

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA
UTILITIES,

Respondent.

DOCKETS UE-110876 and
UG-110877 (*Consolidated*)

JOINT MOTION OF AVISTA,
COMMISSION STAFF AND
PUBLIC COUNSEL FOR ORDER
CLARIFYING FORUM FOR
RESOLUTION OF DSM
PRUDENCE

**REQUEST FOR EXPEDITED
TREATMENT**

Please note: The same parties filed a similar motion in Docket UE-100176. This motion allows parties to this general rate case to provide their views, if any, to the Commission on this issue, and to address DSM prudence related to natural gas operations (because Docket UE-100176 relates to electric operations only).

I. RELIEF REQUESTED

1 Avista Corporation (Avista), the Public Counsel Section of the Washington State Attorney General's Office (Public Counsel) and Commission Staff (Staff) (collectively Joint Movants) move for an order approving procedures for Commission review of the prudence review of Avista's electric and natural gas Demand Side management (DSM) programs.

2 Joint Movants respectfully request the Commission enter an order clarifying that Commission review of the prudence of Avista's DSM programs and expenditures for both electric and natural gas operations, will be conducted in a future docket pursuant to the Memorandum of Understanding (MOU) attached to this Motion. A copy of the MOU is attached as Appendix A.

3 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 2012¹, and in a simultaneously-filed docket related to natural gas DSM prudence, and not in this docket.

4 Joint Movants respectfully request expedited treatment of this motion so that all parties to this general rate case docket will have certainty as to in which docket the Commission will consider DSM prudence.

II. MEMORANDUM

STATEMENT OF FACTS AND ISSUES

A. Background

5 The Energy Independence Act, RCW Chapter 19.285 (EIA), requires large electric utilities, such as Avista, to set and meet targets for the conservation of electricity. In Order 01 in Docket UE-100176, the Commission found that it was in the public interest to approve Avista's Revised Ten-Year Achievable Conservation Potential and 2010 – 2010 Biennial Conservation Target, subject to certain conditions, as consistent with the requirements of the Energy Independence Act (EIA).²

6 Pursuant to the EIA and Order 01, Avista must meet its identified biennial targets for conservation of electricity.³ Additionally, Order 01 stated, "Avista must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved."⁴ However, Order 01 did not specify the procedure or proper forum

¹ The Joint Movants' MOU also commits to the continuation of this procedure in subsequent biennial cycles (see discussion below).

² *In the Matter of Avista Corporation's Ten-Year Achievable Conservation Potential and Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-100176, Order 01, ¶ 54 (May 2010).

³ RCW 19.285.040(1)(b).

⁴ *In the Matter of Avista Corporation's Ten-Year Achievable Conservation Potential and Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-100176, Order 01, ¶ 62 (May 2010).

for demonstration and review of Avista's DSM prudence.⁵ The EIA itself does not specifically address the determination of DSM prudence. Moreover, Order 01 and the EIA do not apply to natural gas DSM.

7 For Avista, DSM prudence review historically has occurred in general rate cases.⁶ However, the conservation target process established by the EIA, including biennial reporting on electric conservation achievement, provides a potential alternative process for electric DSM prudence review.

8 Joint Movants disagreed as to whether the general rate case or other forum was appropriate as to location and timing for review of Avista DSM prudence. Following the filing of Avista's current general rate case, Joint Movants met to discuss this issue, ultimately reaching the consensus reflected in the attached MOU.

B. The Memorandum of Understanding

9 In summary, the MOU provides a process for Avista DSM prudence review, for both electric and natural gas operations, which contains the same basic components historically available in Avista's DSM prudence review in rate cases. The MOU has the effect of moving DSM prudence issues for both electric and natural gas programs from the rate case context to the future June EIA filings for electricity, and a simultaneously-filed, separate docket for natural gas DSM prudence.⁷

⁵ See *In the Matter of Avista Corporation's Ten-Year Achievable Conservation Potential and Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket No. UE-100176 Order 01, ¶ 62 (May 2010).

⁶ See *Utilities and Transp. Comm'n v. Avista Corp. d/b/a Avista Utilities*, Dockets UE-100467 and UG-100468 (consolidated) Settlement Stipulation, ¶ 14 (Nov. 2010); *Utilities and Transp. Comm'n v. Avista Corp. d/b/a Avista Utilities*, Dockets UE-070804, UG-070805 and UE-070311 (consolidated) Order 05, ¶ 21 (December 2007).

⁷ Provision 4 of the MOU, however, clarifies that DSM issues regarding compliance with Order 07 in the 2010 Avista General Rate Case may still be addressed in this docket.

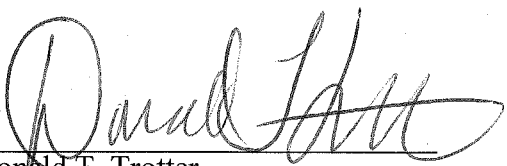
III. CONCLUSION

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For the reasons set forth above, the Joint Parties respectfully request the Commission grant this Motion and enter an order clarifying that Commission review of the prudence of Avista's DSM programs and expenditures for both electric and natural gas operations, will be conducted in a future docket pursuant to the Memorandum of Understanding (MOU) attached to this Motion.

Dated this 1st ^{August} day of ~~July~~, 2011.

Simon J. ffitch
Senior Assistant Attorney General
Public Counsel Section



Donald T. Trotter
Assistant Attorney General
For Commission Staff

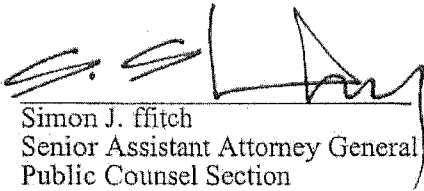
David Meyer
Vice President and Chief Counsel
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III. CONCLUSION

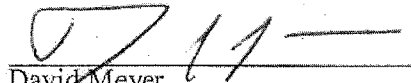
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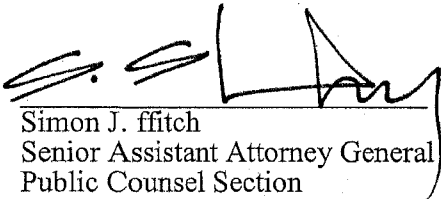
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