

### **Avista's DSM tariffs**

Regulatory authorization for electric programs are contained within Schedule 90 (Washington and Idaho) and natural gas programs are governed by Schedule 190 (Washington only).

AVISTA CORPORATION  
dba Avista Utilities

**SCHEDULE 90  
ELECTRIC ENERGY EFFICIENCY PROGRAMS  
WASHINGTON**

**1. AVAILABILITY**

The services described herein are available to specified residential, commercial, and industrial, retail electric distribution customers of Avista for the purpose of promoting the efficient use of electricity. Customers receiving electric distribution service provided under special contract and/or customers receiving electric services not specified under Tariff Schedule 91 (Energy Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of electric efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective electric efficiency measures as described in this schedule. These services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.

Assistance provided under this schedule is limited to end uses where electricity is the primary energy source. Assistance may take the form of monetary incentives or non-monetary support, as further defined within this tariff. The Company shall strive to develop a portfolio of programs that is cost-effective on an aggregate basis. Customer participation under this schedule shall be based on eligibility requirements contained herein.

**2. ELIGIBLE CUSTOMER SEGMENTS**

All customers in all customer segments to whom this tariff is available are eligible for participation in electric efficiency programs developed in compliance with this tariff. The broad availability of this tariff does not preclude the Company from targeting measures, markets and customer segments as part of an overall effort to increase the cost-effectiveness and access to the benefits of electric efficiency.

**3. MEASURES**

Only electric efficiency measures with verifiable energy savings and demand response measures intended to achieve capacity reductions are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company. Eligible technologies may include, but are not limited to, energy-efficient appliances, assistive technologies, controls, distributed renewable energy, motors, heating, ventilation and air-conditioning (HVAC) systems, lighting, maintenance, monitoring, new technologies, and shell.

Incentives for distributed renewable energy measures will be limited to net-metering facilities operating under Avista Utilities Idaho/Washington Rate Schedule 63 Net Metering rules. Incentives will be limited to energy production not to exceed 100% of the average annual energy use of the facility for the preceding three years or if new, a similar facility's annual use as calculated by the Company. Incentives will be limited to

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AVISTA CORPORATION  
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SCHEDULE 90 continued

the amount specified in section 4.1 below. This market transformation effort supports renewable energy measures in the residential and small commercial segments.

Market transformation ventures will be considered eligible for funding to the extent that they improve the adoption of electric efficiency measures that are not fully accepted in the marketplace. These market transformation efforts may include efforts funded through regional alliances or other similar opportunities.

**4. FUNDING AND NONMONETARY ASSISTANCE**

**4.1 Funding**

The Company shall offer incentives for projects with measure lives of ten years or greater 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 retail energy rates. Fuel-conversion incentives are available only for conversion to natural gas with an end-use efficiency of 44% or greater. The incentives shall be as follows:

Simple Pay-Back Period	Incentive Level (cents per first year kWh saved)
	(Minimum measure life of 10 years)
1 to under 2 years	8 cents
2 to under 4 years	12 cents
4 to under 6 years	16 cents
6 to under 8 years	20 cents
6 to under 13 years*	20 cents
Over 8 years **	0 cents
Over 13 years	0 cents

\* Applicable to non-lighting measures and lighting measures with independently verified lives of 40,000 hours or greater.

\*\* Applicable to all lighting measures not otherwise included in the table above.

Incentives in which the tier structure applies will be capped at 70% percent of the incremental project cost for lighting projects with simple paybacks less than three years, non-lighting projects with simple paybacks less than five years or lighting projects with a verified life of 40,000 hours or more with a simple payback of less than five years. All other project incentives calculated under the tier structure will be capped at 50% of incremental project cost. Incentives for efficiency measures within the following categories shall not exceed 100% of the incremental cost:

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SCHEDULE 90 continued

- 4.1.1 DSM programs delivered by community action agencies contracted by the Company to serve Limited Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost electric efficiency measures with demonstrable energy savings (e.g. compact fluorescent lamps);
- 4.1.3 Programs or services supporting or enhancing local, regional or national electric 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 program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.
- 4.1.5 Incentives for demand response programs shall not exceed 75% of the calculated capacity present value of the measure if and when an interruption event is triggered.

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(N)  
(N)

The Company will actively pursue electric efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and the Company will enter into a site specific services agreement.

**4.2 Non-Monetary Assistance**

Assistance without the granting of direct monetary incentives to the customer is available across all applicable segments and may be provided in various ways, that include, but are not limited to, the following:

- 4.2.1. **Educational**, training or informational activities that enhance electric efficiency. This may include technology or customer-segment specific seminars, literature, trade-show or community events, advertising or other approaches to increasing the awareness and adoption of resource efficient measures and behaviors.
- 4.2.2. **Financial** activities intended to reduce or eliminate the financial barriers to the adoption of electric efficiency measures. This may include programs intended to reduce the payment rate for resource efficiency measures, direct provision of leased or loaned funds or other approaches to financial issues with better than existing market terms and conditions.

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SCHEDULE 90  
ELECTRIC ENERGY EFFICIENCY PROGRAMS  
IDAHO

**1. Availability**

The services described herein are available to specified residential, commercial, and industrial, retail electric distribution customers of Avista Corporation for the purpose of promoting the efficient use of electricity. Customers receiving electric distribution service provided under special contract and/or customers receiving electric services not specified under Tariff Schedule 91 (Energy Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of electric efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective electric efficiency measures as described in this schedule. Facilities-based services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.

Assistance provided under this schedule is limited to end uses where electricity is the energy source. Assistance may take the form of monetary incentives or non-monetary incentives, as further defined within this tariff. The acquisition of resources is cost-effective as defined by a Total Resource Cost test (TRC) as a portfolio. Customer participation under this schedule shall be based on eligibility requirements contained herein.

**2. ELIGIBLE CUSTOMER SEGMENTS**

All customers in all customer segments to whom this tariff is available are eligible for participation in electric efficiency programs developed in compliance with this tariff. The broad availability of this tariff does not preclude the Company from targeting measures, markets and customer segments as part of an overall effort to increase the cost-effectiveness and access to the benefits of electric efficiency.

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SCHEDULE 90 - continued

**3. MEASURES**

Only electric efficiency measures with verifiable energy savings and demand response measures intended to achieve capacity reductions are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company. Eligible technologies may include, but are not limited to, energy-efficient appliances, assistive technologies, controls, distributed renewable energy, motors, heating, ventilation and air-conditioning (HVAC) systems, lighting, maintenance, monitoring, new technologies, and shell.

Incentives for distributed renewable energy measures will be limited to net-metering facilities operating under Avista Utilities Idaho/Washington Rate Schedule 63 Net Metering rules. Incentives will be limited to energy production not to exceed 100% of the average annual energy use of the facility for the preceding three years or if new, a similar facility's annual use as calculated by the Company. Incentives will be limited to 50% of the total cost of the installation. This market transformation effort supports renewable energy measures in the residential and small commercial segments.

Market transformation ventures will be considered eligible for funding to the extent that they improve the adoption of electric efficiency measures that are not fully accepted in the marketplace. These market transformation efforts may include efforts funded through regional alliances or other similar opportunities.

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SCHEDULE 90 - continued

**4. FUNDING AND NONMONETARY ASSISTANCE**

**4.1 Funding**

The incentive to be provided by the Company for electric or fuel-conversion efficiency measure(s) is based upon the simple payback of the measure prior to the application of an incentive, as calculated by Company staff and based upon standardized measure cost(s). The Company shall offer incentives for projects with measure lives of ten years or greater 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 at the current energy rates per year. Energy savings are calculated using the current energy rates. Fuel-conversion incentives are available only for conversion to natural gas with an end-use efficiency of 44% or greater. The incentives shall be as follows:

Simple Pay-Back Period	Incentive Level (cents per first year kWh saved)
	<i>(Minimum measure life of 10 years)</i>
1 to under 2 years	8 cents
2 to under 4 years	12 cents
4 to under 6 years	16 cents
6 to under 8 years	20 cents
6 to under 13 years*	20 cents
Over 8 years **	0 cents
Over 13 years	0 cents

*\*Applicable to non-lighting measures and lighting measures with independently verified lives of 40,000 hours or greater.*

*\*\*Applicable to all lighting measures not otherwise included in the category defined above.*

Incentives in which the tier structure applies will be capped at 70% percent of the incremental project cost for lighting projects with a simple payback of less than three years as well as for non-lighting projects with a simple payback of less than five years, or lighting projects with a verified life of 40,000 hours or more, with a simple payback of less than five years. All other project incentives will be capped at 50% of incremental project cost with the exception of the following that may be capped at a maximum of 100% of the measure cost:

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SCHEDULE 90 - continued

- 4.1.1** Limited Income or vulnerable customer segments and the agencies serving those customers;
- 4.1.2** Low-cost electric efficiency measures with demonstrable energy savings (e.g. compact fluorescent lamps);
- 4.1.3** Programs or services supporting or enhancing local, regional or national electric 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 program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed incremental project costs.

**4.2 Non-Monetary Assistance**

Non-monetary assistance is service that does not involve the granting of direct monetary incentives to the customer. This type of assistance is available across all applicable segments. This assistance may be provided in various ways that include, but are not limited to, the following:

- 4.2.1. Educational**, training or informational activities that enhance resource efficiency. This may include technology or customer-segment specific seminars, literature, trade-show booths, advertising or other approaches to increasing the awareness and adoption of resource efficient measures and behaviors.
- 4.2.2. Financial** activities intended to reduce or eliminate the financial barriers to the adoption of resource efficiency measures. This may include programs intended to reduce the payment rate for resource efficiency measures, direct provision of leased or loaned funds or other approaches to financial issues by better than existing market terms and conditions.
- 4.2.3. Product samples** may be provided directly to the customer when resource efficient products may be available to the utility at significantly reduced cost as a result of cooperative buying or similar opportunities.
- 4.2.4. Technical Assistance** may consist of engineering, financial or other analysis provided to the customer by or under the direction of, Avista Corporation staff. This may take the form of design reviews, product demonstrations, third-party bid evaluations, facility audits, measurement and evaluation analysis, project management or other forms of technical assistance that addresses the cost-effectiveness, technical applicability or end-use characteristics of customer alternatives.

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d/b/a Avista Utilities

SCHEDULE 90 - continued

**5. BUDGET & REPORTING**

The electric efficiency programs defined within this tariff will be funded by surcharges levied within Schedule 91. The Company will manage these programs to obtain resources that are cost-effective from a total resource cost perspective and achievable through utility intervention. Schedule 91 will be periodically reviewed and revised as necessary to provide adequate funding for electric efficiency efforts.

**6. GENERAL RULES AND PROVISIONS**

Service under this schedule is subject to the General Rules and Provisions contained in this tariff and is limited to facilities receiving electric service from the Company.

All installations and equipment must comply with all local code and permit requirements applicable and be properly inspected, if required, by appropriate agencies.

The Company may establish specifications regarding any electric efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

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dba Avista Utilities

**SCHEDULE 190  
NATURAL GAS EFFICIENCY PROGRAMS  
WASHINGTON**

**1. AVAILABILITY**

The services described herein are available to qualifying residential, commercial, and industrial, retail natural gas distribution customers of Avista Corporation for the purpose of promoting the efficient use of natural gas. Customers receiving natural gas distribution service provided under special contract and/or customers receiving natural gas services not specified under Tariff Schedule 191 (Natural Gas Efficiency Rider Adjustment) are not eligible for services contained in this schedule unless specifically stated in such contract or other service agreement. The Company may provide partial funding for the installation of natural gas efficiency measures and may provide other services to customers for the purpose of identification and implementation of cost effective natural gas efficiency measures as described in this schedule. Facilities-based services are available to owners of facilities, and also may be provided to tenants who have obtained appropriate owner consent.

Assistance provided under this schedule is limited to end uses where natural gas is or would be the energy source and to measures which increase the efficient use of natural gas. Assistance may take the form of monetary incentives or non-monetary incentives, as further defined within this tariff. The acquisition of resources is cost-effective as defined by a Total Resource Cost test (TRC) as a portfolio. Customer participation under this schedule shall be based on eligibility requirements contained herein.

**2. ELIGIBLE CUSTOMER SEGMENTS**

All customers in all customer segments to whom this tariff is available are eligible for participation in natural gas efficiency programs developed in compliance with this tariff. The broad availability of this tariff does not preclude the Company from targeting measures, markets and customer segments as part of an overall effort to increase the cost-effectiveness and access to the benefits of natural gas efficiency.

**3. MEASURES**

Only natural gas efficiency measures with verifiable energy savings are eligible for assistance. Measure eligibility may not necessarily apply to all customer segments. Final determination of applicable measures will be made by the Company.

Market transformation ventures will be considered eligible for funding to the extent that they improve the adoption of natural gas efficiency measures that are not fully accepted in the marketplace. These market transformation efforts may include efforts funded through regional alliances or other similar opportunities.

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SCHEDULE 190 - continued

**4. FUNDING AND NONMONETARY ASSISTANCE**

**4.1 Funding**

The Company shall offer incentives for projects with measure lives of ten years or greater 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:

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Measures	Simple Pay-Back Period	Incentive Level (dollars/first year therm saved) (Minimum measure life of 10 years)
Natural Gas Efficiency	1 to under 2 years	\$1.30
	2 to under 4 years	\$1.70
	4 to under 6 years	\$2.00
	6 to under 13 years	\$2.30
	13 years and Over	\$2.30

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Site Specific Incentives in which the tier structure applies will be capped at 70% of the incremental project cost for projects with simple paybacks less than five years. All other site specific project incentives calculated under the tier structure will be capped at 50% of incremental project cost.

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 Limited 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.

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### SCHEDULE 190 - continued

Avista Corporation will actively pursue natural gas efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and Avista Corporation will enter into a site specific services agreement. (M)

#### 4.2 Non-Monetary Assistance

Non-monetary assistance is service that does not involve the granting of direct monetary incentives to the customer. This type of assistance is available across all applicable segments. This assistance may be provided in various ways that include, but are not limited to, the following:

- 4.2.1. **Educational**, training or informational activities that enhance resource efficiency. This may include technology or customer-segment specific seminars, literature, trade-show booths, advertising or other approaches to increasing the awareness and adoption of resource efficient measures and behaviors.
- 4.2.2. **Financial** activities intended to reduce or eliminate the financial barriers to the adoption of resource efficiency measures. This may include programs intended to reduce the payment rate for resource efficiency measures, direct provision of leased or loaned funds or other approaches to financial issues by better than existing market terms and conditions.
- 4.2.3. **Product samples** may be provided directly to the customer when resource efficient products may be available to the utility at significantly reduced cost as a result of cooperative buying or similar opportunities.
- 4.2.4. **Technical Assistance** may consist of engineering, financial or other analysis provided to the customer by or under the direction of, Avista Corporation staff. This may take the form of design reviews, product demonstrations, third-party bid evaluations, facility audits, measurement and evaluation analysis or other forms of technical assistance that addresses the cost-effectiveness, technical applicability or end-use characteristics of customer alternatives.

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SCHEDULE 190 - continued

**5. BUDGET & REPORTING**

(M)

The natural gas efficiency programs defined within this tariff will be funded by surcharges levied within Schedule 191. The Company will manage these programs to obtain resources that are cost-effective from a Total Resource Cost perspective and achievable through utility intervention. Schedule 191 will be reviewed periodically and revised as necessary to provide adequate funding for natural gas efficiency efforts.

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**6. GENERAL RULES AND PROVISIONS**

Service under this schedule is subject to the General Rules and Provisions contained in this tariff and is limited to facilities receiving natural gas service from the Company.

All installations and equipment must comply with all local code and permit requirements applicable and be properly inspected, if required, by appropriate agencies. The Company may establish specifications regarding any natural gas efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

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