

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) CASE NO. AVU-E-07-04
AUTHORITY TO IMPLEMENT LOAD)
MANAGEMENT PILOT PROGRAMS IN) NOTICE OF APPLICATION
THE SANDPOINT AND MOSCOW AREAS)
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) NOTICE OF
) COMMENT/PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on June 1, 2007, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application in Case No. AVU-E-07-04 requesting authority to offer residential and commercial demand response programs in portions of Sandpoint and Moscow for a two-year period. Internet protocol thermostats, direct control units and related technology will be installed to reduce energy usage at peak times of the year and gain experience with customer acceptance, program design, operational components and cost effectiveness. The costs of this pilot are anticipated to be approximately \$123,000. Based on the assumed incremental costs of power during callable events of \$150,000, this program is expected to be cost effective.

As reflected in its Application, the Company would call a minimum of four "events" during the year to test the technology, impacts on load and customer acceptance. These events will be performed at times of critical peak demand periods. Duration of the events will typically be four hours but can be extended to a six-hour time frame depending on power price market conditions. This pilot includes presentation of information to selected customers through the use of a web portal. Other customer features will be examined to test customer responsiveness.

Customers who are on Schedules 1, 11 and 21 are eligible for participation. Qualifying participants must be homeowners or business owners occupying the premises for at least one year on a full-time basis. This will allow a comparison of energy consumption with previous summer/winter usage. The targeted participants are all electric load. Customers can have an alternate non-electric back-up heat source. An alternate heat source will be required if demand response units are to be installed on baseboard electric load.

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Participating customers will be assessed no incremental costs. The “incentive” for a customer to participate is to receive upgraded equipment and the associated features. Customers opting in for a programmable controllable thermostat (PCT) will receive a thorough inspection of their HVAC system and a state of the art PCT. Participating customers with demand response switches will also receive an audit on all equipment controlled via the switch plus a \$10 a month credit for the months July, August, December, January and February.

This program will examine some of the following directly controllable appliances:

- Air conditioning
- Complete HVAC system (electric heat pump with air conditioning)
- Water heater
- Pool pump
- Electric forced air heating system
- Electric baseboard heating system
- Irrigation pump (if any)

Due to Avista system capacity issues and seasonal spot power prices, air conditioning load will be given priority in customer selection. However, the Company intends to explore the effects of demand responses on both winter and summer peaks. Therefore, customers with a HVAC system (for heating and air conditioning) will be given equal priority. Additionally, in order to gain knowledge and experience with a variety of demand response technologies, the Company will install demand response equipment in the above listed applications.

Measurement & evaluation (M&E) is integral to defining benefits of a pilot program and identifying areas for improvement or modification. Avista’s M&E will examine four components: (1) kilowatt savings, (2) technology, (3) customer acceptance, and (4) interactions of peak demand on the Company’s distribution system.

Avista requests that the Commission approve the proposed Schedule 96 tariff and related tariff changes for an effective date of July 15, 2007.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-07-04. The Commission has preliminarily determined that the public interest regarding the Company’s load management pilot program may not require a hearing to consider the issues presented and that the issues raised by the Application may be processed

under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. AVU-E-07-04 is **Wednesday, June 27, 2007**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-07-04 should be mailed to the Commission and Avista at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
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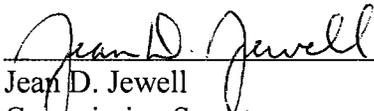
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All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-E-07-04 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho business offices of Avista.

DATED at Boise, Idaho this 6th day of June 2007.



Jean D. Jewell
Commission Secretary

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