

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** MATT HUNTER  
DEPUTY ATTORNEY GENERAL

**DATE:** FEBRUARY 27, 2020

**SUBJECT:** IN THE MATTER OF AVISTA CORPORATION'S APPLICATION FOR A DETERMINATION OF 2016-2017 ELECTRIC ENERGY EFFICIENCY EXPENSES AS PRUDENTLY INCURRED; CASE NO. AVU-E-18-12.

IN THE MATTER OF AVISTA CORPORATION'S APPLICATION FOR A DETERMINATION OF 2014-2017 NATURAL GAS ENERGY EFFICIENCY EXPENSES AS PRUDENTLY INCURRED; CASE NO. AVU-G-18-08.

On February 11, 2020, Avista Corporation ("Avista" or "Company") signed a Stipulation and Settlement ("Settlement") with Commission Staff regarding the Company's electric and natural gas energy efficiency prudency cases. *See* Case Nos. AVU-E-18-12 and AVU-G-18-08. On February 18, 2020, the Company filed the Settlement for Commission consideration, under Procedural Rule 274. *See* IDAPA 31.01.01.274.

### BACKGROUND

On November 16, 2018, Avista filed two applications with the Commission. The first application, Case No. AVU-G-18-08, requested the Commission determine whether the Company prudently incurred \$2,899,525 in natural gas energy efficiency expenses from January 1, 2014 through December 31, 2017. The second application, Case No. AVU-E-18-12, requested the Commission determine whether the Company prudently incurred \$22,719,204 in electric energy efficiency expenses in 2016 and 2017.

The Commission issued notices of Application and set intervention deadlines for both cases in December 2018. *See* Order Nos. 34210 and 34222. During the ensuing months, Commission Staff worked closely with the Company to understand its data and processes.

On September 17, 2019, the Commission issued notices of Modified Procedure, setting a November 18, 2019 comment deadline and a December 2, 2019 reply comment deadline in both cases. *See* Order Nos. 34446 and 34444.

On October 29, 2019, Staff notified the Commission that, per Commission Rule 272 (IDAPA 31.01.01.272), it would begin settlement negotiations with Avista in both cases. At the request of Staff, the Commission pushed back the comment deadlines for the cases to December 9, 2019 for comments and December 23, 2019 for reply comments. *See* Order Nos. 34487 and 34489.

On December 9, 2019, Staff filed comments for both cases. Staff stated it had reached a settlement with the Company in principle and that it believed the Settlement would be ready to file soon. Staff Comments at 2. Staff recommended that once the Settlement was filed with the Commission, the Commission should set new comment deadlines in both cases to allow the parties and the public to provide feedback on the Settlement. *Id.*

On February 18, 2020, Avista filed the Settlement, signed by Staff and the Company, for Commission consideration.

### **THE SETTLEMENT**

The Settlement addresses reporting and program management problems that have made the Company's prudency cases challenging for several years. The Company agrees to perform reviews of its internal processes and provide the results of these evaluations to the Staff by specific dates. Settlement at 4. The Company will also evaluate how its reports to the Commission are prepared, engaging with Staff as part of this evaluation. *Id.* at 4-5. The Company and Staff agree to make several adjustments to the energy efficiency tariff rider accounts to correct costs that had been incorrectly assigned. *Id.* at 7. As is customary, the Settlement states that if the Commission "rejects any part or all of [the Settlement] or imposes any additional material conditions on approval of [the Settlement]," each party reserves the right to withdraw from the Settlement. *Id.* at 9.

## STAFF RECOMMENDATION

Staff recommends the Commission give the parties and the public an opportunity to comment on the Settlement. Therefore, Staff recommends the Commission issue a Notice of Motion to Approve Settlement Agreement, setting a comment deadline of March 26, 2020 and a reply comment deadline of April 2, 2020.

## COMMISSION DECISION

Does the Commission wish to issue a Notice of Motion to Approve Settlement Agreement, setting a comment deadline of March 26, 2020 and a reply comment deadline of April 2, 2020?



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Matt Hunter  
Deputy Attorney General

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