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Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

IDAHO PUBLIC
UTILITIES COMMISSION

June 28, 2012

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

AVU-G-12-03

Dear Ms. Jewell:

Attached for filing with the Commission is an original and seven copies of the Company's Application for proposed revisions to the following tariff sheets, IPUC No. 27:

Second Revision Sheet 190	Canceling	First Revision Sheet 190
Third Revision Sheet 190A	Canceling	Revised Second Revision Sheet 190A
Second Revision Sheet 190B	Canceling	First Revision Sheet 190B
Fourth Revision Sheet 190C	Canceling	Third Revision Sheet 190C
Canceling First Revision Sheet 190D		

The purpose of this filing is to revise associated terms and conditions, offered to customers under Avista Tariff "Schedule 190" (Natural Gas Efficiency Programs). These programs are funded from Schedule 191 (Energy Efficiency Rider Adjustment) revenues. The Company requests that this filing be processed under the Commission's Modified Procedure rules.

Enclosed is a "Notice of Tariff Change" which will be posted to the Company's website coincident with the date of this filing.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,

Linda Gervais
Manager, Regulatory Policy
State and Federal Regulation
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com

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IDAHO PUBLIC
UTILITIES COMMISSION

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY AND GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
FACSIMILE: (509) 495-8851

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO REVISE)
NATURAL GAS EFFICIENCY PROGRAMS)
SCHEDULE 190)

CASE NO. AVU-G-12-03

APPLICATION OF AVISTA CORPORATION

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I. INTRODUCTION

Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully proposes revisions to Schedule 190, "Natural Gas Efficiency Programs." The purpose of this tariff revision is to suspend the Company's natural gas demand-side management (DSM) programs due to new natural gas avoided costs that have been released as part of Avista's Integrated Resource Plan (IRP) process.

The Company requests that this filing be processed under the Commission's Modified Procedure rules.

Communications in reference to this Application should be addressed to:

David J. Meyer, Esq.
Vice President and Chief Counsel for
Regulatory and Governmental Affairs
Avista Corporation
P.O. Box 3727
1411 E. Mission Avenue, MSC-13
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II. BACKGROUND

The changing natural gas supply picture and resultant lower prices have resulted in the decline of natural gas avoided costs. While this is good news for consumers of natural gas, these lower avoided costs add new challenges to offering a comprehensive natural gas DSM portfolio.

Avista identified last fall, as part of its annual DSM Business Planning process, the need to monitor natural gas avoided costs to optimize, and maintain the cost-effectiveness of its natural gas DSM portfolio. This optimization was further analyzed and discussed in a

1 report entitled "Review of Prospects and Strategies for the 2012 Avista Regular Income
2 Natural Gas DSM Portfolio," dated February 2012. The analysis was based on a natural gas
3 avoided cost that was expected to be 25% lower than the existing avoided costs. Further, this
4 analysis concluded that a smaller menu of natural gas programs could and would be fielded
5 later in 2012. This however, changed with the release of avoided natural gas costs that are
6 now approximately 50% lower than the existing avoided costs. The effect of these lower
7 avoided costs is to render the natural gas energy efficiency portfolio programs to not be cost-
8 effective going forward. Avista's natural gas IRP is scheduled for release on August 31,
9 2012; standard practice is to re-file avoided costs thereafter. However, given that the
10 Company is aware of the lower avoided costs, we are opting to immediately begin the phase-
11 out of these programs, subject to existing contractual and outstanding offers of service.

12 II. COST TEST ANALYSIS

13 Avista has scrutinized several scenarios in an attempt to ascertain if any reasonable
14 calculation of the DSM portfolio or modifications to the avoided cost would yield a portfolio
15 that is cost-effective under the Total Resource Cost (TRC) test. The major scenarios
16 included:

- 17 • The addition of a carbon cost adder for 2013-2019 (in addition to the carbon cost that
- 18 is incorporated into the avoided cost itself for 2020 and beyond);
- 19 • The inclusion of a natural gas distribution capacity cost value;
- 20 • The use of an interpretation of the TRC test on a gross (including all program
- 21 participants) rather than a net (based upon those participants who adopted the
- 22 measure due utility intervention) basis;
- 23 • Various alternative categorizations of net-to-gross ratios and realization rates by
- 24 program; and
- 25 • Different means of allocating non-incentive utility costs across programs.
- 26
- 27

1 None of the scenarios tested above resulted in a portfolio that was projected to be
2 cost-effective under the TRC. Generally, the most optimistic scenarios led to benefit-to-cost
3 ratios in the low 0.70 range.

4 The Company remains committed to a continual re-evaluation of the prospects for the
5 natural gas DSM portfolio. Should natural gas costs, technologies or delivery methods
6 change in such a manner to allow for cost-effective opportunities in the future, the Company
7 will move to return all or portions of the natural gas DSM portfolio to the Company's overall
8 energy-efficiency strategy.

9 **III. PROPOSED TRANSITION OF PROGRAMS**

10 Regarding the procedure for suspending these programs, Avista has outstanding
11 contractual obligations and existing rebate offers in the marketplace. The accompanying
12 proposed tariff revision addresses the three natural gas DSM portfolios as follows:

13 Site Specific Programs:

14 Avista will honor all terms and conditions of contracts and agreements that are fully
15 executed prior to September 1, 2012. Natural gas energy efficiency projects, known
16 to Avista prior to September 1, 2012, but without fully executed contracts, will be
17 honored if Avista has already conducted an analysis of a proposed natural gas energy
18 efficiency measure. If the Company has not already conducted an analysis of a
19 proposed natural gas energy efficiency measure, customers seeking incentive funding
20 must submit an overview of the proposed natural gas energy efficiency project to the
21 Company in writing or via email by September 1, 2012. Projects must have material
22 documentation by October 15, 2012 and an energy efficiency agreement must be
23 signed by January 15, 2013.

24 Residential and Non-Residential Prescriptive Rebate Programs:

25 Qualifying customers in the Company's Residential and Non-Residential Prescriptive
26 Rebate Programs must send to Avista all required rebate forms and other required
27 documentation postmarked by November 1, 2012 to be eligible for payment. Any
28 requests postmarked after November 1, 2012 will be denied payment.

29 Limited Income Programs:

30 All existing 2012 Community Action Partnership contracts with natural gas
31 incentives will be honored. No additional natural gas measures will be funded
32 effective January 1, 2013.
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1 **IV. CUSTOMER NOTIFICATION**

2 Notice to the public of the proposed revisions, pursuant to IDAPA 31.21.02.102, will
3 be given simultaneously with the filing of this Application by posting a notice to the
4 Company's Website.

5 **V. CONCLUSION**

6 While low natural gas avoided costs causes natural gas DSM programs to no longer
7 be cost-effective, lower natural gas avoided costs causes the direct use of natural gas to be
8 more cost-effective. Thus, Avista will propose, in a future electric efficiency filing, that
9 incentives for conversion of end-use equipment from electricity to natural gas be increased.
10 This would have multiple customer benefits, including efficiency of fuel use, support of the
11 trade ally network, and keeping the efficiency message in the marketplace.

12 The Company requests a revision to Schedule 190 to suspend natural gas demand-
13 side management (DSM) programs due to new natural gas avoided costs that have been
14 released as part of Avista's Integrated Resource Plan (IRP) process.

15 WHEREFORE Applicant respectfully requests the Commission approve the
16 proposed revisions to Schedule 190 attached to this Application, and effective for service
17 rendered on and after September 1, 2012, with this application being processed under
18 Modified Procedure.

1 DATED at Spokane, Washington, this 28th day of June, 2012.

2
3 AVISTA CORPORATION

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5
6 By *DMJ Newwood*
7 David J. Meyer *for David Meyer*

8 Vice President and Chief Counsel for
9 Regulatory and Governmental Affairs

STATE OF WASHINGTON)

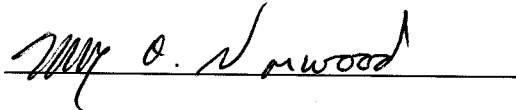
: ss

County of Spokane)

Kelly O. Norwood, being duly sworn, on oath deposes and says:

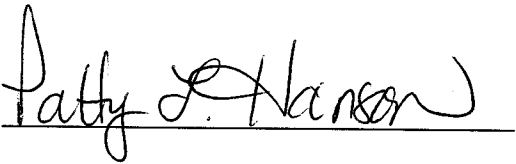
That he is the Vice President, State and Federal Regulation of Avista Corporation;

That he has read the foregoing Application, knows the contents thereof, and believes the same to be true.



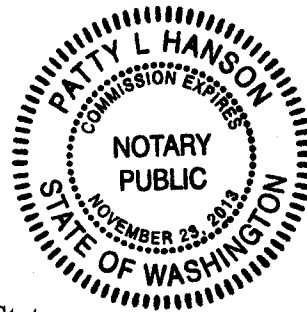
Kelly O. Norwood

Subscribed and sworn to before me this 28th day of June, 2012.



Notary Public in and for the State

Washington, residing in Spokane



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
IDAHO

1. AVAILABILITY

Effective September 1, 2012, natural gas efficiency programs, incentives and rebates are available only for projects that meet the following conditions:

A. Site Specific Programs:

- 1) Customer has an existing contract with Avista – the Company will honor all terms and conditions of contracts and agreements that were fully executed prior to September 1, 2012. Such contracts and agreements must be signed by both the Company and the customer.
- 2) Natural gas energy efficiency projects, proposed by the customer to Avista prior to September 1, 2012, but without fully executed contracts, will be honored by the Company under the following conditions:
 - i. The Company has already conducted an analysis of a proposed natural gas energy efficiency measure. If the Company has not already conducted an analysis of a proposed natural gas energy efficiency measure, customers seeking incentive funding will submit an overview of their proposed natural gas energy efficiency project to the Company in writing or via email by September 1, 2012.
 - ii. All material documentation required for Avista to conduct an analysis to determine energy efficiency savings and potential incentive funding must be received by the Company by October 15, 2012. The Company has the sole discretion to determine if such documentation is sufficient for analysis, and if the documentation is not sufficient, will reject the project from incentive funding consideration.
 - iii. Customers who wish to proceed with any natural gas energy efficiency measure which has been evaluated by the Company subject to the terms and conditions of this tariff must sign an energy efficiency agreement with the Company by January 15, 2013.
 - iv. Customers must complete any contracted projects by January 15, 2014, unless otherwise agreed to in certain contracts executed prior to September 1, 2012

B. Residential and Non-Residential Prescriptive Rebate Programs: Qualifying customers in the Company's Residential and Non-Residential Prescriptive Rebate Programs must send to Avista all required rebate forms and other required documentation postmarked by November 1, 2012 to be eligible for payment. Any requests received after November 1, 2012 will not be eligible for payment.

Issued November 1, 2010 June 28, 2012 Effective January-September 1, 2011 2012

Issued by Avista Corporation

By Kelly Norwood, Vice-President, State and Federal Regulation

Issued by Avista Corporation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

C. Limited Income Programs: All existing 2012 Community Action Partnership contracts with natural gas incentives will be honored. No additional natural gas measures will be funded effective January 1, 2013.

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.~~

Issued ~~January 11, 2008~~ June 28, 2012 Effective ~~March 3, 2008~~ September 1, 2012

Advice No. AVU 08-01-G

Issued by Avista Corporation

By Kelly Norwood, Vice-President, State and Federal Regulation

Issued by Avista Utilities

AVISTA CORPORATION
 d/b/a Avista Utilities

SCHEDULE 190 – continued
 NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

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.~~

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The incentives specified below are provided by the Company to promote the best use of natural gas resources. Incentives are 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). These incentive tiers apply to measures with energy savings at the current energy rates lasting 10 years or longer that meet or exceed current manufacturing and energy codes and/or industry standard practices that are applicable to the project. Simple payback is defined as the capital cost of the project divided by the energy savings at the current energy rates per year. Capital cost included in the calculation is the portion associated with the energy saving portion of the project only. The incentives for qualifying projects as detailed in Section 1 (Availability) shall be as follows:

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	2.00
	2 to under 4 years	2.50
	4 to under 6 years	3.00
	6 to under 13 years	3.50
	13 years and Over	0.00

Issued November 1, 2010
 Advice No.

Effective January 1, 2011

Issued by Avista Utilities
 By Kelly Norwood, Vice President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

Incentives in which the tier structure applies will be capped at 50% of the incremental project cost with the exception of the following that may be capped at a maximum of 100% of the measure cost:

Issued November 1, 2010
Advice No.

Effective January 1, 2011

Issued by Avista Utilities
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AVISTA CORPORATION
d/b/a Avista Utilities

~~SCHEDULE 190~~ — continued
~~NATURAL GAS EFFICIENCY PROGRAMS — IDAHO~~

- 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);

~~Issued~~ June 28, 2012 ~~Effective~~ September 1, 2012
~~Issued~~ September 30, 2008 ~~Effective~~ October 1, 2008
~~Advice No. 08-01-G~~

Issued by Avista Utilities
By Kelly Norwood, Vice President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS – IDAHO

~~4.1.2~~

4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.

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.

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.~~

~~Issued June 28, 2012 Effective September 1, 2012~~

~~Issued September 30, 2008 Effective October 1, 2008~~

~~Advice No. 08-01-G~~

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By Kelly Norwood, Vice President, State and Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 190—continued
NATURAL GAS EFFICIENCY PROGRAMS—IDAHO

~~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.~~

5. BUDGET & REPORTING

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 annually and revised as necessary to provide adequate funding for natural gas efficiency efforts.

~~**6. OPTIONAL HIGH ANNUAL LOAD FACTOR LARGE GENERAL SERVICE PROGRAM**~~

~~Customers receiving natural gas service under Schedules 131 and 132 with cost-effective natural gas efficiency projects are eligible to respond to the Company's Request for Proposals (RFP). The RFP will be developed jointly with representative Customers and the Northwest Industrial Gas Users (NWIUGU). The RFP will be available for release no later than April 1, 2001 and annually thereafter.~~

~~Natural gas savings are to be calculated using standard engineering practices, and with operations schedules documented by the Customer. The Company will review natural gas savings calculations, and reserves the right to modify energy savings estimates. Actual savings may be trued up based on post-installation energy use monitoring. Further details will be provided in the RFP.~~

~~Funding is available directly to the Customer upon receipt of customer verification of completed installation. The Company will fund cost effective projects, using the cost-effectiveness standards to determine the value of natural gas savings, such that the Company's incentive satisfies the Total Resource Cost test (TRC) as a portfolio. Project funding will be up to the amount of conservation revenues collected from the Schedule 131 and 132 Customers under Schedule 191 of this Tariff over the period for which this Schedule is in effect, minus the Company's cost to administer this program. Annual incentive amounts for this program will be subject to the Company's annual budget for energy efficiency programs. Further provisions will be provided in the RFP. The Company, at its option, may inspect installations prior to payments of the funding.~~

Issued September 30, 2008
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AVISTA CORPORATION
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~~SCHEDULE 190—continued
NATURAL GAS EFFICIENCY PROGRAMS—IDAHO~~

~~Customers are responsible for developing project proposals, including estimates of natural gas savings. Selection and use of a third party to develop, build, install or verify the project, will be the Customer's responsibility. Upon acceptance by the Company, the Customer shall complete the project over the mutually determined time frame, to allow for verification and payment of the incentive. The Customer agrees to provide the Company access to information necessary to verify energy savings and cost effectiveness. Further provisions are provided in the RFP.~~

76. 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.

Issued <u>June 28, 2012</u>	Effective <u>September 1, 2012</u>
Issued <u>September 30, 2008</u>	Effective <u>October 1, 2008</u>
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By Kelly Norwood, Vice-President, State and Federal Regulation

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AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
IDAHO

1. AVAILABILITY

Effective September 1, 2012, natural gas efficiency programs, incentives and rebates are available only for projects that meet the following conditions:

A. Site Specific Programs:

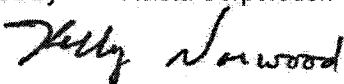
- 1) Customer has an existing contract with Avista – the Company will honor all terms and conditions of contracts and agreements that were fully executed prior to September 1, 2012. Such contracts and agreements must be signed by both the Company and the customer.
- 2) Natural gas energy efficiency projects, proposed by the customer to Avista prior to September 1, 2012, but without fully executed contracts, will be honored by the Company under the following conditions:
 - i. The Company has already conducted an analysis of a proposed natural gas energy efficiency measure. If the Company has not already conducted an analysis of a proposed natural gas energy efficiency measure, customers seeking incentive funding will submit an overview of their proposed natural gas energy efficiency project to the Company in writing or via email by September 1, 2012.
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 - iii. Customers who wish to proceed with any natural gas energy efficiency measure which has been evaluated by the Company subject to the terms and conditions of this tariff must sign an energy efficiency agreement with the Company by January 15, 2013.
 - iv. Customers must complete any contracted projects by January 15, 2014, unless otherwise agreed to in certain contracts executed prior to September 1, 2012

B. Residential and Non-Residential Prescriptive Rebate Programs: Qualifying customers in the Company's Residential and Non-Residential Prescriptive Rebate Programs must send to Avista all required rebate forms and other required documentation postmarked by November 1, 2012 to be eligible for payment. Any requests received after November 1, 2012 will not be eligible for payment.

Issued June 28, 2012

Effective September 1, 2012

Issued by Avista Corporation

By 

Kelly Norwood, Vice-President, State and Federal Regulation

AVISTA CORPORATION
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SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

- C. Limited Income Programs: All existing 2012 Community Action Partnership contracts with natural gas incentives will be honored. No additional natural gas measures will be funded effective January 1, 2013.

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. Customer participation under this schedule shall be based on eligibility requirements contained herein.

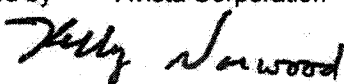
2. ELIGIBLE CUSTOMER SEGMENTS

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.

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Kelly Norwood, Vice-President, State and Federal Regulation

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SCHEDULE 190 – continued
 NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

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.

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The incentives specified below are provided by the Company to promote the best use of natural gas resources. Incentives are 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). These incentive tiers apply to measures with energy savings at the current energy rates lasting 10 years or longer that meet or exceed current manufacturing and energy codes and/or industry standard practices that are applicable to the project. Simple payback is defined as the capital cost of the project divided by the energy savings at the current energy rates per year. Capital cost included in the calculation is the portion associated with the energy saving portion of the project only. The incentives for qualifying projects as detailed in Section 1 (Availability) shall be as follows:

Measures	Simple Pay-Back Period	Incentive Level
		(dollars/first year them saved) (Minimum measure life of 10 years)
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	2 to under 4 years	2.50
	4 to under 6 years	3.00
	6 to under 13 years	3.50
	13 years and Over	0.00

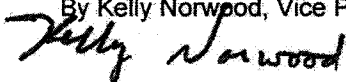
Incentives in which the tier structure applies will be capped at 50% of the incremental project cost with the exception of the following that may be capped at a maximum of 100% of the measure cost:

- 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);

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d/b/a Avista Utilities

SCHEDULE 190 – continued
NATURAL GAS EFFICIENCY PROGRAMS - IDAHO

- 4.1.3 Programs or services supporting or enhancing local, regional or national natural gas efficiency market transformation efforts.

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.

5. BUDGET & REPORTING

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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.

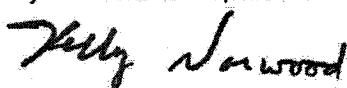
The Company may establish specifications regarding any natural gas efficiency measures and modifications to be effected under this schedule and may conduct inspections to insure that such specifications are met.

Issued June 28, 2012

Effective September 1, 2012

Issued by Avista Corporation

By



Kelly Norwood, Vice-President, State and Federal Regulation

AVISTA CORPORATION
dba Avista Utilities
NOTICE OF TARIFF CHANGE
(Idaho Natural Gas Service)

Notice is hereby given that the "Sheets" listed below of Tariffs I.P.U.C. No. 27, covering natural gas service, have been filed with the Idaho Public Utilities Commission (IPUC) in Idaho.

Second Revision Sheet 190	Canceling	First Revision Sheet 190
Third Revision Sheet 190A	Canceling	Revised Second Revision Sheet 190A
Second Revision Sheet 190B	Canceling	First Revision Sheet 190B
Fourth Revision Sheet 190C	Canceling	Third Revision Sheet 190C
Canceling First Revision Sheet 190D		

The purpose of this filing is to revise associated terms and conditions, offered to customers under Avista Tariff "Schedule 190" (Natural Gas Efficiency Programs). These programs are funded from Schedule 191 (Energy Efficiency Rider Adjustment) revenues.

Copies of the proposed tariff changes are available for inspection in the Company's offices and on the Company website at <http://www.avistautilities.com/services/energypricing/Pages/default.aspx>. The Company will provide notice to customers with the first bill after the change becomes effective.

Issue Date: June 28, 2012
Keep Posted Until: September 1, 2012