



December 7, 2011

VIA Electronic Mail

David Danner
Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Mr. Danner:

RE: Avista Docket No. UE-111882

Avista Corporation respectfully submits its "Revised 2012 Business Plan" in the above referenced Docket. The revisions to the plan correct the recalculation failure that prevented one of the tables from correctly summing. It also corrects an error in one of the residential appliance budgets.

As Avista works toward the implementation of its 2012-2013 Biennial Conservation Plan (BCP), the particular unit energy savings (UES) for the refrigerator recycling program has been questioned as it relates to calculation methods employed by the Council in its Sixth Power Plan. The Cadmus Group, through its independent development of Avista's Technical Reference Manual, has established gross and net UES values for the refrigerator recycling program, representative of Avista's program implementation and service territory. These values are 1,178 kWh and 636 kWh per year, respectively. Consistent with the parameters of I-937 compliance, the gross value of 1,178 kWh has been included in the Locked UES attachment of the 2012-2013 BCP representing the gross energy efficiency attained through the execution of this measure.

The Council's Sixth Power Plan evaluates the energy efficiency of a refrigerator recycling program with the application of an adjusted baseline attempting to represent market effects prior to the introduction of the program. This process includes the application of adjustments for units retired prior to failure and units removed from service without the influence of the program. These reduction factors are universally considered "net-to-gross" adjustments, but the Council uses these terms to derive its consideration of a gross UES. The resultant disparity in UES values between the two methods is considerable, resulting in approximately a 50% reduction in recognized energy savings.

The consistent understanding of the Washington Conservation Working Group for energy efficiency projections required by I-937 is gross acquisition, with the understanding that the Sixth Power Plan considers energy efficiency acquisition throughout the northwest as all-inclusive.

Avista also understands that definitional and process requirements relating to I-937 compliance continue to be developed. In consideration of the available options, Avista proposes to incorporate the use of the refrigerator recycling program net UES value of 636 kWh for the 2012-2013 BCP, recognizing the need for an associated adjustment in the acquisition targets established by CPA and published in the BCP. The UES adjustment from 1,178 kWh to 636 kWh represents a reduction of 46%. Based on the 2012 DSM Business Plan throughput expectations for this measure, the net effect on the acquisition target would be a reduction of 1,891 MWh, or 0.22 aMh, for the 2012-2013 biennium. These corrections can be found on pages 65 through 74 of the plan.

If you have any questions regarding this information, please contact Bruce Folsom at 509-495-8706 or myself at 509-495-4975.

Sincerely,

/s/Linda Gervais/

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