Service Date: May 21, 2020

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of AVISTA CORPORATION d/b/a AVISTA UTILITIES 2020-2029 Ten-Year Achievable Electric Conservation Potential and 2020-2021 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010	DOCKET UE-190912 ORDER 02
In the Matter of the Petition of AVISTA CORPORATION d/b/a AVISTA UTILTIES For Exemption from WAC 480-109-130	DOCKET UE-200395 ORDER 01 CONSOLIDATING DOCKETS; GRANTING PETITION; GRANTING EXEMPTION FROM RULE

BACKGROUND

1 Under the Energy Independence Act (EIA or Act), electric utilities with 25,000 or more customers are required to set and meet energy conservation targets every two years.[1] The

[1] RCW 19.285.040(a) requires each electric utility to identify its 10-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent 10-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than

Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, which further require that each utility must file a report with the Commission identifying its 10-year achievable conservation potential and its biennial conservation target every two years.

2 On November 1, 2019, Avista Corporation, d/b/a Avista Utilities, (Avista or Company) filed its 10-Year Conservation Potential and 2020-2021 Biennial Conservation Plan with the Commission, as required by the EIA.

3 On December 17, 2019, the Commission issued Order 01, accepting the 2020-2029 Ten-Year Achievable Conservation Potential and 2020-2021 Biennial Conservation Target, subject to conditions. Order 01 included a 10-year electric conservation potential of 361,700 MWh; EIA target of 72,844 MWh; EIA penalty threshold of 59,948 MWh; and decoupling threshold of 3,642 MWh. Order 01 required Avista to file a petition to either modify or retain the EIA target and EIA penalty threshold at the levels accepted in Order 01 by April 15, 2020. The petition must incorporate, to the degree possible, the Clean Energy Transformation Act (CETA) and explain how the social cost of greenhouse gas emissions was included in the evaluation of conservation targets and why the methodology used is appropriate.

4 On April 13, 2020, Avista filed a Petition to retain the Commission approved biennial EIA target, penalty threshold, decoupling commitment, and ten-year potential (Petition).

5 In its Petition, Avista submits that the social cost of greenhouse gas emissions has "already been assimilated into its planning process" and were included in the biennial conservation plan approved in Order 01. Avista states that it presented its methodology for incorporating greenhouse gas emissions at the January 16, 2020, workshop jointly conducted by the Commission and the Washington Department of Commerce (Commerce). For example, Avista incorporates the social cost of greenhouse gas emissions for each thermal resource option. It also includes greenhouse gas emissions associated with short-term market purchases and emissions reductions from energy efficiency, using a methodology designed to replicate the Washington Fuel Mix Disclosure published by Commerce. Avista states it is committed to working with Commission staff (Staff) to provide more granular methods to account for overall

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the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

greenhouse gas emissions reductions from energy efficiency. Therefore, Avista petitions to retain the conservation targets accepted in Order 01.

6 On April 30, 2020, Avista filed a request for exemption from WAC 480-109-130 in Docket UE-200395. Avista requests that the Commission grant an exemption from the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment, under WAC 480-109-130(2). Avista submits that as of March 31, 2020, the Schedule 91 (electric) tariff rider balance was underfunded by approximately $5.6 million. However, Avista explains that "the current level of collections from customers is consistent with expectations of Avista's 2019 Schedule 91 rate filing" and that "the current Schedule 91 rate is on track to reach the goal of attaining a zero balance by July 2021." Avista requests no revision to Schedule 91 at this time, noting this will help minimize rate changes for customers during the COVID-19 pandemic.

7 On May 12, 2020, Avista filed a letter with the Commission requesting to amend its April 30, 2020, request for exemption. Avista notes that the April 30, 2020, request "inadvertently omitted a concurrent request for exemption from Condition 11(d) of Attachment A in Order 01 of Docket UE-190912, which contains parallel cost recovery filing requirements to those in WAC 480-109-130." Avista therefore sought to amend its request to include an exemption from both WAC 480-109-130, as well as Condition 11(d) of Attachment A in Order 01 in Docket UE-190912.

8 As an initial matter, Staff recommends that the Commission issue an order consolidating Dockets UE-190912 and UE-200395 because they raise closely related issues.

9 On the merits, Staff recommends granting Avista's Petition to retain the EIA target, penalty threshold, decoupling commitment, and ten-year potential. Staff submits that the Company incorporates the social cost of greenhouse gas emissions in a manner consistent with the approaches discussed in the January 16, 2020, workshop held by the Commission. Staff finds the Company's approach acceptable for the purposes of retaining the 2020-2021 biennial conservation plan.

10 Staff further recommends granting Avista's request for an exemption from WAC 480-109-130, which would require the Company to file revisions to its Schedule 91, Demand Side Management Rate Adjustment.

DISCUSSION AND DECISION

1. Consolidation

11 We consolidate Dockets UE-190912 and UE-200395. The Commission may consolidate dockets when the facts or principles of law are related.[2] Avista requested that the Commission grant an exemption from the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment, in both Docket UE-190912 and Docket UE-200395. These dockets raise similar facts and legal principles, and the Commission can most efficiently consider the Company's request by consolidating these matters for resolution.

2. Conservation Targets

12 As noted in Order 01 in Docket UE-190912, the Commission recognized that CETA's implementation has introduced uncertainties into the biennial conservation process that create exceptional and unique circumstances. This solution addressed the gap between newly implemented legislation and rulemakings that are in progress but not yet complete. Order 01 therefore required Avista to "file a petition to modify or retain the biennial EIA target, penalty threshold, decoupling commitment, and ten-year potential incorporating the effects of the Clean Energy Transformation Act to the degree possible."[3] Furthermore, Order 01 required, "The petition must detail how the social cost of greenhouse gas emissions has been included in evaluating conservation targets and why the methodology used is appropriate."[4]

13 We agree with Staff's finding that Avista sufficiently includes the social cost of greenhouse gas emissions in evaluating its conservation targets, and that Avista should be allowed to retain the EIA target, penalty threshold, decoupling commitment and ten-year potential approved in Order 01. While the appropriate method for including the social cost of greenhouse gas emissions in IRPs has not been settled and remains under consideration in the IRP rulemaking in Docket UE-190698, Avista's modeling framework is generally consistent with the approaches discussed at the January 16, 2020, workshop held by the Commission and the Department of Commerce. In its modeling, Avista incorporates the social cost of greenhouse gas emissions for each thermal resource

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[2] WAC 480-07-320.

[3] Order 01, Exhibit A(1)(b).

[4] *Id.*

option, and it includes greenhouse gas emissions associated with short-term market purchases and emission reductions from energy efficiency. We appreciate Avista's commitment to work with Staff on providing more granular methods to account for greenhouse gas emissions. Furthermore, as the social cost of greenhouse gas emissions is not fully resolved, Avista should continue to monitor and participate in the IRP rulemaking in Docket UE-190698 for guidance on how to incorporate the social cost of greenhouse gas emissions in future filings.

3. Conservation Cost Recovery Adjustment

14 We grant Avista's request for an exemption this year from the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment, as required by WAC 480-109-130(2). We apply a public interest standard to evaluate requests for from Commission rules, considering factors such as whether the effect of applying the rule would be contrary to the underlying purposes of the rule and the public interest.[5] Avista explains that as of March 31, 2020, the Schedule 91 tariff rider balance was underfunded by approximately $5.6 million. Avista explains, however, that "the current level of collections from customers is consistent with expectations of Avista's 2019 Schedule 91 rate filing," and that the fund is on track to reach a zero balance by July 2021. Avista requests making no revision to Schedule 91 at this time, which will help minimize rate changes for customers during the COVID-19 pandemic. Staff supports this request for an exemption from WAC 480-109-130. Under these circumstances, exempting Avista from the annual requirement to file revisions this year to its Schedule 91, Demand Side Management Rate Adjustment, is consistent with the purposes of that requirement and the public interest.

15 In making this finding, we grant Avista's May 12, 2020, request to amend its April 30, 2020, request for exemption. Avista noted that it "inadvertently omitted a concurrent request for exemption from Condition 11(d) of Attachment A in Order 01 of Docket UE-190912." We therefore grant Avista an exemption from both WAC 480-109-130(2) and Condition 11(d) in Order 01 in Docket UE-190912.

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[5] WAC 480-07-110(2)(c).

FINDINGS AND CONCLUSIONS

16 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.

17 (2) Avista is an electric company, a public service company subject to Commission jurisdiction, and a qualifying electric company under RCW 80.04.010.

18 (3) This matter came before the Commission at a regularly scheduled open meeting on May 21, 2020.

19 (4) On April 13, 2020, Avista filed a Petition to retain the Commission-approved biennial EIA target, penalty threshold, decoupling commitment, and ten-year potential.

20 (5) The Company sufficiently considers the social cost of greenhouse gas emissions in evaluating conservation targets as required by Order 01 in Docket UE-190912.

21 (6) Allowing Avista to retain the biennial EIA target, penalty threshold, decoupling commitment, and ten-year potential approved in Order 01 is consistent with the purpose of that order and the public interest.

22 (7) On April 30, 2020, Avista filed a request for exemption from the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment under WAC 480-109-130(2).

23 (8) On May 12, 2020, Avista submitted a letter to the Commission requesting to amend its April 30, 2020, request for exemption, in order to include an exemption from both WAC 480-109-130, as well as Condition 11(d) of Attachment A in Order 01 in Docket UE-190912.

24 (9) Pursuant to WAC 480-07-320, Dockets UE-190912 and UE-200460 should be consolidated as they raise similar facts and legal issues.

25 (10) The Commission should allow Avista to continue the current collection rate for conservation costs unchanged.

26 (11) Avista's request for an exemption this year from the annual requirement to file a revisions to its Schedule 91, Demand Side Management Rate Adjustment, under WAC 480-109-130(2), is consistent with the public interest and the purposes of the rule and that order.

ORDER

THE COMMISSION ORDERS:

27 (1) Dockets UE-190912 and UE-200395 are consolidated.

28 (2) Avista Corporation, d/b/a Avista Utilities, may retain the biennial EIA target, penalty threshold, decoupling commitment and ten-year potential approved in Order 01 in Docket UE-190912.

29 (3) Avista Corporation, d/b/a Avista Utilities, is exempt in calendar year 2020 from complying with the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment under WAC 480-109-130(2), and from Condition 11(d) in Order 01 in Docket UE-190912.

30 (4) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective May 21, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner