

Agenda Date: September 27, 2012  
Item Number: A4

**Docket:** UG-121026  
Company: Avista Corporation

Staff: Eric Russell, Regulatory Analyst  
Deborah Reynolds, Assistant Director, Conservation and Energy Planning

### **Recommendation**

Issue an Order in Docket UG-121026 finding:

- (1) Avista Corporation has complied with Order 05, Docket UG-110877, with respect to its natural gas demand-side management programs and expenditures for 2010 and 2011.
- (2) Avista Corporation has a natural gas demand-side management program that will be reviewed for prudence outside of a general rate case, consistent with Puget Sound Energy, Inc., and PacifiCorp d/b/a Pacific Power and Light Company.

### **Discussion**

As required by Order 05 in Dockets UE-110876 and UG-110877, Avista Corporation (Avista or company) initiated this docket on June 1, 2012, by filing testimony and exhibits regarding its natural gas demand-side management programs and expenditures during 2010 and 2011. Avista asked the commission to issue a finding that the expenditures to fund Avista's natural gas efficiency programs in calendar years 2010 and 2011 were prudent.

The commission considered the matter at its August 9, 2012, open meeting. The commission agreed that Avista (1) complied with Order 05 in Dockets UE-110876 and UG-110877, and (2) has a natural gas demand-side management program that will be reviewed for prudence consistent with Puget Sound Energy, Inc. and PacifiCorp d/b/a Pacific Power and Light Company.

The commission instructed staff to work with interested parties to draft the language for Order 01 in Docket UG-120126, to be formally considered by the commission at a future date.

Subsequent to the August 9, 2012, open meeting, staff drafted the Order and provided opportunity for interested parties to comment. Staff received input from the company and Public Counsel and some of the recommended language was incorporated into the final version of Order 01.

There remains some disagreement among staff, Public Counsel, and the company regarding the prudence review process continuing forward. Staff intends to work with the interested parties to develop a process to address this issue within a reasonable amount of time.

**Conclusion**

Staff recommends that the commission issue an Order in Docket UG-121026 as described in the recommendation section above.