

**ATTACHMENT TO AVISTA'S JANUARY 22, 2009 "REVISED" APPLICATION  
IN DOCKET NOS. UE-082272 AND UG-090052**

Following Avista's initial filing on December 31, 2008 to revise Tariff Schedules 91 and 191, the Company conferred with representatives of the Commission's Staff and with Public Counsel, and reached the following understanding with respect to Avista's future commitments regarding the process for future recovery of costs under the tariffs as well as ongoing communications with the External Energy Efficiency (EEE) Board.

1. Avista will establish a schedule for the revision of the DSM components of Schedules 91 and 191 to reduce the likelihood of significant positive or negative balances in the future. Therefore, Avista will file with the Commission on or before February 15<sup>th</sup> of each year, beginning 2010, to revise the DSM portions of the Schedule 91 and 191 tariff rider mechanisms to establish tariff riders that are sufficient to fund the following twelve months of DSM as well as amortize any tariff rider imbalance. The intent of this annual filing is to minimize any potential under or over collections. It is understood that discussions with interested parties may, from time to time, lead to the filing of requests for modifications of this process in the event that the projected change to the tariff rider is very small or when changes to the period of time that an imbalance is to be recovered are deemed appropriate. Therefore, Avista will make either a tariff filing or request for extension with the Commission on or before February 15<sup>th</sup>, of each year.
  
2. Avista will circulate drafts of any tariff revision, or concepts for consideration, affecting the Company's DSM portfolio to our Triple-E board at least 30 days prior to filing said revision with the Commission. Triple-E board members will receive an e-mail alert from Avista if monthly projections indicate that the Company will spend more than 120% or less than 80% of its annual energy efficiency budgets for either Washington or Idaho electric or

gas DSM. . The alert will include Avista's action plan to address the issue. Avista will complete and circulate an analysis of the cost-effectiveness results in the prior calendar year to the Board by March 31<sup>st</sup> of the subsequent year.

3. Avista will file quarterly reports on the Schedule 91 and 191 tariff rider balances with the Triple E Board and the Commission. These quarterly reports will be for calendar quarters and will be filed 30 days after each calendar quarter. The report will also track the negative balance by year end 2010. Avista has not and does not currently earn any interest upon any "negative" DSM balance (customer owes shareholder) in the tariff rider.
4. The protocols described above will manage the balances of the tariff rider mechanism and ensure that sufficient funding is available for the completion of cost-effective energy efficiency acquisition. One reason that the tariff rider balances have been negative is because Avista has acquired, and will continue to acquire, cost-effective energy-efficiency resources as an important component of our overall resource portfolio. This includes meeting customer demand for energy efficiency financial rebates in advance of tariff rider recovery.
5. Based upon the finding of our most recent business plan, the revisions to Schedules 91 and 191 requested in this filing will both fund future DSM operations as well as reduce the December 31<sup>st</sup>, 2008 negative Schedule 91 balance of \$5,919,437.12 and the Schedule 191 negative balance of \$2,798,070.85 within two years. Beginning February 15, 2011, filings will only include carry-over of undercollections from one previous year.