

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 Utility Cost Test (UCT) as a portfolio. Customer participation under this schedule shall be based on eligibility requirements contained herein.

(C)

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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SCHEDULE 190 - continued

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The Company shall offer incentives for projects based upon the incremental capital cost associated with the energy efficiency of the project. Energy savings are calculated using the current energy rates. (C)

The Company shall pay an incentive up to a maximum of the incremental measure cost. The Company shall make adjustments to the percent of incremental cost paid to attempt to obtain the greatest energy savings at the lowest cost. (D)

Low income measures that have a Total Resource Cost (TRC) of 1.0 or higher are incentivized at 100% of the project cost. For measures that have a TRC of less than 1, the project is incentivized at an amount equal to the present value of avoided cost. (N)

Incentives for efficiency measures within the following categories shall not exceed 100% of the project cost:

- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Low 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.
- 4.1.4 Prescriptive programs are guided by the typical application of that measure in accordance with the previously defined incentive structure. Incentive levels for these programs are based on market conditions at the time of the program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.

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Avista Corporation will actively pursue natural gas efficiency opportunities that may not fit within the prescribed services described in this tariff. In these circumstances the customer and Avista Corporation will enter into a site specific services agreement.

(D)

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.

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SCHEDULE 190 - continued

5. BUDGET & REPORTING

(M)

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.

6. GENERAL RULES AND PROVISIONS

(D)

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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