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June 17, 2021

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Avista Utilities Request for Approval of 2020 Natural Gas Conservation Potential Assessment (CPA)

Dear Mr. Johnson:

Avista Corporation, dba Avista Utilities (Avista or the Company), respectfully requests approval of its 2020 Natural Gas Conservation Potential Assessment (CPA), as prepared by its independent third-party, Applied Energy Group (AEG), in compliance with House Bill 1257 (HB 1257), enacted into law effective July 28, 2019. HB 1257, Section 11, requires that each natural gas company establish a conservation acquisition target, which "much be based on a conservation potential assessment prepared by an independent third party and approved by the commission."[1] In support of its filing, Avista has provided the following attachments:

1. Attachment A – Avista's 2020 Natural Gas CPA
2. Attachment B (**Confidential**) – 2020 CPA Natural Gas Models

Pursuant to WAC 480-07-160, the Company has provided Attachment B in both CONFIDENTIAL and REDACTED formats. Avista has designated the attachment as "CONFIDENTIAL PER WAC 480-07-160", and requests that the information contained within be treated as such, as it contains valuable proprietary information from AEG that should be protected from public inspection, examination and copying. These models from AEG are provided

[1] HB 1257 Section 11 codified as RCW 80.28.380.

by sector level and are included as relevant workpapers to the CPA to determine both the baseline efficiency and the conservation potential at each level.

CPA SUMMARY

Avista's CPA is intended to provide estimates of the potential reductions in annual energy usage for natural gas customers in its Washington and Idaho service territories from energy conservation efforts over the time period of 2021 to 2040. Within the Company's CPA, the overall conservation potential is provided, along with cumulative potential savings for this 20-year span. For natural gas programs, Avista uses the Utility Cost Test (UCT) for purposes of determining cost-effective conservation. According to AEG's analysis of measure-level energy conservation potential across all sectors (residential, commercial, and industrial) for Avista's Washington service territory, the level of savings potential during the noted 20-year period is 3,560,512 dekatherms (Dth). The table below illustrates the Washington conservation from natural gas programs at the portfolio level (residential, commercial, and industrial).

Scenario	2021	2022	2025	2030	2040
Baseline Projection (Dth)	19,118,293	19,289,575	19,805,020	20,612,516	21,619,876
Cumulative Savings (Dth)					
UCT Achievable Economic Potential	75,820	173,838	457,423	1,386,479	3,560,512
TRC Achievable Economic Potential	41,871	100,872	227,922	708,778	2,319,723
Achievable Technical Potential	187,983	416,584	1,221,810	3,183,398	6,309,826
Technical Potential	429,965	897,098	2,314,334	5,084,999	8,908,493
Cumulative Savings (% of Baseline)					
UCT Achievable Economic Potential	0.4%	0.9%	2.3%	6.7%	16.5%
TRC Achievable Economic Potential	0.2%	0.5%	1.2%	3.4%	10.7%
Achievable Technical Potential	1.0%	2.2%	6.2%	15.4%	29.2%
Technical Potential	2.2%	4.7%	11.7%	24.7%	41.2%

Source: Avista 2020 Natural Gas CPA Table 5-1

Residential Sector

The residential sector represents the highest level of conservation potential with the 20-year potential, being 2,294,322 Dth (64%) of the overall total. The following table summarizes the level of conservation potential for the residential sector.

Scenario	2021	2022	2025	2030	2040
Baseline Forecast (Dth)	12,180,267	12,342,203	12,822,709	13,568,829	14,418,227
Cumulative Savings (Dth)					
UCT Achievable Economic Potential	45,545	102,725	208,449	725,000	2,294,322
TRC Achievable Economic Potential	22,729	53,315	48,069	211,706	1,312,883
Achievable Technical Potential	137,500	304,182	858,976	2,272,407	4,576,510
Technical Potential	292,972	616,103	1,560,420	3,510,309	6,413,126
Energy Savings (% of Baseline)					
UCT Achievable Economic Potential	0.4%	0.8%	1.6%	5.3%	15.9%
TRC Achievable Economic Potential	0.2%	0.4%	0.4%	1.6%	9.1%
Achievable Technical Potential	1.1%	2.5%	6.7%	16.7%	31.7%
Technical Potential	2.4%	5.0%	12.2%	25.9%	44.5%

Source: Avista 2020 Natural Gas CPA Table 6-1

Avista has provided the source documents to support the residential conservation potential within its Confidential Attachment B; please see the file entitled "4 – Avista 2020 Gas CPA Res WA-ID Potential" for further information.

Commercial Sector

The commercial sector represents the second highest level of conservation potential with the 20-year potential, being 1,241,314 Dth (35%) of the overall total. The following table summarizes the level of conservation potential for the commercial sector.

Scenario	2021	2022	2025	2030	2040
Baseline Forecast (Dth)	6,596,157	6,608,411	6,651,275	6,725,824	6,909,984
Cumulative Savings (Dth)					
UCT Achievable Economic Potential	28,070	66,690	237,773	642,051	1,241,314
TRC Achievable Economic Potential	18,820	46,887	177,954	492,563	999,201
Achievable Technical Potential	47,867	107,183	349,669	887,910	1,704,037
Technical Potential	133,767	274,570	737,799	1,546,608	2,459,821
Energy Savings (% of Baseline)					
UCT Achievable Economic Potential	0.4%	1.0%	3.6%	9.5%	18.0%
TRC Achievable Economic Potential	0.3%	0.7%	2.7%	7.3%	14.5%
Achievable Technical Potential	0.7%	1.6%	5.3%	13.2%	24.7%
Technical Potential	2.0%	4.2%	11.1%	23.0%	35.6%

Source: Avista 2020 Natural Gas CPA Table 6-5

The source documents to support the commercial conservation potential are provided within Confidential Attachment B; please see the file entitled "4 – Avista 2020 Gas CPA Com WA-ID Potential" for further information.

Industrial Sector

The industrial sector represents the smallest level of conservation potential with the 20-year potential being 24,876 Dth (less than 1%) of the overall total. The table below summarizes the level of conservation potential for the industrial sector.

Scenario	2021	2022	2025	2030	2040
Baseline Forecast (Dth)	341,870	338,961	331,037	317,863	291,665
Cumulative Savings (Dth)					
UCT Achievable Economic Potential	2,206	4,424	11,200	19,428	24,876
TRC Achievable Economic Potential	321	669	1,899	4,508	7,639
Achievable Technical Potential	2,616	5,219	13,165	23,081	29,280
Technical Potential	3,226	6,425	16,116	28,082	35,546
Energy Savings (% of Baseline)					
UCT Achievable Economic Potential	0.6%	1.3%	3.4%	6.1%	8.5%
TRC Achievable Economic Potential	0.1%	0.2%	0.6%	1.4%	2.6%
Achievable Technical Potential	0.8%	1.5%	4.0%	7.3%	10.0%
Technical Potential	0.9%	1.9%	4.9%	8.8%	12.2%

Source: Avista 2020 Natural Gas CPA Table 6-9

Avista has provided the source documents to support the industrial conservation potential within its Confidential Attachment B; please see the file entitled "4 – Avista 2020 Gas CPA IND WA-ID Potential" for further information.

Please direct any questions on this matter to Ryan Finesilver, Energy Efficiency Manager at (509) 495-4873 or ryan.finesilver@avistacorp.com or myself at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy