

AVISTA CORPORATION
 dba Avista Utilities

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) |
| Under 15 years | 20 cents |
| Over 15 years | 0 cents |

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Incentives will be capped at 70% percent of the incremental project cost for all projects with simple paybacks less than fifteen years. Incentives for efficiency measures within the following categories shall not exceed 100% of the incremental cost:

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 By Kelly Norwood Vice President, State & Federal Regulation

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