

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKETS UE-110876 and
TRANSPORTATION COMMISSION,)	UG-110877 (<i>consolidated</i>)
)	
Complainant,)	
)	ORDER 05
v.)	
)	
AVISTA CORPORATION d/b/a)	ORDER GRANTING JOINT
AVISTA UTILITIES,)	MOTION FOR CLARIFICATION ON
)	FORUM FOR RESOLUTION OF
Respondent.)	DSM PRUDENCE
.....)	

- 1 **NATURE OF PROCEEDING:** On May 16, 2011, Avista Corporation d/b/a Avista Utilities (Avista or the Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-28, Electric Service in Docket UE-110876 and revisions to its currently effective Tariff WN U-29, Gas Service in Docket UG-110877 for a general rate increase for electric and gas service. Avista requests an electric rate increase of \$38.3 million, or 8.7 percent, and a gas rate increase of \$6.2 million or 4.0 percent.

- 2 On July 28, 2011, Avista, the Public Counsel Section of the Washington State Attorney General’s Office (Public Counsel), and the Commission’s regulatory staff¹ (collectively with Avista and Public Counsel, Movants) filed a Joint Motion requesting that the Commission clarify that Avista’s demand side management

¹ In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of the proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455.

(DSM) programs and expenditures will be reviewed for prudence in a future docket, rather than the Company's pending electric and natural gas rate cases (Joint Motion).²

- 3 The Energy Independence Act (EIA)³ requires qualifying utilities to set and meet electric conservation targets.⁴ The EIA also provides that the Commission will determine if qualifying utilities have met their targets based on the utility's biennial EIA conservation target filing.⁵ Movants assert that the Commission should review the prudence of Avista's DSM programs and expenditures in a process they have outlined in a Memorandum of Understanding (MOU).⁶ Movants state that the process would be separate and distinct from Avista's pending general rate case, which is historically where prudence reviews of the Company's DSM expenditures take place.⁷
- 4 On June 1, 2012, Avista would file testimony and supporting evidence in separate dockets to demonstrate the prudence of its electric and natural gas DSM expenditures for the prior two years.⁸ Within 30 days of the filing, any person could request that

² Movants also filed the Joint Motion in Docket UE-100176, *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*. Our ruling on the Joint Motion in this proceeding effectively renders the filing in Docket UE-100176 moot.

³ RCW Chapter 19.285.

⁴ RCW 19.285.040(1)(a)-(b).

⁵ RCW 19.285.040(1)(d).

⁶ Joint Motion, ¶ 9.

⁷ *Id.* ¶ 7 (citing to *WUTC v. Avista Corp.*, Dockets UE-100467 and UG-100468 (consolidated), Settlement Stipulation, ¶ 14 (Nov. 2010); *WUTC v. Avista Corp.*, Dockets UE-070804, UG-070805, and UE-070311(consolidated) Order 05, ¶ 21 (Dec. 2007).

⁸ Appendix A, Joint Motion, ¶ 1. The Company's EIA filing only addresses Avista's electric conservation targets, so Avista has agreed to simultaneously file its natural gas DSM prudence case in a separate docket. Joint Motion, ¶ 3. Movants will support consolidation of the dockets for administrative efficiency. Appendix A, Joint Motion, ¶ 1.

the Commission set the matter for adjudication.⁹ If Avista's request was set for hearing, Movants agree to support a suspension period of up to 6 months.¹⁰

5 According to Movants, any disallowance should be implemented by the Commission in the next annual tariff rider filing.¹¹ Movants agree that the MOU does not affect review of the annual tariff rider filing (e.g., for inclusion of improper costs, et cetera)¹² or the review of Avista's compliance with various reporting and training requirements in Dockets UE-100467 and UG-100468.¹³

6 On August 3, 2011, the Commission issued a Notice of Opportunity to Respond to Joint Motion Regarding Prudence Review of Demand Side Management Programs. None of the parties voiced opposition to Movants' request.

7 **Discussion:** The Commission finds this Joint Motion to be in the public interest. 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. However, the request does not alter the Commission's examination of Avista's implementation of its natural gas decoupling program or any request to recover lost margins resulting from Avista's DSM programs in this proceeding. Further, Avista is the only qualifying utility whose DSM expenditures are currently reviewed for prudence in a general rate case.¹⁴ Granting the Joint Motion will align the prudence review process of Avista's DSM expenditures with the process of other qualifying utilities.

8 The Commission finds that the Joint Motion should be granted.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ Appendix A, Joint Motion, ¶ 4 (citing *WUTC v. Avista Corp.*, Dockets UE-100467 and UG-100468, Order 07 ¶ 16 and Appendix A to Order 07 at 17-18 (November 19, 2010)) .

¹⁴ The DSM expenditures of both PacifiCorp d/b/a Pacific Power & Light Company and Puget Sound Energy, Inc. are reviewed outside of their rate case filings.

ORDER

- 9 THE COMMISSION ORDERS That the Joint Motion for an Order Clarifying the Forum for Resolution of DSM Prudency filed by Avista Corporation, the Public Counsel Section of the Washington State Attorney General's Office and the Commission's regulatory staff is granted.

Dated at Olympia, Washington, and effective August 18, 2011.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

MARGUERITE E. FRIEDLANDER
Administrative Law Judge

NOTICE TO PARTIES: A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.