

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)
CORPORATION’S APPLICATION TO) **CASE NO. AVU-G-15-03**
RESUME NATURAL GAS EFFICIENCY)
PROGRAMS AND INCREASE THE RIDER)
SURCHARGE IN SCHEDULES 190 AND 191.) **ORDER NO. 33444**
)

On October 28, 2015, Avista Corporation dba Avista Utilities filed an Application for authority to: (1) resume its energy efficiency programs for natural gas customers under Schedule 190; and (2) fund these programs by increasing its “Energy Efficiency Rider” surcharge rates in tariff Schedule 191. Application at 1. Avista asked that the case be processed by Modified Procedure, and that new Schedule 191 Rider rates take effect on January 1, 2016. *Id.* at 2.

On November 20, 2015, the Commission issued a Notice of Application and Notice of Modified Procedure that solicited written comments on the Application and suspended the proposed effective date until March 1, 2016. Order No. 33422. Written comments were due no later than December 10, 2015, and the Company was to file reply comments (if necessary) by December 17, 2015. *Id.* The Commission received timely comments from Commission Staff and from four citizens. The Company filed reply comments on December 18, 2015.¹

Based upon our review of the Application and the comments, and after consideration of circumstances surrounding the suspension of Avista’s natural gas DSM programs in 2012, we approve Avista’s Application as modified below.

BACKGROUND

In 2012, Avista filed and the Commission approved an Application to suspend Avista’s natural gas demand-side management (DSM) programs. At the time, Avista advised the Commission that natural gas costs were about 50% lower than existing avoided costs and that “these lower gas costs render the natural gas energy efficiency portfolio cost-ineffective going forward.” Order No. 32650 at 1. While suspending the programs, Avista committed to a continual review of the DSM programs with the objective of restoring all or portions of the DSM

¹ The Company filed brief reply comments on December 18, 2015, one day after the reply comment deadline. Those comments have nonetheless been considered. Going forward, we encourage Avista to review Commission Rule 61 regarding required printed materials and Rule 65 regarding late-filed pleadings. IDAPA 31.01.01.061 and .065.

portfolio. Avista re-evaluated its DSM programs and made revisions to make them cost-effective. Application at 3.

THE APPLICATION

Avista seeks to resume its suspended natural gas DSM programs (Schedule 190), and to resume collecting a tariff rider surcharge to pay for the DSM programs (Schedule 191). Application at 1. Avista proposed to offer several types of DSM programs such as rebates for weatherization, improvements for eligible customers, high-efficiency equipment measures, and custom incentives for non-residential projects. *Id.* Avista claims that changes made to the avoided cost calculation methodology used in the previously-discontinued DSM programs now make the natural gas DSM projects in the Company's energy efficiency portfolio more cost-effective. *Id.* at 3.

In its Application, Avista claims that its historic method of measuring cost-effectiveness for DSM programs, the Total Resource Cost test (TRC), is potentially biased against conservation programs. *Id.* at 2, n.2. Thus, the Company proposed to utilize the Utility Cost Test (UCT) as the chief measurement of cost-effectiveness. The Company uses analytical tests (such as the TRC and UCT) to measure the cost-effectiveness of its various DSM programs. The TRC compares program administrator costs and customer costs to utility resource savings, and assesses whether the total resource cost of energy in a utility's service territory will decrease. The UCT compares program administrator costs to supply-side resource costs, and assesses whether utility bills will increase. Avista explained it will now emphasize the UCT over the TRC because the TRC "typically includes the full costs, but not the full benefits to customers because the risk reduction value of conservation and many non-energy benefits are difficult to quantify." *Id.*

Avista also proposed three changes to its historic avoided cost methodology for natural gas:

1. Total Cost of Delivery: Avista claimed "the demand portion of Schedule 150 is a more accurate representation of the total costs to deliver natural gas from the wellhead to the customer meter, and therefore, that should be a component of the natural gas avoided cost calculation." Application at 4-5. Thus, Avista proposed inclusion of a \$2.69/MWh long-term firm wheeling charge, based on the electric forward market prices of the Mid-C market hub in its avoided cost calculation. *Id.*

2. Future Carbon Cost Assumptions: Avista is unable to accurately estimate future carbon cost assumptions. It stated that there are a range of legitimate projections from \$0/metric ton to over \$240/metric ton. *Id.* Facing this uncertainty, the Company proposed using an estimate of \$10/metric ton starting in 2020 with a 3% annual escalation. *Id.*
3. Discount Rate: Avista argued that the most appropriate method of measuring the cost-effectiveness of its conservation programs is its Weighted Average Cost of Capital (WACC). *Id.* However, the Company also claimed that the tax benefits of debt financing and inflation adjustment should be included in any discount rate. *Id.* Accordingly, Avista has proposed to move from a nominal WACC to a real WACC. *Id.*

Avista proposed to revise Schedule 190 to “provide customers with a levelized incentive of \$3.00 per first-year therm savings for any project with a simple payback less than 15 years and capped at 70% of the project cost.” *Id.* at 8.

Finally, Avista requested authority to resume collecting an Energy Efficiency Rider surcharge (Schedule 191). It claimed that so doing will increase the monthly bill of the average residential natural gas customer using 61 therms by about \$1.11 per month. Avista calculates this will generate approximately \$1.25 million in revenue, resulting in an increase in overall billed natural gas rates by 1.7%. *Id.* at 1-2. Avista estimates that resuming its energy efficiency programs and measures for 2016-2017 will save 233,000 therms in Idaho during the program’s first year. *Id.*

THE COMMENTS

The Commission received comments from four members of the public, Commission Staff, and reply comments from the Company. One public commenter endorses the Company’s Application. Another public commenter opposes the resumption of the Schedule 191 surcharge, pointing to the impacts on fixed-income customers and objecting to CEO compensation packages. The other two public commenters provided highly detailed and technical comments opposing the Application and requesting a hearing. Their comments largely address the same points. For the purposes of this Order, their remarks are summarized together as “Technical Commenters.”²

² By way of summary, they generally assert that the Application warrants heightened scrutiny, and recommend that the Application be denied pending a more detailed analysis of the proposal. *See Powell Comments at 1; Anderson Comments at 1.* Avista noted in its reply comments that these individuals “are not Avista Idaho natural gas customers, and are therefore not affected by the Company’s Application.” Reply Comments at 1.

Generally, the comments address three major issues (avoided cost methodology; cost-effectiveness tests; and net-to-gross assumptions), along with a number of peripheral issues (expense allocations; and class equity). These issues are discussed in greater detail below.

We greatly appreciate the comments provided by the public. The efforts of the Technical Commenters in particular are laudable and provided additional analysis and perspective for the Commission's consideration.

THE ISSUES

A. Request for Technical Hearing

We first turn to the suggestion from the Technical Commenters that the Commission schedule an evidentiary hearing in this matter. The Technical Commenters object to the use of Modified Procedure to process this Application and request that the Commission schedule a technical hearing to further develop an evidentiary record. See Rule 241.04.a, IDAPA 31.01.01.241.04.a. They express concerns regarding answers to Staff production requests, unfavorable precedent, deficient customer notice, and generally complain that the timelines set by the Commission were too short. They suggest that the Commission require Avista to amend its Application with supporting testimony, exhibits and other information, and notify all Idaho utilities and Avista's customers of the Company's proposal regarding the UCT. They argue generally for a process more similar to Avista's IRP filing.

In its reply, Avista stated that it appreciates the comments filed in this case, and notes a refined product created through the process. *See Reply* at 4. The Company stated that it has "worked with Commission Staff over the past six months and reached agreement related to the new philosophy around the avoided costs used in the Company's filing." *Id.* at 2.

Commission Findings: The Commission's Rules of Procedure allow for the use of Modified Procedure, i.e., the consideration of issues based on written submissions (i.e., comments) rather than by hearing. Rule 201, IDAPA 31.01.01.201. Even if a hearing is requested, the Commission "may decide the matter and issue its order on the basis of the written positions before it." Rule 204, IDAPA 31.01.01.204. Based upon our review of the record, we decline the Technical Commenters request to conduct a technical hearing for several reasons.

As evidenced by the well-argued and detailed comments, sufficient opportunity and time were given for any interested person to provide comments. There were approximately six weeks between when the Application was filed and the comment deadline. During that time the

Technical Commenters had access to and time to review Staff's discovery. *See* Anderson Comments at 1. Although they allege there were "deficiencies" in the Company's responses, the Technical Commenters did not seek to intervene in this case, and Staff did not express concern about the discovery responses. Finally, this case concerns Avista's gas DSM program. While comparisons of other utilities' programs add value to our deliberations, they are ultimately not determinative for the issues in this case.

The Commission utilizes Modified Procedure for the majority of cases that it considers. Modified Procedure has proven to be an effective means for obtaining public input and participation in cases. This case is no exception. We find that the use of Modified Procedure here has produced substantial and competent evidence in the record.

B. Avoided Cost

There are several components to the comments regarding the proposed avoided cost methodology.

1. Total Cost of Delivery. At the outset, Avista stated in its Application that it "locks in enough firm transmission capacity for a peak day and thus has very little variable natural gas transmission costs, approximately 0.1 percent of total retail cost." Application at 4. The Company claimed that this is not an accurate representation of the total cost of natural gas service. Thus, Avista seeks to include the "demand" portion of Schedule 150 (Purchase Gas Cost Adjustment)³ as a component of the natural gas avoided cost calculation, claiming it is a more accurate representation of the total cost of natural gas service, from wellhead to meter.

Staff supported inclusion of the demand portion of Schedule 150 as "a reasonable input because these costs can be offset by the sales of excess transportation capacity." Staff Comments at 3. Staff asserted that this is largely consistent with how other utilities calculate avoided cost. *Id.* Staff commented that this change and supplementary efforts by the Company could provide additional capacity benefits, and through improved efficiency, the deferring of future projects. *Id.* at 4.

2. Carbon and Conservation Adders. As outlined above, Avista proposed using a \$10/metric ton carbon adder starting in 2020 with a 3% annual escalation. Both Staff and the Technical Commenters take issue with this inclusion as speculative. *See* Staff Comments at 4;

³ The Purchase Gas Cost Adjustment (PGA) is a mechanism designed to recover or rebate deferred changes in the cost of natural gas purchased by the utility to service customer loads.

Powell Comments at 2. Staff cautioned that “an estimate of direct costs to utilities from future carbon regulation is currently too speculative to be included in cost effectiveness calculations.” Staff Comments at 4. Though, after analyzing the effect of removing the carbon adder from the calculation, Staff found that “it did not significantly change the cost-effectiveness for any program or the portfolio.” *Id.*

The Technical Commenters also take umbrage with a perceived inclusion of a 10% conservation adder in the Company’s avoided cost calculations, arguing that it is an attempt to manipulate higher cost-effectiveness results. Anderson Comments at 4. However, this concern is misplaced as Avista does not include a conservation adder in its avoided cost calculations under the UCT. *See* Staff Comments at 4, n.4 (“The UCT excludes the 10 percent Northwest Power Planning and Conservation adder.”)

3. Discount Rate. The Company continues using the Weighted Average Cost of Capital (WACC) as the discount rate for its cost-effectiveness tests, but replaces the nominal value with the “real” WACC using beginning-of-the-year values.

The Technical Commenters object to Avista’s application of a real (inflation adjusted) discount rate from a nominal avoided cost forecast. They argue this practice will artificially inflate the cost-effectiveness of the DSM portfolio. They further note that the Company’s present value of avoided costs are calculated by applying the discount rate to “beginning-of-year values” rather than more conventional “end-of-year values.” “[W]hile a deviation from the end-of-year industry standard to a mid-year discounting convention might be justifiable, a beginning-of-year assumption presumes that the annual savings from a measure occurs entirely on the first day of each year.” Powell Comments at 3.

Staff believes that Avista’s proposal is broadly consistent with discounting methodologies employed by other utilities. However, like the Technical Commenters, Staff expresses a concern regarding timing of the discount rate application. Thus, Staff recommended that “Avista apply the discount rate to the mid-year estimate of benefits rather than the beginning of the year to more closely reflect the timing of benefits realized each year.” *Id.*

In reply, Avista agreed to Staff’s recommendation to apply a mid-year discount rate to program benefits.

4. Comparison to IRP. Generally, the Technical Commenters take issue with Avista’s decision to base its cost-effectiveness projections on an avoided cost projection that is

higher than the projection contained in Avista's 2014 natural gas Integrated Resource Plan (IRP).⁴ They allege that by favoring the higher avoided cost projection the Company has its finger on the scale—favoring one resource (natural gas) over other resources—deviating substantially from the resources and plan set out in the Company's IRP. Powell Comments at 2.

Staff noted that there has in fact been “an increase in avoided costs over the long term” due to favorable commodity pricing, since the DSM programs were discontinued in 2012. Staff Comments at 5. Staff pointed to “an increase [in avoided costs produced by the Company] of approximately 31 percent in the first year and 10 percent in the last year” as reasonable justification for the Company's request. *Id.* at 4.

Avista does not directly address the alleged deviation from the avoided cost estimates contained in its IRP, but reiterates that its new approach to avoided cost was thoroughly reviewed and vetted by the Avista Energy Efficiency Advisory Group, and the proposal compared favorably to a number of peer utilities for best practices. Avista Reply at 2.

Commission Findings: Based upon our review of the avoided cost methodology, we find the record generally supports the proposed revisions to the Company's avoided cost methodology, with some modifications. The Commission finds that the inclusion of the demand portion of Schedule 150 is an appropriate component of the avoided cost calculation. The inclusion of Schedule 150 is a better representation of the total cost of service, especially compared to the previous iteration of the DSM programs. This finding is buoyed by the possible effect of the sale of excess capacity and possible deferrals of future projects, which would both lower the overall expense to all customers.

We decline to adopt the Company's proposed carbon adder because we find it is too speculative at this time. We note that this has no practical effect on the DSM programs as it was not scheduled to take effect for another five years. Moreover, the DSM programs are cost effective with or without the adder. Should the issue of a carbon adder move from theoretical to more certain, the Commission may revisit such a proposal at that time. We also note that unlike the TRC, the UCT excludes the 10% conservation adder referenced by the Technical Commenters. Therefore, consideration of a conservation adder is unnecessary.

⁴ The IRP describes Avista's plans to meet its customers' future natural gas needs. An IRP is developed with considerable public involvement.

We next find the agreed-upon mid-year discount rate to program benefits to be reasonable, as well as the Application of real WACC. This method should more accurately account for tax benefits and inflation in the Net Present Value calculation, and applied mid-year will more closely reflect when benefits are actually realized.

With regard to the comparisons between the DSM cost-effectiveness projections and the avoided cost estimates in the Company's IRP, we find that the proposed DSM programs do not so significantly deviate from the Company's IRP that they render this DSM Application untenable. The Company's IRP is a general guide intended to "cover a broad range of possibilities." *See* Order No. 32698. Furthermore, we fully expect Avista to incorporate the DSM programs and their effects in its upcoming IRP filing. Finally, it is worth noting the Technical Commenters do not allege that the proposed programs are cost-ineffective.

C. Cost-Effectiveness Tests

As noted above, Avista has proposed shifting away from the TRC as its threshold test for cost-effectiveness in favor of the UCT. Avista argues that the TRC has a "disconnect in that the benefits are primarily based off the utilities' avoided costs, which do benefit customers, but the costs are primarily driven by the cost the customers pay for the individual conservation measure." Application at 6.

The Technical Commenters argue that abandoning the TRC in favor of the UCT will produce a skewed cost-effectiveness outcome, which prevents consumers from accurately assessing whether the DSM portfolio is beneficial. Instead, they argue that Avista's historical methodology—the TRC test—has a potential for bias in *either direction*, which is important for the utility to consider in its evaluation. They further claim that Avista's cost-effectiveness metrics are not compliant with industry standards. Powell Comments at 1.

Staff supported the move to the UCT, asserting that "the most accurate analysis of system cost-effectiveness compares utility benefits to utility costs, rather than comparing utility benefits to a combination of utility and customer costs." Staff Comments at 5.

In its reply comments, Avista stated that it is not doing away with the TRC, but is "simply taking a more balanced, tandem approach to measuring cost-effectiveness." Reply at 2. The Company says that it proposed this change only after evaluating the approach with peer utilities, and found it to be "in-line with the practices of others." *Id.* Avista stated that going

forward it will evaluate its programs under both the TRC and UCT, and will continue to report multiple cost-effectiveness tests to the Commission to demonstrate prudence. *Id.*

Commission Findings: We understand that the rationale behind those favoring the TRC seems to be driven by a concern for appropriate use of ratepayer funds. On the other hand, we also recognize Avista’s desire to avoid bias against conservation programs or the need for studies to value non-energy benefits. Under the circumstances, we find Avista’s preference for the UCT reasonable. Use of the UCT will appropriately consider demand-side resources and supply-side resources. Furthermore, Avista has committed to reporting and evaluating *numerous* cost-effectiveness tests when examining the DSM programs’ cost-effectiveness (including the TRC).

As a practical matter, this shift may result in more DSM resources being selected as cost-effective in future IRP cases, thereby addressing the underlying concerns of the Technical Commenters. Finally, we find that the proposed programs appear cost-effective under either the TRC or the UTC. *See* Staff Comments at 4. Likewise, we approve of utilization of the UCT as a threshold test for the proposed DSM programs. There will be further opportunity to address the effectiveness of this approach in upcoming prudence filings.

D. Net to Gross Adjustments

The Company is using “gross” rather than “net” savings estimates in its cost-effectiveness calculations. In other words, Avista is proposing an assumed 100% net-to-gross for the purpose of calculating cost-effectiveness when accounting for “freeriders.”⁵

The Technical Commenters argue that the Company’s cost-effectiveness estimates are inflated because they do not include net-to-gross (NTG) adjustments to account for freeriders. They argue that the NTG adjustments should be performed prior to implementation of any DSM program. They allege that the proposed 100% NTG will create more of a wealth redistribution than an energy efficiency program.

Staff commented that there is no dispute that it is important to modify or discontinue incented measures with high freeridership. Staff noted that there are a range of opinions

⁵ Freeriders are customers who participate in the DSM programs, but would have bought program-sponsored products without utility intervention via the DSM programs. Net-to-gross is the percentage of non-freerider participants (i.e., the number of customers who purchased a product only because of the program and its benefits) divided by total program participants (i.e., people receiving a rebate). For example, if it is estimated that nine out of ten program participants participated only to capture the benefits promoted by the DSM, and only because of the program, then the net-to-gross ratio for that program is 90%. The one out of ten is considered a freerider because they would have purchased the program-sponsored product regardless of the DSM program.

regarding how to best apply the NTG, noting that the Commission has previously-approved DSM programs that include 100% NTG that included a sensitivity analysis to monitor the programs going forward. Staff performed such sensitivity analysis in this case, and found that “the portfolio remained UCT cost-effective even when a 60 percent NTG ratio was applied (i.e. 40 percent freeridership).” Staff Comments at 6.

Avista stated in its reply that “the Company believes net-to-gross studies can be a useful tool to help influence program design to ensure that ratepayer funds are being spent prudently on measures that require utility intervention.” Reply Comments at 3. Avista argued the approach suggested by the Technical Commenters is ineffectual because it uses NTG after the fact to reduce cost-effectiveness. Instead, the Company suggested that NTG studies should be used to influence program designs going forward.

Commission Findings: NTG is a critical component of DSM program evaluations as it allows the utility to determine what portion of energy savings are attributable to its DSM programs. Freeriders are a concern to any DSM program as they reduce savings attributable to those programs. There are a variety of methods that can be used to estimate NTG. Avista’s approach to this issue is to assume, for purposes of calculating cost-effectiveness, that there are no freeriders. However, this does not mean that NTG is actually 100%. Rather, the Company conducts a sensitivity analysis to calculate a minimum NTG for the programs to remain cost-effective. Then, as it is implemented, the Company evaluates NTG studies and adjusts the program to account for freeriders. We find this approach is consistent with the approach adopted by Idaho Power:

Capturing the effects of Idaho Power’s energy efficiency efforts on free-ridership and spillover is difficult. Due to the uncertainty surrounding NTG percentages, Idaho Power used the NTG of 100 percent for all the measure cost-effectiveness analysis. For the program cost-effectiveness analysis, the B/C ratios shown are based on a 100 percent NTG. A sensitivity analysis was conducted to show what the minimum NTG percentage needs to be for the programs to remain (or become) cost-effective.

Idaho Power 2014 Annual DSM Report, p. 5. Thus, this approach is not novel to this Application. With the safeguards of a sensitivity analysis prior to implementation of any DSM programs and a continual re-evaluation of those programs to cull potential freeridership, we are satisfied with the approach proposed in the Application. Further, given the more fluid and

ongoing approach, we find it is appropriate to require that the Company provide annual DSM reports to better account for true NTG beginning in 2017.

E. Other Issues

1. Overhead Expense Allocation. In its comments, Staff reported changes Avista has made in the allocation of overhead expenses between the electric and gas DSM portfolios. Specifically, rather than assigning costs on a Btu basis (historic method), the Company proposed to base the cost allocation on the ratio of “present value” benefits between the two portfolios rather than assume that an avoided electric Btu is equivalent to an avoided gas Btu. Staff endorsed this change, and found it to “reduce the portion of overhead costs assigned to the gas portfolio from 24 percent to 8 percent.” *Id.*

The Company explained that a kWh is currently more costly to produce on a Btu basis. In other words, it is more costly to produce electricity with natural gas than it is to utilize gas directly through appliances and other facilities that use natural gas directly. Notably, expansion of Avista’s electric-to-gas fuel conversion since the suspension of the DSM portfolio has also helped absorb overhead costs.

Commission Findings: We find that this approach is well-reasoned and fair. It is clear that selling gas directly to customers is more cost-effective to the Company and its customers than selling electricity made with natural gas. We support this approach and all continued efforts by the Company to reduce overhead expenses.

2. Class Equity. Staff expressed concern that residential customers could end up providing most of the tariff rider funds, while the commercial and industrial class receive most of the benefits in the form of incentive payments and offset costs. However, Staff is encouraged by Avista’s proposed commercial and industrial measures, intended to reduce space heating requirements, which in turn reduces future investments for all customer classes. Nonetheless, Staff urged Avista to explore and expand residential natural gas DSM programs to promote equity between customer classes.

Commission Findings: Concerns regarding a potential disparity between tariff rider funding and benefits are not new to this Commission. We have previously observed that “[a]n exact matching of costs and benefits for an individual DSM program is a worthy, albeit unrealistic goal . . . , [but t]here will always be some level of cross-subsidization of DSM programs occurring amongst and between a utility’s various customer classes.” *See* Order No.

32113. We direct Avista to create and implement a balanced portfolio of DSM programs for all customer classes over the long-term, especially as DSM funds become more available. We anticipate that DSM expenditures will balance out among the customer classes, and Staff will review DSM expenditures annually to ensure such fairness. Avista should continually explore new and expand current residential natural gas DSM programs when practical.

3. Specific Changes. Finally, Staff also recommended that Avista analyze the benefits of natural gas DSM programs deferring distribution costs and strike “from a Total Resource Cost perspective” under “5. Budget & Reporting” in Schedule 190.

In their brief reply, Avista acknowledged that Staff’s recommendations are well-founded and agreed to make those changes.

Commission Findings: Based upon our review and the parties’ agreement, we find that these changes are just and reasonable.

SUMMARY

Having reviewed the arguments advanced by the Application, public comments, Staff comments, and the history underlying Avista’s suspension of its DSM programs, the Commission finds that Avista has met its burden of showing that approval of the Application is fair, just and reasonable; and re-establishing Avista’s natural gas DSM programs is in the public interest. The DSM programs offered by the Company appear cost-effective based on the Utility Cost (UCT) as well as the Total Resource Cost (TRC) tests. Further, the proposed changes to the Company’s avoided cost methodology are reasonable and conform to industry standards. The proposed shift to the UCT is an appropriate measure of cost-effectiveness, considering that additional measures of cost-effectiveness will also be analyzed. We find that the Company’s 100% NTG is suitable for measuring cost-effectiveness so long as such a process is tempered by actual and ongoing NTG evaluation to curb potential freeridership.

We conclude that Avista customers will ultimately benefit through resumption of its DSM programs. *See* Application at 8. Based on our review, we find the Company’s proposed Application, as more fully described in this Order, to be fair, just, and reasonable. Accordingly, we find it is in the public interest for the Commission to approve the Application to authorize resumption of the gas DSM programs (Schedule 190), and to resume collecting a tariff rider surcharge to pay for the DSM programs (Schedule 191).

ORDER

IT IS HEREBY ORDERED that the Company's Application, as modified above, is granted. Effective January 1, 2016, the proposed programs in Schedule 190 and the rates and charges in Schedule 191 are approved.

IT IS FURTHER ORDERED that tariff Schedules 190 and 191 filed on December 21, 2015, are approved effective January 1, 2016.

IT IS FURTHER ORDERED that Avista shall provide annual natural gas DSM reports beginning in 2017.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

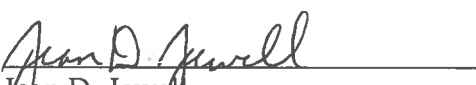
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of December 2015.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


KRISTINE RAPER, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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