December 18, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket Nos. UE-171091, UE-171087, and UE-171092 – Response Comments of Avista Utilities, Puget Sound Energy and Pacific Power & Light on Commission Staff Comments Regarding Electric Utility Conservation Plans Under the Energy Independence Act.

Dear Mr. King,

Avista Corporation, dba Avista Utilities (Avista), Puget Sound Energy (PSE) and Pacific Power & Light Company (Pacific Power) (collectively referred to as the Investor Owned Utilities "IOUs") submit the following comments in response to the Washington Utilities and Transportation Commission Staff's ("Staff") comments issued in Docket Nos. UE-171091, UE-171087 and UE-171092 on December 1, 2017 regarding the Electric Utility Conservation Plans under the Energy Independent Act.

The Electric IOUs' comments focus specifically on Staff's recommendation "[…] that for the 2018-2019 biennium, NEEA savings be included in the EIA target."[1]

The IOUs collectively disagree with this recommendation for the following reasons.

(1) The IOUs' support of the Northwest Energy Efficiency Alliance ("NEEA") and its mission since the inception of the organization in 1996 has been unwavering. The IOUs appreciate NEEA's forward-looking vision and investments, are actively engaged with NEEA board and committee positions, and are committed to continue these efforts into the future. The current NEEA funding cycle 2015-2019 is nearing its end and strategic planning is underway for the next funding cycle to determine the direction for NEEA to proceed. IOU representatives are actively engaged in the NEEA strategic planning process and intend to revisit the current policy for treatment of NEEA savings with their respective Advisory Groups during the 2020-2021 Biennial

[1] Page 6 of Staff Comments on 2018-2019 Biennial Conservation Plans, ¶ 3, "NEEA".

Conservation Plan ("BCP") target-setting process, once NEEA's strategic direction for 2020-2024 funding cycle is known.

(2) Including NEEA savings in IOUs' enforceable targets would inappropriately shift the risk of NEEA achieving its goals to the IOUs. Although the IOUs are actively engaged through the NEEA board and committees, they are but 3 of the 13 funders comprising less than 25 percent of total NEEA funding, and hold only 3 of the 18 voting board seats that are adaptively managing the policies and direction of NEEA. The current policy of removing projected NEEA savings from the IOU enforceable target accurately reflects the limited ability of the IOUs to influence savings realized through NEEA initiatives. Moreover, because NEEA reports savings to IOUs after a biennial period is already complete, the IOUs have no ability to adaptively manage programs to make up for any NEEA shortfall.

Staff suggests that the IOUs bear low risk from NEEA underperformance because of the ability to use excess conservation from previous biennia to cover shortfalls. However, the IOUs current savings balances have an expiration date and may not be reflective of available balances moving forward. As such, the IOUs current savings balance levels should not be used as a justification for increasing IOU risk. The IOUs do not agree with this shift of savings from programs we do control to savings from programs that we do not control, such as NEEA.

(3) Contrary to Staff's assertion, the IOUs' electric savings reporting is already consistent with other Washington utilities. During the last biennial cycle, the IOUs collaborated with Staff to ensure that the electric savings reported to the Department of Commerce include all savings that ratepayers funded in the previous year, including those reported by NEEA.

(4) The IOUs have followed the prescribed process in setting their EIA Penalty Targets. The individual IOUs worked closely with their respective Advisory Groups for several months prior to the filing of their Biennial Conservation Plans ("BCPs"). During that time, all IOUs had support and approval from their Advisory Groups on the goal determination as filed with each of their BCPs. Any change to the goal setting should be vetted with each of the IOU's Advisory Groups to be consistent with the process.

Avista, PSE, and Pacific Power agree that NEEA savings should be excluded from the EIA penalizable target base on the above outlined reasons. NEEA savings are different from other traditional Energy Efficiency programs where direct funding, savings, and cost effectiveness can be derived. It is not a fair assignment of risk to include NEEA savings that are outside of the IOUs' control, nor should—as has been expressed by various Advisory Group members—IOUs unduly benefit should NEEA exceed their indicated targets. Alternately, if the commission feels this topic should be explored further, the IOUs would support a state-wide discussion with their respective Advisory Group membership.

In addition, Public Counsel supports the exclusion of NEEA savings from the EIA Penalizable target as it elevates concern that the IOUs would use additional NEEA savings to offset their traditional Energy Efficiency programs. Public Counsel wants to ensure that the utilities are 100% committed to achieving savings from programs that are in their direct control.

The IOUs appreciate the opportunity to provide these response comments. Please direct any questions regarding these comments to Dan Johnson at (509) 495-2807 or dan.johnson@avistacorp.com or Dan Anderson at (425) 424-6837 or Dan.Anderson@pse.com or Don Jones at (503) 813-5184 or Don.Jones_JR@rockymountainpower-pacificpower.net.

Sincerely,

Dan Johnson, Avista
Dan Anderson, PSE
Don Jones, Pacific Power