

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-100176

EXHIBIT NO. ____ (BWF-2)

BRUCE W. FOLSOM

REPRESENTING AVISTA CORPORATION

| PROJECTS | Status (✓ = completed) |
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| Company Retains Responsibility. Nothing within this Order relieves Avista of the sole responsibility for complying with RCW 19.285, which requires Avista to use methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council ("Council"). Specifically, the Conditions regarding the need for a high degree of transparency, and communication and consultation with external stakeholders, diminish neither Avista's operational authority nor its ultimate responsibility for meeting the biennial conservation target approved herein. | ✓ |
| Avista must maintain and use an external conservation Advisory Group of stakeholders to advise the Company on the topics described in subparagraphs (i) through (x) below. To meet this condition, Avista may continue to use its External Energy Efficiency Board created under Docket UE -981126, and its Integrated Resource Planning Technical Advisory Committee created under WAC 480 -100-238. | ✓ |
| 1A Advisory Group shall advise on development and modification of protocols to evaluate, measure, and verify energy savings in Avista's programs | ✓ |
| 1B Advisory Group shall advise on development of conservation potential assessments under RCW 19.285.040(1)(a) & WAC 480-109-010(1) | ✓ |
| 1C Advisory Group shall advise on methodology inputs and calculations for updating cost-effectiveness | ✓ |
| 1D Advisory Group shall advise on review of data sources and values used to update supply curves | ✓ |
| 1E Advisory Group shall advise on consideration of the need for tariff modifications or mid-course program corrections | ✓ |
| 1F Advisory Group shall advise on appropriate level of and planning for marketing conservation programs and incentives to customers for measures and services | ✓ |
| 1G Advisory Group shall advise on consideration of issues related to conservation programs for customers with limited income | ✓ |
| 1H Advisory Group shall advise on comparing program achievement results with annual and biennial targets | ✓ |
| 1I Advisory Group shall advise on review of conservation program budgets and actual expenditures compared to budgets | ✓ |

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| 1J Advisory group should meet quarterly at a minimum and Avista permit any member to request an additional meeting with reasonable notice | ✓ |
| 2A(1) Submit annual budgets to Advisory Group and Commission no later than November 1 each year | ✓ |
| 2A(1a) In odd-numbered years, annual budget may be submitted as part of Biennial Conservation Plan | ✓ |
| 2A(1b) In even-numbered years, annual budget may be submitted as part of DSM Business Plan | ✓ |
| 2B Avista must provide proposed budget in a detailed format with a summary page indicating the proposed budget and savings for each electric conservation program and subsequent supporting spreadsheets providing further detail for each program and line item shown in summary sheet | ✓ |
| 3A Avista must maintain its conservation tariffs, with program descriptions, on file with the Commission | ✓ |
| 3B Program details about specific measures, incentives, and eligibility requirements must be filed as tariff attachments or as revisions to Company's DSM Business Plan | ✓ |
| 3C Avista may propose other methods for managing its program details in Biennial Conservation Plan required, after consultation with Advisory group | ✓ |
| 4A Avista has identified a number of potential conservation measures as qualifying measures in its Revised Report filed April 16, 2010. Commission is not obligated to accept savings identified in Revised Report. Avista must demonstrate prudence and cost-effectiveness of conservation programs to the Commission after the savings are achieved. | ✓ |
| 4B Except as provided in subparagraph 4C, Avista must use Council's Regional Technical Forum's ("RTF's") "deemed" savings for electricity measures | ✓ |
| 4C If savings amounts for prescriptive programs have not been established by the RTF, estimates must be based on a rigorous impact evaluation that has verified savings levels, and be presented to Advisory Group for comment | ✓ |
| 4D When Avista proposes a new program, it must present it to Advisory Group for comment with program details fully defined. After consultation with Advisory Group Avista must file a revision to its DSM Business Plan | ✓ |

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| 4E Avista must provide opportunities for Advisory Group to review and assist with development of evaluation, measurement, and verification protocols for conservation programs | ✓ |
| 4F Avista must spend between 3 and 6 percent of conservation budget on evaluation, measurement, and verification (EM&V), including a reasonable proportion on independent, third-party EM&V. Must perform EM&V annually on a multi-year schedule of selected programs such that over EM&V cycle all major programs are covered. EM&V function includes impact, process, market, and cost test analyses. | ✓ |
| 4F (cont.) Results must verify level at which claimed energy savings have occurred, evaluate existing internal review processes, and suggest improvements to the program and ongoing EM&V processes. An annual independent, third-party EM&V report involving analysis of program impacts & process impacts must be part of Annual report on Conservation Acquisition. Avista may ask Commission to modify spending band following full Advisory Group consultation. | ✓ |
| 5A All Sectors included-Avista must offer a mix of tariff-based programs that ensure it is serving each customer sector, including programs targeted to limited-income subset of residential customers. Modifications to programs must be filed with Commission as revisions to tariffs or as revisions to Avista's DSM Business Plan as appropriate. | ✓ |
| 5B Outreach on programs-Avista must establish a strategy and proposed implementation budget for informing participants about program opportunities in relevant market channels for each of its energy efficiency programs. Must share strategies & budgets with Advisory Group for review and comments, & provide updates at Advisory Group meetings. | ✓ |
| 5C Incentives & Conservation Program Implementation-Avista must offer a cost-effective portfolio of programs in order to achieve all available conservation that is cost-effective, reliable, & feasible. Programs & incentives may be directed to consumers, retailers, or trade allies as appropriate for measures that save energy. Incentive levels & other methods of encouraging energy conservation need to be periodically | ✓ |
| 5C (cont.) examined to ensure they are neither too high nor too low. Incentive levels & implementation methods should not unnecessarily limit acquisition of all achievable energy conservation. | ✓ |

Compliance with Conditions Established in Order No. 01 Approving Avista's 2010-2011 Energy Efficiency Targets

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| 5D Conservation Efforts without approved EM&V Protocol-Avista may spend up to 10 percent of conservation budget on programs whose savings impact has not yet been measured as long as overall portfolio of conservation passes Total Resource Cost (TRC) test as modified by Council. Programs may include educational, behavior change, & pilot projects. | ✓ |
| 5D (cont.) Company may ask Commission to modify this spending limit following full Advisory Group consultation. | ✓ |
| 6A Six-Month Report on Conservation Acquisition, comparing budgeted to actual kWh's and expenditures | ✓ |
| 6B 2011 DSM Business Plan, containing any changes to program details and an annual budget | ✓ |
| 6C 2010 Annual Report on Conservation Acquisition, including an evaluation of cost effectiveness and comparing budgets to actuals | ✓ |
| 6D Revisions to cost recovery tariff with requested effective date of July 1, 2011 | ✓ |
| 6E Six-Month Report on Conservation Acquisition, comparing budgeted to actual kWh's and dollar activity | ✓ |
| 6F Biennial Conservation Plan including revised program details and program tariffs, together with identification of 2012-2021 achievable conservation potential, requesting effective date of January 1, 2012. This filing will satisfy the requirement in WAC 480-109-010 to file 10-year Achievable Conservation Potential and Biennial Conservation Target on/before Jan 31. | ✓ |
| 6G 2011 annual Report on Conservation Acquisition, including an evaluation of cost-effectiveness | ✓ |
| 6H Two-year report on conservation program achievement . This filing is the one required in WAC 480-109-040(1) and RCW 19.285.070, which require that the report also be filed with the Washington Department of Commerce. | ✓ |
| 7A Must consult with Advisory Group to facilitate completion of a 10-year conservation potential analysis by Nov 1, 2011. Must be based on current conservation potential assessment study of Avista's service area within Washington State. May be conducted within context of Avista's integrated resource plan. If use supply curves that make up conservation potential in Council's Northwest Power Plan, supply curves must be updated for new assumptions & measures. | ✓ |

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| 7B Must consult with Advisory Group between July 1, 2011 & October 31, 2011 to identify achievable conservation potential for 2012-2021 & set annual & biennial targets for 2012-2013 biennium, including revisions to program details. | ✓ |
| 7C During consultation described above, Avista must review with Advisory Group whether standard-efficiency fuel conversion savings should be included in 2012-2013 Biennial Conservation Target. | ✓ |
| 8A Primary cost effectiveness test is Total Resource Cost (TRC) as modified by Council, modified calculation of TRC includes quantifiable non-energy benefits, a risk adder, and a 10% conservation benefit adder that increases avoided costs by 10% | ✓ |
| 8B Avista must provide calculations of Program Administrator Cost test (also called Utility Cost Test), Ratepayer Impact Measure test, and Participant Cost test | ✓ |
| 8C Overall conservation cost-effectiveness must be evaluated at portfolio level. Costs included in portfolio level analysis include conservation-related administrative costs. Avista must continue to evaluate measure & program level cost tests. | ✓ |
| 9A Annual tariff rider filing will recover future year's budgeted expenses & any significant variances between budgeted & actual income & expenditures during previous period | ✓ |
| 9B Funds collected through rider must be used on approved conservation programs & their administrative costs | ✓ |
| 9C Rate spread & rate design must match Avista's underlying base volumetric rates | ✓ |