



December 1, 2014

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Attention: Mr. Steve King, Executive Director & Secretary

RE: **Compliance Filing**- Avista Corporation – Dockets UE-120436 & UG-120437/UE-110876 & UG 110877 (consolidated)

In Order No. 9/14 in the above referenced dockets, at Paragraph 115, the Commission stated:

As to the capital expenditures Avista plans to make in calendar year 2014, the Company must file: (1) its capital expenditure plan for 2014 on or before September 30, 2013; and (2) updates on changes in meeting its capital expenditure plan for 2014 and reports on progress in making such capital improvements on June 1, September 1, and December 1, 2014, respectively, for the previous quarters.

Please find enclosed for filing with the Commission the original and twenty copies of Avista's "2014 Capital Expenditure Plan Update" report.

Please direct any questions on this matter to Liz Andrews at 509.495.8601.

Sincerely,

Kelly Norwood  
Vice President, State & Federal Regulation

Enclosures  
cc: Service list

RECEIVED  
PROGROSS MANAGEMENT  
2014 DEC - 1 AM 9:13  
STATE OF WASH  
UTIL. AND TRN  
COMMISSION

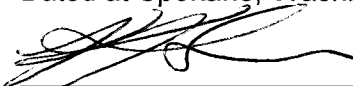
## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served the Compliance Filing in the Washington Electric and Gas General Rate Case Filing (UE-120436 et al), by mailing a copy thereof, postage prepaid to the following:

<p>Steven King Executive Director &amp; Secretary Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 sking@utc.wa.gov</p>	<p>Simon J. ffitc Lisa Gafken Senior Assistant Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 simonf@atg.wa.gov</p>
<p>Mark Vasconi Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 mvasconi@utc.wa.gov</p>	<p>Ronald L. Roseman Attorney At Law 2011 14<sup>th</sup> Avenue East Seattle, WA 98112 ronaldroseman@comcast.net</p>
<p>Chuck Eberdt The Energy Project 3406 Redwood Ave. Bellingham, WA 98225 Chuck_Eberdt@opportunitycouncil.org</p>	<p>Donald T. Trotter Washington Utilities &amp; Trans. Comm. 1400 S. Evergreen Park Dr. SW Olympia, WA 98504-0128 dtrotter@utc.wa.gov</p>
<p>Chad Stokes Tommy Brooks Cable Huston Benedict Haagensen &amp; Lloyd LLP 1001 SW Fifth Avenue, Ste 2000 Portland, OR 97204-1136 cstokes@cablehuston.com tbrooks@cablehuston.com</p>	<p>S. Bradley Van Cleve Melinda J. Davison Davison Van Cleve, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204 bvc@dvclaw.com mjd@dvclaw.com mail@dvclaw.com</p>
<p>Edward A. Finklea Executive Director Northwest Industrial Gas Users 326 Fifth Street Lake Oswego, OR 97034 efinklea@nwigu.org</p>	<p>Nancy Hirsh NW Energy Coalition 811 – 1<sup>st</sup> Avenue, Suite 305 Seattle, WA 98104 nancy@nwenergy.org</p>
<p>Tom Schooley Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 tschooley@utc.wa.gov</p>	
<p>Todd D. True Kristen Boyles Amanda Goodin NW Energy Coalition 705 Second Avenue STE 203 Seattle, WA 98104 ttrue@earthjustice.org</p>	

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 26th day of November 2014.



Karen Schuh  
Sr Regulatory Analyst, Rates & Tariffs

# 2014 Capital Expenditure Plan Update

RECEIVED  
REGULATORY MANAGEMENT  
2014 DEC - 1 AM 9:13  
STATE OF WISCONSIN  
UTIL. AND TRANSPORTATION  
COMMISSION

**November 26, 2014**

Provided Pursuant to Order 09/14  
Dockets UE-120436 & UG-120437/UE-110876 & UG-110877 (Consolidated)



## **Background**

This report is being provided pursuant to the Washington Utilities and Transportation Commission Order No. 9/14 in Dockets UE-120436 & UG-120437 and UE-110876 & UG-110877 (Consolidated). Paragraphs 114 and 115 of that Order state:

With regard to its planned capital expenditures for calendar year 2013, Avista must file: (1) a progress report on its 2013 capital expenditures on or before September 30, 2013; and (2) a comprehensive report on the final totals for 2013 capital expenditures on or before March 1, 2014.

As to the capital expenditures Avista plans to make in calendar year 2014, the Company must file: (1) its capital expenditure plan for 2014 on or before September 30, 2013; and (2) updates on changes in meeting its capital expenditure plan for 2014 and reports on progress in making such capital improvements on June 1, September 1, and December 1, 2014, respectively, for the previous quarters.

The capital budget for 2013 and 2014 that was approved by Avista's Board of Directors in 2011 reflected a total Company budget for 2013 of \$252 million, and for 2014 of \$258 million. These capital investment dollar amounts for 2013 and 2014 were reflected in Avista's last general rate case<sup>1</sup>, and were part of the foundation for the settlement agreement approved by the Commission in December 2012.

Avista spent approximately \$286 million in 2013. As compared to the \$252 million reflected in our last rate case for 2013, the Company spent approximately \$34 million more, than that reflected in our last general rate case.

## **2014 Capital Expenditure Plan Update**

In the previous general rate case<sup>2</sup> the Company included \$258 million of capital investment for 2014. This was the same level of spend that the Company reported in its first 2014 Capital Expenditure Plan filed with the Commission in September 2013.

As reported in the Company's February 27, 2014 Capital Expenditure Plan, in the last quarter of 2013, the Company finalized the 2014 capital budget and increased the level of capital spend to \$331 million. Since that time, in early 2014 the Company increased the capital budget to approximately \$351 million and in November 2014, the capital budget was increased to approximately \$355 million.

---

<sup>1</sup> Included in Exhibit No. \_\_\_ (DBD-2) in Dockets UE-120436 & UG-120437.

<sup>2</sup> Id.

These increases in the capital budget during 2014 are primarily related to additional funding for Avista's new Customer Service and Work and Asset Management software system ("Project Compass") which is now scheduled to go into service in February 2015.

A detailed listing and supporting documentation for the 2014 capital projects<sup>3</sup> was previously provided in the Company's February 27, 2014 Capital Expenditure Plan. Attachment 1 shows the progress through September 30, 2014.

As explained by Company witness Mr. Thies<sup>4</sup>, in addition to our investment in technology, the Company is making significant capital investments in electric generation, transmission and distribution facilities, and in our natural gas distribution system to better serve the needs of our customers. These investments target the preservation and enhancement of safety, service reliability, and the replacement of aging infrastructure. As further explained by Mr. Thies, there are three primary drivers of the need to increase Avista's level of capital investment, including: 1) the business need to fund a greater portion of the departmental requests for new capital investments that in the past have not been funded; 2) the need to capture investment opportunities and benefits identified by our asset management capabilities; and 3) a continued focus on controlling the increase in operation and maintenance (O&M) spending through prudent capital investment.

The current planned 2014 capital investment of \$355 million is higher than the \$258 million included in the prior general rate case for 2014.

---

<sup>3</sup> This information was provided in the Company's 2014 general rate case, Dockets UE-140188 & UG-140189, Exhibit Nos. \_\_\_(DBD-4) and (DBD-5). The projects included in the general rate case relate to transfers to plant in 2014, whereas, the capital budget amounts discussed above relate to actual spend in 2014.

<sup>4</sup> Dockets UE-140188 & UG-140189, Exhibit No. \_\_\_(MTT-1T), starting at page 4, line 17.

**Capital Expenditures by Business Case  
September 2014**

Business Case	YTD Actual	Annual Budget
Clark Fork Settlement Agreement	4,258,419	12,569,822
Environmental Compliance	38,850	250,001
Hydro Safety Minor Blanket	4,811	65,001
Spokane River License Implementation	1,634,737	2,902,001
Wa State Park & Rec Utility Use Agreement	26,620	-
<b>Total Environmental</b>	<b>5,963,437</b>	<b>15,786,825</b>
Aldyl A Replacement	11,253,244	16,452,197
Gas Cathodic Protection Program	471,214	800,003
Gas Chase Rd Gate Stn and HP Main Project	2,730,185	5,400,068
Gas Deteriorated Steel Pipe Replacement Program	941,138	800,006
Gas Goldendale HP Main Reinforcement Project	2,525	-
Gas Isolated Steel Replacement Program	1,185,258	2,598,336
Gas Ladd Canyon Gate Station	565,859	-
Gas N Spokane Hwy 2 HP Main Reinforcement Project	-	99,928
Gas N-S Corridor Greene St HP Main Project	9,014	-
Gas Non-Revenue Program	4,879,405	5,600,013
Gas Oakland Bridge HP Main Gas Project	259,400	279,992
Gas Overbuilt Pipe Replacement Program	378,703	900,003
Gas PMC Program	1,033,482	1,000,002
Gas Regulator Stn Replacement Program	627,490	600,001
Gas Reinforcement Program	643,077	1,000,001
Gas Replacement Street and Highway Program	3,330,146	4,500,012
Gas Spokane St Bridge IP Main Project	8,294	-
Gas Telemetry Program	249,366	400,001
Old Hwy 95 Relocation	803	-
<b>Total Gas</b>	<b>28,568,602</b>	<b>40,430,563</b>
2019 Peaking Resource	-	500,001
Base Load Hydro	569,170	1,149,002
Base Load Thermal Plant	1,395,131	2,200,002
Cabinet Gorge Automation Replacement	-	99,002
Cabinet Gorge Unit 1 Refurbishment	2,818,170	5,200,001
Colstrip Thermal Capital	4,698,975	7,205,250
Coyote Springs LTSA	632,429	711,000
CS2 Capital Improvements	(7,879)	-
CS2 Inlet Air Sys	-	500,001
Generation Battery Replacement	768	100,001
Kettle Falls Diesel Fuel Station	-	-
Kettle Falls Water Supply	71,630	850,001
KFGS Ash Collector	2,060,969	907,001
Little Falls Plant Upgrade	6,264,782	9,700,000
Long Lake Replace Field Windings	-	1,572,001
Mech Shop 3 Ton Crane	-	154,000
Nine Mile Rehab	13,350,103	21,505,001
Noxon Rapids Turbine Replacement	42,986	-
Noxon Spare Coils	38,161	1,350,001
Peaking Generation	69,856	500,003
Post Falls South Channel Replacement	4,243,794	8,294,001
Regulating Hydro	783,381	2,833,001
<b>Total Generation</b>	<b>37,032,426</b>	<b>65,329,270</b>
New Revenue - Growth	32,276,244	33,170,535
Lewiston Mill Road Sub	2,270,974	1,950,001
<b>Total Growth</b>	<b>34,547,218</b>	<b>35,120,536</b>
AFM COTS Migration	-	1,750,000
AvistaUtilities.com and AvaNet Redesign	643,355	940,000
CSS Replacement	27,808,849	27,741,268
Enterprise Business Continuity Plan	364,938	482,000
Enterprise Security	1,137,017	2,183,311
High Voltage Protection for Substations	390,703	799,977
Microwave Refresh	692,445	1,407,391
Mobility in the Field	545,809	570,000
Next Generation Radio Refresh	2,101,201	4,145,207
RTCCS Refresh	(1,348)	-
Technology Expansion to Enable Business Process	2,731,390	3,835,572
Technology Refresh to Sustain Business Process	10,207,890	13,862,243

**Capital Expenditures by Business Case  
September 2014**

Business Case	YTD Actual	Annual Budget
Transmission Outage Management	1,275	300,001
<b>Total ET</b>	<b>46,623,524</b>	<b>58,016,970</b>
Apprentice Training	59,714	60,001
Cafeteria Transition to New Vendor	-	-
Capital Tools & Stores Equipment	1,573,788	1,936,502
Clinic Expansion Project	2,171	-
COF LngTrm Restruct Ph2	-	-
COF Long-Term Restructuring Plan	378,697	2,000,002
Dollar Rd Service Center Addition and Remodel	1,060	-
Fleet Budget	3,908,946	5,585,504
Franchising for WSDOT	113,253	265,001
HVAC Renovation Project	4,856,941	7,000,002
Jackson Prairie Storage	349,797	500,000
Structures and Improvements/Furniture	1,694,082	3,353,301
<b>Total Other</b>	<b>12,938,448</b>	<b>20,700,313</b>
Battery Storage Grant	-	-
Clearwater Sub Upgrades	1,122,527	2,000,000
Colstrip Transmission	167,386	368,888
Dist Grid Modernization	6,402,145	9,700,019
Distribution Line Protection	64,403	250,000
Distribution Minor Rebuild	6,092,951	8,300,012
Distribution Transformer Change-Out Program	3,253,136	4,700,001
Distribution Wood Pole Management	8,045,622	9,900,011
Elec Replacement/Relocation	1,005,168	2,300,008
Harrington 4 kV Cutover	14,552	1,000,001
Meter Minor Blanket	279,587	-
Moscow 230 Sustainment Rebuild	1,986,738	2,653,235
Noxon Switchyard Rebuild	1,393,768	2,525,001
Primary URD Cable Replacement	570,734	1,000,009
S Region Voltage Control	-	2,500,002
SCADA - SOO & BUCC	687,549	1,090,499
Segment Reconductor and FDR Tie Program	2,010,168	3,454,380
Smart Grid Demonstration Project	534,961	525,000
Smart Grid Workforce Training Grant - DOE	29,931	-
Spokane Electric Network	1,797,514	2,299,701
Spokane Smart Circuit	(56,061)	-
Spokane Valley Transmission Reinforcement	932,849	3,400,003
Storms	9,043,189	3,300,011
Substation - 115 kV Line Relay Upgrades	45,935	1,000,001
Substation - Asset Mgmt. Capital Maintenance	2,977,251	4,100,012
Substation - Capital Spares	1,698,523	3,550,000
Substation - Distribution Station Rebuilds	4,602,852	5,680,082
Substation - New Distribution Stations	440,102	1,396,665
T&D Reimbursable	594,122	-
Thornton 230 kV Switching Station	1,848	-
Transmission - Asset Management	2,458,573	1,315,002
Transmission - NERC High Priority Mitigation	694,092	1,900,001
Transmission - NERC Low Priority Mitigation	571,516	250,001
Transmission - NERC Medium Priority Mitigation	894,762	1,693,005
Transmission - Reconductors and Rebuilds	3,916,527	11,446,748
Tribal Permits and Settlements	213,514	495,193
Westside Rebuild	1,445	-
Worst Feeders	1,235,131	1,499,924
<b>Total T&amp;D</b>	<b>65,726,011</b>	<b>95,593,415</b>
<b>Subtotal Capital Expenditures</b>	<b>112,353,804</b>	<b>138,977,682</b>
Project Compass Additional Spend <sup>1</sup>	-	20,000,000
Project Compass Additional Spend <sup>2</sup>	-	10,000,000
<b>Total Capital Expenditures</b>	<b>112,353,804</b>	<b>168,977,682</b>