

**IDAHO  
PUBLIC UTILITIES  
COMMISSION**

C.L. "Butch" Otter, Governor

**P.O. Box 83720, Boise, Idaho 83720-0074**

**Paul Kjellander, President  
Marsha H. Smith, Commissioner  
Mack A. Redford, Commissioner**

**MEMORANDUM**

**TO: PARTIES OF RECORD  
COMMISSION SECRETARY**

**FROM: SCOTT WOODBURY**

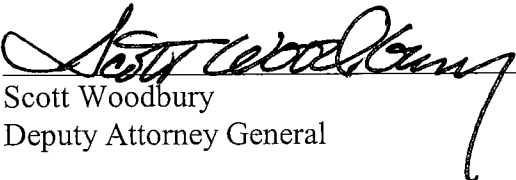
**DATE: JUNE 29, 2007**

**SUBJECT: STAFF COMMENTS IN CASE NO. AVU-E-07-4.  
ERRATA**

2007 JUN 29 11:11:52  
UNITED STATES  
POSTAL SERVICE

In Staff Comments filed June 27, 2007, page 3, second paragraph, item (1) reads, ...“(1) kilowatt hour savings reductions,”... The words “hour” and “reduction” were inadvertently added to “kilowatt savings,”... The word “hour” is incorrect and the word “reduction” is redundant. Item (1) should read, ...“(1) kilowatt savings,”...

Thank you for your consideration in this matter.

  
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Scott Woodbury  
Deputy Attorney General

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 HVAC systems (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) an evaluation of reductions in 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.

## **STAFF REVIEW**

Staff has reviewed Avista's proposal and discussed elements of the pilot program design and M&E intentions with Company staff. Staff appreciates the opportunity to participate in development of the demand response pilot program prior to the Company's filing.

Staff believes the potential benefits of demand response efforts merit Avista's attention, and finds the proposed pilot to be an appropriate means of exploring demand response issues. As indicated in the Application, this will essentially be Avista's first effort in the demand response area, and the Company has had the luxury of being able to review the efforts of other utilities in designing these initial steps. The proposed pilot effort is limited in scope, yet is designed to obtain considerable information for a relatively modest investment. The proposed pilot appears to have been designed to minimize the duplication of efforts previously conducted by other utilities, and focuses on verifying the results of other utility programs and their applicability to Avista's service area and system, and to examine new issues and technology. The Application identifies a broad range of objectives for the measurement and evaluation of this pilot program. In addition to measuring peak kW reductions, Staff encourages the Company to measure kWh as well to examine whether energy use is reduced or shifted to other times.

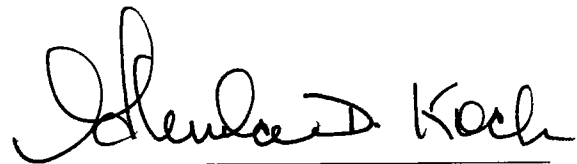
On June 21, 2007, Avista filed additional comments, clarifying that as a pilot program, "the program includes flexibility to allow for modifications based upon market conditions and /or findings." The comments include the example of expanding the program beyond the two

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29TH DAY OF JUNE 2007, SERVED THE FOREGOING **ERRATA TO THE COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-07-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DAVID J. MEYER  
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SECRETARY