

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATIONS ) CASE NOS. AVU-E-24-09**  
**OF AVISTA CORPORATION FOR A ) AVU-G-24-03**  
**DETERMINATION OF 2022-2023 ELECTRIC )**  
**AND NATURAL GAS ENERGY ) ORDER NO. 36462**  
**EFFICIENCY EXPENSES AS PRUDENTLY )**  
**INCURRED )**  
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On August 1, 2024, Avista Corporation, doing business as Avista Utilities (“Company”), filed two applications with the Idaho Public Utilities Commission (“Commission”) requesting prudence determinations of its 2022-2023 Electric and Natural Gas Energy Efficiency Expenses (collectively “Applications”).

The Company requests an order designating its electric energy efficiency (“EE”) expenditures from January 1, 2022, through December 31, 2023, funded through the Company’s Schedule 91 Energy Efficiency Rider Adjustment in the amount of \$15,972,882, as prudently incurred.

The Company also requests an order designating its natural gas EE expenditures from January 1, 2022, through December 31, 2023, funded through the Company’s Schedule 191 Energy Efficiency Rider Adjustment in the amount of \$4,149,757, as prudently incurred.

**STAFF COMMENTS**

Commission Staff (“Staff”) reviewed the Company’s Application, attached reports, and discovery responses. Based on its review, Staff recommended the Commission approve \$15,866,304 in electric EE expenditures and \$4,146,586 in natural gas EE expenditures as prudently incurred from January 1, 2022, through December 31, 2023. Staff Comments at 2.

Staff audited the Company’s Demand Side Management (“DSM”) expenses, which included a sampling and review of over 100 transactions across all the Company’s programs. *Id.* at 3. Based on Staff’s audit and review of the Company’s DSM rider expenses, Staff believed that the expenses were prudent; however, Staff discovered that some expenses were incorrectly recorded. *Id.*

Based on Staff’s audit findings in its samples of program years 2022 and 2023, Staff believed an internal audit must also be conducted for the program years 2022 and 2023. *Id.* at 4.

Staff recommended the Company provide a report detailing the corrective steps the Company will take during its internal audit, which would include a copy of the employee training curriculum, the internal audit report and findings for program years 2022-2024, and outline any changes made to the authorization levels in the accounting system. *Id.* Staff also recommended the Commission reserve the right to make further adjustments to the rider account balances in the next DSM prudence filing based on the findings of the Company's internal audit. *Id.*

Ultimately, Staff recommended that the Commission issue an order:

- approving \$15,866,304 in electric and \$4,146,586 in natural gas expenditures as prudently incurred from January 1, 2022, through December 31, 2023;
- directing the Company to provide a report on the results of the Company's training, authorization level review, and internal audit results of program years 2022-2024 as a compliance filing to this case; and
- reserving the right to make further adjustments to the rider account balances in the next DSM prudence filing based on the findings of the Company's internal audit.

*Id.* at 11.

### **COMPANY REPLY COMMENTS**

The Company agreed with Staff's recommendation to continuously improve the workpapers utilized in the calculation of cost effectiveness. Company Comments at 1. In response to Staff's audit findings, the Company indicated that it undertook several remedial actions including: (1) reviewing all 2022-2023 invoices related to vendors from which initial errors were discovered; (2) reviewing the existing authorization and approval rights within its invoicing system to ensure proper oversight and approval of invoices; (3) developing mandatory training for all individuals that deal directly with energy efficiency tariff funds; and (4) issuing a request for an audit of general ledger transactions impacting the energy efficiency tariff funds for program year 2024 from the Company's Internal Audit department. *Id.* at 2. The Company indicated that the results of such an audit will be provided, along with program years 2022 and 2023, within the Company's compliance filing as requested within Staff's comments. *Id.*

As a result of the steps taken, the Company represented that it identified an additional \$2,901 in electric expenditures, and \$1,431 in natural gas expenses, both related to funds paid to the NEEA, that required reallocation. *Id.* The Company requested that those amounts be removed

from the \$15,866,304 (electric) and \$ 4,146,586 (natural gas) in prudent expenditures recommended in Staffs comments, for a total of \$15,863,403 and \$4,145,155, respectively. *Id.*

### **COMMISSION FINDINGS AND DECISION**

The Company is both an electrical and gas corporation, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

The Commission appreciates Staff's thorough audit of the Company's EE expenses, and Staff's recommendations that protect customers from paying for any expenditures that were improperly allocated or unreliable. The Commission also appreciates the remedial actions the Company has taken to ensure the accuracy of the expenditure calculations both in this case and future cases.

Having reviewed the Applications, the record, and all submitted comments, the Commission finds it fair, just, and reasonable to approve \$15,863,403 in electric EE Program expenditures and \$4,145,155 in Natural Gas EE Program expenditures as prudently incurred from January 1, 2022, through December 31, 2023. The Company is directed to provide a report on the results of the Company's training, authorization level review, and internal audit results for program years 2022-2024, as noted in Staff and the Company's comments, as a compliance filing in this case. The Commission also finds it fair, just, and reasonable, to reserve the right to make further adjustments to the rider account balances in the Company's next DSM prudence filing based on the findings in the Company's report.

### **ORDER**

IT IS HEREBY ORDERED that the Company's 2022/2023 EE expenditures are approved as prudently incurred in the amounts of \$15,863,403 for its Electric Programs, and \$4,145,155 for its Natural Gas Programs.


IT IS FURTHER ORDERED that the Company shall provide the Commission with a report on the results of the Company's training, authorization level review, and internal audit results for program years 2022-2024, as noted in Staff and the Company's comments, as a compliance filing in this case.

IT IS FURTHER ORDERED that the rider account balances in the Company's next DSM prudence filing may be adjusted based on the Company's report filed as a compliance filing in this case.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* §§ 61-626 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 13<sup>th</sup> day of February 2025.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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