Jean Jewell

From: kmiller@snakeriveralliance.org
Sent: Tuesday, July 19, 2011 10:39 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Ken Miller follows:

Case Number: AVU-E-11-02; AVU-G-11-03
Name: Ken Miller
Address: Box 1731
City: Boise
State: ID
Zip: 83701
Daytime Telephone:
Contact E-Mail: kmiller@snakeriveralliance.org Name of Utility Company:
Acknowledge: acknowledge

Please describe your comment briefly:
Comments of the Snake River Alliance
On the Matter of the Application of Avista Corporation Requesting Approval to Decrease Its Energy Efficiency Public Purpose Rider Schedules 91 and 191

Case Nos. AVU-E-11-02 and AVU-G-11-03

Submitted by
Ken Miller, Clean Energy Program Director, Snake River Alliance

July 19, 2011

The Snake River Alliance ("Alliance") appreciates the opportunity to provide comments relating to the application by Avista Corporation ("Avista") to decrease its Energy Efficiency Public Purpose Rider for electric and gas service, Schedules 91 and 191, filed with the Idaho Public Utilities Commission on June 13, 2011.

The Alliance has long been interested in promoting energy efficiency and demand response energy policies as an alternative to conventional fossil fuel-based energy resources in Idaho. As such, the Alliance is interested in encouraging local, state, and federal policies that promote energy efficiency policies and programs at Idaho's regulated electric utilities to slow the growth of base load and peak energy demands among those utilities. The Alliance has participated regularly before the Idaho Public Utilities Commission in furtherance of these goals. The Alliance submits these comments on behalf of its members, many of whom are Avista customers who believe that their electric and gas utility should be expanding rather than potentially contracting its demand side management program funding.

Avista's Application to Decrease its Energy Efficiency Public Purpose Riders is Premature

The Alliance commends Avista's efforts in deploying energy efficiency programs across its service territory and for achieving significant electricity and natural gas savings. We support the efforts by all Idaho utilities to maximize their demand side management programs and to explore new ways to achieve new efficiencies and energy savings, as called for by the Commission and also by the Idaho Energy Plan, which was adopted by the Idaho Legislature in its 2007 session.

However, we believe it is premature for Avista to propose a decrease in its electric and gas riders, particularly in light of the dearth of supporting information to justify such a significant move and also Avista's acknowledgment that the current efficiency rider underfunded DSM programs by nearly $12 million as recently as the beginning of 2010. Each Idaho electric utility is under a Commission order to pursue "all cost effective" energy efficiency. Reducing the rider collections at this point, and without sufficient documentation to show rider funds are being collected at levels in excess of the programmatic need, appears to be a step backward in Idaho's overdue push to accelerate the deployment of new energy efficiency and conservation measures.

If granted by the Commission, Avista's requested reduction in its electric Schedule 91 tariff would lead to a decrease of $750,000 in revenues for DSM programs (Application, P. 6), which would lead to an anticipated average monthly bill decrease of just six cents. On the gas side, Commission approval of this application would lead to a decrease of $2.9 million in rider collections.

Other than noting the under-collections and over-collections for electric and gas efficiency programs in the past two years, Avista's seven-page application to the Commission fails to provide evidence that the utility has exhausted its pursuit of all cost-effective energy efficiency in its electric and gas programs. The application also fails to provide details as to whether efficiency programs that might survive Commission prudency review have been considered but not implemented. The application further fails to provide adequate supporting historic rider data to determine whether the request is warranted. It is simply impossible to assess the full merits of Avista's request based on two years of rider collection information and only a cursory review of Avista's DSM programs' performance. The application does not indicate whether existing programs could be expanded or whether customer participation in those programs could be increased beyond current levels, nor does it state what the current participation levels are. The Alliance believes some energy efficiency programs provided by Idaho utilities might be ripe for expansion in the number of participants, yet a review of this application does not allow for conclusions as to the successes and potential for Avista's DSM programs.

Avista Can Minimize the Amounts of Future Under- or Over-Collections

In proposing its rider decrease, Avista says (Application, P. 1) that "The purpose of this filing is to establish tariff riders that are sufficient to fund the following twelve months of DSM as well as amortize any tariff rider imbalance, thus minimizing the amount of future under- or over-collections." Avista says further (Application, P. 2) that "The revenue expected to be generated by the schedule 91 and 191 surcharges, at their present levels, would exceed the requirements necessary to fund the DSM task during the next twelve month cycle, including adjustments for the disposition of tariff rider imbalances. As of the close of April 2011, Avista's Idaho electric DSM tariff rider balance is $723,240 (Company owes ratepayer) and the Idaho natural gas DSM tariff rider balance is $897,808 (Company owes ratepayer)."

The Alliance agrees that the amounts collected through utility efficiency riders should be sufficient to cover the expenses of their DSM programs while not rolling up large positive or negative balances in rider accounts. Effective DSM program management should help utilities achieve these goals. We question the wisdom of seeking to reduce the funds collected through the efficiency rider just one year after Avista reported a significant deficiency in its rider account: "Because customer demand for our energy efficiency services had outstripped our tariff rider funding, at the beginning of 2010 the tariff riders were underfunded by $11.9 million (i.e., the Company had 'pre-funded' energy efficiency services in advance of receiving tariff rider funding). In the past year, however, increases to the tariff riders have allowed for adequate revenue to both fund current energy efficiency operations and to reduce the underfunded balance to the point where the balances need to be adjusted through a decrease in the tariff rates."

We disagree. We are further concerned that rider collections are sensitive to, among other things, energy consumption, which in turn can vary year-to-year with such circumstances as weather and economic conditions. Given that it is impossible to know with precision what the collections will be from one year to the next, a reduction in the rider should only be considered in the event the rider account has risen to excessive balances over consecutive years, and that doesn't appear to be the case here. In fact, as mentioned above the application does not include enough historic efficiency rider account balance information to determine how the current rider rate has performed over time.

Finally, the Alliance notes that subsequent to the Commission's order establishing the July 19 comment deadline in this case (PUC News Release, July 7, 2011), Avista has filed a motion for extension with the Commission. That motion cites apparent ongoing discussions between Avista and Commission staff regarding this case. Inasmuch as Avista has asked for additional time for these discussions and that it is supported by Commission staff (Avista Motion for Extension, P. 2), Avista has asked the Commission to delay the expiring comment period in this case and an extension of the proposed effective dates of Avista's requested electric and gas rider decreases. We are unsure how those developments might impact the expiring public comment period established by Commission Order 32278.

The Alliance once again appreciates the opportunity to provide its comments in Case Nos. AVU-E-11-02 and AVU-G-11-03 and looks forward to engaging in future discussions on how Avista - and all Idaho electric utilities - can achieve even greater energy efficiencies than they currently are.

Respectfully submitted,

Ken Miller
Clean Energy Program Director
Snake River Alliance
P.O. Box 1731
Boise, ID 83701
(208) 344-9161 (o)
(208) 841-6982 (c)
kmiller@snakeriveralliance.org
www.snakeriveralliance.org

The form submitted on http://www.puc.idaho.gov/forms/ipuc1/ipuc.html
IP address is 70.102.111.178
