

Exhibit No.\_\_(BWF-2)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-09 \_\_\_\_\_

DOCKET NO. UG-09 \_\_\_\_\_

EXHIBIT NO.\_\_\_\_\_(BWF-2)

BRUCE W. FOLSOM

REPRESENTING AVISTA CORPORATION

**Avista Utilities**  
**Summary of Demand-Side Management Energy Savings and Levelized Costs**  
 January 1, 2008 through November 30, 2008

	Regular income portfolio		Limited income portfolio	
	kWh savings	Therm savings	kWh savings	Therm savings
Electric DSM programs	60,530,101	(46,262)	1,621,737	8
Gas DSM programs	1,145,735	1,659,062	748	87,055
<b>Total</b>	<b>61,675,836</b>	<b>1,612,800</b>	<b>1,622,485</b>	<b>87,063</b>

	Total portfolio	
	kWh savings	Therm savings
Electric DSM programs	62,151,838	(46,254)
Gas DSM programs	1,146,483	1,746,117
<b>Total</b>	<b>63,298,321</b>	<b>1,699,863</b>

**Note:** Electric savings derived from gas DSM programs include the impact of electric to natural gas conversions as well as interactive savings resulting from natural gas DSM projects. Therm savings derived from electric DSM projects recognize interactive impacts of electric DSM measures.

**DSM Program Portfolio Levelized Cost Calculations**

**Electric DSM Program Portfolio**

Total Resource Cost (TRC)	\$	24,763,300
Weighted average measure life		13.16
Discount rate		7.08%
kWh energy savings		62,151,838
TRC levelized cost	\$	<b>0.048</b>

Utility Cost Test (UCT) cost	\$	12,130,585
Weighted average measure life		13.16
Discount rate		7.08%
kWh energy savings		62,151,838
UCT levelized cost	\$	<b>0.023</b>

Comparative electric levelized avoided cost	\$	<b>0.087</b>
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**Natural Gas DSM Program Portfolio**

Total Resource Cost (TRC)	\$	17,371,560
Weighted average measure life		15.31
Discount rate		7.08%
Therms energy savings		1,746,117
TRC levelized cost	\$	<b>1.085</b>

Utility Cost Test (UCT) cost	\$	5,939,563
Weighted average measure life		15.31
Discount rate		7.08%
Therms energy savings		1,746,117
UCT levelized cost	\$	<b>0.371</b>

Comparative natural gas levelized annual avoided cost	\$	<b>\$0.711</b>
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Comparative natural gas levelized winter avoided cost	\$	<b>\$0.772</b>
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January 1, 2008 through November 30, 2008

<b>TOTAL RESOURCE COST TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Electric program electric avoided cost	\$ 43,070,923	\$ 1,771,802	\$ 44,842,725
Electric program gas avoided cost	\$ (167,547)	\$ 52	\$ (167,495)
Electric program non-energy benefits	\$ 3,419,674	\$ -	\$ 3,419,674
<b>TOTAL TRC BENEFITS</b>	<b>\$ 46,323,050</b>	<b>\$ 1,771,854</b>	<b>\$ 48,094,904</b>
Electric program non-incentive utility cost	\$ 3,350,761	\$ 41,478	\$ 3,392,239
Electric program customer cost	\$ 20,808,946	\$ 562,710	\$ 21,371,655
<b>TOTAL TRC COSTS</b>	<b>\$ 24,159,706</b>	<b>\$ 604,188</b>	<b>\$ 24,763,894</b>
<b>NET TRC BENEFITS</b>	<b>\$ 22,163,344</b>	<b>\$ 1,167,667</b>	<b>\$ 23,331,010</b>
<b>TRC BENEFIT / COST RATIO</b>	<b>1.92</b>	<b>2.93</b>	<b>1.94</b>
<b>UTILITY COST TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Electric program electric avoided cost	\$ 43,070,923	\$ 1,771,802	\$ 44,842,725
Electric program gas avoided cost	\$ (167,547)	\$ 52	\$ (167,495)
<b>TOTAL UCT BENEFITS</b>	<b>\$ 42,903,376</b>	<b>\$ 1,771,854</b>	<b>\$ 44,675,230</b>
Electric program non-incentive utility cost	\$ 3,350,761	\$ 41,478	\$ 3,392,239
Electric program incentive utility cost	\$ 8,128,059	\$ 610,286	\$ 8,738,346
<b>TOTAL UCT COSTS</b>	<b>\$ 11,478,820</b>	<b>\$ 651,764</b>	<b>\$ 12,130,585</b>
<b>NET UCT BENEFITS</b>	<b>\$ 31,424,555</b>	<b>\$ 1,120,090</b>	<b>\$ 32,544,646</b>
<b>UCT BENEFIT / COST RATIO</b>	<b>3.74</b>	<b>2.72</b>	<b>3.68</b>
<b>PARTICIPANT TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Electric program electric bill reduction	\$ 31,778,751	\$ 1,449,529	\$ 33,228,280
Electric program gas bill reduction	\$ (306,545)	\$ 83	\$ (306,462)
Non-energy benefits	\$ 3,419,674	\$ -	\$ 3,419,674
<b>TOTAL PARTICIPANT BENEFITS</b>	<b>\$ 34,891,880</b>	<b>\$ 1,449,612</b>	<b>\$ 36,341,492</b>
Customer project cost	\$ 20,808,946	\$ 562,710	\$ 21,371,655
Electric program incentive utility cost	\$ (8,128,059)	\$ (610,286)	\$ (8,738,346)
<b>TOTAL PARTICIPANT COSTS</b>	<b>\$ 12,680,886</b>	<b>\$ (47,577)</b>	<b>\$ 12,633,309</b>
<b>NET PARTICIPANT BENEFITS</b>	<b>\$ 22,210,994</b>	<b>\$ 1,497,189</b>	<b>\$ 23,708,183</b>
<b>PARTICIPANT BENEFIT / COST RATIO</b>	<b>2.75</b>	<b>N/A</b>	<b>2.88</b>
<b>NON-PARTICIPANT TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Electric program electric avoided cost	\$ 43,070,923	\$ 1,771,802	\$ 44,842,725
<b>TOTAL NON-PARTICIPANT BENEFITS</b>	<b>\$ 43,070,923</b>	<b>\$ 1,771,802</b>	<b>\$ 44,842,725</b>
Electric program lost electric revenue PV	\$ 31,778,751	\$ 1,449,529	\$ 33,228,280
Electric program non-incentive utility cost	\$ 3,350,761	\$ 41,478	\$ 3,392,239
Electric program incentive utility cost	\$ 8,128,059	\$ 610,286	\$ 8,738,346
<b>TOTAL NON-PARTICIPANT COSTS</b>	<b>\$ 43,257,571</b>	<b>\$ 2,101,293</b>	<b>\$ 45,358,864</b>
<b>NET NON-PARTICIPANT BENEFITS</b>	<b>\$ (186,649)</b>	<b>\$ (329,491)</b>	<b>\$ (516,140)</b>
<b>NON-PARTICIPANT BENEFIT / COST RATIO</b>	<b>1.00</b>	<b>0.84</b>	<b>0.99</b>

## Avista Utilities

## Summary of Gas Demand-Side Management Cost-Effectiveness

January 1, 2008 through November 30, 2008

<b>TOTAL RESOURCE COST TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Gas program gas avoided cost	\$ 13,087,504	\$ 964,953	\$ 14,052,457
Gas program electric avoided cost	\$ 1,523,011	\$ 609	\$ 1,523,620
Gas program non-energy benefits	\$ 300,968	\$ -	\$ 300,968
<b>TOTAL TRC BENEFITS</b>	<b>\$ 14,911,483</b>	<b>\$ 965,562</b>	<b>\$ 15,877,045</b>
Gas program non-incentive utility cost	\$ 1,032,888	\$ 38,810	\$ 1,071,698
Gas program customer cost	\$ 15,771,991	\$ 527,872	\$ 16,299,862
<b>TOTAL TRC COSTS</b>	<b>\$ 16,804,879</b>	<b>\$ 566,682</b>	<b>\$ 17,371,560</b>
<b>NET TRC BENEFITS</b>	<b>\$ (1,893,395)</b>	<b>\$ 398,880</b>	<b>\$ (1,494,515)</b>
<b>TRC BENEFIT / COST RATIO</b>	<b>0.89</b>	<b>1.70</b>	<b>0.91</b>
<b>UTILITY COST TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Gas program gas avoided cost	\$ 13,087,504	\$ 964,953	\$ 14,052,457
Gas program electric avoided cost	\$ 1,523,011	\$ 609	\$ 1,523,620
<b>TOTAL UCT BENEFITS</b>	<b>\$ 14,610,516</b>	<b>\$ 965,562</b>	<b>\$ 15,576,077</b>
Gas program non-incentive utility cost	\$ 1,032,888	\$ 38,810	\$ 1,071,698
Gas program incentive utility cost	\$ 4,318,739	\$ 549,126	\$ 4,867,865
<b>TOTAL UCT COSTS</b>	<b>\$ 5,351,626</b>	<b>\$ 587,936</b>	<b>\$ 5,939,563</b>
<b>NET UCT BENEFITS</b>	<b>\$ 9,258,889</b>	<b>\$ 377,625</b>	<b>\$ 9,636,515</b>
<b>UCT BENEFIT / COST RATIO</b>	<b>2.73</b>	<b>1.64</b>	<b>2.62</b>
<b>PARTICIPANT TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Gas program gas bill reduction	\$ 17,125,041	\$ 1,223,472	\$ 18,348,513
Gas program electric bill reduction	\$ 1,220,580	\$ 575	\$ 1,221,155
Non-energy benefits	\$ 300,968	\$ -	\$ 300,968
<b>TOTAL PARTICIPANT BENEFITS</b>	<b>\$ 18,646,589</b>	<b>\$ 1,224,046</b>	<b>\$ 19,870,635</b>
Customer project cost	\$ 15,771,991	\$ 527,872	\$ 16,299,862
Gas program incentive utility cost	\$ (4,318,739)	\$ (549,126)	\$ (4,867,865)
<b>TOTAL PARTICIPANT COSTS</b>	<b>\$ 11,453,252</b>	<b>\$ (21,254)</b>	<b>\$ 11,431,998</b>
<b>NET PARTICIPANT BENEFITS</b>	<b>\$ 7,193,337</b>	<b>\$ 1,245,301</b>	<b>\$ 8,438,637</b>
<b>PARTICIPANT BENEFIT / COST RATIO</b>	<b>1.63</b>	<b>n/a</b>	<b>1.74</b>
<b>NON-PARTICIPANT TEST</b>	Regular income portfolio	Limited income portfolio	Overall portfolio
Gas program gas avoided cost	\$ 13,087,504	\$ 964,953	\$ 14,052,457
<b>TOTAL NON-PARTICIPANT BENEFITS</b>	<b>\$ 13,087,504</b>	<b>\$ 964,953</b>	<b>\$ 14,052,457</b>
Gas program lost gas revenue PV	\$ 17,125,041	\$ 1,223,472	\$ 18,348,513
Gas program non-incentive utility cost	\$ 1,032,888	\$ 38,810	\$ 1,071,698
Gas program incentive utility cost	\$ 4,318,739	\$ 549,126	\$ 4,867,865
<b>TOTAL NON-PARTICIPANT COSTS</b>	<b>\$ 22,476,668</b>	<b>\$ 1,811,408</b>	<b>\$ 24,288,076</b>
<b>NET NON-PARTICIPANT BENEFITS</b>	<b>\$ (9,389,163)</b>	<b>\$ (846,455)</b>	<b>\$ (10,235,619)</b>
<b>NON-PARTICIPANT BENEFIT / COST RATIO</b>	<b>0.58</b>	<b>0.53</b>	<b>0.58</b>