

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION's

2016-2017 Biennial Conservation Target
Under RCW 19.285.040

DOCKET UE-152076

ORDER 02

ORDER REGARDING
CONSERVATION ACHIEVEMENT
FOR THE 2016-2017 BIENNIUM

BACKGROUND

- 1 The Energy Independence Act (EIA) requires electric utilities with 25,000 or more customers to set and meet energy conservation targets. Under RCW 19.285.040(1)(b), each utility must establish a biennial acquisition target for cost-effective conservation, and must meet that target during the subsequent two-year period. Avista Corporation (Avista or Company) set a 2016-2017 biennial conservation target of 72,626 megawatt-hours (MWh). The Washington Utilities and Transportation Commission (Commission) approved that target in Order 01 in this docket (Order 01).
- 2 On June 1, 2018, as required by Order 01, RCW 19.285.070(1), and WAC 480-109-040(1)(a), Avista filed its 2016-2017 Biennial Electric Conservation Report (Report). Avista initially reported that it had achieved 141,331 MWh of electric conservation during the 2016-2017 biennium, exceeding its biennial target of 72,626 MWh. Avista also reported that it had met all of the requirements of Order 01 over the course of the biennium. On July 24, 2018, Avista filed a revised report correcting the Company's achievement to 139,450 megawatt-hours of savings during the 2016-2017 biennium, exceeding its total penalty target.
- 3 Beginning January 1, 2014, conservation achieved above a utility's conservation target can be claimed as excess savings to meet shortfalls in subsequent biennia.¹ Avista achieved savings during the 2016-2017 biennium beyond both its base Commission target and its decoupling commitment of an additional 5 percent savings.
- 4 On June 7, 2018, the Commission issued a Notice in accordance with WAC 480-109-040(2) inviting interested persons to file written comments on Avista's Report. On July

¹ RCW 19.285.040(1)(c)(i) and WAC 480-109-100(3)(c).

19, 2018, Commission staff (Staff) filed comments. Also on July 19, the NW Energy Coalition (NVEC) and Renewable Northwest (RNW) filed joint comments. NVEC and RNW's comments focused on two issues: Avista's conservation target and fuel conversion information. The parties noted that Avista has a history of "handily achieving its target shown in this and past filings," and encourages the company to aim high in setting strong conservation goals, focusing future efforts on residential weatherization and HVAC. The parties also noted that Avista's report was presented in such a way that it was hard to distinguish its cost-effective acquisition of conservation from its fuel conversion efforts.

5 In its comments, Staff stated that it was difficult to distinguish Avista's fuel conversion projects from Avista's Report. Staff is currently working with the Advisory Group on this issue and will continue meeting with the Company throughout the summer and the fall of 2018, which will result in a fuel conversion plan that will be submitted to the Commission no later than October 26, 2018.

6 Staff also highlighted Avista's participation in the Small-Medium Business Program, which targets hard-to-reach small business customers. Avista extended its initial 2015 contract with SBW Consulting (SBW) through 2017, continuing its focus on hard-to-reach markets. In addition, Avista also hired SBW to perform the Company's new Multifamily Direct Install Pilot Program. This pilot was specifically designed to target a hard-to-reach segment of rental customers living in complexes of four or more units. Staff is pleased that Avista is targeting this demographic, which has been underserved in Avista's service territory.

7 Finally, Staff observed that Avista consistently exceeds its penalty targets.² For 2016-2017, Avista's total penalty target is 76,257 MWh, yet the Company acquired a total of 139,450 MWh in conservation program savings, or 183 percent of its entire penalty target. Avista's non-residential lighting program was the primary driver for its conservation program savings, leaving the Company with significant excess savings to carryover to future biennia. Staff acknowledges that the rules require the Company to pursue all cost-effective conservation throughout the biennium, regardless of its target. However, the Company must ensure its target is reasonable and defensible. For future BCRs, Staff recommends the Company include a comparison section with trend and variance analysis reflecting actual versus target savings achievements.

² Docket UE-132045 Order 03 at 4; Docket UE-111882 Order 02 at 4; Docket UE-100175 Order 03 at 11.

8 Staff will continue working with the Company to ensure its conservation goals are commensurate with backward-looking actual savings and prospective savings achievement. Staff recommends Avista dedicate future Conservation Advisory Group discussions on its conservation potential assessment and target-setting methodology for the next biennium.

9 Staff recommends the Commission issue an order finding that: (1) Avista has complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070; (2) Avista has complied with Order 01 in this Docket; (3) Avista has achieved 139,450 MWh of conservation during the 2016-2017 biennium; (4) Avista has applied 3,631 MWh of conservation during the 2016-2017 biennium towards satisfying its decoupling conservation commitment; and (5) Avista has achieved 63,193 MWh of excess conservation during the 2016-2017 biennium.

DISCUSSION

10 The Commission agrees with Staff's recommendation and finds that Avista has complied with its reporting and other obligations under RCW 19.285.040(1)(b), RCW 19.285.070, WAC 480-109-040(1), and Order 01 in this Docket.

FINDINGS AND CONCLUSIONS

- 11 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- 12 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 13 (3) Avista serves more than 25,000 customers within the state of Washington, and is a "qualifying utility" within the meaning of RCW 19.285.030(16).
- 14 (4) Avista has achieved 139,450 megawatt-hours of conservation during the 2016-2017 biennium, exceeding its target of 72,626 megawatt-hours. Avista has complied with RCW 19.285.040(1)(b).
- 15 (5) Avista has applied 3,631 megawatt-hours of conservation during the 2016-2017 biennium towards satisfying its decoupling conservation commitment.
- 16 (6) Avista has achieved 63,193 megawatt-hours of excess conservation during the 2016-2017 biennium.

17 (7) Avista has met the reporting requirements of RCW 19.285.070 and WAC 480-109-040(1).

18 (8) Avista has complied with Order 01 in this docket.

ORDER

THE COMMISSION ORDERS:

19 (1) Avista Corporation has complied with reporting requirements pursuant to WAC 480-109-120 and RCW 19.285.070.

20 (2) Avista Corporation has complied with the requirements of Order 01 in this Docket.

21 (3) Avista Corporation achieved 139,450 megawatt-hours of conservation during the 2016-2017 biennium.

22 (4) Avista Corporation has applied 3,631 megawatt-hours of conservation during the 2016-2017 biennium towards satisfying its decoupling conservation commitment.

23 (5) Avista Corporation has achieved 63,193 megawatt-hours of excess conservation during the 2016-2017 biennium.

DATED at Olympia, Washington, and effective August 9, 2018.

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner