

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 488

PROMOTIONAL CONCESSIONS - OREGON

PURPOSE:

The purpose of this schedule is to summarize the major features of promotional concessions offered by the Company. The terms and conditions of the concessions are specified in greater detail in the descriptions of the Company's promotional programs subject to OAR 860-26-025, which are available for public review in the Company's main and district offices in Oregon, and at the Commission office in Salem.

TERRITORY:

This schedule is applicable to the entire territory in the State of Oregon served by the Company.

PROMOTIONAL CONCESSIONS:

1. Equipment Financing Program

A. APPLICABILITY

Applicable to residential dwelling units.

B. DESCRIPTION

Financing is available from the Company for the purchase and installation of new natural gas fueled equipment. Upon approval of credit, a loan will be granted requiring no down payment and no penalty for early repayment. The maximum loan term is 5 years (60 months). The interest rate fluctuates with the natural gas equipment installed. The minimum monthly payment, per loan type, is \$20. The interest rate is fixed for the term of the loan. A security agreement is required on loans over \$750. Loan fees for a credit check and for lien filings are charged at the Company's current cost. Electric air conditioners, electronic air filters and thermostats will be financed within loan limits when installed at the same time. The maximum loanable amount is \$400 for air filters and \$250 for thermostats. Bid sheets are required and must be itemized with the cost per each item.

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C. LOAN TERMS

	INTEREST	
<u>MAXIMUM EQUIPMENT</u>	<u>RATE</u>	<u>LOAN</u>
WATER HEATERS	As may be charged by the Company	\$ 750
FORCED AIR FURNACES NEW OR REPLACEMENT WITH OR WITHOUT A/C WITH WATER HEATER	As may be charged by the Company	\$4,000 \$4,750
WALL FURNACES/SPACE HEATERS WITH WATER HEATER	As may be charged by the Company	\$1,500 \$2,250

2. Water Heater Program

A. APPLICABILITY

Applicable to residential dwelling units and commercial buildings.

B. DESCRIPTION

The Company will provide funding, toward the purchase of a gas water heater, to new or existing customers that meet all of the following criteria:

- (1) A natural gas line on the premises.
- (2) At application, use an energy source other than natural gas for heating water.
- (3) The Company will verify that a gas water heater has been installed, prior to payment of any grant.

Buildings considered "new construction" do not qualify for this program.

Pool and spa heaters do not qualify for this program.

C. EXPIRATION / REVIEW DATE

This program will be offered, as necessary, in response to competitive pressures.

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3. Co-op Advertising

A. APPLICABILITY

Applicable to dealers who bid, sell, and install natural gas equipment and major developers who have built a minimum of 10 homes with natural gas heat and natural gas water heat during the previous two years or committed to build 5 natural gas homes in the next 12 months.

B. DESCRIPTION

The Company will contribute 50% of the cost of an advertisement featuring natural gas space and/or water heating equipment that includes the theme "THE NATURAL GAS ADVANTAGE - ASK FOR IT!" and contains the Company's logo. The Company's contribution will not exceed \$250 per month per dealer/developer. Advertising must be pre-approved by the Company.

4. Builder Advertising Credit Program

A. APPLICABILITY

Applicable to builders who install natural gas equipment in new residential construction.

B. DESCRIPTION

The Company will give builders credit for homes built incorporating natural gas space and water heating. Furnaces installed under this program must feature automatic ignition as a minimum requirement.

The credit may be used for 1) any bonafide promotion of the builder's projects which feature natural gas space and water heating, 2) a discount when a builder is purchasing merchandise from the Company, or 3) offsetting the extra expenditures that the builder experiences when installing natural gas equipment.

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5. Unregulated Fuel Switching Program

A. APPLICABILITY

Applicable to Schools and Governmental entities and related buildings served by Avista Utilities that are classified under the following Standard Industrial Classifications (SIC) Codes:

<u>Educational Services</u>	<u>SIC Code</u>
Elementary & secondary schools	8211
Colleges & universities	8221
Junior Colleges	8222
Vocational schools	8249
<u>Executive, Legislative & General</u>	
Executive Offices	9111
Legislative bodies	9121
Executive and legislative combined	9131
General government	9199
<u>Justice, Public Order & Safety</u>	
Courts	9211
Police protection	9221
Legal Counsel & Prosecution	9222
Correctional institutions	9223
Fire protection	9224
Public Order and Safety	9229
<u>Other</u>	
US Postal Service	4311

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B. DESCRIPTION

The Company will assist our customers, with a conversion from an unregulated fuel to natural gas, by financing (through a surcharge mechanism as described below) the installation of HVAC equipment, water heating/conditioning equipment, energy management control systems, motor vehicle fuel conversion equipment, and motor vehicle fueling equipment.

The Customer shall enter into a financing contract that will repay, to the Company, the full cost of the installed equipment (principle and interest) within a period of up to sixty months from the contract date. The contract repayment shall occur through a surcharge mechanism which calculates a surcharge for each therm of natural gas used by the customer during the period of the contract. The financing contract will have an "Annual Minimum Usage" clause that provides for repayment upon demand, if the customer uses less natural gas than estimated.

The surcharge per therm will be determined, using the following formula:

$$\text{Surcharge per Therm} = \frac{\text{Customer's Contract Payment}^*}{\text{Customer's Estimated Therm Consumption}^{**}}$$

*Customer's Contract Payment = $(P \times r \times t)$ where:

P = Cost of Customer Equipment (Vendor bid price)

r = Avista Utilities currently authorized rate of return.

t = Term of customer repayment contract with Avista Utilities.

**Estimated Therm Consumption =

Customer's current BTU usage converted to equivalent BTU's of Natural Gas.

RULES AND REGULATIONS:

Service under this schedule is subject to the General Rules and Regulations contained in the tariff of which this schedule is a part, and to those prescribed by regulatory authorities.

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