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VIA – Electronic Mail

October 12, 2011

Dave Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Mr. Danner:

Re: AVU-UE-100176

In compliance with Commission Order No. 01 in the above referenced Docket, Avista Utilities respectfully submits for electronic filing modifications to the Company's "Annual Report on Conservation Acquisition."

Specifically Order No. 01 Paragraph 63, section 7(a) in Docket UE-100176 regarding the following regulatory requirement:

"Modifications to the programs must be filed with the Commission as revisions to tariffs or as revisions to Avista's DSM Business Plan, as appropriate."

Pursuant to meeting this requirement, Avista is hereby providing an update to the 2011 Demand Side Management (DSM) Business Plan in regards to changes in the eligibility of efficiency measures, customer classes or technology applications qualifying for meeting the acquisition target established within Docket UE-100176 as well as changes to incentives, additions or terminations of programs applicable towards the acquisition target.

Background

Avista Utilities maintains a diverse demand-side management portfolio encouraging customers to adopt cost-effective energy-efficiency measures through incentive-based programs, technical assistance, outreach and education. Since the market for energy-efficiency is in a state of constant change, there is the on-going need for timely revisions to these programs. The

Company has committed to updating the Commission in regards to changes in the incentives, program eligibility and program launch or termination.

Summary of program modifications

Based upon changes in program strategy and in response to recently completed evaluations, the Company has modified the customer direct incentives for two programs and terminated the prescriptive programs for five programs, as described below:

1. Modifications of non-residential incentives.

- a. The customer direct incentive for the installation of high-efficiency natural gas boilers in commercial applications has been modified as follows:

For 85.0% to 89.9% AFUE natural gas boilers under 300 kBtu/hour, the incentive has increased from \$1.25 to \$6.00 per kBtu.

For 90.0% or higher AFUE natural gas boilers under 300 kBtu/hour, the incentive has increased from \$1.75 to \$7.25 per kBtu.

- b. The customer direct incentive for the installation of windows in commercial applications with a U-factor less than or equal to .30 and shading coefficient less than or equal to .35 has changed as follows:

For the installation of windows meeting the eligibility criteria established above in retrofit applications, the incentive has increased from \$1.00 to \$3.50 per square foot of window area.

2. Prescriptive program terminations

- a. Prescriptive Refrigerated Warehouse Program
- b. Prescriptive Demand-Controlled Ventilation Program
- c. Prescriptive Open Loop Chiller/Cooling Tower Side-Stream Filtration Program
- d. Prescriptive Steam Trap Replacement or Repair Program
- e. Prescriptive Vending Machine Controls

3. In-Home Energy Audit

- a. The customer cost of the audit has been reduced to as low as \$49 within jurisdictions providing co-funding, reduced from \$99.

For those programs with incentive revisions, the revised incentives became effective on or after September 1st, 2011.

Rebate applications for terminated prescriptive programs received on or before December 15th, 2011 will continue to be processed under the provisions of the prescriptive program. Individual projects that are no longer eligible for rebate under the terminated prescriptive program will be reviewed for eligibility under the site-specific program.

These revisions will enhance the ability of the Company to continue to meet the objective of encouraging cost-effective energy-efficiency throughout our service territory.

Please direct any questions on this matter to Bruce Folsom, Sr. Manager, Demand Side Management at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

Linda Gervais

Manager, Regulatory Policy

State and Federal Regulation

Avista Utilities

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Attachments