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**UTILITIES COMMISSION**

November 25, 2020

Jan Noriyuki, Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Blvd.  
Bldg. 8, Suite 201-A  
Boise, Idaho 83714

**AVU-E-20-13**

Re: Avista Corporation Application for Determination of 2018-2019 Electric Energy Efficiency Expenses as Prudently Incurred

Dear Ms. Noriyuki:

Enclosed for filing with the Commission is the Application of Avista Corporation, dba Avista Utilities (Avista or "the Company"), requesting a determination of prudence for the Company's electric energy efficiency expenditures from January 1, 2018 through December 31, 2019. Also included in this filing are Exhibit Nos. 1-4 in support of the Application, containing Avista's 2018 Annual Conservation Report, 2019 Annual Conservation Report, 2019 Idaho Research and Development Report, and the Company's third-party Impact Evaluation Reports of its electric energy efficiency programs for 2018-2019.

If you have any questions regarding this filing, please contact Dan Johnson, Director of Energy Efficiency, at (509) 495-2807 or [dan.johnson@avistacorp.com](mailto:dan.johnson@avistacorp.com).

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy  
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Enclosures

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10 **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

11

12 IN THE MATTER OF THE APPLICATION OF ) CASE NO. AVU-E-20-13  
13 AVISTA CORPORATION FOR A )  
14 DETERMINATION OF 2018-2019 ELECTRIC )  
15 ENERGY EFFICIENCY EXPENSES AS ) APPLICATION OF  
16 PRUDENTLY INCURRED ) AVISTA CORPORATION  
17 \_\_\_\_\_ )

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**I. INTRODUCTION**

19 In accordance with IDAPA 31.01.01 (Rules of Procedure, or RP), RP 052 and RP  
20 201, et seq., Avista Corporation, doing business as Avista Utilities (hereinafter Avista or  
21 Company), hereby respectfully requests that the Idaho Public Utilities Commission  
22 (Commission) issue an order designating Avista's electric energy efficiency expenditures  
23 from January 1, 2018 through December 31, 2019, in the amount of \$15,309,862, as  
24 prudently incurred.

25 The Company requests that this filing be processed under the Commission's  
26 Modified Procedure rules through the use of written comments.

27 Communications in reference to this Application should be addressed to:

28 David J. Meyer, Esq.  
29 Vice President and Chief Counsel for  
30 Regulatory and Governmental Affairs  
31 Avista Corporation  
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5 The Company has included the following attachments in support of this filing,  
6 which are also referenced below:

- 7 a) Exhibit No. 1 - Idaho 2018 and 2019 Electric Impact Evaluations
- 8 b) Exhibit No. 2 - Avista 2018 Idaho Annual Conservation Report
- 9 c) Exhibit No. 3 - Avista 2019 Idaho Annual Conservation Report
- 10 d) Exhibit No. 4 – Avista 2019 Idaho Research and Development Report

## 11 **II. BACKGROUND**

12 Avista has continuously offered energy efficiency services since 1978. Through  
13 these offerings, the Company seeks to provide customers with programs and information  
14 that may help them manage their energy use and to utilize cost-effective energy efficiency  
15 resources to meet the energy and demand needs of the Company's electrical system.  
16 These efforts are funded through Avista's Electric and Natural Gas Energy Efficiency  
17 Rider Adjustments (Schedule 91 and Schedule 191, respectively), or tariff riders.

18 The Company's Energy Efficiency Programs (Programs) consist of options for  
19 residential, non-residential and low-income customer segments. These Programs are  
20 offered through traditional prescriptive channels along with site-specific projects and  
21 upstream buy-down programs. Each Program in the Company's electric Energy  
22 Efficiency Portfolio (Portfolio) is designed to meet cost-effectiveness requirements and  
23 is evaluated by a third-party evaluator.

1 **III. ELECTRIC PROGRAM EXPENDITURES**

2 The Company requests Commission determination that the expenditures incurred  
3 during the 2018-19 Program years, totaling \$15,309,862 for Idaho's electric Energy  
4 Efficiency Programs, were prudent and in the public interest. Of the total amount spent,  
5 \$10,021,973, or 65%, of total expenditures were paid out to customers in direct incentives.<sup>1</sup>  
6 This percentage does not include additional benefits such as technical analyses provided to  
7 customers by the Company's Energy Efficiency engineering staff or regional market  
8 transformation efforts through the Northwest Energy Efficiency Alliance (NEEA).

9 The Company reports the Schedule 91 balance on a monthly basis to Commission  
10 Staff and its Energy Efficiency Advisory Group (Advisory Group). As a result of the high  
11 level of conservation achieved during the 2016-17 program years, Avista's Electric  
12 Energy Efficiency Program in Idaho had an underfunded balance of \$9,574,630 at  
13 December 31, 2017. This underfunding was addressed by an increase to Schedule 91 rates  
14 effective October 1, 2017, approved by the Commission in Order No. 33897 of Case No.  
15 AVU-E-17-06. The new rates have, as projected, covered all Energy Efficiency Program  
16 costs incurred since, as well as amortized the larger underfunded tariff rider balances over  
17 a 36-month period. During 2018, the Programs incurred costs in the amount of  
18 \$7,736,789, while tariff Schedule 91 collections totaled \$10,177,172, resulting in an  
19 underfunded balance of \$7,134,247 at December 31, 2018. The underfunded balance was  
20 only further decreased in 2019, with collections again outpacing Program expenditures,  
21 totaling \$10,332,033 and \$7,573,073, respectively.

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<sup>1</sup> \$4,878,494 in incentives were paid to customers in 2018 and \$5,143,479 in 2019.

1           The following Table No. 1 illustrates the balances for the 2018 and 2019 Program  
 2 years on a monthly basis.

3 **Table No. 1**

Accounting Period	Beginning Balance	Program Expenditures	Tariff Collections	Ending Balance
Jan 2018	\$9,574,630	\$495,605	(\$1,127,555)	\$8,942,680
Feb 2018	\$8,942,680	\$644,936	(\$854,152)	\$8,733,464
Mar 2018	\$8,733,464	\$667,167	(\$908,106)	\$8,492,525
Apr 2018	\$8,492,525	\$805,031	(\$841,483)	\$8,456,074
May 2018	\$8,456,074	\$440,661	(\$694,153)	\$8,202,582
Jun 2018	\$8,202,582	\$637,427	(\$726,527)	\$8,113,481
Jul 2018	\$8,113,481	\$404,879	(\$782,053)	\$7,736,308
Aug 2018	\$7,736,308	\$530,337	(\$882,115)	\$7,384,530
Sep 2018	\$7,384,530	\$319,304	(\$935,937)	\$6,767,897
Oct 2018	\$6,767,897	\$613,108	(\$642,525)	\$6,738,480
Nov 2018	\$6,738,480	\$1,066,925	(\$806,143)	\$6,999,262
Dec 2018	\$6,999,262	\$1,111,409	(\$976,424)	\$7,134,247
Jan 2019	\$7,134,247	\$1,096,697	(\$1,019,152)	\$7,211,791
Feb 2019	\$7,211,791	\$279,622	(\$998,139)	\$6,493,274
Mar 2019	\$6,493,274	\$706,763	(\$998,652)	\$6,201,385
Apr 2019	\$6,201,385	\$780,362	(\$839,628)	\$6,142,119
May 2019	\$6,142,119	\$432,392	(\$733,894)	\$5,840,616
Jun 2019	\$5,840,616	\$786,212	(\$739,311)	\$5,887,517
Jul 2019	\$5,887,517	\$452,093	(\$767,086)	\$5,572,524
Aug 2019	\$5,572,524	\$524,266	(\$833,616)	\$5,263,173
Sep 2019	\$5,263,173	\$528,746	(\$812,553)	\$4,979,367
Oct 2019	\$4,979,367	\$568,888	(\$739,603)	\$4,808,651
Nov 2019	\$4,808,651	\$626,778	(\$846,666)	\$4,588,764
Dec 2019	\$4,588,764	\$790,256	(\$1,003,733)	\$4,375,287

29 **IV. ENERGY EFFICIENCY SAVINGS AND COST EFFECTIVENESS**

30           From January 1, 2018 through December 31, 2019, the Company achieved 55,036  
 31 MWh of savings, excluding NEEA savings of 8,817 MWh, on a gross basis. Table No. 2  
 32 details the electric savings by residential, non-residential and low-income sectors, which  
 33 make up the Company's electric Energy Efficiency Portfolio.

1            **Table No. 2**

Program Sector	2018-'19 Gross Verified Savings (MWh)
Residential	14,769
Non-Residential	39,641
Low-Income	626
Total Portfolio	55,036

2            Avista judges the effectiveness of its electric Portfolio based upon a number of  
3 metrics, including analyses utilizing four specific metrics to evaluate the cost-  
4 effectiveness of a given program from both the Company's and from customers'  
5 perspectives: the Utility Cost Test (UCT),<sup>2</sup> the Total Resource Cost (TRC), the  
6 Participant Cost Test (PCT), and the Ratepayer Impact Test (RIM). The most commonly  
7 applied metrics to provide insight into the net value to all customers are the UCT, which  
8 is a benefit-to-cost test from the utility perspective that includes incentives and excludes  
9 net costs and non-energy benefits (NEBs), and the TRC, which represents the customer  
10 perspective by including all measure costs and NEBs, excluding incentives. For 2018,  
11 the overall Program Portfolio achieved a UCT ratio of 2.66<sup>3</sup> and a TRC ratio of 2.07  
12 based on gross reported savings. For 2019, the overall Program Portfolio achieved a UCT  
13 ratio of 2.39 and a TRC ratio of 1.95 based on gross verified savings. The cost-  
14 effectiveness metrics are included in Table No. 3 below:

15            **Table No. 3**

<b>Cost-Effectiveness Test</b>	<b>2018</b>	<b>2019</b>
Utility Cost Test (UCT)	2.66	2.39
Total Resource Cost (TRC)	2.07	1.95

<sup>2</sup> Also known as the Program Administer Cost (PAC) test.

<sup>3</sup> See Exhibit No. 2 - Avista 2018 Idaho Annual Conservation Report; Page 12, Table 9 contains the correct UCT for the electric Portfolio cost-effectiveness results, 2.66. The associated paragraph states, incorrectly, a 1.99 UCT for 2018.

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**V. ENERGY EFFICIENCY TARGETS**

The Company's energy efficiency targets are established in the process of developing the electric Integrated Resource Plan (IRP). The targets derived through the resource planning efforts provide a starting point for program planning which is accomplished through the annual business planning process where program offerings are optimized for the Company's service territory based on current economic and market conditions.

The results of Avista's Energy Efficiency Programs exceeded the 2018 and 2019 IRP targets established as part of this IRP process, as shown in Table No. 4 below. Idaho Energy Efficiency savings for 2018 were 29,805 MWh, which surpassed the electric savings target of 18,594 MWh by 160%. For 2019, the Company accomplished 144% of its 17,481 MWh target, reporting annual energy savings of 25,231 MWh. This represents 153% of the Company's two-year IRP target of 36,075 MWh for this period, not including 8,817 first-year MWh acquired through NEEA. Avista's Idaho 2018 and 2019 Electric Impact Evaluations have been included as Exhibit No. 1 to support these figures.

**Table No. 4**

Time Period of Reported Savings	Local Evaluated MWh Savings	IRP Target	Percent Achieved
2018	29,805	18,594	160%
2019	25,231	17,481	144%
2018-2019	55,036	36,075	153%

**VI. PROGRAM EVALUATION**

In addition to the cost-effectiveness analyses conducted for each Program, Avista also contracts with independent, third-party consultants to provide program Evaluation, Measurement, and Verification (EM&V) activities. These EM&V activities are used to

1 validate and report verified energy savings related to its energy-efficiency measures and  
2 programs, as well as provide viable recommendations to improve program performance,  
3 enact changes to programs, and decide whether and when to phase out measures.

4 For both the 2018 and 2019 Program years, Cadmus was retained by Avista to  
5 perform an impact and process evaluation on Avista's electric Energy Efficiency  
6 Programs. The primary goal of the impact evaluation is to provide an accurate summary  
7 of the gross electric and demand savings attributable to Avista's Portfolio. The main  
8 purpose of a process evaluation is to identify any improvements needed at the portfolio  
9 level to increase program effectiveness and efficiency.

10 As part of its 2018-19 evaluations, Cadmus concluded that Avista's Idaho electric  
11 Programs achieved 55,036 MWh in 2018-2019 cost-effectively and that Avista's 2018-  
12 2019 programs addressed all impact and process evaluation needs in accordance with  
13 industry and regulatory standards.<sup>4</sup>

#### 14 **VII. RESEARCH AND DEVELOPMENT PROJECTS**

15 On August 30, 2013 Avista applied for an Order authorizing the Company to  
16 accumulate and account for customer revenues that would provide funding for selected  
17 electric energy efficiency research and development (R&D) projects, proposed and  
18 implemented by the state of Idaho's four-year Universities. On October 31, 2013, Order  
19 No. 32918 was granted to Avista in this matter, Case No. AVU-E-13-08. Avista now  
20 recovers up to \$300,000 per year of revenue from the Company's Schedule 91 Energy

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<sup>4</sup> See Exhibit No. 1, Cadmus' Impact Evaluation of Idaho Electric 2018-2019 Energy Efficiency Programs

1 Efficiency Rider tariff to fund R&D. Please see Exhibit No. 4 for a copy of the Company's  
2 R&D report dated March 31, 2020.

3 **VIII. REQUEST FOR RELIEF**

4 As described in greater detail above, Avista respectfully requests that the  
5 Commission issue an Order designating Avista's 2018 and 2019 total electric Energy  
6 Efficiency expenditures of \$15,309,862 as prudently incurred, with this Application  
7 being processed under Modified Procedure through the use of written comments.

8 Dated at Spokane, Washington this 25<sup>th</sup> day of November 2020.

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AVISTA CORPORATION

By: */s/ David Meyer*  
David J. Meyer  
Vice President and Chief Counsel for  
Regulatory and Governmental Affairs