its customers[.]"² The record in this case demonstrates that Avista is attempting to adapt efficiency programs in a time of changing information.

While this adaptation could happen faster and with increased transparency, the shortcomings identified in the testimony and exhibits do not support a finding of imprudence. Two primary issues raised by Cadmus, the independent evaluator, were inadequate data collection procedures in various programs and the lack of senior-level decision maker in site-

¹ Order No. 27877, IPC-E-98-12.

² *Id.*

specific programs. ICL notes that Avista Witness Drake identifies some of the process improvements recommended by Cadmus, but does not provide a timeline for addressing these recommendations.³ ICL recommends the Commission direct Avista to develop benchmarks and a timeline for addressing these process improvements, along with the Energy Efficiency Advisory Group⁴ by the end of 2014.

After reviewing the testimony and Exhibits in the case, ICL believes Avista prudently operated the suite of Demand Side Management Programs during 2010-2012. ICL defers to the detailed and precise accounting review performed by the Commission Staff to determine the exact dollar amounts under consideration. Upon reviewing the DSM report filed as Exhibit 2 to witness Drake's testimony ICL notes some individual programs had a Total Resource Cost (TRC) result below 1.0. However, ICL submits the current calculation of TRC results is inaccurate and insufficient to base a prudency determination on. The primary reason is the TRC, as applied in Idaho, does not capture all the know benefits to balance out the costs. As witness Hermanson states Avista only included "documented and quantifiable" non-energy benefits even though "there are a number of legitimate non-energy benefits" that accrue to program participants.⁵ Under counting benefits hobbles the pursuit of all cost effective energy efficiency.

ICL offers two possible solutions to this program. First, the Commission could include a 10% conservation adder to roughly account for the non-energy benefits. The Staff and Commission endorsed providing utilities the option of using this adder in reviewing low-income weatherization programs.⁶ ICL submits the logic behind using a conservation adder for low income programs supports extending this option to all energy efficiency programs with known,

³ *Direct Testimony of Drake* at 19 – 21.

⁴ ICL is a member of the EEAG, but do to budget constraints does not regularly attend the meetings. Mr. Folsom, on page 13 of his direct testimony, identifies the "Idaho Rivers Alliance" as a member of the EEAG, but no such group exists.

⁵ *Direct Testimony of Hermanson* at 7.

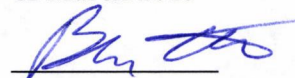
⁶ Order 32788 at 4, GNR-E-12-01; Staff Report at 5, GNR-E-12-01

but difficult to measure, non-energy benefits. The 10% adder is a policy decision routinely applied in our region that represents a reasonable approximation of the myriad of non-energy benefits. Including a 10% adder will increase to accuracy and validity of the TRC test.

The second option is to focus prudency reviews on the Program Administrator Cost (PAC) test. This test focuses on the costs and benefits that accrue to the utility.⁷ ICL submits this is a more accurate measure of the value of energy efficiency programs. The Total Resource Costs test captures costs paid by customers to participate in Avista's efficiency programs.⁸ While understanding the costs of participation is important, the choice to spend this money is entirely in the discretion of individual customers. Offering an efficiency program with a TRC below 1 but a PAC above one cannot harm non-participating ratepayers. Eliminating a program with a TRC below 1 and a PAC above 1 denies Idahoans options to address their energy needs. ICL recommends the Commission focus on the PAC results when determining the prudency of utility investments.

In closing, ICL acknowledges Avista long-term commitment to energy efficiency programs in Idaho. More than other Idaho utilities Avista demonstrates an enhanced commitment to pursuing cost effective energy efficiency opportunity and proactively engages stakeholders.

Respectfully submitted on the 6th day of March 2013


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⁷ National Action Plan for Energy Efficiency, *Understanding Cost-Effectiveness of Energy Efficiency Programs: Best Practices, Technical Methods, and Emerging Issues for Policy-Makers* at 3-6 (November 2008).

⁸ *Id* at 3-6.