

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION'S

2010-2011 Biennial Conservation Target  
Under RCW 19.285.040

DOCKET UE-100176

ORDER 03

ORDER REGARDING  
CONSERVATION ACHIEVEMENT  
FOR THE 2010-2011 BIENNIUM AND  
ELECTRIC DEMAND-SIDE  
MANAGEMENT PRUDENCE  
REVIEW

**I. BACKGROUND**

**A. The Energy Independence Act and Order 01 in Docket UE-100176**

1 Washington voters approved Initiative 937, the Energy Independence Act (EIA), in the 2006 general election. Now codified in Chapter 19.285 of the Revised Code of Washington, it requires electric utilities with 25,000 or more customers to set and meet energy conservation targets, among other things. Under RCW 19.285.060(6), the Washington Utilities and Transportation Commission (Commission) has authority to enforce the EIA with respect to investor-owned utilities. Pursuant to the rule-making authority granted in RCW 19.285.080(1), the Commission has adopted rules to ensure the proper implementation and enforcement of the EIA as it applies to investor-owned utilities.<sup>1</sup> Those rules are codified in Chapter 480-109 of the Washington Administrative Code.

2 Under RCW 19.285.040(1)(b), each utility must establish a biennial acquisition target for cost-effective conservation, and meet that target during the subsequent two-year period. Avista Corporation (Avista or Company) set a 2010-2011 biennial conservation target of 128,603 megawatt-hours, to include at least 125,982 megawatt-hours of conservation resources not derived from electric-to-natural gas conversions.

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<sup>1</sup> *Rules to Implement the Energy Independence Act*, Docket UE-061895, General Order R-546 (Nov. 30, 2007). The rule-making order is published in Issue 08-01 of the Washington State Register as WSR 07-24-012.

On May 13, 2010, the Commission approved that target, with conditions, in Order 01 in this docket.<sup>2</sup>

3 Among other things, the conditions approved in Order 01 required Avista to maintain and use an external conservation advisory group to review and advise Avista on its electric conservation programs and budgets, to file a series of reports with the Commission over a two-year period, to obtain independent expert review of Avista's electric conservation programs, and to involve its advisory group in planning for Avista's 2012-2013 conservation target under the EIA.<sup>3</sup> At the time Order 01 was entered, Avista already had in place an advisory External Energy Efficiency Board to review Avista's demand-side management programs and budgets. Order 01 affirmed Avista's continued use of that body to fulfill the conditions of the order.<sup>4</sup>

4 Condition (9) of Order 01 stated that some of the steps in planning for Avista's 2012-2013 conservation target could "be conducted within the context of Avista's integrated resource plan."<sup>5</sup> In accordance with WAC 480-100-238, Avista develops and files an Electric Integrated Resource Plan every two years. Among other things, WAC 480-100-238 requires an evaluation of conservation opportunities.<sup>6</sup> Commission Staff and other interested parties participate in the planning process and may provide comments to the Commission. Avista presented its 2009 and 2011 Electric Integrated Resource Plans to the Commission on February 25, 2010, and October 10, 2011, respectively. The Commission acknowledged both documents by letter and provided written comments.<sup>7</sup>

5 Conditions (8)(d) and (11) of Order 01 refer to an electric tariff rider. Avista funds its electric demand-side management programs through a tariff rider mechanism that has

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<sup>2</sup> *Avista Corp.*, Docket UE-100176, Order 01 Approving Avista's Ten-Year Achievable Conservation Potential and Biennial Conservation Target Subject to Conditions (May 13, 2010). The 2010-2011 target is described in ¶¶ 17 and 53 of Order 01. In order 02, issued on February 23, 2012, the Commission approved a revision to one of the conditions.

<sup>3</sup> Docket UE-100176, Order 01 ¶¶ 59-65.

<sup>4</sup> *See id.* ¶ 59; *Wash. Water Power Co.*, Docket UE-981126.

<sup>5</sup> Docket UE-100176, Order 01 ¶ 65.

<sup>6</sup> *See* RCW 19.280.030(1)(b).

<sup>7</sup> *Avista Corp.*, Docket UE-081613 (2009 Electric Integrated Resource Plan); *Avista Corp.*, Docket UE-101482 (2011 Electric Integrated Resource Plan).

been in place since 1994.<sup>8</sup> Avista's External Energy Efficiency Board reviews Avista's proposals to adjust the electric tariff rider before Avista files the adjustments with the Commission. Further review occurs after Avista files proposed tariff rider adjustments. Commission Staff and other interested parties examine the proposals before making a recommendation to the Commission for its decision.<sup>9</sup>

**B. Order 05 in Docket UE-110876 and UG-110877**

6 In 2011, Avista filed tariff revisions in consolidated Dockets UE-110876 and UG-110877 that proposed to increase its rates for electricity and natural gas service in the state of Washington. The Commission suspended the proposed tariff revisions and commenced an adjudicative proceeding.

7 As the parties prepared for hearing, a dispute arose among some of them regarding the proper forum to review Avista's demand-side management (DSM) programs and expenditures. To resolve the dispute, Public Counsel, Avista, and Commission Staff entered into a Memorandum of Understanding, dated July 22, 2011.

8 Paragraph 1 of the Memorandum of Understanding provides as follows:

The Parties [Public Counsel, Avista, and Commission Staff] agree to jointly recommend that the Washington Utilities and Transportation Commission (Commission or UTC) adopt the following procedure to review the prudence of Avista DSM programs and expenditures:

Timing	June 1, 2012
Term	The Parties agree that this prudence review process will continue for the two-year cycles subsequent to 2012. Any Party may recommend changes to the process after 2014, based on substantial change in circumstances.
Filing	Avista files testimony and supporting evidence on June 1, 2012, to demonstrate the prudence of its DSM expenditures for the prior two-year period for electric

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<sup>8</sup> *Wash. Water Power Co.*, Docket UE-941377.

<sup>9</sup> *See, e.g., Avista Corp.*, Docket UE-082272.

	<p>and natural gas programs (2010-2011).</p> <p>The filing will include a separate filing for natural gas which would be assigned its own docket number. The Parties will support consolidation of the natural gas and electric DSM dockets. The filing will include electric and natural gas verified savings.</p> <p>Avista agrees that discovery will be immediately available.</p>
Trigger	<p>Within 30 days, any person may request that the Commission set Avista DSM prudence for adjudication. Avista agrees not to oppose the request.</p>
Process	<p>In an adjudication, the Parties agree to recommend the adjudication include the opportunity for discovery, testimony, hearing and briefs.</p>
Length of Adjudication	<p>Up to 6 months (Parties agree to support a schedule that would allow a Commission order within 6 months)</p>
Implementation	<p>The Parties agree to recommend any disallowance ordered by Commission would be implemented in the next occurring annual tariff rider filing (currently annual on 5/1) as part of the true-up.</p>
Reservation	<p>The Parties understand this MOU does not affect review of annual tariff rider filing (e.g., for inclusion of improper costs, etc.).</p>

- 9 On August 1, 2011, Public Counsel, Avista, and Commission Staff filed a Joint Motion in Dockets UE-110876 and UG-110877, asking the Commission to enter an order clarifying that review of the prudence of Avista’s DSM programs and expenditures would be conducted pursuant to the Memorandum of Understanding. The Joint Movants explained “Granting this Motion would make clear the issue of DSM prudence for electric operations will be considered by the Commission as part of Avista’s biennial Energy Independence Act conservation target filing in 2012 [footnote 1: The Joint Movants’ MOU also commits to the continuation of this procedure in subsequent biennial cycles.], and in a simultaneously-filed docket related

to natural gas DSM prudence, and not in this docket.”<sup>10</sup> On August 3, 2011, the Commission issued a Notice of Opportunity to Respond to the Joint Motion. According to the Notice, the “MOU anticipates a process for prudence review of Avista’s electric DSM program over a six month period in the same docket as the Company’s next biennial conservation target filing in June of 2012.”<sup>11</sup>

- 10 The Commission granted the Joint Motion on August 18, 2011, noting the link between the new prudence review process and the biennial EIA filings.<sup>12</sup> The Commission found the motion to be in the public interest because:

The request provides for an alternative process in which the Commission will review and rule on the prudence of Avista’s electric and natural gas DSM expenditures. . . . Avista is the only qualifying utility whose DSM expenditures are currently reviewed for prudence in a general rate case. Granting the Joint Motion will align the prudence review process of Avista’s DSM expenditures with the process of other qualifying utilities.<sup>13</sup>

The Commission noted that prudence reviews of Avista’s DSM expenditures had historically taken place in general rate cases, while the DSM expenditures of other investor-owned utilities in Washington are reviewed outside of their rate case filings.<sup>14</sup>

### C. Avista’s Filings of June 1, 2012

- 11 On June 1, 2012, as required by Order 01,<sup>15</sup> RCW 19.285.070, and WAC 480-109-040, Avista filed a report describing its electric conservation program achievement during the 2010-2011 period. Using a reporting template developed by the

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<sup>10</sup> Joint Motion of Avista, Commission Staff and Public Counsel for Order Clarifying Forum for Resolution of DSM Prudence, Dockets UE-110876/UG-110877 (Aug. 1, 2011), ¶ 3 (similar motion filed in Docket UE-100176).

<sup>11</sup> Notice of Opportunity to Respond to Joint Motion Regarding Prudence Review of Demand Side Management Programs, Dockets UE-110876 and UG-110877 (Aug. 3, 2011), pages 1-2.

<sup>12</sup> *WUTC v. Avista Corp.*, Dockets UE-110876 and UG-110877, Order 05 Granting Joint Motion for Clarification on Forum for Resolution of DSM Prudence (Aug. 18, 2011), ¶¶ 3-4 & n.8.

<sup>13</sup> *Id.* ¶ 7 (footnote omitted).

<sup>14</sup> *Id.* ¶ 3 & n.7; ¶ 7 & n.14.

<sup>15</sup> Docket UE-100176, Order 01 ¶ 64 (Condition (8)(h)).

Washington Department of Commerce, Avista also filed a Conservation Report with that agency and with the Commission, as required by RCW 19.285.070(1) and WAC 480-109-040(1).

- 12 Avista reported that it had exceeded its 2010-2011 biennial conservation target, as follows:

<b>Avista Reported 2010-2011 Biennial Conservation Results</b>	
Biennial Conservation Target	128,603 megawatt-hours (including at least 125,982 megawatt-hours not derived from electric-to-natural gas conversions) <sup>16</sup>
Reported Savings	169,467 megawatt-hours <sup>17</sup>
Percent of Target Achieved	132%

- 13 As required by Order 05 in Dockets UE-110876 and UG-110877 and the Memorandum of Understanding the order approved, the materials Avista filed as part of its EIA filing on June 1, 2012, included testimony and exhibits to demonstrate the prudence of its electric demand-side management expenditures during 2010 and 2011. Avista asked the Commission to issue a finding that the expenditures to fund Avista's electric efficiency programs in calendar years 2010 and 2011 were prudent.
- 14 On May 31 and June 5, 2012, Avista filed revisions to its electric tariff rider (Tariff WN U-28, Schedule 91, Public Purposes Rider Adjustment). That matter has been assigned Docket UE-120788.
- 15 On June 4, 2012, the Commission issued a Notice inviting interested persons to file written comments on Avista's report, in accordance with WAC 480-109-040(2). On June 22, 2012, the Commission issued a second Notice, inviting interested persons to file written comments on the prudence of Avista's electric demand-side management programs and expenditures during the prior two years. Referring to Order 05 in

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<sup>16</sup> Docket UE-100176, Order 01 ¶ 53.

<sup>17</sup> This figure is the one given in the Direct Testimony of Bruce Folsom, Exhibit BWF-1T, page 2. The report that Avista filed with the Department of Commerce gave a figure of 172,979 megawatt-hours. In their comments, Public Counsel and NW Energy Coalition noted this discrepancy. Mr. Folsom's testimony suggests at pages 20-21 that the difference is attributable to 3,512 megawatt-hours derived from distribution savings. In this Order, we require Avista to file a revised report with the Commission and with the Department of Commerce. See WAC 480-109-040(3).

Docket UE-110876 and UG-110877, the June 22 Notice stated that, within 30 days of filing, any person could request that the Commission set the matter for adjudication. Both Notices requested that written comments be filed by 5:00 p.m. July 16, 2012, for consideration at the Commission's July 27, 2012, Open Meeting.

- 16 During the comment period, the Commission received written comments from Public Counsel, NW Energy Coalition, and Commission Staff. At the July 27, 2012, Open Meeting, the Commission heard oral comments from Public Counsel, NW Energy Coalition, Commission Staff, and Avista. The Commission orally invited interested persons to file additional written comments no later than August 2, 2012. Public Counsel, Renewable Northwest Project and NW Energy Coalition, and Avista filed comments.
- 17 On July 27, 2012, the Commission suspended the Schedule 91 tariff revision in Docket UE-120788, to allow more time for review in light of the pending compliance filing in this docket. The Commission allowed the tariff revision to become effective on a temporary basis.<sup>18</sup>
- 18 The Commission heard additional oral comments in this docket from Avista, Public Counsel, NW Energy Coalition, and Commission Staff during its August 9, 2012, Open Meeting. The Commission also considered Staff's Open Meeting memorandum of that date. The Commission asked Staff to collaborate with interested persons to develop a proposed order, which was presented to the Commission at its Open Meeting of September 27, 2012.

## II. SUMMARY AND DISCUSSION OF COMMENTS

- 19 Public Counsel agreed that Avista had exceeded its 2010-2011 electric conservation target, and had therefore complied with RCW 19.285.040(1)(b). Public Counsel recommended, however, that Avista should be required to reduce its reported conservation savings by 3,961,851 kilowatt-hours. Public Counsel urged that the reported savings for Avista's *Simple Steps, Smart Savings*<sup>TM</sup> retail compact fluorescent lamp program were not consistent with Conditions (6)(b) and (6)(c) of Order 01.<sup>19</sup> According to Public Counsel, the reported savings were based neither on

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<sup>18</sup> *WUTC v. Avista Corp.*, Docket UE-120788, Order 01 (July 27, 2012).

<sup>19</sup> Docket UE-100176, Order 01 ¶ 62.

the guidelines set by the Northwest Power and Conservation Council's Regional Technical Forum, nor on a rigorous impact evaluation.

20 Public Counsel agreed that Avista had otherwise complied with Order 01, RCW 19.285, and WAC 480-109.

21 Public Counsel noted that Avista, PacifiCorp d/b/a Pacific Power and Light Company (PacifiCorp), and Puget Sound Energy, Inc. had each taken a different approach in reporting savings attributable to Northwest Energy Efficiency Alliance market transformation efforts. Public Counsel recommended that the three utilities should take a consistent approach in the future.

22 Public Counsel agreed that Avista had satisfied the June 1, 2012, filing requirement of the Memorandum of Understanding approved in Order 05 in Dockets UE-110876 and UG-110877. Public Counsel stated that it is not requesting adjudication of Avista's DSM prudence filing.

23 NW Energy Coalition recommended that the Commission find Avista to be in compliance with RCW 19.285.040 and RCW 19.285.070 with regard to meeting its 2010-2011 biennial target and reporting its conservation savings to the Commission and the Department of Commerce. NW Energy Coalition recommended that, if the Commission orders Avista to revise its reported savings, the revised number should be the one that Avista reports to its customers in accordance with WAC 480-109-040(5).

24 Commission Staff urged that third-party verification of reported conservation savings is an integral part of documenting the prudence of conservation programs. Due to the complexity and number of conservation programs and measures, Commission Staff relied heavily on the findings of the third-party evaluator. Commission Staff agreed with Public Counsel's recommendation that Avista should be required to reduce its reported conservation savings by 3,961,851 kilowatt-hours. Commission Staff agreed that Avista had complied with Order 01, RCW 19.285, and WAC 480-109 in all other respects.

25 Commission Staff agreed with Public Counsel's observations concerning the reporting of savings attributable to Northwest Energy Efficiency Alliance market transformation efforts. In its August 9, 2012, Open Meeting memorandum, Staff



recommended that the three utilities should be ordered to develop a consistent approach, to be filed with the Commission by November 1, 2012.

- 26 Commission Staff agreed that Avista had satisfied the June 1, 2012, filing requirement of the Memorandum of Understanding approved in Order 05 in Dockets UE-110876 and UG-110877. Commission Staff recommended that a “finding of prudence” is not necessary, however, urging instead that the conservation planning, reporting, and oversight process required by Order 01 and described above in Part I.A is effectively a prudence review. Staff repeated that recommendation in its August 9, 2012, Open Meeting memorandum. Commission Staff explained that review of the prudence of demand-side management expenditures always occurs when companies file proposed adjustments to their tariff riders or other conservation cost recovery mechanisms. In the past, Avista has provided evidence of cost-effectiveness of its conservation portfolio in a general rate case, but the Orders the Commission has entered to implement the EIA require Avista to file that evidence on June 1 of each year.<sup>20</sup>
- 27 In its written comments filed on August 2, 2012, Public Counsel expressed concern about Commission Staff’s statement that the ongoing review process that has developed for each utility’s portfolio is effectively a prudence review. Public Counsel urged that there must be an opportunity for parties to challenge prudence in an adjudicatory setting. Public Counsel recommended that the Commission address the process for assessing DSM prudence in a later policy proceeding. In its oral comments during the August 9, 2012, Open Meeting, Public Counsel expressed concern about the relationship between the prudence review process recommended by Staff and the process approved in Order 05, Dockets UE-110876 and UG-110877.
- 28 In its oral comments during the July 27, 2012, Open Meeting, Avista asked the Commission to issue an order finding that its electric demand-side management program expenditures in 2010-2011 were prudent. Avista requested that the Commission spell out in an order the prudence review process proposed by Commission Staff as the process to be used for future review. At the August 9, 2012, Open Meeting, Avista stated that it agreed with the recommendations in Staff’s

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<sup>20</sup> *Avista Corp.*, Docket UE-100176, Order 02 ¶ 13 (Feb. 23, 2012); *Avista Corp.*, Docket UE-111882, Order 01 ¶ 30 (Feb. 10, 2012).

August 9, 2012, Open Meeting memorandum that a finding of prudence was not needed.

- 29 None of the comments suggested that Avista's electric demand-side management programs or expenditures in 2010-2011 were not prudent. No person has requested that the Commission set Avista electric demand-side management prudence for adjudication.
- 30 The Commission agrees with Public Counsel that the prudence review process approved in Order 05, Dockets UE-110876 and UG-110877, remains in place until and unless the Commission modifies that order. Order 05 requires Avista to make certain filings and allows any person to request an adjudication. Order 05 does not require the Commission to make a finding of prudence, or lack thereof, if no person requests an adjudication. Because no person has requested an adjudication in this docket, the Commission agrees with Staff that a "finding of prudence" is not necessary.
- 31 In the Memorandum of Understanding that the Commission approved in Order 05, Dockets UE-110876 and UG-110877, the parties agreed that the prudence review process described in the MOU would continue for the two-year cycles subsequent to 2012, and that any party may recommend changes after 2014, based on a substantial change in circumstances. The Commission agrees with Staff and Avista, however, that the ongoing review of Avista's electric DSM programs and expenditures that occurs under the process described in Part I.A above, and in Order 01, Docket UE-111882, is an important part of a prudence review, though it is not by itself necessarily determinative of prudence. The Commission suggests that the parties to Docket UE-111882 may wish to consider whether revisions to Order 01 in that docket may be appropriate for revising the ongoing review.<sup>21</sup>
- 32 The Commission agrees with Public Counsel and with Commission Staff that Avista should be required to reduce its reported conservation savings by 3,961,851 kilowatt-hours (3,962 megawatt-hours). The Commission is not convinced that Avista knowingly deviated from any of the conditions of Order 01. The Commission

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<sup>21</sup> See *Avista Corp.*, Docket UE-111882, Order 01 ¶ 30 (Feb. 10, 2012). In that order, the Commission approved Avista's 2012-2013 biennial conservation target under the EIA, with conditions. Paragraph 30 in that order does not contain all of the reporting elements that were contained in Paragraph 64 of Order 01 in this docket for the 2010-2011 period, and the parties may wish to consider whether it should.

concludes, however, that the “deemed” savings developed by the Regional Technical Forum are more widely accepted in the Pacific Northwest than is the methodology Avista used to quantify the electricity saved by Avista’s *Simple Steps, Smart Savings*<sup>TM</sup> retail compact fluorescent lamps program.

33 The Commission agrees with Public Counsel and with Commission Staff that the three investor-owned electric utilities should develop a consistent approach to the reporting of savings attributable to Northwest Energy Efficiency Alliance market transformation efforts.

#### IV. FINDINGS AND CONCLUSIONS

- 34 (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 electrical companies. RCW 80.01.040; RCW Chapters 80.04, 80.08, 80.12, 80.16, 80.28.
- 35 (2) Avista is an electrical company and a public service company subject to Commission jurisdiction.
- 36 (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).
- 37 (4) In Order 01 in this docket, the Commission approved, with conditions, Avista’s 2010-2011 biennial conservation target of 128,603 megawatt-hours, to include at least 125,982 megawatt-hours of conservation resources not derived from electric-to-natural gas conversions.
- 38 (5) Avista has achieved 165,505 megawatt-hours of conservation during the 2010-2011 biennium, and has exceeded its target for the biennium. Avista has complied with RCW 19.285.040(1)(b).
- 39 (6) Avista has met the reporting requirements of RCW 19.285.070 and WAC 480-109-040(1).

- 40 (7) WAC 480-109-040(3) requires Avista to submit a revised Conservation Report to the Department of Commerce that reflects the results of the Commission's review.
- 41 (8) WAC 480-109-040(4) requires Avista to post on its website the report required in WAC 480-109-040(1). WAC 480-109-040(5) requires Avista to provide a summary of its report to its customers, by bill insert or other suitable method, within ninety days of the date of this Order 03.
- 42 (9) Avista has complied with Order 01 in this docket.
- 43 (10) In Order 05 in Docket UE-110876 and UG-110877, the Commission approved a July 22, 2011, Memorandum of Understanding between Public Counsel, Avista, and Commission Staff, which describes a process for Commission review of the prudence of Avista's electric demand-side management programs and expenditures. The "Filing" element in the Memorandum of Understanding required Avista to file testimony and supporting evidence on June 1, 2012, to demonstrate the prudence of its electric DSM expenditures during 2010 and 2011.
- 44 (11) On June 1, 2012, as part of its EIA filing, and as required by the Memorandum of Understanding, Avista filed the testimony of three witnesses, supporting exhibits, and other materials to demonstrate the prudence of its electric demand-side management expenditures during 2010 and 2011. Avista has satisfied the "Filing" element of the Memorandum of Understanding approved in Order 05, Docket UE-110876 and UG-110877.
- 45 (12) The "Trigger" element of the Memorandum of Understanding approved in Order 05, Docket UE-110876 and UG-110877, and described in ¶ 4 of Order 05, provided that any person could request an adjudication of Avista DSM prudence within 30 days of Avista's filing. The Notice that the Commission issued on June 22, 2012, referred to the deadline as described in Order 05. No person has requested that the Commission set Avista DSM prudence for adjudication.
- 46 (13) No comments or information presented to the Commission suggest that Avista's electric demand-side management programs and expenditures during 2010 and 2011 were not prudent.

- 47 (14) Nothing in this order is intended to modify Order 05 in Dockets UE-110876 and UG-110877.
- 48 (15) The Commission will review Avista's electric demand-side management expenditures when it considers the revisions to Tariff WN U-28, Schedule 91, Public Purposes Rider Adjustment, in Docket UE-120788. Nothing herein changes the status of Order 01 entered in that docket on July 27, 2012. The tariff suspension will remain in effect until the Commission orders otherwise in Docket UE-120788.

## **V. ORDER**

### **THE COMMISSION ORDERS:**

- 49 (1) Avista Corporation has complied with the June 1, 2012, reporting requirements pursuant to WAC 480-109-040.
- 50 (2) Avista Corporation has complied with Order 01 in Docket UE-100176.
- 51 (3) Avista Corporation has achieved 165,505 megawatt-hours of conservation during the 2010-2011 biennium. Within thirty days of the date of this order, Avista Corporation must file a revised report with the Commission and with the Department of Commerce to reflect this conservation achievement.
- 52 (4) Avista Corporation, in collaboration with Puget Sound Energy and PacifiCorp d/b/a Pacific Power & Light Company, must develop a consistent approach to claiming Northwest Energy Efficiency Alliance conservation savings. Avista Corporation, PacifiCorp d/b/a/ Pacific Power and Light Company, and Puget Sound Energy, Inc., will jointly propose an approach to claiming Northwest Energy Efficiency Alliance conservation savings to the Commission by November 1, 2012. Avista Corporation will incorporate the modified approach into the development of the 2014-2015 Biennial Conservation Plan required by Order 01 ¶ 31 (Condition (8)(e)) in Docket UE-111882.
- 53 (5) Avista Corporation has complied with Order 05, Dockets UE-110876 and UG-110877, with respect to its electric demand-side management programs and expenditures for 2010 and 2011.

- 54 (6) Avista Corporation has an electric demand-side program that will be reviewed for prudence outside of a general rate case, consistent with Puget Sound Energy and PacifiCorp d/b/a Pacific Power and Light Company.

DATED at Olympia, Washington, and effective September 27, 2012.

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Chairman, Concurring in part and dissenting in part.

- 55 I concur with the majority on all issues except the issue discussed in paragraph 32. The majority has voted to reduce Avista's reported conservation savings by 3,962 megawatt-hours, relating to the installation rate estimate for the compact fluorescent lamps distributed through Avista's *Simple Steps, Smart Savings*<sup>TM</sup> program. Public Counsel advocated for the reduction on the ground that Avista's proposed installation rate was based on projections, and not on "verified savings" as required in Order 01 in this docket. I disagree. It is my understanding that Avista's methodology of determining future savings was actually based on data from actual past savings and therefore acceptable. Having said that, I note that it would be substantially simpler for future evaluation of compliance with conservation targets to settle on a more objective measure of such savings.

JEFFREY D. GOLTZ, Chairman