

AVISTA CORPORATION
 dba Avista Utilities

SCHEDULE 190 - continued

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The Company shall offer incentives for projects based upon the simple payback of the individual project relative to the current energy code or industry practice that is applicable to the project. Simple payback is defined as the incremental capital cost associated with the energy efficiency of the project divided by the energy savings per year. Energy savings are calculated using the current energy rates. The incentives shall be as follows:

(D)

Measures	Simple Pay-Back Period	Incentive Level (dollars/first year therm saved)
Natural Gas Efficiency	Under 15 years*	\$3.00**
	Over 15 years	\$0

(D)
(N)

All projects will be capped at 70% of incremental project cost based upon the above tiers.

Incentives for efficiency measures within the following categories shall not exceed 100% of the project cost:

- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Low Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost natural gas efficiency measures with demonstrable energy savings (e.g. rooftop unit service);
- 4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.
- 4.1.4 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 the program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.

(T)

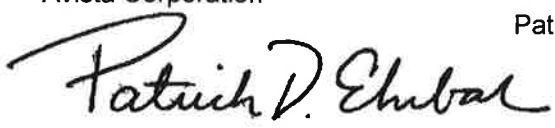
* Low Income measures that have a TRC of 1.0 or higher are incentivized at 100% of the project cost. For measures that have a TRC of less than 1, the project is incentivized at an amount equal to the present value of avoided cost.

(N)
(N)
(N)

**Residential weatherization measures that are eligible for both electric and natural gas incentives (e.g. windows and insulation) are to be incentivized at the higher of the electric and natural gas incentive levels, rather than \$3.00/therm, as long as cost-effectiveness criteria is met.

(N)
(N)
(N)

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