



**Avista Corp.**

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***VIA – Electronic Mail***

June 26, 2013

Steven V. King  
Acting Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Dear Mr. King:

Attached for filing with the Commission is an electronic copy of Avista Corporation's dba Avista Utilities ("Avista or the Company") filing of its proposed revisions to the following tariff sheets, WN U-29:

<b>Third Revision Sheet 190A</b>	Canceling	<b>Second Revision Sheet 190A</b>
<b>Second Revision Sheet 190B</b>	Canceling	<b>First Revision Sheet 190B</b>
<b>Second Revision Sheet 190C</b>	Canceling	<b>First Revision Sheet 190C</b>

Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully proposes revisions to Schedule 190, "Natural Gas Efficiency Programs." The purpose of these tariff revisions is to update and clarify certain aspects of the tariffs as described herein.

The Company engages in ongoing business planning efforts in response to changes in markets, technologies and regulatory direction. In recent months, several changes to the demand side management (DSM) portfolio that the Company believes would lead to improved portfolio performance have been identified and discussed with Avista's External Advisory Group.

The Company has regularly convened stakeholder meetings to gain input from customer representatives, Commission staff members, and individuals from the environmental communities. In these stakeholder meetings the Company's program offerings are reviewed as well as the underlying cost-effectiveness tests and results. The Company continues to appreciate the time and input provided by Avista's stakeholders.

The proposed revisions update and clarify certain aspects of the tariffs. These proposals have been deferred pending the outcome of discussions of the future of the Company's natural gas DSM portfolio in order to incorporate these changes into a single transition period to minimize any adverse impact upon customer and trade ally participation.

The proposed revisions to Schedule 190 are as follows:

1. The Company is proposing to increase the cap on customer incentives from 50% to 70% for the most cost-effective projects in order to increase the likelihood of acquisition of those projects. This revision will apply to non-lighting projects with energy simple paybacks of less than five years.
2. The Company is proposing a reduction of approximately one-third in the incentive levels available for natural gas efficiency projects, in consideration of the substantial reduction in the natural gas avoided cost. At the same time, the Company is also eliminating the requirement for a 13-year energy simple payback (or less). Both of these proposals are the result of business planning efforts to optimize the natural gas DSM portfolio for the gross Utility Cost Test (UCT) performance metric. These revisions will broaden the scope of projects that can be incorporated into the portfolio and reduce the incentive for those projects to an amount sufficiently below the avoided cost to retain UCT cost-effectiveness.
3. Clarifies in the tariff prescriptive programs, Schedule 190 tariff does not explicitly mention prescriptive (or 'standard offer') programs. Prescriptive programs allow the Company to offer a fixed amount for the installation of smaller efficiency measures without the need for individualized calculation of the rebate or the signature of a pre-

project agreement. This approach is critical to the efficient marketing and administration of programs promoting small measures. Prescriptive programs have been a critical element to the Avista DSM portfolio for many years. The Company is proposing additional language to provide greater clarity of how these programs will be offered. The proposed language is as follows:

Prescriptive programs are guided by the typical application of that measure in accordance with the previously defined incentive structure. Incentive levels for these programs are based on market conditions at the time of program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.

4. The Company is proposing to delete the “Optional High Annual Load Factor Large General Service Program” language within Schedule 190. This language was originally intended to ensure that large general service customers had adequate notice of and access to Avista’s natural gas DSM portfolio by allowing them to recover a share of their contributions to the funding of these programs, less the cost of administering the programs. The Company’s current portfolio offers large general service customers’ unlimited access to service under the tariff, to provide an opportunity to use a portion of their funding is redundant.

The Company has developed a written policy to guide the customer-facing elements of the transition that would occur should these proposed revisions be approved.

Pursuant to WAC 480-90-195(2), enclosed is a “Notice of Tariff Change” which will be posted in all Company offices coincident with the date of this filing.

Please direct any questions on this matter to Bruce Folsom, Director, Energy Efficiency at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

*/s/Linda Gervais/*

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**Enclosures**