

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UE-151148
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	ORDER 01
)	
v.)	
)	COMPLAINT AND ORDER
AVISTA CORPORATION)	SUSPENDING TARIFF REVISION;
)	ALLOWING RATES ON A
Respondent.)	TEMPORARY BASIS, SUBJECT TO
.....)	REVISION

BACKGROUND

- 1 On May 29, 2015, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed revisions to its electric demand side management (DSM) tariff, Schedule 91. The tariff revision updates rates for the recovery of conservation program expenditures, reflecting Avista’s prospective budget as documented in the supporting work papers for this filing and the company’s 2015 DSM Business Plan.¹ The rate revisions also reflect a true up of the previous year’s expenditures and collections.
- 2 The Company proposes to reduce Schedule 91 rates by \$3.1 million. A residential customer using 966 kWh will see an average monthly bill decrease of of \$0.51, or 0.62 percent. The Company did not file a revision to its natural gas demand side management tariff, Schedule 191, because it determined that the current funding level is sufficient to support ongoing efforts. On July 28, 2015, the Company filed replacement tariff pages to address some of the issues identified by Commission staff (Staff), as described below.
- 3 **Commission Staff Audit.** On June 7, 2015, Staff performed an on-site audit of Avista’s conservation incentive and non-incentive expenditures. Prior to the on-site audit, Staff reviewed over 1000 expenditures, and selected 34 electric and natural gas line items for comprehensive on-site review, including:
 - Invoice dollar match to line-item expenditures;
 - Existence of proper supporting documentation for expenditures;
 - Appropriate Washington allocation of expenditures;
 - Overall appropriateness of expenditure; and

¹ *Avista Corp.*, Docket UE-132045

- Presence of proper internal control mechanisms.

4 All line item expenditures were supported by invoices, and supporting documentation was provided upon request. All reviewed expenditures were found to be appropriately allocated to Washington. However, Staff discovered three issues that warrant further investigation and discussion.

5 First, Avista spent \$2,500 to sponsor a Northwest Energy Coalition (NWEC) evening event entitled ‘Four under Forty,’ which honored four clean energy leaders under the age of 40 from the Pacific Northwest. In general, Staff supports including the costs for sponsorship events that specifically promote utility conservation programs and enhancement of trade ally networks. The Company has agreed to remove this expenditure and adjust the rider balance.

6 Second, Staff discovered a natural gas reimbursement of more than \$300,000 that was misallocated to the Company’s electric program. The error occurred when the conservation team worked with the utility accounting office to allocate an incoming invoice from a collaborative project with Washington State University. The Company has provided documentation that demonstrates that the money has been applied to the natural gas program, however it still needs to refile Schedule 91 to account for the change in rates.

7 **Opower Home Energy Reports.** The third and most significant issue discovered by Staff is that Avista ceased issuing Opower Home Energy Reports in January 2015 due to technical difficulties related to its new billing system. The Company does not expect to resume issuing reports until at least the end of August 2015, resulting in a minimum service disruption of eight months. Staff is concerned about Avista continuing to pay Opower – and collecting more than \$295,000 from its customers during the program outage – for a program it did not implement. Accordingly, Staff finds that the program was not used and useful.

8 Staff is also concerned about the long-term impact of program savings. Opower is designed as a three year program, with regularly-issued Home Energy Reports. The eight-month program disruption could have a negative impact on the program’s overall efficacy and savings potential. Avista failed to inform its Advisory Group about the lapse in service until May 1; yet, this is precisely the type of issue the Company should have brought to its Advisory Group for discussion. For each of these reasons, Staff finds that the Opower program disruption warrants further investigation.

9 **Rates – Schedule 191 (Natural Gas).** The Company proposes to leave current schedule 191 rates unchanged because they continue to support the ongoing natural gas portfolio. Based on the information provided at the time, Staff agreed that it was not necessary to modify rates if the rate change would be less than 0.1 percent of retail revenues, as shown in the draft work papers. The Company’s informal workpapers from June 2015 projected that the gas portfolio would be underfunded by \$500,000 at the end of July.² However, the Company’s July 2015 stakeholder newsletter indicates that the natural gas rider balance is underfunded by \$1.2 million, a substantial one month increase.³ Staff is concerned that the natural gas portfolio could be underfunded, and that the tariff may need an adjustment.

10 **Recommendation.** For the reasons set forth above, Staff recommends the Commission issue a complaint and order suspending the tariff revisions. Because the revised rates will decrease monthly bills for customers, Staff also recommends allowing the rates to go into effect on a temporary basis, subject to revision.

DISCUSSION AND DECISION

11 The Commission agrees that the issues raised by Staff warrant further attention and analysis. We also concur that allowing the decreased rates to go into effect on a temporary basis will benefit customers. Accordingly, we approve the proposed rates on a temporary basis, subject to revision, and suspend the tariff filing pending Staff’s investigation.

FINDINGS AND CONCLUSIONS

12 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric companies.

13 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.

² Informal company work papers, provided via email, \$516,042.

³ Avista Energy Efficiency Stakeholder Newsletter, July 2015, at page 3.

- 14 (3) This matter came before the Commission at its regularly scheduled meeting on July 30, 2015.
- 15 (4) The tariff revision Avista filed on May 29, 2015, as revised July 28, 2015, would decrease charges and rates for service provided by Avista. Such decreases, pending Commission Staff review, are in the public interest.
- 16 (5) Although Avista has not yet demonstrated that the tariff revisions would ultimately result in rates that are fair, just, reasonable, and sufficient, the Commission finds it reasonable to allow the rates to become effective, on a temporary basis, subject to revision.
- 17 (6) As authorized in RCW 80.04.130 and RCW 80.04.220, an investigation into this tariff filing is warranted, including an examination of Avista's books, accounts, practices, and activities.
- 18 (6) Under RCW 80.04.130(4), Avista would bear the burden of proof to show that the proposed decreases are fair, just, reasonable, and sufficient in the event this matter were set for hearing. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness, and sufficiency of the proposed decreases.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The tariff revision Avista Corporation filed in this docket on May 29, 2015, as revised July 28, 2015, is suspended.
- 20 (2) The rate decrease sought by Avista Corporation will become effective on August 1, 2015, on a temporary basis, subject to revision.
- 21 (3) The Commission may hold hearings at such times and places as may be required.
- 22 (4) Avista Corporation must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.
- 23 (5) The Commission will institute an investigation of **Error! Reference source not found.**'s books, accounts, practices, activities, and operations, as described in this Order.

DATED at Olympia, Washington, and effective July 30, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner