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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 734

In the Matter of)	
)	ORDER
AVISTA UTILITIES)	
)	
Application for Reauthorization to Defer)	
Certain Expenses associated with Demand-)	
Side Programs.)	

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 18, 2002, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Avista Utilities' conservation and energy efficiency programs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to Avista Utilities' Demand-Side Management Programs costs, for a 12-month period beginning July 1, 2002, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 18, 2002**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** July 1, 2002

DATE: June 12, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: AVISTA UTILITIES: (Docket No. UM 734) Requests reauthorization to defer certain costs associated with demand-side management programs.

STAFF RECOMMENDATION:

I recommend that the Commission approve reauthorization of Avista Utilities' (Avista or company) deferrals of conservation or energy efficiency costs for a 12-month period beginning July 1, 2002.

DISCUSSION:

By Order No. 93-1881, the Commission authorized Avista to defer revenue requirements and estimated revenue margin losses associated with its demand-side management (DSM) investment and to establish an annual rate adjustment mechanism to reflect the deferred costs in rates on a timely basis. This authorization was for the 12-months ending December 31, 1994. Deferrals were reauthorized for the 12-month period ending December 1995, by Order No. 95-184. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current authorization extends through June 30, 2002.

Deferral of DSM program investment costs and associated net lost margins is consistent with the Commission's policy to remove the significant disincentives to acquiring DSM relative to supply-side resources. ORS 757.262 allows the Commission to "...adopt policies designed to encourage the acquisition of cost-effective conservation resources." Without deferral and recovery of these direct and indirect costs of DSM, the company would again have a disincentive to acquire cost-effective conservation.

The company estimates it will defer approximately \$365,000 in conservation costs and \$260,000 of lost margin revenue during the 12-month period ending June 30, 2003.

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PROPOSED COMMISSION MOTION:

Avista Utilities' deferred accounting reauthorization for revenue requirements and lost margin revenues associated with the company's Commission-approved energy efficiency programs be approved for the 12-month period beginning July 1, 2002.