



Avista Corp.

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November 1, 2017

Via Electronic Mail

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: Avista Utilities 2018-2019 Biennial Conservation Plan

Dear Mr. King,

In compliance with RCW 19.285 and WAC 480-109-120, Avista Corporation respectfully submits its “2018-2019 Biennial Conservation Plan (BCP).” Appended to the plan is the Company’s “2018 DSM Annual Conservation Plan (ACP).”

Avista’s BCP outlines the Company’s approach to acquiring electric energy efficiency savings for residential, commercial and industrial customers in the upcoming 2018-2019 biennium. The Company has identified a local biennial conservation target of 83,774 MWh which, when combined with the estimated savings from NEEA of 9,986 MWh, is an expected savings of 93,760 MWh during the biennium. The Company estimates that it will achieve 85,061 MWh of I-937 qualified savings through its low-income, residential, and commercial programs.

Pursuant to condition (4)(a) in Appendix A of Order 01 in Docket No. UE-152076, the Company has provided in its plan the annual and biennial estimated savings and budgets for each program. Please see Appendix A of the BCP for the two year planning summary and Appendix F of the ACP for the annual program summary.

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Avista's 2018-2019 electric budget reflects forecasted expenditures needed to achieve the total conservation target outlined in the plan. The Company estimates a total electric budget of \$31,536,939 which is \$4,767,841 higher than the prior biennia's budget of \$26,769,098. The primary driver of the increase to the overall electric budget is the success of the Company's fuel conversion programs for residential customers. For 2018-2019, the Company estimates that 25,022 MWh of conservation savings will be achieved through residential fuel conversion programs which is 11,807 MWh higher than the prior biennium's estimate of 13,215 MWh of savings. To achieve this level of conservation savings, Avista estimates the budget for residential fuel conversions will be \$4,942,900.

The electric conservation portfolio is estimated to achieve an overall Total Resource Cost (TRC) benefit-to-cost ratio of 2.2 and a Utility Cost Test (UCT) benefit-to-cost ratio of 3.1 which excludes the Company's fuel conversion programs. For further details of cost effectiveness by sector and program, please see Appendix B of the BCP.

Avista has included several appendices supporting the 2018-2019 BCP and providing detailed information:

Appendix A: Washington Two Year Planning Summary
Appendix B: 2018 Annual Conservation Plan
Appendix C: UES Values
Appendix D: NEEA Estimated Savings Memo

The 2018 ACP which has been included as Appendix B above, includes several appendices:

Appendix A: 2018 Program Plans
Appendix B: 2018 Evaluation, Measurement and Verification Plan
Appendix C: Summarization of Cost-Effectiveness Methodology
Appendix D: Quick Reference Guide
Appendix E: Schedule 90, Washington
Appendix F: Program Summary

The Company met with its Energy Efficiency Advisory Group ("Advisory Group") on several occasions throughout the BCP and ACP planning process as per the conditions in Section (3) of Appendix A of Order 01 (UE-152076) and continues to do so on ongoing basis. During the course of those meetings, the Company conferred with the Advisory Group on its achievable conservation potential for 2018-2027, presented and discussed its biennial targets, introduced its

program proposals including budgets and savings estimates and discussed potential changes to its program tariffs.

The Company provided a draft BCP and ACP to its Advisory Group on September 29, 2017. The Company received input from The Energy Project, Public Counsel and Commission Staff and have incorporated the input into its filing.

On October 23, 2017, Deborah Reynolds for Commission Staff sent an email to the IOUs providing some guidance with respect to the BCP (attached herein as Exhibit 1). The following are the topics mentioned in the email along with the Company's response:

- 1) Inclusion of NEEA in the target – Avista will continue to follow its Commission Order¹ and will exclude the NEEA savings from its penalizable target. In addition, Avista will continue to calculate its 5% decoupling commitment with the NEEA savings excluded. The local utility does not have control of the NEEA regional savings.
- 2) Implement the National Standard Practice Manual – The Company addresses this topic in section 5 of its BCP.
- 3) Evaluation, Measurement and Verification 2.0 - The Company addresses this topic in section 4 of its BCP.
- 4) Fuel Conversion – Avista will continue to work with its Advisory Group, as well as UTC Staff, to determine an agreeable approach with respect to conversions. Due to time constraints with the filing of this BCP (and the fact that it is now an issue in the Company's current electric and natural gas general rate cases –UE-170485 and UG-17486), the Company did not revise its BCP/ACP to reflect any change in its fuel conversions programs (residential, non-residential (multifamily market transformation), or low-income) in 2018-2019. As the removal of the fuel conversion program would greatly impact the Company and its customers, more dialog is needed before a decision is made. In the event that it is required that the fuel conversion program is discontinued, the Company will need to establish a phased approach for discontinuing any portion of the program.
- 5) On-bill Repayment - The Company addresses this topic in section 11 of its ACP.

¹ Order 01 in Docket No. UE-152076

The Company did reach out to its DSM Advisory Group via email on October 26, 2017, sharing the guidance provided by Ms. Reynolds and Avista's response (attached herein as Exhibit 2) and out of the five issues presented by UTC Staff, several Advisory Group members expressed their concern over the Company 1) ending its cost-effective fuel conversion program and 2) ending its cost-effective fuel conversion program without the appropriate discussion and process.

The Company respectfully requests that upon conclusion of the Commission review, that the Commission will approve Avista's 2018-2019 Biennial Conservation Plan.

If you have any questions regarding this information and/or the Company's filing, please contact Dan Johnson at 509-495- 2807 or myself at 509-495-4975.

Sincerely,

/s/Linda Gervais/

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Cc: Avista Advisory Group