

Agenda Date: September 10, 2020  
Item Numbers: E3 and E4

**Dockets: UE-171091 and UG-171090**  
**Company: Avista Corporation d/b/a Avista Utilities**

Staff: Jennifer Snyder, Regulatory Analyst

### **Recommendation**

Issue an order in Docket UE-171091 finding that Avista Corporation d/b/a Avista Utilities has:

- (1) Complied with reporting requirements pursuant to WAC 480-109-120 and RCW 19.285.070 in the 2018-2019 biennial conservation report,
- (2) Complied with Order 01 in Docket UE-171091,
- (3) Applied the full amount of conservation to its 2018-2019 biennium 79,785 megawatt-hour (MWh) biennial conservation target,
- (4) Applied the full amount of conservation savings to its 2018-2019 biennium 4,489 MWh decoupling commitment, and
- (5) Achieved 4,841 MWh of excess conservation during the 2018-2019 biennium.

Issue an order in Docket UG-171090:

- (1) Finding that Avista Corporation d/b/a Avista Utilities has complied with Order 05 in Dockets UE-110876 and UG-110877, and
- (2) No further action is needed concerning prudence in Docket UG-171090.

### **Discussion**

On May 29, 2020, Avista Corporation d/b/a Avista Utilities (Avista or company) filed its 2018-2019 Biennial Conservation Report (BCR or report) with the Washington Utilities and Transportation Commission (commission), as required by Order 01 in Docket UE-171091, RCW 19.285.070(1), and WAC 480-109-120(4). Avista also filed its 2019 Annual Conservation Reports for electric and natural gas in Dockets UE-171091 and UG-171090. Avista filed a replacement page on August 17, 2020, to modify the calculation of excess savings.

#### **Electric Conservation Target and Achievement**

The report indicated that the company achieved 99,893 MWh of savings during the 2018-2019 biennium, exceeding the full EIA target of 94,260 MWh.<sup>1</sup> After fulfilling the biennial target and the decoupling commitment, 4,841 MWh can be claimed as excess savings to meet a shortfall in subsequent biennia.<sup>2</sup> Avista's report states, and staff concurs, that the company has met all of the requirements of Order 01 over the course of the biennium. Table 1 shows the savings achieved and the excess savings earned in 2018-2019 biennium.

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<sup>1</sup> This target includes regional savings held outside of the penalty threshold (biennial conservation target).

<sup>2</sup> RCW 19.285.040(1)(c)(i) and WAC 480-109-100(3)(c).

Avista had no need to use excess savings so the 2,489 MWh earned during the 2014-2015 biennium will go unused and will no longer be available. Table 2 provides an account of the excess savings available to meet shortfalls in each biennium.

**Table 1: Summary of Avista’s 2018-2019 Conservation Achievement**

	Expected savings	Actual savings
<b>Total Utility Conservation (MWh)</b>	94,260	99,893
<b>Less Exclusions<sup>3</sup></b>	9,986	10,778
<b>EIA Target</b>	79,785	89,115
<b>Decoupling Conservation Commitment<sup>4</sup></b>	4,489	4,489
<b>Excess Savings</b>		4,841

**Table 2: Accounting of Avista’s Available Excess Savings**

Biennium	Available MWh 2018-2019	Available MWh 2020-2021	Available MWh 2022-2023
Earned 2014-2015 <sup>5</sup>	2,489	<i>expired</i>	
Earned 2016-2017 <sup>6</sup>	63,193	63,193	
Earned 2018-2019		4,841	4,841
<b>Total Excess Savings</b>	<b>8,682</b>	<b>68,034</b>	<b>4,841</b>

As described in commission staff’s (staff) comments in this docket, the company’s benefit-to-cost ratio for the electric energy efficiency programs using the total resource cost (TRC) test was 1.6 and using the utility cost test (UCT) was 2.1.

**Natural Gas Energy Efficiency**

As Avista’s electric and natural gas conservation programs are operated as a single, combined conservation portfolio, the company also submits its natural gas planning and reporting documents along with the electric filing requirements. As a result, Avista’s conservation reports are cross-docketed in Dockets UE-171091 and UG-171090. Avista’s natural gas goal is non-binding and includes no additional commitment for decoupling.

<sup>3</sup> Exclusions remove savings from NEEA.

<sup>4</sup> WUTC v. Avista Corporation d/b/a Avista Utilities, Dockets UE-140188 and UG-140189, Order 05 ¶26 (November 25, 2014).

<sup>5</sup> Docket UE-132045, Order 03 (September 22, 2016).

<sup>6</sup> Docket UE-152076, Order 02 (August 9, 2018).

In 2019, Avista achieved 504,113 therms at a cost of \$3.9 million, bringing the total biennial evaluated savings to 1,038,227 therms. The company's benefit-to-cost ratio for the gas energy efficiency programs using the total resource cost (TRC) test was 0.5 and using the utility cost test (UCT) was 1.1 in 2019.<sup>7</sup>

On June 10, 2020, the commission approved Avista's Petition to amend the prudence review process for natural gas energy efficiency in Docket UE-110876.<sup>8</sup> The order clarified that the utility is no longer obligated to file testimony and supporting evidence with the biennial report in order to demonstrate prudence.

During the ongoing prudence review of conservation expenditures during the biennium, staff found no evidence that Avista's natural gas efficiency programs or expenditures in 2018-2019 were not prudent. No stakeholder has requested adjudication. Staff, therefore, recommends that the commission take no further action concerning prudence in Docket UG-171090.

### **Stakeholder Comments**

In addition to staff, Jon Powell, a member of the public with extensive experience in energy efficiency, filed comments on Avista's report. He suggests a number of ways to improve the consistency between the establishment of the acquisition target and the achievement of that target. Staff intends to work with the company and advisory group to implement these protocols to the extent feasible but does not recommend commission action at this time.

### **Conclusion**

In its review, staff concluded that the company has met its reporting requirements, complied with the commission's target-setting order and associated conditions in these dockets, and exceeded its biennial targets. Therefore, staff recommends that the commission issue orders in Dockets UE-171091 and UG-171090, as described in the recommendation section above.

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<sup>7</sup> Natural gas cost-effectiveness includes low-income programs.

<sup>8</sup> WUTC v. Avista Corporation d/b/a Avista Utilities, Docket UE-110876, Order 09 amending Order 05 (June 10, 2020)