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Mr. Jeff Killip  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

**RE: Docket U-240013 - Relating to the “Commission-led Workshop on the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) – Supplemental Comments of Avista Utilities**

Dear Mr. Killip:

Avista Corporation, dba Avista Utilities (Avista or the Company), submits the following supplemental comments in accordance with the Washington Utilities and Transportation Commission’s (WUTC or the Commission) Notice of Opportunity to File Written Comments on the IRA and IIJA issued in Docket U-240013 on January 18, 2024.

In the Company’s originally-filed comments dated February 21, 2024, and as noted by the Company during the Workshop held on March 5, 2024, questions 11 and 12 posed by the Commission were viewed from a tax perspective. Provided below are the Company’s comments from an energy efficiency perspective:

11. Do you believe the utilities can claim savings that result from federal rebates?

**Avista’s Response:** Because we do not, at this time, know the degree to which these programs are utilized by consumers, it will be difficult to accurately quantify customer participation for these rebates. However, if a method can be developed to quantify participation, Avista believes that energy savings can be claimed for efficiency measures included in the Company’s approved conservation plans. For electric efficiency measures, Avista believes that savings should be included in the Company’s efforts to attain its annual kWh savings goal, in accordance with the established EIA framework. For natural gas measures, Avista believes that savings arising from federal rebates can also be claimed in pursuit of the Company’s biennial gas targets. Generally, Avista sees an opportunity for customers to leverage federal rebates that align with existing efficiency programs, to implement efficiency projects that may otherwise not be affordable. One topic for discussion is whether entities beyond utilities (i.e., Commerce or the federal government) are also planning to claim savings for measures tied to federal rebates. In a scenario in which other

entities are planning to claim savings, a methodology will need to be developed to distribute savings assumptions between each entity.

12. How should utilities treat federal rebates and tax credits in cost-effectiveness calculations?

**Avista’s Response:** In theory Avista believes that federal rebates and tax credits should be included in cost-effectiveness calculations for efficiency measures (specifically in the Total Resource Cost (utility, customer, and society) test and the Participant Cost Test (program participant)). At this point we are assuming that UCT (Utility Cost Test) and RIM (Ratepayer Impact Measure Test) would not be impacted. As stated in answer 11, we do not at this time know the degree to which these programs will be utilized by consumers, making it difficult to quantify the customer and societal benefits. However, assumptions can be developed based on best-available information, and those assumptions can be further refined as the programs mature.

As it relates to Question No. 7, Chair Danner requested that Avista provide further details on how the Company is modeling the IJIA and IRA in our 2025 electric IRP planning process. First, as we mentioned in the Workshop, Avista was awarded a \$5 million grant related to work at our Post Falls Generating Facility. This is part of a broader rehabilitation project occurring at that facility, and any changes in generation resulting from such work will be included in our IRP modeling.

For new generation/energy storage/fuel (hydrogen), Avista includes IRA incentives as part of the resource cost. The Company does not assume the incentives will be extended beyond the authorized tax credits timelines. For tax incentives impacting customer demand, i.e. heat pumps, these incentives are included in the load forecast model to estimate how customers will use energy. These incentives are also included in the energy efficiency potential study. Most IJIA incentives are not applicable to the IRP with the exception if the funding changes an existing resource (i.e., the Post Falls example noted above).

Finally, Avista appreciates Rocky Mountain Institutes participation in the March 5 Workshop, and we are in receipt of their “Planning to Harness the Inflation Reduction Act” toolkit. This has been shared with our IRP planning team for their review and incorporation as applicable.

If you have any questions regarding these comments, please contact me at 509-495-8620 or [Patrick.ehrbar@avistacorp.com](mailto:Patrick.ehrbar@avistacorp.com).

Sincerely,

/s/ *Patrick Ehrbar*

Patrick Ehrbar

Director of Regulatory Affairs

