

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08 _____

DOCKET NO. UG-08 _____

EXHIBIT NO. ____ (BWF-2)

BRUCE W. FOLSOM

REPRESENTING AVISTA CORPORATION

Avista Utilities
Summary of Demand-Side Management Energy Savings and Levelized Costs
 January 1, 2007 to December 31, 2007

	Regular income portfolio		Limited income portfolio	
	kWh savings	Therm savings	kWh savings	Therm savings
Electric DSM programs	52,165,193	(78,119)	1,530,198	75
Gas DSM programs	1,644,757	1,420,852	15,761	81,342
Total	53,809,950	1,342,733	1,545,959	81,417

	Total portfolio	
	kWh savings	Therm savings
Electric DSM programs	53,695,391	(78,044)
Gas DSM programs	1,660,518	1,502,194
Total	55,355,909	1,424,150

Note: Electric savings derived from gas DSM programs include the impact of electric to natural gas conversions as well as interactive savings resulting from natural gas DSM projects. Therm savings derived from electric DSM projects recognize interactive impacts of electric DSM measures.

DSM Program Portfolio Levelized Cost Calculations

Electric DSM Program Portfolio

Total Resource Cost (TRC)	\$	19,728,141
Weighted average measure life		15.44
Discount rate		7.08%
kWh energy savings		53,695,391
TRC levelized cost	\$	0.040

Utility Cost Test (UCT) cost	\$	7,971,766
Weighted average measure life		15.44
Discount rate		7.08%
kWh energy savings		53,695,391
UCT levelized cost	\$	0.016

Comparative electric levelized avoided cost	\$	0.333
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Natural Gas DSM Program Portfolio

Total Resource Cost (TRC)	\$	14,534,053
Weighted average measure life		19.54
Discount rate		7.08%
Therms energy savings		1,502,194
TRC levelized cost	\$	0.929

Utility Cost Test (UCT) cost	\$	4,079,518
Weighted average measure life		19.54
Discount rate		7.08%
Therms energy savings		1,502,194
UCT levelized cost	\$	0.261

Comparative natural gas levelized annual avoided cost	\$	0.625
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Comparative natural gas levelized winter avoided cost	\$	0.689
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Avista Utilities
Summary of Electric Demand-Side Management Cost-Effectiveness
January 1, 2007 to December 31, 2007

TOTAL RESOURCE COST TEST	Regular income portfolio		Limited income portfolio		Overall portfolio	
Electric program electric avoided cost	\$ 30,813,091	\$	1,139,480	\$	\$ 31,952,571	
Electric program gas avoided cost	\$ (355,423)	\$	587	\$	\$ (354,836)	
Electric program non-energy benefits	\$ 12,595,276	\$	-	\$	\$ 12,595,276	
TOTAL TRC BENEFITS	\$ 43,052,944	\$	1,140,067	\$	\$ 44,193,011	
Electric program non-incentive utility cost	\$ 2,564,894	\$	80,707	\$	\$ 2,645,601	
Electric program customer cost	\$ 16,478,257	\$	604,283	\$	\$ 17,082,540	
TOTAL TRC COSTS	\$ 19,043,151	\$	684,990	\$	\$ 19,728,141	
NET TRC BENEFITS	\$ 24,009,793	\$	455,077	\$	\$ 24,464,870	
TRC BENEFIT / COST RATIO	2.26		1.66		2.24	
UTILITY COST TEST						
Regular income portfolio		Limited income portfolio		Overall portfolio		
Electric program electric avoided cost	\$ 30,813,091	\$	1,139,480	\$	\$ 31,952,571	
Electric program gas avoided cost	\$ (355,423)	\$	587	\$	\$ (354,836)	
TOTAL UCT BENEFITS	\$ 30,457,668	\$	1,140,067	\$	\$ 31,597,735	
Electric program non-incentive utility cost	\$ 2,564,894	\$	80,707	\$	\$ 2,645,601	
Electric program incentive utility cost	\$ 4,721,881	\$	604,283	\$	\$ 5,326,164	
TOTAL UCT COSTS	\$ 7,286,775	\$	684,990	\$	\$ 7,971,765	
NET UCT BENEFITS	\$ 23,170,893	\$	455,077	\$	\$ 23,625,970	
UCT BENEFIT / COST RATIO	4.18		1.66		3.96	
PARTICIPANT TEST						
Regular income portfolio		Limited income portfolio		Overall portfolio		
Electric program lost utility revenue PV	\$ 28,152,447	\$	1,287,832	\$	\$ 29,440,279	
Non-energy benefits	\$ 12,595,276	\$	-	\$	\$ 12,595,276	
TOTAL PARTICIPANT BENEFITS	\$ 40,747,723	\$	1,287,832	\$	\$ 42,035,555	
Customer project cost	\$ 16,478,257	\$	604,283	\$	\$ 17,082,540	
Electric program incentive utility cost	\$ (4,721,881)	\$	(604,283)	\$	\$ (5,326,164)	
TOTAL PARTICIPANT COSTS	\$ 11,756,376	\$	-	\$	\$ 11,756,376	
NET PARTICIPANT BENEFITS	\$ 28,991,347	\$	1,287,832	\$	\$ 30,279,179	
PARTICIPANT BENEFIT / COST RATIO	3.47		NA		3.58	
NON-PARTICIPANT TEST						
Regular income portfolio		Limited income portfolio		Overall portfolio		
Electric program electric avoided cost	\$ 30,813,091	\$	1,139,480	\$	\$ 31,952,571	
TOTAL NON-PARTICIPANT BENEFITS	\$ 30,813,091	\$	1,139,480	\$	\$ 31,952,571	
Electric program lost electric revenue PV	\$ 28,782,475	\$	1,287,758	\$	\$ 30,070,233	
Electric program non-incentive utility cost	\$ 2,564,894	\$	80,707	\$	\$ 2,645,601	
Electric program incentive utility cost	\$ 4,721,881	\$	604,283	\$	\$ 5,326,164	
TOTAL NON-PARTICIPANT COSTS	\$ 36,069,250	\$	1,972,748	\$	\$ 38,041,998	
NET NON-PARTICIPANT BENEFITS	\$ (5,256,159)	\$	(833,268)	\$	\$ (6,089,427)	
NON-PARTICIPANT BENEFIT / COST RATIO	0.85		0.58		0.84	

Summary of Gas Demand-Side Management Cost-Effectiveness January 1, 2007 to December 31, 2007

TOTAL RESOURCE COST TEST	Regular income portfolio		Limited income portfolio		Overall portfolio
Gas program gas avoided cost	\$ 9,628,771	\$	636,226	\$	10,264,997
Gas program electric avoided cost	\$ 1,377,510	\$	13,296	\$	1,390,806
Gas program non-energy benefits	\$ 3,683,454	\$	-	\$	3,683,454
TOTAL TRC BENEFITS	\$ 14,689,735	\$	649,522	\$	15,339,257
Gas program non-incentive utility cost	\$ 911,685	\$	41,124	\$	952,809
Gas program customer cost	\$ 13,105,836	\$	475,407	\$	13,581,243
TOTAL TRC COSTS	\$ 14,017,521	\$	516,531	\$	14,534,052
NET TRC BENEFITS	\$ 672,214	\$	132,991	\$	805,205
TRC BENEFIT / COST RATIO	1.05		1.26		1.06
UTILITY COST TEST	Regular income portfolio		Limited income portfolio		Overall portfolio
Gas program gas avoided cost	\$ 9,628,771	\$	636,226	\$	10,264,997
Gas program electric avoided cost	\$ 1,377,510	\$	13,296	\$	1,390,806
TOTAL UCT BENEFITS	\$ 11,006,281	\$	649,522	\$	11,655,803
Gas program non-incentive utility cost	\$ 911,685	\$	41,124	\$	952,809
Gas program incentive utility cost	\$ 2,651,301	\$	475,407	\$	3,126,708
TOTAL UCT COSTS	\$ 3,562,986	\$	516,531	\$	4,079,517
NET UCT BENEFITS	\$ 7,443,295	\$	132,991	\$	7,576,286
UCT BENEFIT / COST RATIO	3.09		1.26		2.86
PARTICIPANT TEST	Regular income portfolio		Limited income portfolio		Overall portfolio
Gas program lost utility revenue PV	\$ 16,968,626	\$	93,494	\$	17,062,120
Non-energy benefits	\$ 3,683,454	\$	-	\$	3,683,454
TOTAL PARTICIPANT BENEFITS	\$ 20,652,080	\$	93,494	\$	20,745,574
Customer project cost	\$ 13,105,836	\$	475,407	\$	13,581,243
Gas program incentive utility cost	\$ (2,651,301)	\$	(475,407)	\$	(3,126,708)
TOTAL PARTICIPANT COSTS	\$ 10,454,535	\$	-	\$	10,454,535
NET PARTICIPANT BENEFITS	\$ 10,197,545	\$	93,494	\$	10,291,039
PARTICIPANT BENEFIT / COST RATIO	1.98		NA		1.98
NON-PARTICIPANT TEST	Regular income portfolio		Limited income portfolio		Overall portfolio
Gas program gas avoided cost	\$ 9,628,771	\$	636,226	\$	10,264,997
TOTAL NON-PARTICIPANT BENEFITS	\$ 9,628,771	\$	636,226	\$	10,264,997
Gas program lost gas revenue PV	\$ 15,410,687	\$	78,559	\$	15,489,246
Gas program non-incentive utility cost	\$ 911,685	\$	41,124	\$	952,809
Gas program incentive utility cost	\$ 2,651,301	\$	475,407	\$	3,126,708
TOTAL NON-PARTICIPANT COSTS	\$ 18,973,673	\$	595,090	\$	19,568,763
NET NON-PARTICIPANT BENEFITS	\$ (9,344,902)	\$	41,136	\$	(9,303,766)
NON-PARTICIPANT BENEFIT / COST RATIO	0.51		1.07		0.52