

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR)	CASE NO. AVU-G-10-02
AUTHORITY TO INCREASE ITS)	
SCHEDULE 191 – ENERGY EFFICIENCY)	NOTICE OF APPLICATION
(PUBLIC PURPOSE) RIDER ADJUSTMENT)	
)	ORDER NO. 31017
)	

Gas Demand-Side Management (DSM)

YOU ARE HEREBY NOTIFIED that on February 16, 2010, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting a \$1.6 million (2.6%) increase in the Company’s natural gas Schedule 191 – Energy Efficiency (Public Purpose) Rider Adjustment. The Rider Adjustment is designed to recover costs incurred by the Company associated with providing natural gas energy efficiency services and programs to retail customers taking service under Schedules 101, 111 & 112 and 131 & 132. The proposed effective date is April 1, 2010.

As reflected in the Company’s Application, the proposed increase is necessary to continue to fund ongoing natural gas efficiency programs consistent with Avista’s most recent Natural Gas Integrated Resource Plan (IRP). It will also serve to amortize a deficiency balance (\$1,375,435 end of January 2010) resulting from the Company’s response to higher than expected customer demand for services. The proposed increase in revenues for DSM will not increase or decrease the earnings of the Company. The proposed rate will have an average monthly bill impact to residential customers using 66 therms of \$1.52.

The 2009 natural gas savings target for Idaho and Washington was 1.6 million therms. Over 2 million therms were saved. Customers look to the Company’s DSM programs for assistance in responding to increased natural gas prices. Existing and planned programmatic expenditures by the Company are exceeding tariff rider revenues.

Schedules 91 (electric) and 191 (gas) public purpose funds support DSM programs described in Company tariff Schedules 90 and 190. These programs include but are not limited to the following measures:

- Appliance Measures
- Compressed Air Measures
- HVAC Measures
- Industrial Measures
- Lighting Measures
- Maintenance Measures
- Motors Measures
- Renewable Technologies
- Northwest Energy Efficiency Alliance Participation
- Shell Measures
- Sustainable Building Measures

The Company's programs are based on providing a financial incentive or "rebate" for cost-effective efficiency measures installed by customers with a simple payback of greater than one year. This includes more than 300 measures packaged into over 30 programs.

Avista reports that it has long encouraged the direct use of natural gas by its electric customers. The Company is continuing this effort with residential rebates for the conversion of electric-to-natural gas space and water heat loads as well as a broad program for any non-residential electric-to-natural gas conversions meeting specified criteria for relative British Thermal Unit (BTU) efficiency. The cost-effective potential for these measures has been incorporated into Avista's IRP effort and is contained within the identified acquisition goal. Avista's residential programs include high efficiency equipment, electric-to-natural gas conversions, compact florescent lights (CFLs), "second" refrigerator recycling, weatherization and rooftop dampers, as well as educational assistance provided through various community events.

In addition to prescriptive programs, Avista offers "site-specific" programs for non-residential customers. Site-specific programs are customized to the customer premise. The site-specific offering provides incentives on commercial and industrial energy efficiency measures with a simple financial payback exceeding one year. This is implemented through site analysis, customized diagnosis, and incentives determined for savings generated by the customers' premise or process. Commercial and industrial programs available to Avista customers include:

- Energy Smart Commercial Refrigeration
- Lighting and Controls
- Commercial Food Service Equipment
- Building Retro-commissioning
- Premium Efficiency Motors
- Power Management for Personal Computer (PC) Networks

- Power Management for Personal Computer (PC) Networks
- LEED Certification, Commercial HVAC Variable Frequency Drives (VFDs)
- Refrigerated Warehouses
- Vending Machine Controllers
- Demand-controlled Ventilation
- Side-stream Filtration
- Steam Trap Replacement and Repair
- Multi-family Development
- LED Traffic Signals
- Electric to Natural Gas Water Heater Conversions
- Commercial Clothes Washers

In addition to Avista's prescriptive and site-specific programs, the Company funds and participates in the activities of the Northwest Energy Efficiency Alliance (NEEA). NEEA focuses on using a regional approach to obtain electric efficiency through the transformation of markets for efficiency measures and services. Historically, Avista has received approximately 2.1 aMW of savings in its service territory from NEEA programs.

The Company provided \$1.9 million for low-income weatherization in 2009 in Idaho and Washington. Effective October 1, 2008, in Order No. 30647 in Case Nos. AVU-E-09-06 and AVU-G-09-04, \$465,000 was directed to Idaho electric and natural gas low-income customers and \$25,000 was provided to Idaho (CAP) agencies for the purpose of underwriting agency personnel assisting in low-income outreach and conservation education. The low-income weatherization portfolio of the Company represents approximately 6.3% of its total energy efficiency budget excluding utility support.

Avista reports that it is in the process of enhancing its evaluation, measurement and verification (EM&V) protocols. EM&V includes "impact," "process," "cost," and "market" analyses. The Company plans to initiate a collaborative beginning in March 2010 to review EM&V issues and will provide a report to the Commission on or before September 1, 2010. That report will describe Avista's enhanced EM&V protocols.

As reflected in its Application, the Company's energy efficiency programs are being used by its customers at unprecedented levels. Customer participation continues to exceed current funding. The Company's proposed Schedule 191 increase trues-up its natural gas tariff rider to a level to meet customer demand and reduce existing negative balances, while providing funding for future energy efficiency programs. Energy efficiency, the Company contends, remains the lowest cost new resource and all customers benefit by its acquisition.

The energy charges of the individual natural gas rate schedules under the Company's Application are to be increased by the following amounts:

	<u>Existing</u>	<u>Proposed</u>
Schedule 101 (General Service)	\$0.03458	\$0.05762 per therm
Schedules 111 & 112 (Large General Service)	\$0.03045	\$0.05038 per therm
Schedules 131 & 132 (Interruptible Service)	\$0.02552	\$0.04020 per therm

Electric DSM

Current projections of the Company indicate that the existing electric energy efficiency tariff rider Schedule 91 may lead to a small negative balance of approximately \$600,000 at the close of 2010 based upon the current budget. This number, the Company contends, is minor relative to the potential variation in customer demand caused by weather and other factors beyond the Company's control. Therefore, Avista is proposing to retain the existing electric Schedule 91 tariff rider rates. Avista's 2009 local energy efficiency savings were over 82 million kilowatt hours (kWh) (approximately 9.4 aMW) or 143% of the Company's IRP non-regional efficiency target goal for Idaho and Washington in 2009 (57.2 million kWh). As of the close of January 2010, Avista's electric DSM tariff rider balance for Idaho was a negative \$2,417,322.

After reviewing the Application in Case No. AVU-G-10-02, the Commission makes the following findings of fact and conclusions of law and enters its Order as follows:

FINDINGS OF FACT

Avista Corporation dba Avista Utilities has submitted a proposed increase in its Schedule 191 – Energy Efficiency (Public Purpose) Rider for natural gas service in Idaho and has requested an April 1, 2010 effective date.

The Commission will be unable to consider the Company's Application before the proposed effective date of April 1, 2010, because of other demands on the Commission's time and the time of its Staff. The Application is of sufficient importance to require the Commission's investigation of the reasonableness of the proposed increase.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities and its Application in Case No. AVU-G-10-02 pursuant to Idaho Code, Title 61, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

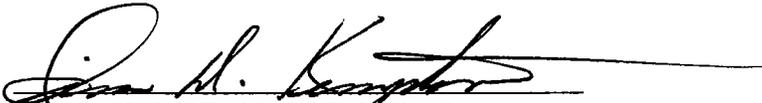
The Commission has authority under *Idaho Code* §§ 61-622 and 61-623 to suspend the rates which are the subject of this Application for a period of thirty (30) days plus five (5) months from the proposed effective date of April 1, 2010.

It is necessary to suspend the proposed rates for a period of thirty (30) days plus five (5) months from April 1, 2010, to allow the Commission sufficient time for Commission Staff to complete its investigation and to consider and determine the evidence and issues presented in this Application.

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the proposed increase in the Company's natural gas Schedule 191 – Energy Efficiency (Public Purpose) Rider in Case No. AVU-G-10-02 should be, and hereby is, suspended for a period of thirty (30) days plus five (5) months from April 1, 2010, or until such earlier time as the Commission enters an Order accepting, rejecting or modifying the Application in this matter.

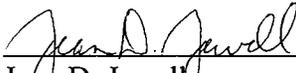
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th
day of March 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:AVU-G-10-02_sw