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UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION)
13 OF AVISTA CORPORATION FOR THE) CASE NO. AVU-G-15-03
14 REQUEST TO RESUME NATURAL GAS)
15 EFFICIENCY PROGRAMS SCHEDULE 190 &) REPLY COMMENTS
16 INCREASE ITS ENERGY EFFICIENCY RIDER) OF
17 ADJUSTMENT SCHEDULE 191) AVISTA UTILITIES
18

19 The Company appreciates the thorough review by the Commission Staff of Avista's
20 proposed revisions to Schedule 190, "Natural Gas Efficiency Programs" to resume natural gas
21 energy efficiency programs, and to increase Schedule 191 rates "Energy Efficiency Rider
22 Adjustment." Avista Corporation ("Avista" or "Company") hereby submits reply comments in
23 response to the Idaho Public Utilities Commission Staff's ("Staff") comments dated December
24 10, 2015 and from public comments¹.

25 The Company appreciates the long-standing collaborative working relationship with the
26 Commission, its Staff and other stakeholders.

27 The Company has remained committed to a continual re-evaluation of the prospects for
28 the natural gas DSM portfolio and the Company looks forward to reengaging the Idaho natural

¹ Additional comments filed include one Idaho natural gas customer in support of the Company's application, and two individuals who are not Avista Idaho natural gas customers, and are therefore not affected by the Company's application.

1 gas customers and encouraging them to choose energy efficient options.

2 The Company concurs with the Commission Staff and will implement the following
3 specific recommendations resulting from their review:

- 4 1. analyze the benefits of natural gas DSM programs deferring distribution costs;
- 5 2. apply a mid-year discount rate to program benefits; and
- 6 3. strike “from a Total Resource Cost perspective” under “5. Budget & Reporting”
7 in Schedule 190, which Staff has confirmed is acceptable with the Company.

8
9 We appreciate the public participation and the comments received in this case. Avista
10 worked with Commission Staff over the past six months and reached agreement related to the
11 new philosophy around the avoided costs used in the Company’s filing. The Company also
12 evaluated peer utilities for best practices in cost-effectiveness testing, and believe our approach is
13 in-line with the practices of others. This new approach was reviewed, vetted and received
14 acceptance from Avista’s Energy Efficiency Advisory Group prior to filing with the
15 Commission.

16 The Company is not proposing to do away with the Total Resource Cost (TRC) test; we
17 are simply taking a more balanced, tandem approach to measuring cost-effectiveness of our
18 natural gas portfolio. As provided in the Company’s filing, we evaluate our programs under both
19 the TRC and the Utility Cost Test (UCT) and will continue to do so. The Company will continue
20 to report the multiple cost-effectiveness tests (TRC, UCT, Participant Cost Test & Ratepayer
21 Impact Measurement) to demonstrate prudence.

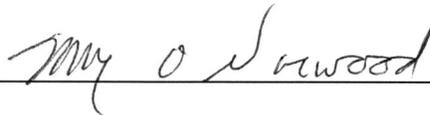
22 In addition, the Company believes net-to-gross studies can be a useful tool to help
23 influence program design to ensure that ratepayer funds are being spent prudently on measures

1 that require utility intervention. Net-to-Gross studies should not be used after the fact to reduce
2 cost-effectiveness. The Company is currently performing surveys with both participants and
3 non-participants in its natural gas programs in Washington and the results will be included in
4 future reporting. The Company continues to be committed to work closely with its Advisory
5 Group on how any net-to-gross study influences future natural gas program design.

6 Again, the Company appreciates the long-standing collaborative working relationship
7 with the Commission, its Staff and other stakeholders. We believe these relationships have
8 benefited our customers and all of our stakeholders and have been constructive in refining
9 Avista's DSM programs.

10 DATED at Spokane, Washington, this 17th day of December 2015.

11 AVISTA CORPORATION

12 By  _____

13 Kelly O. Norwood,
14 Vice President, State and Federal Regulation
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