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January 17, 2013

Via: Electronic Mail

Public Utility Commission Oregon
Attn: Vikie Bailey-Goggins
Administrative Regulatory Operations
550 Capitol St. N.E. Suite 215
Salem, OR 97308-2551

Attention: Filing Center

RE: Avista Utilities Comments in Docket UM-1565, Investigation of Fuel-Switching and Cross Fuel Energy Efficiency Issues

Filing Center:

In December of 2011 the Commission opened Docket UM-1565 to investigate fuel switching and cross fuel energy efficiency issues. This was prompted by questions raised from Northwest Natural regarding the Energy Trust of Oregon's (ETO) incentives design (for space and water heating equipment), communication to customers, and larger policy issues of cost effectiveness from the customer and whole utility system perspective.

Avista has participated throughout the course of this investigation by means of attending workshops and discussions with the parties involved. Based upon the Law Judge's Memoranda dated May 15, 2012, the issues the parties were to address during the first phase of the investigation were the following:

Issue 1: What are the ETO's policies and practices regarding fuel switching related to space conditioning? What outreach messaging does the ETO engage in related to this type of fuel-switching?

Issue 2: Is fuel switching actually occurring?

Issue 3: Do the answers to Issues 1 and 2 indicate a need to modify ETO policies or practices or ratepayer-funded messaging?

After reviewing the issues list, Avista made the decision to not file opening testimony with its peer natural gas utilities because of its unique position. Unlike the other utilities participating in this investigation, Avista does not collect a Public Purpose Charge from its customers and does not partner with the ETO to offer its customers Demand Side Managements (DSM) programs or rebates. However, Avista does operate its own DSM programs, which are funded via a tariff rider. Because of these differences the Company felt it was appropriate to file testimony in response to the opening testimony.

Upon review of the opening testimony, Avista does not have any further comments to add beyond what was provided by Northwest Natural and Cascade Natural Gas. Avista would like to express its agreement and support of the issues and concerns raised by the natural gas utilities in their opening testimony regarding fuel switching and cross-fuel efficiency issues.

Regardless of what DSM incentives are available to customers for space heating equipment or weatherization, Avista firmly believes that the direct use of natural gas is the cheapest and best use of natural gas. While the Company cannot prevent its customers from switching from natural gas to electricity, it makes every effort to educate and inform its customers on the use and benefits of natural gas before they make space conditioning equipment decisions. Avista is in support of the statements and analysis done by Northwest Natural and Cascade that heat pump incentives should not be marketed to natural gas space heating customers.

Avista appreciates the opportunity to submit comments in this Docket and looks forward to the outcome when all issues are resolved. If you have any questions please direct them to Kerry Shroy, Manager, DSM Oregon, at (541) 858-4743.

Sincerely,

/s/Linda Gervais/

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cc: Juliet Johnson