

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION'S

2012-2013 Biennial Conservation Target
Under RCW 19.285.040

DOCKET UE-111882

ORDER 02

ORDER REGARDING
CONSERVATION ACHIEVEMENT
FOR THE 2012-2013 BIENNIUM

BACKGROUND

- 1 Initiative 937, the Energy Independence Act (EIA), requires electric utilities with 25,000 or more customers to set and meet energy conservation targets. Under RCW 19.285.040(1)(b), each utility must establish a biennial acquisition target for cost-effective conservation, and must meet that target during the subsequent two-year period. Avista Corporation (Avista or Company) set a 2012-2013 biennial conservation target of 108,589 megawatt-hours. The Washington Utilities and Transportation Commission (Commission) approved that target in Order 01.
- 2 On May 30, 2014, as required by Order 01, RCW 19.285.070(1), and WAC 480-109-040(1)(a), Avista filed its "2012-2013 Biennial Electric Conservation Achievement Report" (Biennial Conservation Report or BCR). Avista reported that it had achieved 192,749 megawatt-hours of electric conservation during the 2012-2013 biennium, exceeding its biennial target of 108,589 megawatt-hours. Avista also reported that it had met all of the requirements of Order 01 over the course of the biennium.
- 3 In conjunction with its BCR and as required by Order 05 in Dockets UE-110876 and UG-110877,¹ Avista filed testimony and exhibits to demonstrate the prudence of its electric demand-side management (DSM) expenditures during 2012 and 2013. Avista

¹ *WUTC v. Avista Corp.*, Dockets UE-110876 and UG-110877, consolidated, Order 05 Granting Joint Motion for Clarification on Forum for Resolution of DSM Prudence ¶¶ 3-4 & n.8 (Aug. 18, 2011).

asked the Commission to find that the expenditures to fund Avista's electric efficiency programs in calendar years 2012 and 2013 were prudent.

4 On June 6, 2014, the Commission issued a Notice in accordance with WAC 480-109-040(2) inviting interested persons to file written comments on Avista's Biennial Conservation Report. During the comment period, the Commission received written comments from Commission Staff (Staff) and the Public Counsel Section of the Attorney General's Office (Public Counsel). At the recessed Open Meeting on July 25, 2014, the Commission heard oral comments from Staff, Public Counsel, and Avista.

5 Staff has reviewed Avista's BCR and concludes that the Company has complied with the applicable reporting requirements. Staff, however, believes that Avista's conservation savings should be reduced by 21,179 megawatt-hours, to a total biennial achievement of 171,570 megawatt-hours, because Avista should not be permitted to include savings from the 2011 compact fluorescent light (CFL) contingency plan.² According to Staff, Avista did not calculate the savings from this program using a methodology consistent with the Northwest Power and Conservation Council's Regional Technical Forum (RTF) or provide sufficient documentation and impact analysis to justify deviating from RTF standards. The Company further failed to make sufficient use of its advisory group to develop the protocols for evaluating, measuring, and verifying the savings from this program.

6 Staff also concludes that the testimony and exhibits Avista filed to demonstrate the prudence of its electric DSM expenditures during 2012 and 2013 satisfy the requirements in Order 05 in Dockets UE-110876 and UG-110877. Staff observes that, during its concurrent review of conservation expenditures in Docket UE-141207, Staff found no evidence that Avista's electric demand-side management programs or expenditures in 2012-2013 were not prudent. Further, no person has requested that the Commission set any of these dockets for adjudication. Staff, therefore, relying on the comprehensive prudence review process described in Order 01, similar to that

² Avista's CFL contingency plan consisted of a bulk mailing of a box of 8 compact fluorescent light bulbs to each of its customers. The mailing occurred between April and November 2011. The Commission initially accepted a proposal to count the savings over multiple years based on impact verification, but Avista discontinued the impact verification study before it was complete. Accordingly, the Company used a different methodology to calculate the savings.

established for other utilities, recommends that the Commission take no further action concerning prudence in Docket UE-111882.

7 Public Counsel largely supports the conservation savings reported by Avista but shares Staff's concerns with including the savings from the CFL contingency plan. Public Counsel also agrees with Staff that the Commission should not adjudicate the prudence of the Company's electric efficiency programs in calendar years 2012 and 2013.

8 Avista accepts Staff's and Public Counsel's view on the Company's savings from the CFL contingency plan.

DISCUSSION

9 The Commission agrees with Staff and Public Counsel that Avista's calculations of the savings from its CFL program should be excluded from its Conservation Report. In the absence of a completed impact verification study from Avista to determine the impact of the CFL program, it was incumbent on the Company to measure any energy savings from the program using an accepted methodology. Avista did not do so. Rather, the Company relied on its own analysis that does not conform to an approved RTF methodology and was not developed with the concurrence of its advisory group. Under these circumstances, we are unwilling to accept Avista's calculations of its savings from the CFL program.

10 The Commission, therefore, requires the Company to reduce its reported conservation savings by 21,179 megawatt-hours, to a total biennial achievement of 171,570 megawatt-hours. We otherwise find that Avista has complied with its reporting and other obligations under RCW 19.285.040(1)(b), RCW 19.285.070, WAC 480-109-040(1), and Order 01 in this docket.

11 We further find that Avista has satisfied the filing requirements in Order 05, Docket UE-110876 and UG-110877. That Order requires Avista to make certain filings and allows any person to request an adjudication. Order 05 does not require the Commission to make a finding of prudence, or lack thereof, if no person requests an adjudication. Because no person has requested an adjudication in the relevant filings, Dockets UE-111882 and UE-141207, or suggested that Avista's electric demand-side management programs or expenditures in 2012-2013 were not prudent, the

Commission agrees with Staff and Public Counsel that a finding of prudence at this time is not necessary. Accordingly, the Commission will take no further action concerning prudence in this docket.

FINDINGS AND CONCLUSIONS

- 12 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- 13 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 14 (3) Avista serves more than 25,000 customers within the state of Washington, and is a “qualifying utility” within the meaning of RCW 19.285.030(16).
- 15 (4) Avista has achieved 171,570 megawatt-hours of conservation during the 2012-2013 biennium, exceeding its target of 108,589 megawatt-hours. Avista has complied with RCW 19.285.040(1)(b).
- 16 (5) Avista must update its report with the Commission and the Department of Commerce to meet the reporting requirements of RCW 19.285.070 and WAC 480-109-040(1).
- 17 (6) Avista has complied with Order 01 in this docket.
- 18 (7) Avista has satisfied the filing requirements in the Memorandum of Understanding approved in Order 05, Dockets UE-110876 and UG-110877.
- 19 (8) No comments or information presented to the Commission suggest that Avista’s electric demand-side management programs and expenditures during 2012 and 2013 were not prudent.
- 20 (9) The Commission should not adjudicate the prudence in this docket of Avista’s electric efficiency programs for calendar years 2012 and 2013.

ORDER

THE COMMISSION ORDERS:

- 21 (1) Avista Corporation has complied with the June 1, 2014, reporting requirements pursuant to WAC 480-109-040.
- 22 (2) Avista Corporation has complied with the requirements in Order 01.
- 23 (3) Avista Corporation achieved 171,570 megawatt-hours of conservation during the 2012-2013 biennium. Within thirty days of the date of this order, Avista Corporation must file a revised report with the Commission and with the Department of Commerce to reflect this conservation achievement.
- 24 (4) Avista Corporation has complied with the filing requirements in Order 05 in consolidated Dockets UE-110876 and UG-110877, with respect to its electric demand-side management programs and expenditures for 2012 and 2013.

DATED at Olympia, Washington, and effective July 31, 2014.

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner