

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 22, 2006**

REGULAR _____ CONSENT X EFFECTIVE DATE September 1, 2006

DATE: August 10, 2006

TO: Public Utility Commission

FROM: Lynn Kittilson

THROUGH: Lee Sparling, Ed Busch and Bonnie Tatom

SUBJECT: AVISTA UTILITIES: (Advice No. 06-04-G) Implements a new Schedule 494, Energy Efficiency Services and Programs Offered Through the Energy Trust of Oregon.

STAFF RECOMMENDATION:

I recommend the Commission approve Avista Utilities' (Avista or company) application to waive statutory notice and allow the tariff revisions proposed in Advice No. 06-04-G to go into effect on September 1, 2006.

DISCUSSION:

On August 2, 2006, Avista filed tariff revisions in Advice No. 06-04-G that propose a new Schedule 494, Energy Efficiency Services and Programs Offered through the Energy Trust of Oregon. The purpose of the filing is to provide additional natural gas energy efficiency programs and services in Avista's Oregon service territory to be implemented and administered through the Energy Trust of Oregon (ETO). Avista's filing includes an application to waive statutory notice and proposes an effective date of September 1, 2006.

Avista's 2006 Natural Gas Integrated Resource Plan (IRP) includes energy efficiency savings goals of 298,000 in 2006 and 441,000 therms per year beginning in 2007. The company is in the process of evaluating cost-effective program options to meet its demand-side management (DSM) goals. Avista's filing begins the IRP implementation process by proposing to add three new residential energy efficiency programs to its DSM portfolio: Efficient New Homes Program, Efficient New Manufactured Homes Program, and Efficient Home Products Program. The proposed dual-fuel programs are currently being offered in Oregon through ETO and are available to customers of

Portland General Electric, PacifiCorp, NW Natural, and Cascade Natural Gas. Avista entered a funding agreement with ETO to implement the programs cooperatively in Avista's Oregon territory. The initial contract is for the period September 2006 through December 2007. Avista's funding will subsidize program incentives and other costs associated with the natural gas portion of the programs. ETO will provide funding for the electric portion of program incentives and costs for participants who are also within PacifiCorp's territory. All three programs have been designed as cost-effective market transformation programs. The programs are projected to achieve total savings of almost 100,000 therms within Avista's service territory over the 16-month contract period. Schedule 494 program costs and associated lost margins will be recovered with Avista's other energy efficiency program costs through the company's Schedule 466, Conservation Investment Mechanism.

The **Efficient New Homes Program** will work with home builders and contractors in Avista's service territory to promote energy efficient building practices by building ENERGY STAR[®] qualified homes. The program provides builder and consumer outreach and financial incentives to builders to build ENERGY STAR[®] homes. The Northwest Energy Efficiency Alliance (NEEA) provides cooperative marketing dollars for builders who include the ENERGY STAR[®] logo in their advertising. Avista's program goals are to build 205 new ENERGY STAR[®] homes and achieve 40,000 therm savings by December 2007.

The **Efficient New Manufactured Homes Program** will provide retailer and consumer outreach and financial incentives to increase the market share of natural gas-heated manufactured homes that are certified as ENERGY STAR[®] in Avista's Oregon service territory. ENERGY STAR[®] manufactured homes are 30 percent more efficient than HUD code homes and exceed Oregon Energy Code by 10 percent. NEEA provides cooperative marketing dollars for retailers who include the ENERGY STAR[®] logo and messaging in their advertising. ETO and Avista project 82 natural gas manufactured homes will participate in the program by December 2007 and achieve estimated savings of 8,700 therms.

The **Efficient Home Products Program** will provide consumer and retailer outreach in Avista's Oregon service territory to move the market towards adoption of more efficient clothes washers. From September 1 through December 31, 2006, the program will participate in the regional *Savings with a Spin* promotion by offering cash incentives to consumers who purchase premium efficiency ENERGY STAR[®] qualified clothes washers. Program goals are to provide customer incentives on 3,500 premium efficiency clothes washers and acquire almost 50,000 therm savings by December 2007.

Avista Utilities: (Advice No. 06-04-G)
August 10, 2006
Page 3

I have reviewed Avista's filing and believe the proposed new Schedule 494 energy efficiency programs offered cooperatively with ETO should be allowed to go into effect on September 1, 2006. The programs will offer new energy efficiency opportunities for Avista's residential customers, help Avista to achieve its 2006-2007 IRP therm savings goals, and assist ETO and the region in achieving their market transformation goals for the programs.

PROPOSED COMMISSION MOTION:

Avista's application to waive statutory notice be approved and tariff revisions proposed in Advice No. 06-04-G be allowed to go into effect on September 1, 2006.