The horizon isn't the only place to look for new energy.

Try inside your very own home.

every little bit®

AVISTA®

Letter to Our Customers

With a more than 30-year history in the creation and management of energy efficiency programs, Avista offers its customers a variety of ways save energy in their homes and businesses. In 2010, this concept couldn't be more important, not only to our customers as they work to manage rising energy costs, but also to Avista, as we look to meet the growing demand for energy while meeting newly enacted legislation requiring increased energy savings.

Our ***2009 Energy Efficiency Annual Report*** is designed to give you an overview of the numerous programs we offer to our customers and the many factors we consider when offering them. But of course, energy efficiency is nothing new for us. In fact, it's a practice we've been fine-tuning for a very long time. Within the utility industry, our programs and practices are often recognized as leading the pack. While this is a reputation of which we are very proud, we're continually looking to offer more to our customers.

Economic impact of energy efficiency has far reach

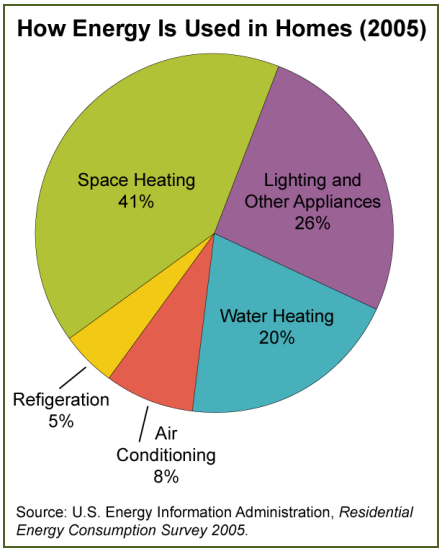
In 2009 alone, customers in Avista's service territory ***completed more than $62 million in energy efficiency projects****. The impact this work has on local economies is immense and demonstrates the support energy efficiency work can provide to area businesses.*

Beginning in 2006, Avista reexamined our energy efficiency programs and planned an outreach campaign. The campaign was based on research that indicated perceptual barriers existed that were preventing customers from taking action. Customers identified three key reasons for not becoming energy efficient. First, they felt they were already efficient. Second, they felt becoming efficient was too expensive. Lastly, they felt there wasn't much they could do.

Launched in 2007, the Every Little Bit campaign was intended to increase awareness about energy efficiency and the many rebates Avista offers, while at the same time, tearing away the perceptual barriers that existed. There is more we all can do. And when it comes to energy efficiency, every little bit adds up.

Meet the growing demand.

One hundred years ago, electricity was a luxury. Now, we cannot live without it. Even still, we need to remember to use our resources wisely. Years ago, Avista provided 100% of our customers' electric usage with hydropower. Now, that percentage is slipping below 50% as the communities we serve have continued to grow. More businesses have come to the area, creating valuable jobs, and an increased need for reliable power. Our houses are bigger than they used to be, and we have access to a multitude of electronic products, all requiring power. According to the 2009 Nielsen Ratings, more than half the homes in the United States have three or more TVs, which is roughly 18% higher than in 2000.



As the increasing demand for energy and its subsequent rising prices continue to move to center stage, Avista remains committed to providing access to programs that help our customers manage their usage. Because we know there will be increasing pressure on energy pricing, it's imperative that we do what we can to minimize the impact this will have on the monthly bills of our customers.

Energy efficiency programs that incent customers for taking steps to improve their homes, combined with energy efficient behavior, can minimize the impact of rising rates and delay our need to build more generation. New energy sources are far more expensive than conserving what we have, and while Avista will inevitably acquire increased generation sources, energy efficiency continues to be the least cost source of "new" energy available. With this in mind, we offer numerous online tools such as the Online Home Energy Analyzer, Bill Analyzer and a carbon calculator, just to name a few. These valuable tools, combined with our energy efficiency program rebates, give customers the ability to make a difference in their energy usage.

We want to thank you for your continued participation and commitment. As you'll see throughout this report, every little bit really does add up.

Bruce Folsom

Senior Manager, Energy Efficiency Programs
Avista

Executive Summary

Avista's *Energy Efficiency Annual Report* provides an overview of our 2009 operations and results on our Idaho and Washington, electric and natural gas, energy efficiency programs. Avista has more than 30 years of experience in offering energy efficiency options for our customers and, as such, appreciates the increasingly important role energy efficiency programs play in meeting customers' energy needs reliably and responsibly. Energy efficiency provides a wide array of benefits to our customers and communities, including recognizable economic impact, operational efficiencies and environmental benefits. Our renewed focus has been on increasing awareness and participation in cost-effective energy efficiency programs, resulting in substantially increased benefits. Avista achieves these results with input and involvement from its External Energy Efficiency (Triple-E) Board, which is comprised of a wide variety of industry and regulatory professionals, and the dedication of experienced, talented and professional staff.

Avista's annual energy savings have increased by 55 percent since 2005, with the number of rebates processed increasing nearly 300 percent during that same period. As you will see in the tables below, our 2009 programs results in 80.8 million kWh and over 2 million therms saved. We continue to exceed our Integrated Resource Plan (IRP) goals by 141% for electric and 128% for natural gas. Total energy efficiency expenditures for the year were $27.1 million which is a 35% increase over 2008 expenditures of $20.1 million.

Table 1: Electric Program Summary

Segment	State	Rebates	Incentives	Non-inc Util Cost	Savings on Electric Programs	
		(Number)	*$*	*$*	*(kWh)*	*(therms)*
Residential	ID	57,997	$1,247,602	$797,932	8,950,783	(27,745)
Residential	WA	169,965	$2,696,904	$1,553,327	22,560,493	2,349
Low Income	ID	8,098	$208,350	$115,193	677,827	-
Low Income	WA	18,747	$602,817	$103,929	2,458,250	1,155
Non-residential	ID	1,629	$1,395,288	$659,292	11,436,250	(65,487)
Non-residential	WA	3,670	$4,873,740	$1,433,000	34,746,405	(54,804)
	ID	67,724	$2,851,240	$1,572,416	21,064,860	(93,232)
	WA	192,382	$8,173,460	$3,090,255	59,765,148	(51,300)
	System	260,106	$11,024,701	$4,662,671	80,830,008	(144,532)

Table 2: Natural Gas Program Summary

		Rebates	Incentives	Non-inc Util Cost	Savings on Natural Gas Programs	
Segment	State	*(Number)*	*$*	*$*	*(therms)*	*(kWh)*
Residential	ID	3,514	$919,242	$295,353	285,699	388,559
Residential	WA	10,031	$2,338,413	$525,815	746,712	1,348,676
Low Income	ID	194	$115,757	$38,302	12,073	-
Low Income	WA	627	$508,535	$124,424	83,178	495
Non-residential	ID	111	$855,040	$236,956	282,309	(38,907)
Non-residential	WA	271	$1,727,025	$384,616	607,841	20,589
	ID	3,819	$1,890,039	$570,611	580,081	349,652
	WA	10,929	$4,573,973	$1,034,855	1,437,731	1,369,760
	System	14,748	$6,464,012	$1,605,466	2,017,812	1,719,412

We continue to review the content and delivery process of our energy efficiency programs. Our focus on the residential side is to increase customer understanding of our programs and how our programs can help them reduce their bills. We also focus our outreach on non-residential customers through tools such as our "Efficiency Avenue" online, interactive tool that enables customers to quickly view programs applicable to them.

Finally, the electric and natural gas energy efficiency programs during 2009 were cost-effective. As you will note in the tables below, both states were cost-effective with a 2.30 total resource cost (TRC) ratio for electric and 1.27 for natural gas, as well as, Program Administrator Cost Test (PACT) of 5.96 for electric and 4.20 for natural gas.

Table 3: Electric Cost-effectiveness

Segment	State	TRC ratio	PACT ratio
Residential	ID	2.29	5.74
Residential	WA	2.32	5.92
Low Income	ID	4.13	3.95
Low Income	WA	5.37	5.37
Non-residential	ID	2.18	6.24
Non-residential	WA	2.18	6.14
	ID	2.28	5.84
	WA	2.30	6.01
	System	2.30	5.96

Table 4: Natural Gas Cost-effectiveness

Segment	State	TRC ratio	PACT ratio
Residential	ID	1.64	4.69
Residential	WA	1.68	5.70
Low Income	ID	1.42	1.42
Low Income	WA	2.54	2.48
Non-residential	ID	0.97	3.01
Non-residential	WA	0.73	3.23
	ID	1.31	3.74
	WA	1.25	4.41
	System	1.27	4.20

Avista tariff rider and energy efficiency programs continue to be very successful. Over the past 30 years, these programs have resulted in the reduction of 147 aMW of load, of which 111 aMW remain online, equivalent to 10% of our system electric load. This is equivalent to two Kettle Falls Generating Stations. Participating customers benefit through lower usage while all customers (including non-participating and future customers) benefit from Avista having acquired the lowest cost resource in the form of energy efficiency.

Residential

The bulk of the residential customer segment is reached through an offering of prescriptive programs such as high-efficiency appliances, high-efficiency space and water heat, weatherization, and natural gas direct use. For these types of measures, customers are incented to go with a higher efficiency option through education and financial rebates. Some projects such as renewable, distributed generation and multi-family are handled on a more unique basis.

Programs offered in 2009 within the Residential segment were Energy Star products, home weatherization, Energy Star homes, shade tree, space and water direct use, water heater efficiency, JACO refrigerator/freezer recycling, geographic saturation, specialty CFL buy-down through PECI, heating & cooling efficiency, site-specific multi-family, and a direct install UCONSS multi-family program.

In 2009, Avista completed a multi-year multi-family direct install program of energy efficiency measures such as CFLs, low-flow showerheads, high-efficiency heating and shell measures. This direct install program was adopted as a means to increase limited income participation in regular income energy efficiency offerings as well as reach a niche segment (renters) that traditionally have been difficult to reach.

Avista will be leveraging the availability of ARRA funds during 2010 to promote the acquisition of residential ENERGY STAR appliances. Though this measure has been determined to be non-cost-effective from a TRC standpoint, we believe that the opportunity to leverage ARRA funds to provide a foothold for future market transformation opportunities justify the inclusion of these measures as part of the long-term strategy. Regional market transformation ventures for similar residential measures have been very successful in the past.

The shade tree program is relatively new to Avista and was designed to offset existing or potential air conditioning load and be replicable throughout our electric service territory through reliance on 3rd parties. Currently, Avista is partnered with the Spokane County Conservation District (SCCD) who delivers this program to our customers. The program offers an $18 incentive per tree to SCCD for installation of qualifying shade trees. SCCD conducts a site-visit to the customer's home to site the right tree in the right location for energy savings. Sitings are 15-30 feet to the south of the home and must avoid overhead utility lines. SCCD has selected shade trees that are recommended for this region and its growing conditions as well as potential of large canopy at maturity. While Avista may support a larger effort, SCCD has proposed a targeted approach in the city of Spokane with a planned installation of 50 trees in the spring and 50 in the fall.

Also new in 2010 are the American Recovery and Reinvestment Act (ARRA) co-funded residential in-home energy audits where Avista will provide energy audits to Avista customers in Spokane County. The audit will include both internal and external inspections as well as diagnostic tests including a blower door test to detect outside air infiltration, pressure pan test for heating system duct leakage and a combustion zone test for natural gas fired furnaces, water heaters and ovens. Some minor energy efficiency measure will be installed and an energy efficiency kit with additional energy saving items will be left with the homeowner.

Web banner promoting Avista's In-Home Energy Audit.

Table 5: Residential Electric Program Results for 2009

Program	State	Rebates		Incentives	Non-inc Util Cost	Savings on Electric Programs	
		(Number)	*(Units)*	*$*	*$*	*(kWh)*	*(therms)*
Energy Star® Products	ID	2,431	appliances	$80,470	$18,810	350,318	-
Energy Star® Products	WA	5,599	appliances	$188,605	$29,152	824,188	-
Home Weatherization	ID	733	homes	$219,567	$76,061	1,416,557	-
Home Weatherization	WA	1,460	homes	$429,599	$95,656	2,704,371	-
Energy Star® Homes	ID	35	homes	$31,250	$13,107	94,029	5,122
Energy Star® Homes	WA	82	homes	$72,650	$20,049	203,176	12,411
Shade Tree Program	ID	-	trees	$0	$0	-	-
Shade Tree Program	WA	32	trees	$576	$24	672	-
Space & Water Direct Use Efficiency	ID	50	conversions	$38,250	$19,598	364,987	-
Space & Water Direct Use Efficiency	WA	139	conversions	$92,150	$33,795	955,448	-
Water Heater Efficiency	ID	124	appliances	$6,200	$1,991	37,076	-
Water Heater Efficiency	WA	403	appliances	$20,150	$4,262	120,497	-
Jaco Refrigerator/Freezer Recycling	ID	411	appliances	$14,820	$83,909	373,875	-
Jaco Refrigerator/Freezer Recycling	WA	1,137	appliances	$28,498	$159,319	1,033,885	-
Geographic Saturation	ID	7,716	bulbs	$33,127	$24,525	371,944	-
Geographic Saturation	WA	18,004	bulbs	$61,045	$45,914	867,870	-
PECI Specialty CFL Buy Down	ID	45,142	bulbs	$88,115	$108,491	1,578,420	-
PECI Specialty CFL Buy Down	WA	140,366	bulbs	$169,440	$258,806	4,547,365	-
UCONS Multi-family	ID	95	projects	$212,005	$331,082	1,159,055	-
UCONS Multi-family	WA	438	projects	$839,333	$750,811	6,610,853	-
Multi-family	ID	4	projects	$147,148	($19,102)	791,716	(39,163)
Multi-family	WA	5	projects	$147,657	$1,459	612,767	(19,506)
Heating & Cooling Efficiency Program	ID	1,256	homes	$376,650	$139,460	2,412,806	6,296
Heating & Cooling Efficiency Program	WA	2,300	homes	$647,200	$154,079	4,079,401	9,444
	ID	57,997		$1,247,602	$797,932	8,950,783	(27,745)
	WA	169,965		$2,696,904	$1,553,327	22,560,493	2,349
	System	227,962		$3,944,506	$2,351,258	31,511,277	(25,396)

Table 6: Residential Natural Gas Program Results for 2009

Program	State	Rebates		Incentives	Non-inc Util Cost	Savings on Natural Gas Programs	
		(Number)	*(Units)*	*$*	*$*	*(kWh)*	*(therms)*
Home Products	ID	1,106	appliances	$44,650	$6,587	8,250	22,218
Home Products	WA	3,221	appliances	$131,100	$14,836	24,201	64,882
Home Weatherization	ID	1,194	homes	$345,796	$101,977	126,955	366,341
Home Weatherization	WA	4,055	homes	$1,180,920	$261,596	421,949	1,283,794
Energy Star Homes	ID	-	homes	$0	$0	-	-
Energy Star Homes	WA	3	homes	$1,650	$332	591	-
Water Heater Efficiency	ID	160	appliances	$20,600	$4,253	5,816	-
Water Heater Efficiency	WA	523	appliances	$42,800	$6,065	10,799	-
UCONS Multi-family	ID	22	projects	$95,397	$89,717	17,742	-
UCONS Multi-family	WA	19	projects	$98,030	$90,429	17,548	-
Site-specific Multi-family	ID	-	projects	$0	$0	-	-
Site-specific Multi-family	WA	1	projects	$489	$92	163	-
Heating & Cooling Efficiency	ID	1,032	homes	$412,800	$92,820	126,936	-
Heating & Cooling Efficiency	WA	2,209	homes	$883,424	$152,465	271,461	-
	ID	3,514		$919,242	$295,353	285,699	388,559
	WA	10,031		$2,338,413	$525,815	746,712	1,348,676
	System	13,545		$3,257,655	$821,168	1,032,411	1,737,235

For 2010, rebates for tankless water heaters, ground source heat pumps and retro-fit air-conditioning have been eliminated. The efficiency requirement on retro-fit windows has been increased from 0.35 to 0.30 U-factor. In addition, based on recent impact evaluation, the savings claimed on electric to natural gas conversions were reduced to 8,655 kWh (this reduction has been reflected in 2009 savings). The impact analysis results and reduction in savings were applied proportionately to the electric to heat pump rebate. The reduction in savings resulted in a minor reduction of the incentive level for electric to natural gas conversions and electric to heat pump upgrades. Due in part to the impact analysis and to the single digit rebates paid in 2009, the incentives for electric to natural gas free standing stoves were discontinued. Finally, an incentive was added for high efficiency ductless heat pumps.

Low Income

Low income (LI) programs are delivered through several Community Action Partnership (CAPs) agencies throughout our service territory because these agencies have administrative systems in place to qualify customers by income levels. Avista directs funds to these agencies to be distributed on our behalf toward energy efficiency measures. These CAPs use these funds to provide weatherization, high-efficiency space and water heat, high-efficiency appliances, direct use space and water on a customized basis for low income households.

Limited income efficiency measures are typically similar to measures offered under residential prescriptive programs due to cost-effective guidelines. Limited income efficiency measures do include some measures, like infiltration, that have not been included in the residential programs but are well-suited to a site-specific approach. A list of approved measures with a high predictability of adequate cost-effectiveness is provided to CAP agencies. Other measures may be submitted for approval if cost-effectiveness is marginal. Health and human safety measures that are necessary to ensure the habitability of the home as well as energy saving investments are allowed under these programs. CAP agencies complete installation of efficiency measures at no cost to qualified customers through this Avista funding. Administrative fees are paid to the CAP agencies for delivery of these programs.

Table 7: Low Income Electric Program Results for 2009

Program	State	Participants		Incentives	Non-inc Util Cost	Savings on Electric Programs	
		(Number)	*(Units)*	*$*	*$*	*(kWh)*	*(therms)*
Home Products	ID	-	appliances	$0	$0	-	-
Home Products	WA	48	appliances	$28,691	$3,576	23,517	-
CFLs for Seniors	ID	7,878	bulbs	$9,400	$61,856	252,096	-
CFLs for Seniors	WA	18,382	bulbs	$10,358	$73,989	588,224	-
Home Weatherization	ID	219	homes	$196,452	$51,943	407,273	-
Home Weatherization	WA	181	homes	$216,428	$14,673	574,790	-
Space & Water Direct Use Efficiency	ID	1	conversions	$2,498	$1,393	18,458	-
Space & Water Direct Use Efficiency	WA	133	conversions	$345,239	$11,718	1,260,655	1,155
Water Heater Efficiency	ID	-	appliances	$0	$0	-	-
Water Heater Efficiency	WA	3	appliances	$2,101	($27)	11,064	-
Heating & Cooling Efficiency	ID	-	homes	$0	$0	-	-
Heating & Cooling Efficiency	WA	-	homes	$0	$0	-	-
	ID	8,098		$208,350	$115,193	677,827	-
	WA	18,747		$602,817	$103,929	2,458,250	1,155
	System	26,845		$811,167	$219,121	3,136,077	1,155

Table 8: Low Income Natural Gas Program Results for 2009

Program	State	Participants		Incentives	Non-inc Util Cost	Savings on Natural Gas Programs	
		(Number)	*(Units)*	*$*	*$*	*(therms)*	*(kWh)*
Energy Star® Products	ID	-	appliances	$0	$0	-	-
Energy Star® Products	WA	-	appliances	$0	$0	-	-
Home Weatherization	ID	191	homes	$115,660	$38,208	12,027	-
Home Weatherization	WA	617	homes	$485,424	$120,285	82,017	495
Space & Water Direct Use Efficiency	ID	-	conversions	$0	$0	-	-
Space & Water Direct Use Efficiency	WA	-	conversions	$0	$0	-	-
Water Heater Efficiency	ID	3	appliances	$96	$94	46	-
Water Heater Efficiency	WA	5	appliances	$7,033	$1,083	49	-
Heating & Cooling Efficiency	ID	-	homes	$0	$0	-	-
Heating & Cooling Efficiency	WA ID	5	homes	$16,079	$3,055	1,112	-
	WA	194		$115,757	$38,302	12,073	-
	ID	627		$508,535	$124,424	83,178	495
	System	821		$624,292	$162,726	95,251	495

Avista has convened a collaborative to discuss potential improvements in the acquisition level and cost-effectiveness of our Washington and Idaho limited income portfolio. The planning process for this effort has been initiated and will lead towards a September 2010 report to the Washington Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC).

While the CAP agencies are always encouraged to provide more comprehensive site-specific data, the impact analysis recently completed on electric to natural gas conversions will be applied to LI as well with a reduced prescriptive savings amount of 8,655 kWh. The Limited Income Total Resource Cost Calculator (LITRCC) continues to be applied on marginally cost-effective measures not on the approved list. In place of North Colombia Community Action Center (NCCAC), the Opportunities Industrialization Center of Washington (Yakima) will be aiding customers in Grant and Adams counties while Rural Resources will be serving Lincoln county customers previously served by NCCAC. Avista continues to have membership on the Idaho and Washington Weatherization Policy Advisory Committees that guide allocation and implementation of federal low income weatherization dollars across the region. As always, Avista continues to consider and evaluate any new measures for the low income segment.

Non-Residential

Financial incentives are available for non-residential projects with demonstrable electric or natural gas savings and a simple payback of over a year. Non-residential programs are delivered on a custom (or "site-specific") basis. Over the years, Avista has been transitioning some of these programs to be standard offers (or "prescriptive") through forms specifying qualifying measures and associated conditions, similar to the way in which residential programs are offered. Where appropriate, this transition can provide cost savings in technical resources and time savings for the customer.

Current non-residential offerings include but are not limited to prescriptive clothes washers, prescriptive demand-controlled ventilation, direct-use water heaters, EnergySmart Grocer facilitated through PECI, LED traffic signals, Leadership in Energy and Environmental Design (LEED) certification, prescriptive food service equipment, prescriptive power management for PC networks, premium efficiency motors, prescriptive refrigerated warehouse, retro-commissioning, prescriptive side-stream filtration, prescriptive steam trap replacement/repairs, prescriptive vending machine controls, prescriptive HVAC and variable, frequency drives (VFDs), rooftop maintenance, prescriptive lighting, and finally, sight specific or custom measures. Any energy efficiency measure not mentioned above would be handled on a customized, site-specific basis.

Table 9: Non-Residential Electric Program Results for 2009

Program	State	Projects	Incentives	Non-inc Util Cost	Savings on Electric Programs	
		(Number)	*$*	*$*	*(kWh)*	*(therms)*
Energy Star® Products	ID	1	$5	$2	36	-
Energy Star® Products	WA	12	$13,635	$1,652	59,927	-
EnergySmart	ID	68	$272,655	$291,145	2,205,899	-
EnergySmart	WA	150	$518,338	$605,249	4,667,470	(104)
Green Motors	ID	4	$625	$571	5,861	-
Green Motors	WA	3	$640	$381	4,908	-
Prescriptive Clothes Washers	ID	4	$4,543	$914	19,276	-
Prescriptive Clothes Washers	WA	5	$4,961	$547	19,843	-
Prescriptive Demand Controlled Ventilation	ID	1	$117	$408	8,600	-
Prescriptive Demand Controlled Ventilation	WA	2	$305	$55	1,996	-
Prescriptive Food Service	ID	24	$11,290	$4,873	102,749	-
Prescriptive Food Service	WA	67	$34,590	$9,194	333,618	-
Prescriptive LED Traffic Signals	ID	2	$220	$118	2,481	-
Prescriptive LED Traffic Signals	WA	1	$12,900	$6,543	237,400	-
Prescriptive Lighting	ID	183	$263,888	$88,733	2,234,833	(12,425)
Prescriptive Lighting	WA	310	$644,279	$148,640	6,597,006	(41,081)
Prescriptive Motors	ID	8	$16,520	$6,000	126,492	-

Prescriptive Motors	WA	13	$13,070	$2,947	106,931	-
Prescriptive PC Network Controls	ID	2	$200	$90	1,899	-
Prescriptive PC Network Controls	WA	14	$126,400	$22,611	820,417	-
Prescriptive Refrigerated Warehouse	ID	-	$0	$246	-	-
Prescriptive Refrigerated Warehouse	WA	3	$88,550	$27,978	997,993	-
Prescriptive Side-stream Filtration	ID	-	$0	$0	-	-
Prescriptive Side-stream Filtration	WA	2	$102,400	$12,869	466,942	-
Renewable	ID	1	$828	$196	4,139	-
Renewable	WA	2	$865	$119	4,326	-
Rooftop Maintenance	ID	5	$1,500	$16,345	19,616	-
Rooftop Maintenance	WA	7	$4,175	$30,945	47,317	-
NEEA 80+	ID	1,199	$13,457	$12,362	146,861	-
NEEA 80+	ID	2,797	$31,399	$22,036	342,675	-
Site-specific Appliances	WA	2	$6,110	$1,394	38,118	(298)
Site-specific Appliances	ID	7	$8,015	$2,145	84,817	(239)
Site-specific Compressed Air	WA	-	$0	$0	-	-
Site-specific Compressed Air	ID	3	$127,070	$26,854	974,374	-
Site-specific HVAC	WA	47	$400,975	$100,192	3,505,834	(47,559)
Site-specific HVAC	ID	77	$1,002,552	$182,533	6,645,591	(766)
Site-specific Industrial Process	WA	6	$29,143	$8,823	186,022	-
Site-specific Industrial Process	ID	1	$332,970	$118,250	4,290,667	-
Site-specific LEED	WA	1	$28,125	$0	-	-
Site-specific LEED	ID	6	$761,776	$0	-	-
Site-specific Lighting	WA	36	$204,465	$68,942	1,606,036	(5,205)
Site-specific Lighting	ID	93	$614,885	$117,513	4,633,525	(12,614)
Site-specific Motors	WA	2	$9,013	$6,433	135,638	-
Site-specific Motors	ID	21	$190,659	$51,609	1,872,619	-

Site-specific Shell	WA	33	$131,610	$51,503	1,085,860	-
Site-specific Shell	ID	74	$239,307	$42,333	1,536,043	-
	ID	1,629	$1,395,288	$659,292	11,436,250	(65,487)
	WA	3,670	$4,873,740	$1,433,000	34,746,405	(54,804)
	System	5,299	$6,269,028	$2,092,292	46,182,654	(120,291)

Table 10: Non-Residential Natural Gas Program Results for 2009

Program	State	Projects	Incentives	Non-inc Util Cost	Savings on Natural Gas Programs	
		(Number)	*$*	*$*	*(therms)*	*(kWh)*
Energy Star® Products	ID	1	$20	$4	5	-
Energy Star® Products	WA	3	$1,910	$1,212	1,950	-
EnergySmart	ID	1	$1,710	$6,292	4,388	-
EnergySmart	WA	1	$1,547	$7,453	1,503	-
Prescriptive Clothes Washers	ID	4	$2,658	$633	759	-
Prescriptive Clothes Washers	WA	7	$15,439	$1,431	2,303	-
Prescriptive Demand Controlled Ventilation	ID	1	$469	$417	500	-
Prescriptive Demand Controlled Ventilation	WA	2	$1,145	$345	556	-
Prescriptive Food Service	ID	2	$3,000	$721	864	-
Prescriptive Food Service	WA	41	$37,457	$13,583	21,862	-
Prescriptive Refrigerated Warehouse	ID	-	$0	$0	-	-
Prescriptive Refrigerated Warehouse	WA	1	$5,850	$1,158	1,863	-
Prescriptive Steam Trap Replacement	ID	-	$0	$0	-	-
Prescriptive Steam Trap Replacement	WA	4	$8,800	$6,078	9,782	-
Site-specific Appliances	ID	6	$17,717	$4,549	5,455	-
Site-specific Appliances	WA	13	$22,169	$4,048	6,515	-
Site-specific HVAC	ID	54	$601,777	$161,078	194,553	(41,046)
Site-specific HVAC	WA	105	$1,207,360	$239,283	384,521	17,682
Site-specific Industrial Process	ID	2	$82,842	$19,739	23,669	-

Site-specific Industrial Process	WA	2	$109,731	$34,272	55,160	-
Site-specific Shell	ID	40	$144,848	$43,523	52,116	2,139
Site-specific Shell	WA	92	$315,617	$75,754	121,826	2,907
	ID	111	$855,040	$236,956	282,309	(38,907)
	WA	271	$1,727,025	$384,616	607,841	20,589
	System	282	$2,582,065	$621,572	890,150	(18,318)

For 2010, some equipment is being removed from the prescriptive food service equipment program such as natural gas water heaters and charbroilers. The retro-commissioning program is currently being reevaluated with the intent to improve participation. For non-residential prescriptive clothes washers, incentives are being restructured from a tiered to a flat amount as a result of an annual review of the program incentives and savings. Finally, the lighting program is currently being reevaluated due to pricing changes in equipment as well as changes in standards and codes.

Regional

Historically, about 20% of Avista's energy efficiency savings have been derived from regional programs provided by the Northwest Energy Efficiency Alliance (NEEA). Avista is one of 12 utility funding partners and has committed to continued funding for the 2010-2014 funding cycle. NEEA uses economies of scale and the tools of market transformation to accelerate the adoption of cost-effective electric-efficiency products and practices with offers such as reducing the cost of compact fluorescent light bulbs (CFLs) to consumers through manufacturer buy-downs.

Based on NEEA's current business plan, Avista expects to claim only 2.3 aMW's during 2010 based upon the impact of NEEA ventures and regional allocation of savings. This savings is only slightly above the level of savings claimed in the past despite the large 2010 budget increase due to the delay between the funding availability to NEEA and the demonstrated acquisition within Avista's service territory. It is fully expected that an evaluation of Avista's measured energy savings in comparison to the costs borne by Avista and its customers will lead to a finding that the effort is cost-effective within our jurisdiction.

Additionally, Avista will continue to work with NEEA to develop the quantifications necessary to allow for the estimation of the natural gas therm acquisition resulting from NEEA programs within Avista's service territory. This will generally be based upon a conversion of the non-energy benefits associated with natural gas usage reduction in the major therm-producing programs (e.g. WashWise and residential fenestration) and a regional allocation of those savings. It is hoped that a consistent means of reporting savings and allocating them throughout the region can be achieved. This business plan does not include any estimate of therm savings from NEEA programs due to the uncertainty regarding the likelihood that such estimates can be generated in time to meet Washington decoupling filing deadlines. In the long-term, about 20% of our acquisition is through NEEA.

Avista is interested in leveraging this and other regional efforts in the area of Evaluation, Measurement & Verification (EM&V).

Demand Response

Avista recently complete a two-year demand response pilot within its Idaho service territory to gain experience with customer acceptance, program design, operational components and cost-effectiveness. The pilot resulted in several findings: Equipment compatibility on Avista's system (from the customer's meter) through to Avista's "back office" operations was tested and improved; customers involved exhibited a strong willingness to participate; the Energy Load Management program demonstrated conditions under which customers would accept load curtailment of home heating, air-conditioning or water heating; and finally, due to low on-peak/off-peak cost differences on Avista's system, cost-effectiveness remains challenging under our current power pricing.

The results of Avista's demand response pilot have been incorporated into a larger exploration of the integrated benefits of demand response within Smart Grid technology in Pullman, Washington. This American Recovery and Reinvestment Act (ARRA) co-funded project is not funded through the DSM tariff rider, but will be closely coordinated with the DSM resource planning functions.

Tariff Rider Expenditures

During 2009, Avista spent more than $27 million on electric and natural gas energy efficiency programs. Of that amount, 74 percent was returned to customers in the form of rebates on energy efficiency measures installed in their homes or businesses. Avista does not "cap" its energy efficiency efforts based on available revenue; consequently over $27 million was spent on energy efficiency as opposed to our 2009 annual budget of $25 million. Program expenditures are hugely driven by incentives and while incentives have increased nearly 300 percent over the past five years, the energy efficiency budget and expenditures have increased as well. Note that the following tables are on a cash basis.

Table 11: 2009 Electric Energy Efficiency Expenditures

Segment	State	Incentives	Implementation	EM&V	Total
Residential	ID	$1,577,710	$560,882	$7,621	$2,146,212
Residential	WA	$2,730,907	$1,117,222	$14,846	$3,862,975
Low Income	ID	$306,696	$64,278	$0	$370,973
Low Income	WA	$747,901	($31,332)	$0	$716,569
Non-Residential	ID	$1,573,996	$361,370	$1,499	$1,936,866
Non-Residential	WA	$6,055,940	$811,073	$1,744	$6,868,757
Regional	ID	$0	$311,907	$0	$311,907
Regional	WA	$0	$695,425	$0	$695,425
General	ID	$0	$537,057	$32,892	$569,949
General	WA	$0	$1,016,164	$68,420	$1,084,584
	ID	$3,458,402	$1,835,494	$42,013	$5,335,909
	WA	$9,534,748	$3,608,551	$85,010	$13,228,309
	System	$12,993,150	$5,444,046	$127,022	$18,564,218
		70%	29%	1%	100%

Table 12: 2009 Natural Gas Energy Efficiency Expenditures

Segment	State	Incentives	Implementation	EM&V	Total
Residential	ID	$1,091,613	$122,942	$5,856	$1,220,411
Residential	WA	$2,688,313	$249,468	$11,826	$2,949,607
Low Income	ID	$130,980	$14,974	$0	$145,954
Low Income	WA	$599,342	$16,689	$0	$616,032
Non-Residential	ID	$711,722	$97,026	$1,120	$809,868
Non-Residential	WA	$1,773,969	$152,482	$2,056	$1,928,508
Regional	ID	$0	($171)	$0	($171)
Regional	WA	$0	($342)	$0	($342)
General	ID	$0	$295,840	($3,373)	$292,467
General	WA	$0	$567,762	($6,512)	$561,251
	ID	$1,934,315	$530,610	$3,603	$2,468,528
	WA	$5,061,624	$986,059	$7,371	$6,055,054
	System	$6,995,939	$1,516,670	$10,973	$8,523,582
		82%	18%	0%	100%

Tariff Rider Balances

As of the end of 2009, the tariff rider balance – both Idaho and Washington, electric and natural gas – was an underfunded $11.9 million (i.e., dollars expended exceed dollars collected from customers through the tariff riders). By jurisdiction and fuel, current balances are, as of February 2010: $2,008,944 underfunded for Idaho electric; $1,238,294 underfunded for Idaho natural gas; $2,653,751 underfunded for Washington electric; and $3,656,937 underfunded for Washington natural gas. These underfunded balances are largely caused by incentives, as Avista does not "cap" its energy efficiency efforts based on available revenue. Avista is committed to meeting customer demand for energy efficiency in advance of revenue recovery. Avista has also level high public interest in "green" technologies and heightened customers' awareness due to increasing energy costs to enhance its acquisition of cost-effective energy efficiency. Finally, our Every Little Bit campaign has resonated with customers and driven higher participation in our programs.

Table 13: Tariff Rider Balances

Idaho Electric Rider	
2009 Beginning Balance (underfunded)	$1,364,730
2009 Funding	$4,272,693
Total 2009 Funds	($2,907,963)
2009 Expenditures	($5,277,039)
2009 Ending Balance (underfunded)	$2,369,075

Washington Electric Rider	
2009 Beginning Balance (underfunded)	$5,919,437
2009 Funding plus accrued interest	$15,408,111
Total 2009 Funds	($9,488,674)
2009 Expenditures	($13,284,265)
2009 Ending Balance (underfunded)	$3,795,590

Idaho Natural Gas Rider	
2009 Beginning Balance (underfunded)	$1,035,530
2009 Funding	$1,835,916
Total 2009 Funds	($800,386)
2009 Expenditures	($2,427,018)
2009 Ending Balance (underfunded)	$1,626,631

Washington Natural Gas Rider	
2009 Beginning Balance (underfunded)	$2,798,071
2009 Funding plus accrued interest	$4,794,603
Total 2009 Funds	($1,996,533)
2009 Expenditures	($6,099,484)
2009 Ending Balance (underfunded)	$4,102,951

The underfunded tariff rider balances have been a concern and, in 2009, Avista committed to an annual filing to "true-up" the amount under/over collection through the tariff riders. During 2009, Avista was successful in reducing its underfunded Washington electric tariff rider balance by $2.1 million and is on track to reduce the remainder of underfunded balance by year-end 2010. Washington natural gas proved to be more challenging. During 2009, Avista paid $5.1 million in incentives alone, which exceeded the **entire** Washington natural gas annual budget by more than $1.4 million. We also experienced the eighth warmest winter in history causing tariff rider collections to be down by 20 percent. Similar challenges are present in Idaho as well. Avista currently has a Schedule 191 increase pending before the Idaho Public Utilities Commission (IPUC) as part of our annual true-up filing. A revised Washington Schedule 191 was approved to be effective April 1, 2010.

2010 Budget

Customer response and opportunities for prudent energy efficiency resource investments have in recent years contributed to a tendency to exceed annual budgets established within the business planning process. Avista's energy efficiency budget – Idaho and Washington, electric and natural gas – is $25.3 million for 2010. Avista is projecting to achieve its 2010 IRP acquisition target for Washington and Idaho, electric and natural gas, as well as

the 2010-2011 I-937 acquisition levels for Washington electric. Another notable increase for 2010 is an additional $1.4 million funding contribution to NEEA due to revisions in the allocation of that funding responsibility throughout the region for the 2010-2014 funding cycle.

Avista has committed to the IPUC staff to more formerly evaluate energy efficiency portfolios, programs and measures on a net rather than gross basis. Part of the past net-to-gross strategy has been to maintain a high percentage of customer incentives as a portion of total expenditures. This approach to managing portfolio net-to-gross risk is being gradually eroded as a necessary consequence of pursuing opportunities for significant increases in energy acquisition that require increased non-incentive investments. The degree to which these relationships are changing between 2009 and 2010 as well as the unexpected changes during 2009 are illustrated in the following table.

Table 14: Incentives as a Percentage of Total Expenditures

	2009 budget	2009 actual	2010 budget
Electric	77%	70%	63%
Natural gas	86%	82%	86%
Total	79%	74%	79%

Cost-Effectiveness

The IPUC staff requested increased reporting on the impacts of Federal tax credits on cost-effectiveness. The federal tax credit is available for 30% of the total (not incremental) cost of the 2009 installed measure, up to a maximum of $1,500 per customer. However, the rebate covers multiple Avista programs (high-efficiency furnaces, heat pumps, and boilers, windows, shell and tankless water heaters). The assumption was made that some customers will either fail or choose not to claim the credit even though they qualify and some customers will exceed the $1,500 maximum.

Since it is too early to have any actual federal data available on the participation in this tax credit or the number of participants who cap out by the $1,500 limitation, Avista has assumed an allocation of tax benefits over the affected programs. Avista assumed that the number of customers who chose not to or failed to take the credit or failed to get a full 30% off of the total cost of the measure due to the $1,500 maximum would be about 80%. Therefore, the maximum incentive was calculated without the $1,500 constraint and then reduced by 20%.

The maximum tax credit on windows and shell was assumed to be 30% of the customer cost reduced by the 20% above, leaving a 24% (80% x 30%) cost for purposes of the TRC calculation. Total cost on HVAC relevant to the tax credit is about $5,000 so using the same 24% factor, the average customer would receive a rebate of $1,200 (natural gas high-efficiency furnace - $1000 as 30% customers install both high-efficiency furnace and heat pump; high-efficiency heat pump $1,000; high-efficiency ductless heat pump - $1,050). This $1,200 actually exceeds the $900 incremental cost, leading to an oddity of the TRC cost for this measure being a negative $300. Per the Standard Practice Test, this is correct – the total customer population has a net cost of purchasing this efficiency resource of less than zero since the taxpayers are subsidizing our rate payers by $1,200 per unit. Finally, tankless water heaters were assumed to have a $480 (24% of the average $2,000 cost) reduction on TRC cost per unit.

Below are the cost-effectiveness tests provided using the four standard practice tests: total resource cost (TRC), program administrator cost test (PACT, formerly the utility cost test, or UCT), participant test (PT) and the rate payer impact test (RIM, formerly, the non-participant test). In addition, Avista provided cost-effectiveness with the impact of the federal tax credits for both states on the tests affected.

Table 15: Residential Electric Cost-effectiveness (with and without tax credits)

		Standard Practice Cost-Benefit Tests				w/ Federal tax credits	
Program	State	TRC ratio	PACT ratio	PT ratio	RT ratio	TRC ratio	PT ratio
Energy Star® Products	ID	0.47	4.06	29.81	0.02	0.47	29.81
Energy Star® Products	WA	0.48	4.34	124.53	0.00	0.48	124.53
Home Weatherization	ID	3.46	14.65	25.84	0.17	4.98	42.93
Home Weatherization	WA	3.41	15.73	4.72	0.87	5.03	8.00
Energy Star® Homes	ID	1.20	3.15	2.01	0.74	1.20	2.01
Energy Star® Homes	WA	1.24	3.55	1.77	0.82	1.24	1.77
Shade Tree	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Shade Tree	WA	2.30	2.30	*n/a*	2.30	2.30	*n/a*
Space & Water Direct Use Efficiency	ID	3.71	13.10	52.33	0.10	3.71	52.33
Space & Water Direct Use Efficiency	WA	3.99	14.55	6.73	0.77	3.99	6.73
Water Heater Efficiency	ID	5.45	5.45	*n/a*	5.45	5.45	*n/a*
Water Heater Efficiency	WA	5.95	5.95	*n/a*	0.01	5.95	*n/a*
Jaco Refrigerator/Freezer Recycling	ID	2.43	2.43	*n/a*	0.01	2.43	*n/a*
Jaco Refrigerator/Freezer Recycling	WA	3.55	3.55	*n/a*	0.01	3.55	*n/a*
Geographic Saturation	ID	3.21	3.21	*n/a*	0.01	3.21	*n/a*
Geographic Saturation	WA	4.04	4.04	*n/a*	0.01	4.04	*n/a*
PECI Specialty CFL Buy Down	ID	3.99	3.99	*n/a*	0.01	3.99	*n/a*
PECI Specialty CFL Buy Down	WA	5.28	5.28	*n/a*	0.01	5.28	*n/a*
UCONS Multi-family	ID	2.32	2.96	4.29	1.31	2.32	4.29
UCONS Multi-family	WA	2.67	3.65	5.40	1.13	2.67	5.40
Multi-family	ID	5.09	7.26	2.97	3.20	5.09	2.97
Multi-family	WA	1.98	3.92	2.83	1.04	1.98	2.83
Heating & Cooling Efficiency	ID	1.60	4.48	6.88	0.33	2.23	12.32

Heating & Cooling Efficiency	WA	1.55	4.87	3.78	0.53	2.04	5.86
	ID	2.29	5.74	53.16	0.07	2.71	71.48
	WA	2.32	5.92	79.38	0.05	2.65	99.83
	System	2.31	5.86	71.16	0.05	2.67	91.35

Table 16: Low Income Electric Cost-effectiveness

		Standard Practice Cost-Benefit Tests			
Program	**State**	**TRC ratio**	**PACT ratio**	**PT ratio**	**RT ratio**
Home Products	ID	*n/a*	*n/a*	*n/a*	*n/a*
Home Products	WA	0.85	0.85	*n/a*	0.01
CFLs for Seniors	ID	1.76	1.76	*n/a*	0.01
CFLs for Seniors	WA	3.47	3.47	*n/a*	0.01
Home Weatherization	ID	4.74	4.52	*n/a*	0.02
Home Weatherization	WA	7.25	7.25	*n/a*	0.02
Space & Water Direct Use Efficiency	ID	7.93	7.29	*n/a*	0.01
Space & Water Direct Use Efficiency	WA	5.01	5.01	*n/a*	0.02
Water Heater Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*
Water Heater Efficiency	WA	6.43	6.43	*n/a*	0.02
Heating & Cooling Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*
Heating & Cooling Efficiency	WA	*n/a*	*n/a*	*n/a*	*n/a*
	ID	4.13	3.95	*n/a*	0.02
	WA	5.37	5.37	*n/a*	0.02
	System	4.98	4.92	*n/a*	0.02

Table 17: Non-Residential Electric Cost-effectiveness

		Standard Practice Cost-Benefit Tests			
Program	**State**	**TRC ratio**	**PACT ratio**	**PT ratio**	**RT ratio**
Energy Star® Products	ID	0.23	4.21	0.12	1.38
Energy Star® Products	WA	0.25	3.57	0.23	0.88
EnergySmart	ID	1.71	4.14	1.28	1.47
EnergySmart	WA	2.55	4.14	3.55	1.29
Green Motors	ID	2.18	3.81	2.24	1.43
Green Motors	WA	2.60	3.72	3.77	1.41
Prescriptive Clothes Washers	ID	1.93	2.57	3.23	0.93

Prescriptive Clothes Washers	WA	1.96	3.12	2.93	0.94
Prescriptive Demand Controlled Ventilation	ID	5.66	6.74	22.55	1.28
Prescriptive Demand Controlled Ventilation	WA	4.04	6.56	5.29	1.53
Prescriptive Food Service	ID	2.51	8.41	1.35	2.05
Prescriptive Food Service	WA	3.62	10.20	2.74	1.71
Prescriptive LED Traffic Signals	ID	12.44	8.24	15.85	1.32
Prescriptive LED Traffic Signals	WA	12.35	14.25	26.81	1.14
Prescriptive Lighting	ID	2.83	5.75	2.97	1.39
Prescriptive Lighting	WA	2.61	7.50	2.45	1.33
Prescriptive Motors	ID	3.78	6.65	3.08	1.99
Prescriptive Motors	WA	4.25	7.91	3.53	1.96
Prescriptive PC Network Controls	ID	1.61	3.84	2.28	0.92
Prescriptive PC Network Controls	WA	2.01	2.82	4.93	0.95
Prescriptive Refrigerated Warehouse	ID	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Refrigerated Warehouse	WA	5.03	9.96	5.20	1.63
Prescriptive Side-stream Filtration	ID	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Side-stream Filtration	WA	2.61	5.09	1.89	1.82
Renewable	ID	0.19	6.60	0.11	1.47
Renewable	WA	0.21	7.17	0.14	1.27
Rooftop Maintenance	ID	0.17	0.17	*n/a*	0.14
Rooftop Maintenance	WA	0.21	0.21	*n/a*	0.17
NEEA 80+	ID	1.87	1.87	*n/a*	1.87
NEEA 80+	WA	2.11	2.11	*n/a*	2.11
Site-specific Appliances	ID	2.16	5.74	1.48	1.60
Site-specific Appliances	WA	2.88	8.85	2.29	1.53
Site-specific Compressed Air	ID	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific Compressed Air	WA	3.21	6.00	3.36	1.53
Site-specific HVAC	ID	1.95	8.59	0.91	1.98
Site-specific HVAC	WA	1.33	7.46	0.71	1.78
Site-specific Industrial Process	ID	0.39	4.40	0.21	1.40
Site-specific Industrial Process	WA	8.06	12.50	7.86	2.36

Site-specific LEED	ID	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific LEED	WA	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific Lighting	ID	2.88	5.45	2.80	1.54
Site-specific Lighting	WA	2.40	5.93	2.26	1.38
Site-specific Motors	ID	4.42	9.65	3.37	1.93
Site-specific Motors	WA	2.03	9.00	1.21	1.76
Site-specific Shell	ID	4.95	10.59	3.21	2.28
Site-specific Shell	WA	2.39	10.27	1.56	1.68
	ID	2.18	6.24	1.41	1.71
	WA	2.18	6.14	1.67	1.53
	System	2.18	6.17	1.61	1.58

Table 18: Residential Natural Gas Cost-effectiveness (with and without tax credits)

		Standard Practice Cost-Benefit Tests				w/ Federal tax credits	
Program	**State**	**TRC ratio**	**PACT ratio**	**PT ratio**	**RT ratio**	**TRC ratio**	**PT ratio**
Home Products	ID	0.23	1.57	0.99	0.23	0.23	0.99
Home Products	WA	0.24	1.63	3.99	0.07	0.24	3.99
Home Weatherization	ID	1.92	8.19	2.40	0.93	4.46	9.37
Home Weatherization	WA	1.92	8.57	2.63	0.85	4.59	10.49
Energy Star Homes	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Energy Star Homes	WA	2.45	5.98	-	5.98	2.45	-
Water Heater Efficiency	ID	0.63	2.64	2.22	0.33	1.04	4.55
Water Heater Efficiency	WA	0.72	2.34	5.01	0.19	1.08	9.69
UCONS Multi-family	ID	2.06	2.06	*n/a*	0.80	2.06	*n/a*
UCONS Multi-family	WA	2.00	2.00	*n/a*	0.87	2.00	*n/a*
Site-specific Multi-family	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific Multi-family	WA	5.01	2.71	*n/a*	0.78	5.01	*n/a*

Heating & Cooling Efficiency	ID	1.64	2.98	16.79	0.20	(13.28)	(11.28)
Heating & Cooling Efficiency	WA	1.67	3.11	58.81	0.06	(11.15)	(39.72)
	ID	1.64	4.69	4.99	0.46	2.38	126.04
	WA	1.68	5.70	10.19	0.22	2.19	83.13
	System	1.67	5.40	8.91	0.26	2.24	87.24

Table 19: Low Income Natural Gas Cost-effectiveness

		Standard Practice Cost-Benefit Tests			
Program	**State**	**TRC ratio**	**PACT ratio**	**PT ratio**	**RT ratio**
Energy Star® Products	ID	*n/a*	*n/a*	*n/a*	*n/a*
Energy Star® Products	WA	*n/a*	*n/a*	*n/a*	*n/a*
Home Weatherization	ID	1.42	1.42	*n/a*	0.64
Home Weatherization	WA	2.63	2.57	*n/a*	0.65
Water Heater Efficiency	ID	2.15	2.15	*n/a*	0.65
Water Heater Efficiency	WA	0.06	0.05	*n/a*	0.05
Heating & Cooling Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*
Heating & Cooling Efficiency	WA	0.72	0.69	*n/a*	0.37
	ID	1.42	1.42	*n/a*	0.64
	WA	2.54	2.48	*n/a*	0.64
	System	2.32	2.27	*n/a*	0.64

Table 20: Non-Residential Natural Gas Cost-effectiveness

		Standard Practice Cost-Benefit Tests			
Program	**State**	**TRC ratio**	**PACT ratio**	**PT ratio**	**RT ratio**
Energy Star® Products	ID	0.06	1.18	0.07	0.50
Energy Star® Products	WA	0.50	3.57	0.62	0.74
EnergySmart	ID	1.12	4.88	1.12	1.02
EnergySmart	WA	0.52	1.49	0.64	0.68
Prescriptive Clothes Washers	ID	1.04	1.28	1.48	0.55
Prescriptive Clothes Washers	WA	1.04	0.78	1.66	0.45
Prescriptive Demand Controlled Ventilation	ID	1.91	1.70	(21.60)	0.50

Prescriptive Demand Controlled Ventilation	WA	1.67	3.45	3.02	0.82
Prescriptive Food Service	ID	0.40	1.96	0.40	0.77
Prescriptive Food Service	WA	1.23	3.49	1.56	0.89
Prescriptive Refrigerated Warehouse	ID	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Refrigerated Warehouse	WA	0.41	2.37	0.39	0.82
Prescriptive Steam Trap Replacement	ID	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Steam Trap Replacement	WA	1.23	1.63	5.82	0.57
Site-specific Appliances	ID	0.71	2.39	0.76	0.85
Site-specific Appliances	WA	0.57	1.77	0.74	0.70
Site-specific HVAC	ID	1.16	2.90	1.46	0.90
Site-specific HVAC	WA	0.57	2.90	0.54	0.90
Site-specific Industrial Process	ID	0.28	2.69	0.23	0.91
Site-specific Industrial Process	WA	2.97	5.22	4.84	1.11
Site-specific Shell	ID	1.83	3.67	2.62	1.01
Site-specific Shell	WA	1.13	3.99	1.25	0.95
	ID	0.97	3.01	1.06	0.92
	WA	0.73	3.23	0.72	0.93
	System	0.79	3.15	0.80	0.92

Net-to-Gross Impact on Cost-effectiveness

As mentioned above, Avista has tried to maintain a high percentage of funding being returned to customers in the form of incentives. This is done by through a tiered approach to incentives in Schedules 90 and 190 in an effort to limit the amount of free-ridership. In addition, the structuring of our tariffs in schedules 90 and 190 have been done in an effort to limit the amount of free-ridership. Avista continues to manage the net-to-gross issue. Historically, we have reported savings and cost-effectiveness at a gross level. However, as part of Avista's commitment to provided additional reporting to the IPUC, Avista is providing cost-effectiveness with three scenarios assuming net cost-effectiveness at 25%, 50% and 75% (i.e. 25% NTG equals a 25% adjustment to benefits).

Table 21: Residential Electric Cost-effectiveness (with net-to-gross scenarios applied)

Program	State	25% NTG TRC ratio	25% NTG PACT ratio	50% NTG TRC ratio	50% NTG PACT ratio	75% NTG TRC ratio	75% NTG PACT ratio
Energy Star® Products	ID	0.47	3.82	0.46	3.41	0.44	2.59
Energy Star® Products	WA	0.47	4.16	0.47	3.83	0.46	3.10
Home Weatherization	ID	3.39	13.49	3.27	11.65	2.93	8.27
Home Weatherization	WA	3.37	14.83	3.28	13.31	3.05	10.17
Energy Star® Homes	ID	1.16	2.87	1.08	2.43	0.90	1.67
Energy Star® Homes	WA	1.21	3.31	1.15	2.92	1.01	2.15
Shade Tree	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Shade Tree	WA	2.27	2.27	2.22	2.22	2.06	2.06
Space & Water Direct Use Efficiency	ID	3.59	11.77	3.38	9.78	2.88	6.50
Space & Water Direct Use Efficiency	WA	3.89	13.35	3.72	11.47	3.27	8.06
Water Heater Efficiency	ID	5.05	5.05	4.39	4.39	3.15	3.15
Water Heater Efficiency	WA	5.62	5.62	5.06	5.06	3.90	3.90
Jaco Refrigerator/Freezer Recycling	ID	1.90	1.90	1.32	1.32	0.69	0.69
Jaco Refrigerator/Freezer Recycling	WA	2.76	2.76	1.92	1.92	1.00	1.00
Geographic Saturation	ID	2.81	2.81	2.25	2.25	1.41	1.41
Geographic Saturation	WA	3.53	3.53	2.82	2.82	1.76	1.76
PECI Specialty CFL Buy Down	ID	3.37	3.37	2.57	2.57	1.50	1.50
PECI Specialty CFL Buy Down	WA	4.40	4.40	3.29	3.29	1.88	1.88
UCONS Multi-family	ID	2.01	2.46	1.59	1.84	0.97	1.05
UCONS Multi-family	WA	2.41	3.15	2.02	2.48	1.35	1.51
Multi-family	ID	5.28	7.64	5.69	8.54	7.42	13.15
Multi-family	WA	1.98	3.91	1.97	3.88	1.95	3.81
Heating & Cooling Efficiency	ID	1.55	4.11	1.46	3.53	1.24	2.48
Heating & Cooling Efficiency	WA	1.52	4.57	1.46	4.08	1.31	3.09
	ID	2.18	5.08	1.99	4.13	1.57	2.64
	WA	2.22	5.28	2.03	4.34	1.63	2.82
	System	2.20	5.21	2.02	4.27	1.61	2.76

Table 22: Low Income Electric Cost-effectiveness (with net-to-gross scenarios applied)

Program	State	25% NTG TRC ratio	25% NTG PACT ratio	50% NTG TRC ratio	50% NTG PACT ratio	75% NTG TRC ratio	75% NTG PACT ratio
Home Products	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Home Products	WA	0.82	0.82	0.77	0.77	0.64	0.64
CFLs for Seniors	ID	1.36	1.36	0.94	0.94	0.49	0.49
CFLs for Seniors	WA	2.68	2.68	1.85	1.85	0.96	0.96
Home Weatherization	ID	4.44	4.23	3.92	3.74	2.92	2.78
Home Weatherization	WA	7.09	7.09	6.81	6.81	6.09	6.09
Space & Water Direct Use Efficiency	ID	7.08	6.51	5.84	5.37	3.82	3.51
Space & Water Direct Use Efficiency	WA	4.95	4.95	4.85	4.85	4.56	4.56
Water Heater Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Water Heater Efficiency	WA	6.46	6.46	6.51	6.51	6.69	6.69
Heating & Cooling Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Heating & Cooling Efficiency	WA	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
	ID	3.69	3.53	3.04	2.91	1.99	1.91
	WA	5.12	5.12	4.68	4.68	3.73	3.73
	System	4.65	4.60	4.11	4.06	3.04	3.01

Table 23: Non-Residential Electric Cost-effectiveness (with net-to-gross scenarios applied)

Program	State	25% NTG TRC ratio	25% NTG PACT ratio	50% NTG TRC ratio	50% NTG PACT ratio	75% NTG TRC ratio	75% NTG PACT ratio
Energy Star® Products	ID	0.23	3.89	0.23	3.36	0.22	2.39
Energy Star® Products	WA	0.25	3.44	0.25	3.22	0.24	2.69
EnergySmart	ID	1.60	3.54	1.41	2.73	1.04	1.63
EnergySmart	WA	2.29	3.51	1.91	2.69	1.28	1.58
Green Motors	ID	2.00	3.29	1.71	2.58	1.20	1.57
Green Motors	WA	2.39	3.31	2.06	2.71	1.46	1.76

Prescriptive Clothes Washers	ID	1.88	2.43	1.77	2.20	1.52	1.71
Prescriptive Clothes Washers	WA	1.93	3.02	1.88	2.84	1.73	2.40
Prescriptive Demand Controlled Ventilation	ID	4.65	5.35	3.42	3.79	1.91	2.02
Prescriptive Food Service	ID	2.44	7.64	2.31	6.46	1.98	4.41
Prescriptive Food Service	WA	3.53	9.54	3.37	8.43	2.96	6.26
Prescriptive LED Traffic Signals	ID	12.07	7.38	11.39	6.11	9.74	4.03
Prescriptive LED Traffic Signals	WA	11.57	12.81	10.28	10.66	7.69	7.09
Prescriptive Lighting	ID	2.72	5.30	2.53	4.59	2.08	3.28
Prescriptive Lighting	WA	2.55	7.06	2.45	6.32	2.19	4.80
Prescriptive Motors	ID	3.60	6.11	3.29	5.25	2.60	3.70
Prescriptive Motors	WA	4.11	7.45	3.87	6.68	3.28	5.09
Prescriptive PC Network Controls	ID	1.55	3.48	1.43	2.93	1.16	1.99
Prescriptive PC Network Controls	WA	1.94	2.69	1.82	2.45	1.52	1.94
Prescriptive Refrigerated Warehouse	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Refrigerated Warehouse	WA	4.84	9.22	4.49	8.03	3.69	5.79
Prescriptive Side-stream Filtration	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Side-stream Filtration	WA	2.56	4.90	2.47	4.58	2.23	3.81
Renewable	ID	0.19	6.20	0.19	5.54	0.19	4.19
Renewable	WA	0.21	6.89	0.21	6.40	0.21	5.26
Rooftop Maintenance	ID	0.13	0.13	0.09	0.09	0.05	0.05
Rooftop Maintenance	WA	0.16	0.16	0.11	0.11	0.06	0.06
NEEA 80+	ID	1.61	1.61	1.26	1.26	0.77	0.77
NEEA 80+	WA	1.85	1.85	1.49	1.49	0.94	0.94
Site-specific Appliances	ID	2.11	5.40	2.02	4.84	1.79	3.68
Site-specific Appliances	WA	2.82	8.27	2.70	7.31	2.39	5.42
Site-specific Compressed Air	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*

Site-specific Compressed Air	WA	3.11	5.67	2.94	5.11	2.51	3.94
Site-specific HVAC	ID	1.92	8.05	1.86	7.16	1.71	5.37
Site-specific HVAC	WA	1.32	7.09	1.30	6.46	1.23	5.10
Site-specific Industrial Process	ID	0.39	4.09	0.38	3.57	0.37	2.59
Site-specific Industrial Process	WA	7.68	11.50	7.01	9.91	5.55	7.00
Site-specific LEED	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific Lighting	ID	2.77	5.03	2.58	4.35	2.13	3.10
Site-specific Lighting	WA	2.35	5.63	2.26	5.11	2.04	4.01
Site-specific Motors	ID	4.15	8.47	3.71	6.81	2.81	4.29
Site-specific Motors	WA	2.00	8.41	1.94	7.42	1.78	5.49
Site-specific Shell	ID	4.74	9.68	4.38	8.26	3.55	5.74
Site-specific Shell	WA	2.36	9.78	2.31	8.93	2.16	7.08
	ID	2.10	5.64	1.96	4.73	1.64	3.18
	WA	2.12	5.71	2.02	5.00	1.77	3.65
	System	2.12	5.69	2.01	4.93	1.73	3.52

Table 24: Residential Natural Gas Cost-effectiveness (with net-to-gross scenarios applied)

		25% NTG		50% NTG		75% NTG	
Program	**State**	**TRC ratio**	**PACT ratio**	**TRC ratio**	**PACT ratio**	**TRC ratio**	**PACT ratio**
Home Products	ID	0.23	1.51	0.23	1.39	0.22	1.13
Home Products	WA	0.24	1.57	0.23	1.48	0.23	1.25
Home Weatherization	ID	1.89	7.61	1.82	6.67	1.65	4.86
Home Weatherization	WA	1.89	8.08	1.84	7.25	1.71	5.55
Energy Star Homes	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Energy Star Homes	WA	2.40	5.66	2.30	5.12	2.03	3.98
Water Heater Efficiency	ID	0.62	2.50	0.61	2.25	0.56	1.74
Water Heater Efficiency	WA	0.71	2.25	0.69	2.08	0.64	1.71

UCONS Multi-family	ID	1.77	1.77	1.39	1.39	0.84	0.84
UCONS Multi-family	WA	1.73	1.73	1.35	1.35	0.82	0.82
Site-specific Multi-family	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Site-specific Multi-family	WA	4.76	2.58	4.33	2.34	3.40	1.84
Heating & Cooling Efficiency	ID	1.58	2.81	1.49	2.52	1.26	1.92
Heating & Cooling Efficiency	WA	1.63	2.97	1.55	2.71	1.35	2.16
	ID	1.60	4.34	1.52	3.78	1.31	2.71
	WA	1.65	5.37	1.59	4.82	1.44	3.68
	System	1.64	5.06	1.57	4.50	1.41	3.37

Table 25: Low Income Natural Gas Cost-effectiveness (with net-to-gross scenarios applied)

		25% NTG		50% NTG		75% NTG	
Program	**State**	**TRC ratio**	**PACT ratio**	**TRC ratio**	**PACT ratio**	**TRC ratio**	**PACT ratio**
Energy Star® Products	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Energy Star® Products	WA	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Home Weatherization	ID	1.31	1.31	1.14	1.14	0.82	0.82
Home Weatherization	WA	2.47	2.41	2.20	2.14	1.65	1.61
Water Heater Efficiency	ID	1.84	1.84	1.44	1.44	0.86	0.86
Water Heater Efficiency	WA	0.05	0.05	0.05	0.05	0.04	0.04
Heating & Cooling Efficiency	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Heating & Cooling Efficiency	WA	0.68	0.66	0.62	0.60	0.49	0.47
	ID	1.32	1.32	1.14	1.14	0.82	0.82
	WA	2.39	2.33	2.13	2.07	1.60	1.56
	System	2.17	2.13	1.93	1.88	1.43	1.40

Table 26: Non-Residential Natural Gas Cost-effectiveness (with net-to-gross scenarios applied)

Program	State	25% NTG TRC ratio	25% NTG PACT ratio	50% NTG TRC ratio	50% NTG PACT ratio	75% NTG TRC ratio	75% NTG PACT ratio
Energy Star® Products	ID	0.06	1.12	0.06	1.01	0.06	0.78
Energy Star® Products	WA	0.49	3.16	0.47	2.57	0.43	1.65
EnergySmart	ID	1.05	3.87	0.95	2.73	0.73	1.45
EnergySmart	WA	0.48	1.16	0.40	0.81	0.28	0.43
Prescriptive Clothes Washers	ID	1.02	1.20	0.98	1.07	0.89	0.81
Prescriptive Clothes Washers	WA	1.03	0.76	1.00	0.72	0.94	0.62
Prescriptive Demand Controlled Ventilation	ID	1.63	1.47	1.25	1.15	0.74	0.70
Prescriptive Demand Controlled Ventilation	WA	1.61	3.20	1.50	2.80	1.25	2.03
Prescriptive Food Service	ID	0.40	1.84	0.39	1.64	0.36	1.24
Prescriptive Food Service	WA	1.20	3.20	1.13	2.75	0.98	1.94
Prescriptive Refrigerated Warehouse	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Refrigerated Warehouse	WA	0.40	2.24	0.39	2.03	0.37	1.58
Prescriptive Steam Trap Replacement	ID	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Prescriptive Steam Trap Replacement	WA	1.12	1.43	0.94	1.15	0.64	0.73
Site-specific Appliances	ID	0.70	2.24	0.67	1.98	0.61	1.48
Site-specific Appliances	WA	0.56	1.68	0.55	1.53	0.50	1.21
Site-specific HVAC	ID	1.13	2.71	1.07	2.39	0.93	1.77
Site-specific HVAC	WA	0.56	2.74	0.55	2.49	0.52	1.94
Site-specific Industrial Process	ID	0.28	2.53	0.28	2.25	0.27	1.70
Site-specific Industrial Process	WA	2.84	4.84	2.61	4.22	2.11	3.05

Site-specific Shell	ID	1.77	3.41	1.64	2.98	1.36	2.17
Site-specific Shell	WA	1.11	3.75	1.07	3.34	0.97	2.52
	ID	0.95	2.80	0.91	2.47	0.80	1.82
	WA	0.72	3.04	0.70	2.73	0.65	2.09
	System	0.78	2.96	0.76	2.64	0.69	1.99

Evaluation, Measurement & Verification

For the 2010 budget year Avista is updating, documenting and creating procedures related to the evaluation of programs in terms of savings, cost effectiveness and program efficiency. This effort is to make what we do more transparent to Avista's stakeholders and provide data that meets the needs of the IPUC's memorandum of understanding, Washington's I-937 and natural gas decoupling.

Additionally independent third-party evaluators may be retained to either perform formal evaluations or to review evaluations performed by Avista personnel. This effort is intended to provide stakeholders reasonable confidence that evaluation results are robust and independent.

Avista's intent is to follow industry best practices. Consequently, we have adopted the *Model Energy Efficiency Program Impact Evaluation Guide*, by Steven R. Schiller as the method by which programs will be evaluated. These documents are well respected and commonly used within the industry. Additional references are:

- *International Performance Measurement and Verification Protocol* (IPMVP).
- *ASHREA Guideline 14-2002.*

The 2010 budget for EM&V activities is $1.0 million or about 4% of the DSM budget. Four percent on EM&V is consistent within the industry. These activities include the following:

- **Project Measurement and Verification**
  - Site specific measures may be unique enough that they require individual measurement and verification that is not part of a program evaluation.
- **Project Installation Verification**
  - All site specific non-residential projects are visually inspected as a prerequisite to incentive payment.
- **Program Evaluations**
  - Formal and informal program evaluations are used to verify program savings and to improve the performance of programs.
- **Pilot/Evaluation Programs**
  - Roof Top Maintenance: Avista is currently running a yearlong study on the potential savings from proper maintenance of RTUs.
  - Solar Water Heaters: Avista is in the middle of a several year study of solar domestic hot water heaters.
- **Decoupling**
  - Independent evaluation of our therm savings will be implemented.

Avista was ordered by the WUTC in our recently concluded natural gas decoupling case to convene a collaborative to examine evaluation, measurement and verification (EM&V). We were asked to submit the results of this collaborative to the Commission by September 1, 2010. Avista has already convened this collaborative to discuss EM&V issues with particular attention to meeting the requirements and expectations established in the IPUC staff MOU, Washington natural gas decoupling and I-937 discussions.

Implementation of a three-year EM&V plan is described within the 2010 business plan. This will include meeting the requirements of the natural gas decoupling pilot for independent external verification of Washington natural gas acquisition and incorporating a net-to-gross ratio with disaggregation sufficient to be useful in both performing cost-effectiveness on a net basis and for supporting efforts to manage the net-to-gross ratio through changes in implementation strategies.

Avista continues to leverage external working relationships with groups such as the Regional Technical Forum (RTF). The RTF is an advisory committee that develops standards to verify and evaluate conservation savings. Occasionally, the RTF initiates technical studies which have regional interest with economies of scale as opposed to studies done by an individual utility. Avista is interested in participating in EM&V activities that can be done cost-effectively at a regional level by the RTF or other such organizations.

DSM Outreach

In the past three years, Avista has increased its promotion of energy efficiency through the "Every Little Bit" campaign (ELB). This multi-media effort was initiated with a general communication campaign to inform customers of both general efficiency program availability as well as providing educational energy-efficiency messages to customers in the first year with the intent of driving increased participation. The genesis of this campaign came from market research which indicated that customers had three concerns about increasing their energy efficiency. These concerns were "it costs too much," "I've done all I can," and "it doesn't make that much difference." The Every Little Bit theme was chosen as a vehicle to address these concerns and assist in removing these perceptual barriers.

Sample of DSM print advertising.

The ELB effort is designed to use multiple outreach channels, including website, web banners, print, broadcast, print material (brochures, signage, etc.), participation in community events and other methods to reach customers. The intent is to educate and encourage customers to install energy efficient measures with the "call to action" being a visit to Avista's website (www.everylittlebit.com or www.avistautilities.com). During the second and subsequent years the program was designed to become progressively more specific, including asking customers to download a rebate form. Avista launched an interactive house, called the "House of Rebates" where customers can scroll room by room, or alternately, sort by State, to find information about efficiency programs and download forms. Decisions regarding target programs are based upon the program cost-effectiveness and the additional participation that we believe can be driven by investments in outreach as well as overall portfolio cost-effectiveness. The additional throughput that can be obtained from our outreach investments also takes into consideration the opportunity to leverage the growing efficiency messages in the general media and partnerships with utility and non-utility organizations. The Every Little Bit campaign is supported through earned media opportunities through Avista's Corporate Communications Department.

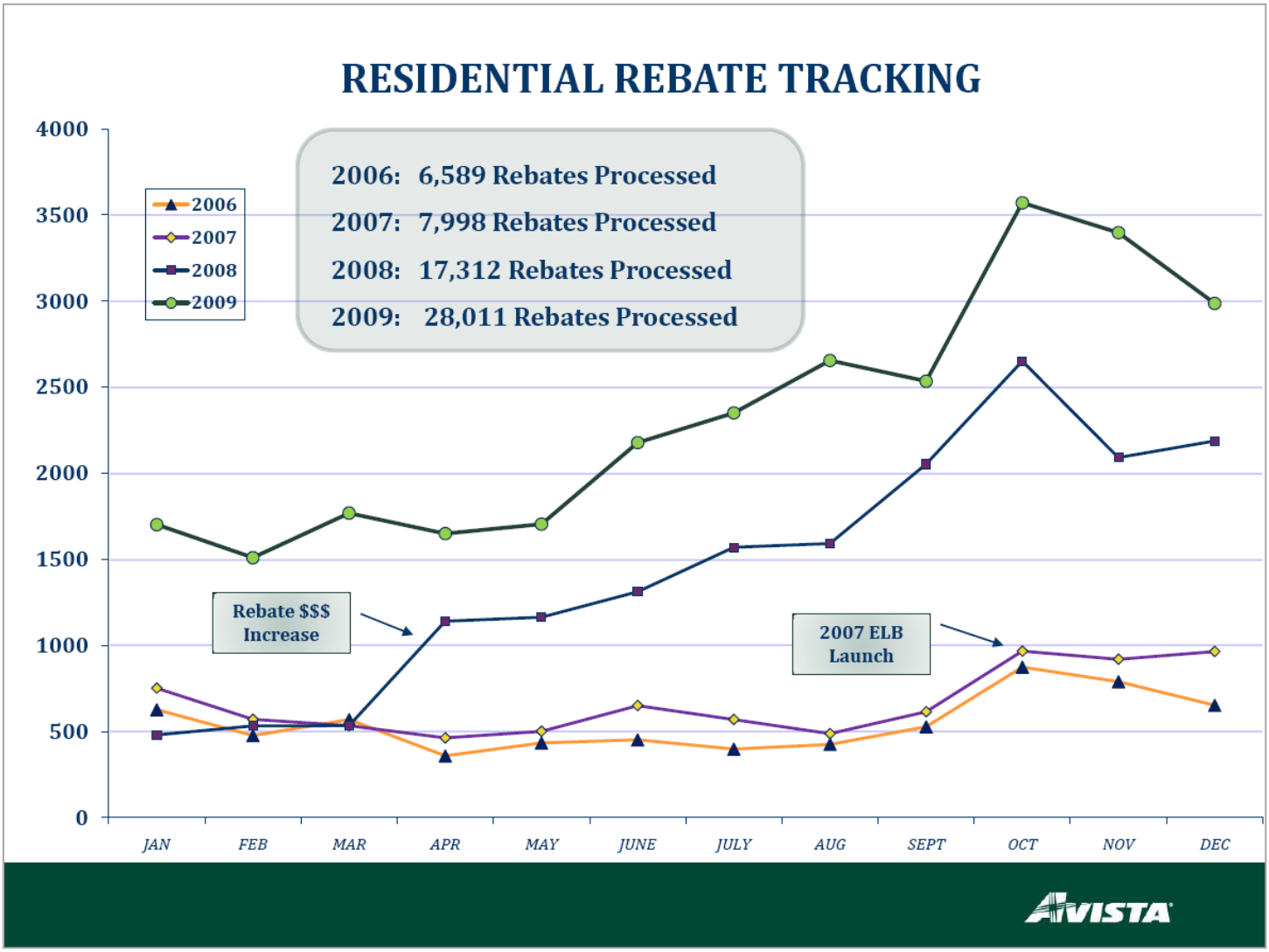
In 2009, we added an "Efficiency Avenue" interactive tool (to complement the residential "House of Rebates") on the website which guides customers to our non-residential rebate programs. Considering the complexity of many non-residential energy efficiency programs, "Efficiency Avenue" helps customers manage the wealth of programs by allowing them to tour a business district and browse by industry segment, such as grocery or restaurant, as well as view case studies about work other businesses have already completed. The Every Little Bit website also maintains a number of low-cost / no-cost efficiency measures that customers can take to manage their energy use.

The outreach effort is coordinated with ongoing updates to cost effectiveness analysis and integrated into the long-term program management planning process. Efficiency messages that are not associated with individual programs come out of a collaborative process incorporating input from efficiency engineer staff, program managers and program outreach specialists. The intent is to maintain a fresh and informative appeal to the overall outreach effort.

Research updated in December 2008 indicates that customer awareness is rising. Specifically, advertising awareness increased significantly, especially in relation to general conservation, with a jump of 18%, from 11% to 295. Also important is the reduction in those who could not recall a specific message. This was reduced 22% overall—from 52% unable to recall a specific message in 2007 to only 30% in 2008. Specific program awareness also increased 9% in relation to weatherization and high efficiency equipment. This quantifiable information, combined with overall program participation increases, is a strong indicator of the benefits of energy efficiency outreach. Avista is in the process of fielding the third awareness tracking survey, with results expected in May 2010.

The Every Little Bit campaign will be continued into 2010 as a primary means to reach customers with low-cost/no-cost opportunities for saving energy as well as increasing customer usage of our efficiency rebates, and to underscore the value of saving energy.

Sample of outdoor advertising.



Tracking from 2006-2010 shows the sustained increase in residential rebate program participation.

Regulatory

Effective April 1, 2010, the Washington natural gas Schedule 191 tariff rider will be increased by 2.27%. An Idaho natural gas Schedule 191 increase is pending before the IPUC. In addition, general rate cases are in process for both Washington and Idaho, electric and natural gas, in which Avista is requesting a finding of prudence for Demand-Side Management (DSM) expenditures incurred in 2008 and 2009.

Avista submitted for approval by the WUTC its I-937 energy efficiency target for Washington electric. Avista chose to use its portion of the Northwest Power Planning Council's option 1 adjusted to include electric to natural gas conversions. This results in a 2-year target (2010-2011) of 128,603 mWhs for Washington electric. Avista continues to work with stakeholders with anticipated approval by the WUTC in April 2010. A finalized EM&V plan related to this will be submitted to the WUTC by September 1, 2010.

Avista will be filing revisions to Schedule 90 in both Idaho and Washington to eliminate incentives granted for renewable energy generation. Also included with this filing would be potential changes to the tier structure to limit the amount of incentives being paid on longer-lived measures so as to enhance portfolio cost-effectiveness.