

RECEIVED

2012 NOV 20 AM 10: 20



Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

IDAHO PUBLIC
UTILITIES COMMISSION

November 19, 2012

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

RE: AVU-E-12-07

Dear Ms. Jewell:

In compliance with Commission Order No. 32652, Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully files an original and seven copies the following report advising the Commission about opportunities to increase customer awareness about energy efficiency issues and Avista's energy efficiency programs. The following is the Company's Demand Side Management (DSM) Outreach Program plan as described in its 2013 Business Plan:

Avista DSM Outreach Program

In September of 2007, Avista increased its promotion of energy efficiency through the EveryLittleBit campaign. Prior to launching the campaign, market research was conducted in an attempt to gauge customer awareness and willingness to participate. Through this research, perceptual barriers were identified which supported the creation of the outreach effort. It is believed that the overall campaign outreach has contributed significantly to residential program participation.

Key Market Research Findings

The EveryLittleBit campaign was built on a foundation of broad reach, multi-media outreach designed to inform customers about general energy efficiency program availability while providing educational energy efficiency messages with the intent of driving increased participation. The genesis of this campaign came from market research in which customers indicated their concerns

about energy efficiency practices were generally: “it costs too much,” “I’ve done all I can,” “It doesn’t make much difference.”

Since the inception of this campaign, there has been research done regionally that suggest the same issues and perceptions are present and that customers need to have a reason to participate based on values they have about waste. While the Company has driven increased participation in programs, as well as general awareness of our programs, the continued effort is needed in helping the customer understand where waste may be occurring. With eight out of ten of our customers saying they are familiar with Avista’s energy efficiency programs, the next step is to motivate them towards taking action.

Driving Customers to Program Participation through General Awareness Building

Built as a broad reach, multi-media campaign, the EveryLittleBit outreach effort has used multiple channels, including website, web banners, print and broadcast outreach (radio and television), print material (brochures, signage, etc.), outdoor billboards, social media, participation in community events and other methods to reach customers. The intent is to educate and encourage customers to install energy efficient measures and practice energy-conserving behaviors with the “call to action” being a visit to the Company’s website (www.everylittlebit.com) to get more information or download a rebate form.

Including Targeted Program Participation in General Awareness

During the second and subsequent years the program was designed to become progressively more specific. Decisions regarding target programs are based partly upon the measure and program cost effectiveness calculations as well as the ability to drive additional participation through outreach investments.

Social Media Channels

Avista continues to use Facebook as both a viable and cost effective advertising channel. The latest awareness research conducted at the end of 2010 shows awareness of energy efficiency and Avista’s programs high among audiences aged 45+, while the 18-44 audience remains difficult to reach, giving social media opportunities. With this in mind, Avista continues to use Facebook to house energy efficiency promotions and activities, like the programmable thermostat, and weekly messages on low-cost no-cost ways to be more efficient. The EveryLittleBit Facebook page has

November 19, 2012

Page 3

3,137 “Likes.” When the Company sent the t-stat eblast out to the fans, 34% of recipients opened the email and 17% of the 34 clicked on the link to access the t-stat.

Commercial and Industrial Outreach

Since 2009, Avista has offered the webpage “Efficiency Avenue,” an online tool which guides business customers to its commercial and industrial rebate programs. The website also maintains a number of low-cost / no-cost efficiency measures that customers can implement to manage their energy use, as well as the ability to sign up for Avista’s online energy efficiency business newsletter, called Energy Solutions for non-residential customers. Since its launch, the Company has had more than 150 inquiries from customers through the online contact form.

For 2011, the Company developed a comprehensive print campaign designed to educate business customers about the many prescriptive and site-specific programs available. The focus of the campaign profiles business customers within Avista’s service territory and features the measures they have implemented and the savings they have achieved. This campaign targets the business community and shares the value of energy efficiency and Avista’s energy efficiency incentives from a customer perspective. This campaign launched in late 2011 and continued into 2012. The advertising schedule delivered over 1,300,000 gross impressions. As well as generated multiple calls from customers requesting Avista’s assistance in helping them become more energy efficient. And the Web traffic also increased significantly with the visits up 20% over last year.

Rebate Processing and Automation

Avista launched the automated rebate processing on the web and promoted directly to customers through bill inserts and web page banners, and will continue to encourage customer participation.

Aclara Upgrade and Launch

Avista launched the updated home energy advisor product for our customers to use. This product has been promoted through Connections, the customer newsletter and the website to drive traffic towards the programs contained within the 2013 portfolio.

Media Partnerships

The Company continued with a third year of partnership with KREM TV and Toyota to increase awareness of Avista's energy conservation measures and rebate programs. This program drove a 312% increase year over year to the EveryLittleBit website. The goal of this program is to promote a general awareness of efficiency and Avista programs, to increase traffic to www.everylittlebit.com and to increase traffic and "Likes" to the EveryLittleBit Facebook Page. Success in achieving these goals is expected to yield a significant increase in program participation.

TV and WEB-Pre-Roll

Avista will continue to use shorter 0:15 second spots in key programming that has high reach in the target areas the Company is trying to reach.

Multi-Department Collaboration

The outreach effort is coordinated with ongoing updates to sub-total resource cost (TRC) analysis by Avista's Policy, Planning and Analysis (PPA) team. It is integrated into, and directly supports the long-term program management planning process. Efficiency messages that are not associated with individual programs come out of an internal collaborative process incorporating input from DSM engineering staff, program managers, program outreach specialists and the PPA team. The intent is to maintain a fresh and informative appeal to the overall outreach effort.

The additional throughput that can be obtained from our outreach investments also takes into consideration the opportunity to leverage the growing efficiency messaging in the general media and partnerships with utility and non-utility organizations. The EveryLittleBit campaign is also integrated into earned media opportunities through Avista's Corporate Communications Department.

Energy Efficiency messaging will continue into 2013 as a primary means to reach customers with low-cost/no-cost opportunities for saving energy, to increase customer participation in our

November 19, 2012

Page 5

energy efficiency programs and to underscore the value of saving energy. Broad reach media will be evaluated and adjusted as more directly targeted campaigns are developed.

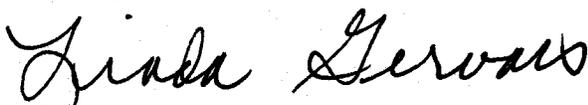
Natural Gas Suspension

Avista will continue to be available to provide customers with information on natural gas efficiency when that information can be provided with little or no incremental cost. The Company's electric DSM portfolio will continue to deliver messages regarding electric-efficiency and will fund an ongoing DSM infrastructure. Avista will maintain its outreach program. The program will focus upon the most cost-effective efficiency measures (which will be highly disproportionately electric) but will sustain a general customer awareness in regards to efficiency. Additionally, there are many measures and messages which are dual-fuel in nature (e.g. shell measures).

The Company continues to reiterate its pledge to return the natural gas DSM portfolio to operational status if and when it can be done in a TRC cost-effective manner. Towards that end, Avista will monitor trends in technology and implementation strategies as well as avoided costs (or weighted average cost of gas or "WACOG" as a proxy for avoided cost). Our analysis will not be limited to annual business planning or periodic integrated resource planning (IRP) cycles. This is the same commitment that the Company made in 1997 and was able to successfully respond to market changes by returning the natural gas portfolio to active status without significant loss in our capability to deliver on cost-effective resource acquisition.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706 or myself at (509) 495-4975.

Sincerely,



Linda Gervais
Manager, Regulatory Policy
State and Federal Regulation
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com