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Toll Free 800-727-9170



September 3, 2008

State of Washington
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive
Olympia, Washington 98504-8002

Attention: Mr. David Danner, Executive Director & Secretary

RE: Docket No. UG-060518 – Evaluation of Avista’s Natural Gas Decoupling Pilot

This letter is to inform the Commission that Avista, Staff of the Washington Utilities and Transportation Commission, Northwest Energy Coalition, and Northwest Industrial Gas Users, as members of the “Advisory Group” to the Evaluation of Avista’s Natural Gas Decoupling pilot program (Evaluation) have reached a recommendation on the selection of an Evaluator, as set forth in the Evaluation Plan. The Evaluation Plan, filed with the Commission on April 29, 2008, sets forth that the Advisory Group will file a joint recommendation or separate recommendations concerning Evaluator selection by September 5, 2008. As discussed below, Public Counsel and the Energy Project do not join in this recommendation, but are not opposing the selection by other Advisory Group members of the sole bidder submitting a proposal in this matter.

On June 16, 2008, based on the work of the Advisory Group, Avista distributed a Request for Proposals (RFP) for an Independent Third-Party Evaluation of Avista’s Natural Gas Decoupling Pilot. The RFP was sent to 51 potential candidates who were invited to bid, which included all of the candidates suggested by each of the members of the Advisory Group. In addition, the RFP was distributed by The Association of Energy Services Professionals and The Northwest Energy Efficiency Council, who distributed the RFP to their membership.

The Evaluator recommended by Avista and some members of the Advisory Group is:

Titus (lead contractor)
Gregory Fritsch
Managing Director
330 E. Kilbourn Avenue, Suite 1425

Milwaukee, WI 53202

WeatherWise (subcontractor of Titus)
Joyce Homiak
Director – Sales and Marketing
49 South 14th Street, 1st Floor
Pittsburgh, PA 15203

The Advisory Group interviewed both Titus and WeatherWise on August 21, 2008, and they appear to be both competent and capable of completing the Evaluation according to the timeline set forth in the Evaluation Plan. Upon selection of the Evaluator, the Advisory Group will proceed with the next steps in the Evaluation Plan. These next steps are to 1) execute a contract with Titus/WeatherWise, and 2) develop a more detailed work plan, and 3) begin the Evaluation process.

Statement of Public Counsel and the Energy Project: Public Counsel and the Energy Project do not join in the recommendation, but do not oppose selection of Titus and WeatherWise as the Evaluator. We were disappointed to receive only one proposal in response to the RFP. We are also concerned about the absence of any detailed work plan within the proposal and the stated intention of these firms to utilize proprietary modeling in their independent analysis, the details of which would not be available to the Advisory Group. When we sought additional information about the client base of these firms, which appears to include considerable work for utility industry clients, we were told that such information is confidential. However, given the importance of this project and the need to move forward quickly, we do not oppose the selection of Titus and WeatherWise in spite of these concerns. Public Counsel and the Energy Project will certainly remain engaged in the Evaluation Process as members of the Advisory Group.

Sincerely,
The Advisory Group

AVISTA CORPORATION

STAFF OF THE WASHINGTON
UTILITIES AND TRANSPORTATION
COMMISSION

By: Tully Irwood

By: _____

Date: 9-3-08

Date: _____

Milwaukee, WI 53202

WeatherWise (subcontractor of Titus)
Joyce Homiak
Director – Sales and Marketing
49 South 14th Street, 1st Floor
Pittsburgh, PA 15203

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STAFF OF THE WASHINGTON
UTILITIES AND TRANSPORTATION
COMMISSION

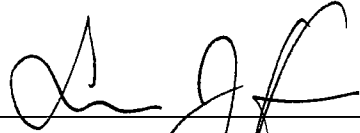
By: _____

By: Greg Hambrin

Date: _____

Date: 9/5/08

OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL SECTION

By:  _____
Date: 9/4/08 _____

THE NORTHWEST ENERGY
COALITION

By: _____
Date: _____

THE ENERGY PROJECT

By: _____
Date: _____

NORTHWEST INDUSTRIAL GAS
USERS

By: _____
Date: _____

OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL SECTION

THE NORTHWEST ENERGY
COALITION

By: _____

By: Nancy Hirsch

Date: _____

Date: 9/3/08

THE ENERGY PROJECT

NORTHWEST INDUSTRIAL GAS
USERS

By: _____

By: _____

Date: _____

Date: _____

OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL SECTION

THE NORTHWEST ENERGY
COALITION

By: _____

By: _____

Date: _____

Date: _____

THE ENERGY PROJECT

NORTHWEST INDUSTRIAL GAS
USERS

By:



By: _____

Date:

Sept. 3, 2008

Date: _____

OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL SECTION

THE NORTHWEST ENERGY
COALITION

By: _____

By: _____

Date: _____

Date: _____

THE ENERGY PROJECT

NORTHWEST INDUSTRIAL GAS
USERS

By: _____

By: Paula E. Pyron

Date: _____

Date: September 3, 2008

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that I have this day served Decoupling Evaluator Selection Letter on behalf of Avista in, Docket No. UG-060518, upon the parties listed below by mailing a copy thereof, postage prepaid.

Nancy Hirsh
The Northwest Energy Coalition
811 1st Ave., Suite 305
Seattle, WA 98104
nancy@nwenergy.org

Simon ffitc
Office of the Attorney General
Public Counsel Section
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
simonf@atg.wa.gov

Ms. Paula Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035
ppyron@nwigu.org

Deborah Reynolds
Washington Utilities & Trans. Comm.
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
dreynolds@utc.wa.gov

Chuck Eberdt
The Energy Project
1322 N. State St.
Bellingham, WA 98225
Chuck_Eberdt@opportunitycouncil.org

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 5th day of September 2008.



Patty Olsness
Rates Coordinator