



RECEIVED

2013 OCT -2 PM 1:30

IDAHO PUBLIC
UTILITIES COMMISSION

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

VIA – Electronic Mail

October 2, 2013

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

Re: Case No. AVU-G-12-03 and AVU-G-12-06

Dear Ms. Jewell:

Pursuant to Commission Order No. 32650, Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), respectfully provides an update to the Commission on the Company's weighted average cost of gas (WACOG) as it relates to its natural gas energy efficiency programs.

Avista compared the average of the two most recent quarterly WACOG with the WACOG at the time of the suspension of the Company's Idaho natural gas (Schedule 190) efficiency programs¹. This is used as an indicator for when natural gas avoided costs may reach a level where natural gas demand side management (DSM) might be offered in Idaho cost-effectively and that a deeper discussion with the Company's Energy Efficiency Advisory Group may be warranted.

The current average of the two most recent quarterly WACOG, \$0.36715 per therm, is approximately 95% of WACOG prevailing at the time of the suspension of the natural gas DSM portfolio. Based on initial analysis of the natural gas portfolio, Avista believes that when the

¹ Effective October 1, 2012.

two-quarter average WACOG reaches 150% of the prevailing WACOG at the time of suspension of Idaho Schedule 190, it would be an appropriate time for further discussion with the Company's Energy Efficiency Advisory Group. Avista will continue to monitor the WACOG and appropriately update the Commission.

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

Sincerely,

/s/Linda Gervais//

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

State of Idaho
Quarterly WACOG Update Summary

	¹ Cents per Therm	
April, 2012	\$	0.38596
PGA Filing effective 11.01.2012	\$	0.33162
October, 2012	\$	0.41029
February, 2013	\$	0.39768
² April, 2013	\$	0.37112
² July, 2013	\$	0.36317
² PGA Filing effective 11.01.2013	\$	0.37124
¹ Prices Exclude GRI and Revenue Conversion		
² Prices Include Storage		