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February 24, 2022

Amanda Maxwell
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: UE-210628 - Avista Utilities 2021 Clean Energy Implementation Plan Reply Comments

Dear Ms. Maxwell:

On October 1, 2021, Avista Corporation, dba Avista Utilities (Avista or the Company), filed in this proceeding the first ever Clean Energy Implementation Plan (CEIP) to comply with the Clean Energy Transformation Act (CETA). The milestone goals outlined in this first CEIP complement Avista's overall system-wide clean energy aspirational goal of being carbon neutral by 2027. Avista plans to be a leader in the clean energy transition rather than simply comply with the requirements of CETA. The Company appreciates working collaboratively with its customers, advisory groups, and interested stakeholders in developing this initial CEIP and looks forward to continued collaboration throughout the CEIP implementation period from 2022 – 2025.

On January 28, 2022, comments regarding Avista's CEIP were filed by the Staff of the Washington Utilities and Transportation Commission (Staff), The Energy Project (TEP), Alliance of Western Energy Consumers (AWEC), Sierra Club, Public Counsel, Northwest Energy Coalition (NWECC), jointly by the Northwest and Intermountain Power Producers Coalition and Renewable Energy Coalition (NIPPC/REC), and Front and Centered (collectively referred to as the Parties). Avista appreciates the opportunity to file these reply comments to address and/or clarify certain issues pertinent to its initial CEIP. While the formal reply comment period ends March 14, 2022,

Avista is filing these Reply Comments early in order to provide context for collaborative discussions with the Parties on potential conditions to accompany the CEIP, which are set to begin in early March. The intention of these discussions is to reach consensus on a set of conditions that the Parties can support in order to recommend the Commission approve the Company's CEIP with conditions, thereby greatly limiting, or avoiding altogether, litigation of any identified issues.

CEIP Procedural Timeline and Restrictions

CEIP rules were finalized and adopted by the Commission on December 30, 2020, which encompassed several additional requirements utilities must incorporate into future Integrated Resource Plans (IRP(s)) including the impact of economic, health and environmental burdens and benefits. In addition, each utility is required to include a ten-year Clean Energy Action Plan (CEAP), consisting of targets for implementing RCW 19.405.040 and RCW 19.405.050, which the Company included in its 2021 Electric IRP, filed on April 1, 2021.¹ Following the execution of a contract with Chelan PUD for additional hydropower, Avista filed an updated 2021 Electric IRP on April 30, 2021.

Also, on April 30, 2021, Avista filed its CEIP Public Participation Plan (PPP) with the Commission.² In accordance with WAC 480-100-655 (2)(d) and (e), the Company included a schedule of public meetings and a proposed list of topics to be discussed, among other things. With input from Staff and Public Counsel, Avista modified its PPP to contain additional clarification, and filed a revised PPP on June 30, 2021. The PPP outlined anticipated engagement throughout 2021 with current Company advisory groups, the Equity Advisory Group (EAG), Avista customers, and interested stakeholders. The PPP included the sequential steps the Company would take in order to make progress in developing the final interim and specific targets, specific actions, and Customer Benefit Indicators (CBIs) included within the CEIP.

Avista highlights the dates above to reemphasize the compressed timeline it was forced to follow to complete its first CEIP, a draft of which was required to be filed with the Commission on August 16, 2021. From the time Avista's updated 2021 Electric IRP and the initial PPP were filed, the Company had a mere three and a half months before the draft CEIP was to be filed. This meant

¹ Docket UE-200301.

² Docket UE-210295.



a complete draft of the CEIP needed to be complete by the end of July in order to allow for internal review before filing.

Once the draft CEIP was filed on August 16, 2021, the Company held three additional PPP Meetings,³ met with several external stakeholders regarding their comments on the draft CEIP, and incorporated those comments into the final CEIP, which was filed on October 1, 2021. Despite this compressed timeline, Avista was able to file a completed CEIP **on time**, that the Company believes complied with WAC 480-100-640 and the requirements of the CETA.

Lastly, it is important to reiterate that this is Avista's first ever CEIP, and the first CEIP to be filed in the State of Washington. This CEIP is a starting point and the first of many CEIPs the Company will file as it complies with CETA. The process of developing, refining, and updating CEIPs is iterative. From this first CEIP Avista will learn and make improvements in future plans; however, the Company's goal was to comply with the requirements for what must be included in the CEIP, and in the future build off the work that went into this first iteration.

That said, many of the Parties that provided comments on Avista's CEIP indicated the Company should have considered and incorporated additional items within its CEIP. However, given the timeline and amount of work required to develop the CEIP, the Company was limited in its ability to incorporate the Parties' suggestions or the Company simply disagreed with the views of the Parties and chose to not incorporate them in the final CEIP. The Company looks forward to collaborating with the Parties on a set of conditions for what the Company can do in the future to improve upon its CEIPs and to ensure all customers are equitably benefitting from the transition to clean energy, as CETA requires, all while knowing that all Parties will have much more time to work through the next CEIP than what was allowed for this time (in order to comply with the law and rules).

Intent of CEIP

WAC 480-100-640 requires each utility to file a CEIP describing its "plan for making progress toward meeting the clean energy transformation standards, and is informed by the utility's clean energy action plan." (emphasis added) It is important to note that this is the utility's plan, not the plan of stakeholders that are interested in the Company. Further, WAC 480-100-655 discusses

³ Public Participation Meetings were held August 17, 2021, September 2, 2021, and September 9, 2021.

the public participation requirements that a utility must undertake when developing its CEIP. As noted, the utility must involve all advisory groups in the development of the CEIP and consider their input. What the WAC does not require is that the Company reach consensus on its CEIP with its advisory groups and interested stakeholders. In sum, the utility must consider the input of its advisory group members, but the utility is ultimately responsible for its CEIP, along with the actions it includes in its CEIP.

For this initial CEIP, Avista proposed a set of specific actions and CBIs to give the Commission and stakeholders a starting point to evaluate the Company's transition to clean energy and provide a platform from which to continually build upon. Avista was very intentional in its selections of CEIP components in order to ensure the appropriate level of attention was given to each and every element chosen, balancing the needs of customers, equity components, data quality and availability, and lastly understandability to a broader-reaching customer audience.

Importantly, Avista is fully committed to the clean energy transition and will continue to develop and improve plans and actions through a collaborate process, but we all must remember that this will be an iterative process.

Interim and Specific Targets

The Company's proposed interim and specific actions were informed by the CEAP filed in its 2021 Electric IRP. In a perfect scenario the Company's proposed CBIs would have been available to incorporate into the 2021 Electric IRP and CEAP. In this context, the IRP and CEAP has yet to be acknowledged, and the CBIs and Non-Energy Impact (NEI) Studies for resource options were yet to be developed. The Company acknowledges this was not an ideal timing scenario, however initial CBIs are now complete and the NEI study is set to complete in the first quarter of 2022. Avista will incorporate these factors into its 2023 Electric IRP Progress Report as well as in the implementation of identified programs and resources. Further, Avista is positioned well with its current renewable portfolio to meet the 2030 CETA goals. Therefore, the potential changes to the CEIP would have been minimal over the 2022 to 2025 period.

Avista's proposal to meet the clean energy transition is comprised of the retirement of renewable energy credits (RECs) equal to 40% in 2022 and increasing to 55% in 2028/2029 and finally 100% in 2030. This proposed REC retirement strategy took into account the customer's desire for affordability as part of the transition to clean energy. Avista's customer survey concluded

affordability is by far the biggest concern for a majority of our customers. Avista's proposal is to continue to limit the percentage of RECs that are retired on behalf of customers, thus selling a higher portion of RECs for the benefit of customers, resulting in customer rates remaining as low as possible for as long as possible. Comments by some Parties indicated they did not support this proposal as it was not ambitious enough or were not sure if it complied with the requirements of CETA in showing continued progress towards meeting the 2030 standard. Avista's proposal to step up the retirements of RECs by 5% every two years shows continued progress in meeting the 2030 standard while balancing the affordability concerns of its customers and positions the Company to meet the 2030 targets with sufficient resources. Further, Avista is committed to acquiring the necessary clean energy resources to comply with the 2030 standard. Because CETA is not specific on the targets a utility must establish prior to 2030, Avista believes what it has proposed to be reasonable at this time.

For Demand Response (DR) targets, Avista included a large customer DR contract, as well as commitment to development of several pilots as specific actions for the 2022-2025 CEIP Implementation period. In its comments, Staff suggested Avista utilize the next five years to identify and begin development of programs taking into consideration the ramp rates associated with implementation. The Company fully agrees that a results-oriented mindset will be required to accomplish CETA goals. Avista has undertaken many foundational efforts past, present and future that will make a results-oriented approach possible. Public Counsel suggested Avista develop quantifiable targets for the pricing pilots discussed in the CEIP. Avista does not oppose developing quantifiable targets for pricing programs once pilots are complete and found to be in the best interest of customers. But those pilots are still under development and won't even begin at least until late 2023.

Distribution System Planning/Distributed Energy Resources

Distribution system planning, including the impact of Distributed Energy Resources (DERs), was addressed by several Parties in their comments. Avista has undertaken many foundational efforts past, present and future, that will make a results-oriented approach, as noted above, possible. Success requires assessing needs, developing solutions, conducting outreach, and demonstrating thorough pilot projects. As shown below, Avista has coordinated efforts that address each of these requirements:

- Avista recognizes that many clean energy solutions require validation through modeling, simulation, testing, demonstration, training, and outreach. Avista's Energy Innovation Lab provides the capability for modeling, digital simulation, digital data exchange and hardware in the loop testing which will ensure that clean energy solutions are operationally and economically efficient and help inform a Non-Wires Alternative (NWA) methodology. Avista's distribution planning group has launched a NWA Initiative with Modern Grid Solutions (MGS) to create a playbook for a NWA methodology and will be hiring an additional planning resource to execute the methodology. In addition, MGS will work with Avista to develop an overall high-level operating model covering the entire spectrum from planning to operations.
- Avista has leveraged grant opportunities from the U.S. Department of Energy and the Washington State Department of Commerce's Clean Energy Fund (CEF) to modernize the grid, increase reliability, enhance electrical efficiency, and explore the value of solutions that incorporate microgrids, energy storage, solar, building management systems, thermal storage, customer participation, and rate design.
- CEF grants focused on DER solutions for the Spokane Tribe to improve resiliency and apply customer benefit indicators. Each of the grant projects has informed the next to advance DER deployment and valuation which can be incorporated in the new NWA playbook.
- Avista is a recent subrecipient on a Connected Communities, U.S. Department of Energy grant that offers targeted solution packages to customers. Each package is designed to deliver results by analyzing AMI load profiles and assigning solutions for high value. Equity and customer outreach is fundamental to the objectives. Solution packages consider localized value, support circuit and station optimization and facilitate deployment of DERs of any type.

All these efforts are positioning Avista to deliver results-oriented solutions that can be validated through modeling, simulation, testing, demonstration, and outreach.

Specific to Staff's comments, Staff focused on DERs with the recommendation to file a DER potential assessment with the 2023 IRP Progress Report, evaluate the need for a targeted DER Request for Proposals (RFP) based on the results of the Company's 2022 All-Source RFP (2022 RFP), and to consult with a group of advisory group members focused on DER. As suggested by Staff, Avista will evaluate the need for a targeted DER RFP, based on bids received from the 2022 RFP, through its distribution planning advisory group process. Due to the limited scope of what must be included in the 2023 IRP Progress Report and timing of that report, Avista supports Staff's request

for a DER potential assessment⁴ within its 2025 IRP, as previously discussed by Staff in their comments on the 2021 IRP.

Finally, as noted above, Avista will be starting a new distribution planning advisory group process in 2022. Avista is committed to keeping stakeholders apprised of its advancements in its annual progress reports and biennial CEIP updates. The Company agrees with Public Counsel and Staff that this effort may impact existing CBIs for resiliency, security, and community development as well as others, and fully expects to work collaboratively with its EAG and other advisory groups within the Company on any needed modifications.

Customer Benefit Indicators

Much discussion was included in the comments of the Parties regarding the Company's proposed CBIs. In particular, TEP, Public Counsel, NWECA, and Front and Centered (Joint Advocates) highlighted that they developed their own set of CBIs for all of the IOUs and filed them with the Commission in the Company's CEIP PPP docket on July 30, 2021. It is noteworthy to mention that the Joint Advocates did not make the Company aware of their proposed CBIs directly, and it wasn't until another IOU pointed them out to the Company days later that we were made aware of them. Also, the Joint Advocates did not discuss, collaborate with, or inform the Company or its other stakeholders including the EAG that they were developing their own set of proposed CBIs, which was not required by law or rule, that they felt the IOUs should consider and include in their CEIPs.

WAC 480-100-640(4)(c) requires that the utility include a set of proposed CBIs, "including, at a minimum, one or more customer benefit indicators associated with energy benefits, nonenergy benefits, reduction of burdens, public health, environment, reduction in cost, energy security, and resiliency." Eight CBIs are required, however, Avista proposed a total of 13 CBIs. The CBIs must be developed in consultation with the Company's Equity Advisory Group, other advisory groups, and its customers. Similar to the overall intent of the CEIP, it is the utility's responsibility to propose a set of CBIs, which it must consider input on, but not reach consensus with all interested

⁴ Avista currently includes potential assessments for energy efficiency and demand response. Avista includes customer DER's explicitly within its load forecast (i.e. roof-top solar and electric vehicles). Avista also considers DERs as resource options including distribution level storage, solar, and electric vehicle demand response. At this time, none of these resources are cost effective for Avista's customers.

stakeholders. As required per WAC 480-100-655(1)(b), Avista's proposed CBIs were developed with input from existing advisory groups, the Equity Advisory Group, and customer feedback. Some of the Joint Advocates participated in this process,⁵ yet chose not to actively engage in discussions and provide input on the development of the Company's proposed CBIs. Avista initially had 26 preliminary CBIs which were voted on through the public participation process and prioritized to ultimately result in 13 final CBIs. Avista's believes that any new CBIs, or modifications to its CBIs already developed, should be weighed against all other CBIs, and reviewed and agreed upon through a public process, including its EAG.

When Avista was made aware of the Joint Advocates' proposed CBIs it was already well underway on finalizing its draft CEIP, including the CBIs it had already developed with its participating advisory group members and EAG. Further, the development of CBIs is a sequential process which was outlined in the CEIP PPP. Each public meeting was held to close the loop on the previous month's input and solicit input on the next step in the process. This was a carefully thought out process which was reviewed closely with Staff and Public Counsel, not only in the meetings themselves but also in subsequent one-on-one conversations which culminated in a revised PPP filed on July 1, 2021. Avista acknowledges that there was six weeks between filing the draft CEIP and the final CEIP, however, Avista utilized this time to hold a public participation meeting to discuss comments received on the draft CEIP, held a public outreach meeting to inform customers of the CEIP, met with many of the Parties to discuss feedback on the draft CEIP and incorporated additional content within its final CEIP to reflect Stakeholder feedback. Due to the time constraints, work that had been completed on the CEIP already, and work left to be done, the Company was not able to bring forth the Joint Advocates CBIs into the public process of developing its final CEIP.

Public Counsel recommends, as a condition, that Avista agree to present the Joint Advocates' proposed CBIs to its EAG and work with members to gather feedback and incorporate changes where needed, prior to the biennial CEIP update. Avista's intention has been and will continue to be to work closely with its EAG and other stakeholders throughout the implementation period to continually refine its CBIs as necessary. Avista is supportive of Public Counsel's recommendation

⁵ To the Company's knowledge, Front and Centered did not attend any IRP Technical Advisory Committee meetings, CEIP public meetings, EAG meetings or any other Company advisory group meetings. Further, Front and Centered has never discussed with the Company's its CEIP or in general, the services Avista provides to its customers. The Company finds it peculiar that Front and Centered would now show interest in its CEIP and take issue with the CBIs the Company developed and proposed.

and hopes that this recommendation if agreed to by the Parties alleviates any concern regarding delaying any such discussion until the development of the next CEIP.

The Energy Project also recommends that Avista's presentation of CBIs be organized by benefit areas with specific CBI identified for each element. TEP notes Avista's CBIs are presented in an "overlapping" approach which ties each resource type to one or many CBIs. TEP and Staff indicate that it is difficult to isolate the expected changes of a specific action on a specific CBI in this approach. CBIs were developed as part of the public participation process and therefore the CBIs were listed in a manner which was most understood to customers and EAG members. There is a careful balance in soliciting feedback from several groups with differing "utility knowledge". Avista recognizes the challenges this may have presented when tying back to the statutory benefit areas and will work towards a clearer identification, perhaps as illustrated by TEP going forward.⁶

Finally, Front and Centered specifically discussed their belief Avista needs to take immediate action to achieve a diverse workforce that is reflective of the communities that Avista serves. Avista appreciates this perspective and notes that it is actively taking steps to achieve a more diverse workforce. Some steps can be taken immediately, but the transition will take many years as noted by the Company's long-term goals due to the nature of the current employee makeup. Avista believes its current goals are appropriate and as time proceeds it will continuously reevaluate its goals.

Vulnerable Population Designation

Several Stakeholders commented that Avista's reliance on the Department of Health's (DOH) Environmental Health Disparities map was not sufficient to meet the requirements of identifying specific vulnerability characteristics over and above what was included in this map. Avista disagrees with this perception. Specifically, Avista proposed a set of criteria for Vulnerable Populations (VPs) with the EAG during multiple public meetings with little to no objections. Further the definition of VPs as described by CETA includes those affected by socioeconomic and sensitive factors. The DOH map is specifically designed to rank communities using these criteria. Avista followed the states guidance in this manner. Staff notes that Avista relied exclusively on these maps in the development of its CEIP. While it is true that the primary source was the DOH Map, Avista also **indirectly** considered 20 additional VP characteristics, identified with the help of its EAG,

⁶ Avista did provide a final workpaper categorizing CBIs and benefit area as provided by TEP. However, going forward this will be considered in the development of the CBIs rather than after the fact.

beyond those specifically required by law and rule. These additional characteristics were included in the development of CBIs in accordance with WAC 480-100-640(4)(b). Avista inadvertently excluded this list within its CEIP, which it now provides below.⁷ While Avista anticipates most of these identified characteristics are included within its Named Communities map, given the timeline to develop the CEIP, the Company was not able to provide the direct link to the map itself. However, these characteristics represented important data points to ensure customers's feedback, including those located in Named Communities, were included in the CBIs used to measure progress in the clean energy transition.

Vulnerable Populations List
Tenants/ Renters
Language Barriers (monolingual, non-English speaking, no written language, Specific indigenous languages (challenges with translations))
Youth/youngest generation (some help their families navigate resources)(high school/college)
Houseless populations
Individuals who do not read
Migrant workers
Fossil fuel industry workers
LGBTQIA2S+
Older homes with older infrastructure
American Indian and Alaska Native (on/off reservations)
Religious and Spiritual people
Populations outside of Avista's service territory affected by fossil fuel infrastructure and production
Undocumented Individuals
Peaceful Valley Neighborhood
BIPOC
Rural
People who fall between the cracks (people most in need who are not receiving benefits)
People with disabilities
Low-Income
NE Spokane households
Neighboring communities and states
Eastside of Spokane
West Central Neighborhood

⁷ The VP list was provided in the July 2021 CEIP public meeting on slide 9, in the CEIP section of the presentation. The VP characteristics list was also discussed during the August 2021 CEIP public meeting, as outlined on slide 5 of the CEIP Public Participation Feedback portion of the presentation.

Avista acknowledged in its CEIP that additional work is needed to develop a consistent methodology and data source for identification to go beyond the requirements of rule. This additional work is primarily related to identifying a consistent data source(s) to evaluate each characteristic, and then overlaying it onto the map. During Avista's January 2022 EAG meeting, for educational purposes, the Company reviewed the current Highly Impacted Communities (HICs) and where they are located. In addition to HICs, VPs were discussed to determine if additional characteristics or neighborhoods were missed on the initial list. Through this discussion with the EAG, no additional characteristics were provided by EAG members. Avista continues to investigate long-term measurable data pertaining to the Company's CBI metrics and is actively pulling together statistics that will be used to help measure success. Avista will provide updates as applicable during CEIP public participation meetings, as well as the annual Clean Energy Progress Report. Public Counsel notes the EAG's role is not to provide input into HIC and proposes as a condition Avista remove such a reference. Avista agrees as this was an unintentional reference.

Specific Actions

Avista's specific actions for the transition to clean energy are categorized by resource type: renewable energy, demand response, energy efficiency, and other Company initiatives. Avista set baseline measurements to indicate the current conditions for each of these CBIs. CBIs were designed to provide evidence of the State's success in its transition to clean energy and meeting specific objectives of mitigating threats such as economic, health, safety, and national security. These CBI's are important so that a single CBI objective is not overshadowed by others. The Company identified estimated directional impacts of each specific action for each CBI and its applicable resource. As noted by Public Counsel, not every resource will impact every CBI. In the future, Avista will provide additional information for each CBI which is not applicable to a specific action (in addition to those that are included) in its biennial CEIP update.

Several comments received indicated more detail is needed regarding expected impacts of CBIs resulting from individual actions. Avista's approach was intentional in that it is difficult to fully identify and measure how a specific action, or combination of specific actions, may impact a CBI. Most actions will be done simultaneously and combined with actions being taken by other organizations outside of Avista. For instance, transportation electrification actions, energy efficiency, and additional renewable energy acquisitions will result in decreased emissions and

impact the Company’s environmental/outdoor air quality CBI. The amount by which each individual action will impact the level of emissions is difficult to measure as it is not a “one-for-one” effect. Ultimately, customers will receive the benefits of Avista’s clean energy transition, and it is reasonable to anticipate the level of outdoor air quality will improve. As another example, as Avista works to engage additional customers to install energy efficiency measures in their homes, the decision to install such measures rests with the customer. Avista can hold itself accountable to providing the avenue for such change, overcoming barriers such as language to fully educate customers about program options, but ultimately cannot be held responsible for the customers decision to install new energy efficient equipment or not. Avista is open to ideas and thoughts on overcoming barriers with its advisory group members, stakeholders, and customers. The Company will incorporate discussions for additional ways to quantify impacts and an analysis of each specific action and its impact to CBI where applicable, but estimating impacts should be limited to qualitative discussion unless Avista’s actions can demonstrate a specific quantitative change in the trajectory of a CBI.

NWEC and TEP voiced concerns over process, indicating CBIs should be incorporated as an input into the resource evaluation criteria, rather than after-the-fact. Avista agrees this initial CEIP timing did not contribute to the ideal scenario for resource identification. As stated in its CEIP:

Ideally, the process for determining the Preferred Resource Strategy in the 2021 IRP and the creation of the CEAP would have included CBIs into Avista’s modeling process. However, CBIs were not available until after the IRP and CEAP were finalized so they were not included in the process. This procedural timing is very specific only to this initial CEIP; going forward the planning process will include the appropriate CBIs and these CBIs should be ranked in order of priority by the EAG for their inclusion in the planning process. However, had these CBIs been fully incorporated, due to Avista’s current supply mix and consistent with proposed interim targets, the four-year plan would not be materially different.⁸

Going forward, CBIs will be incorporated at the beginning of the resource selection process, as well as additional details regarding CBIs and their connection to specific actions.

⁸ Avista’s CEIP Chapter 4, page 4.4, second paragraph.

Public Participation

In accordance with WAC 480-100-655, Avista's CEIP involved input from existing advisory groups, the newly formed external EAG, interested stakeholders and customers. Public participation in these types of processes, and associated engagement, is a relatively new paradigm as noted by Staff. Avista made good faith efforts in soliciting input from customers, as well as advisory group members and the EAG. Avista's EAG is comprised of individuals from communities or organizations including environmental justice, public health, tribes, representatives in Named Communities, in addition to others representing youth, BIPOC, etc. Whereas the key focus for these individuals was equity, they are also representatives of the communities where they live or work. Staff feels that these individuals are neither a substitute nor a representation of voices within the Named Communities. Avista disagrees as these individuals live and work in these communities and as such are very qualified to speak to the conditions present. Avista does, however, acknowledge that additional participation from Named Communities – outside of the equity lens – may help inform the CEIP going forward. As part of our focus on outreach and customer engagement, Avista is actively looking for ways to encourage and obtain additional feedback from Named Communities.

It is important to recognize that customers may not have the desire, need, or want to be involved at the level at which they are being asked to participate. As a point of reference, Avista paid its EAG members for their time to participate in meetings, on an as needed basis. This is not a situation unique to Avista or other utilities in Washington. Even the Washington Department of Ecology's Eastern Washington public participation meeting for the Climate Commitment Act resulted in only 17 people in attendance – with four of those participants being translators and two being from Avista. There seems to be a broader conversation required in this context to identify how, who and when customers want to be included in these topics and processes. The process should be available to those who want to participate with a reasonable level of awareness of the opportunity. In the interim, Avista will continue to engage with internal customer experts, our advisory groups (including EAG), and stakeholders to improve and change outreach efforts to encourage additional participation.

Related to Avista's CEIP, comments were received from Public Counsel, TEP, and Staff regarding the overall public participation process. Public Counsel does not appear to take issue with the PPP utilized during the development of the CEIP but provides additional steps Avista may take throughout the implementation to further engage members of the EAG. Avista appreciates this

constructive feedback and is supportive of many of the conditions proposed by Public Counsel, such as making the EAG list publicly available on Avista’s external webpage,⁹ and providing updates on actions taken to address barriers to participation once discussed with the EAG in March. Avista will work to collaborate with all Stakeholders to determine the need for a formal report, as suggested by Public Counsel, or if updates in the PPP process are sufficient.

Staff states that Avista’s public participation efforts were “compliance-oriented focused rather than results-based focused” and that Avista may not have been fully committed to achieving the results of customer participation. Avista was surprised by these remarks as it was in regular contact with Staff throughout the development of the CEIP and these sentiments were not raised. Avista was, and is, in fact very committed to incorporating public participation in its processes. Avista was intentional in the “communication feedback loop” continuously following up with customers on how their input was interpreted and used within the CEIP and CBIs. Further, it is **unclear when compliance with the law is no longer sufficient** and represented as a lack of focus on results. Avista’s intention was clearly communicated to all stakeholders that this initial CEIP represented its best attempt to meet the standards of the law, including compressed time constraints, while incorporating the very valuable feedback received through public participation meetings, surveys, and individual meetings. At no point was this “business as usual” nor was it intended that Avista would discontinue looking for ways to improve upon the initial 2021 CEIP or even wait four years for the next plan. Again, this is an iterative process and the Company will continue to develop and improve these processes over time based on information received through stakeholder and customers feedback throughout the implementation period.

Staff further indicates disappointment regarding the use of alternative languages. Staff notes that it was not until after August 2021 that the Company acted and translated its CETA website, newsletters, bill inserts and its final CEIP in Spanish. What Staff fails to recognize is that there are established timelines to provide customers with printed materials – from reviewing content for accuracy, to translating, to printing, to mailing – that does not lend itself to a quick turnaround. Several of these methods were complete in June 2021, however, were not able to be implemented until August due to the timing outlined above. Nevertheless, Avista appreciates Staffs perspective

⁹ This list was included in the draft CEIP and was inadvertently excluded in the final CEIP. Avista commits to maintaining this list publicly going forward on its EAG webpage.

that additional work may be needed in this area. Avista acknowledged this in the CEIP and commits to identifying and implementing additional measures for overcoming language barriers in the future.

Incremental Cost of Compliance

Several of the Parties indicated concerns regarding Avista's Incremental Cost of Compliance calculation. No party, however, has indicated the existing calculation is not appropriate to be included in the initial CEIP. Public Counsel suggests that additional guidance from the Commission on incremental cost will be useful in the future. Avista agrees and commits to incorporate any changes as deemed necessary.

Miscellaneous Comments

Sierra Club submitted comments recommending the Commission reject the Company's CEIP because of concerns they had with the Company's 2021 Electric IRP Clean Energy Action Plan regarding resource choices outside this CEIP's time period. Because Sierra Club did not take issue with the contents of the CEIP itself, Avista has not replied to their comments as they are best suited for the 2023 IRP process, thus their comments regarding the CEIP should be dismissed.

NIPPC/REC provided limited comments on "Avista's renewable resource and capacity need", recommending "the Commission approve the portion of Avista's CEIP which outlines that Avista will need renewable resources in 2025 at the latest and capacity in 2026 at the latest." Avista appreciates NIPPC/REC's comments and support.

Next Steps/Proposed Conditions

Upon receiving the Parties' comments on the CEIP, Avista met with many of the Parties individually to ensure understanding of positions and potential pathways forward. In addition, multi-party discussion will begin in early March to discuss proposed conditions with a goal of reaching agreement on a list of conditions that alleviates the Parties' issues and concerns. Avista is developing a draft list of proposed conditions, which it will provide to the Parties in advance of the discussions.

Avista appreciates the opportunity to provide these reply comments. Please direct any questions to me at shawn.bonfield@avistacorp.com or (509) 495-2782.

Sincerely,

/s/ *Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy