

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 190
NATURAL GAS EFFICIENCY PROGRAMS
WASHINGTON

1. AVAILABILITY

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.

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.

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4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The incentive level provided by the Company to a customer for natural gas efficiency measure(s) is 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). Simple payback is defined as the capital cost of the project divided by the energy savings per year. The incentives 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 2 years	2.00
	2 to 4 years	2.50
	4 to 6 years	3.00
	Over 6 years	3.50

*Measures with an energy savings life less than 10 years may receive an incentive amount not to exceed the full incremental cost of the measure.

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);
- 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.

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

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By

Kelly Norwood, Vice President, State and Federal Regulation

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6. OPTIONAL HIGH ANNUAL LOAD FACTOR LARGE GENERAL SERVICE PROGRAM

Customers receiving natural gas service under Schedules 121, 122, 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 (NWIGU). 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 121, 122, 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.

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.

7. 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.

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