



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

December 1, 2020

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

RE: UE-200903 – Avista Utilities Annual Avoided Cost Filing for Qualifying Facilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or Company), submits the following tariff revisions to its Schedule 62 “Small Power Production and Cogeneration Schedule”, WN U-28 – Electric Service:

Substitute Second Revision Sheet 62A	Canceling	Seventh Substitute First Revision Sheet 62A
Substitute First Revision Sheet 62D	Canceling	Fifth Substitute Original Revision Sheet 62D
Substitute First Revision Sheet 62E	Canceling	Fifth Substitute Original Revision Sheet 62E

On October 29, 2020, Avista submitted proposed changes to its Schedule 62 in compliance with WAC 480-106-040, which requires that “A utility must file by November 1st of each year, as a revision to its tariff described in WAC 480-106-030 Tariff for purchases from qualifying facilities, a schedule of estimated avoided costs that identifies, both separately and combined, its avoided cost of energy and its avoided cost of capacity.”

After further review and discussion with Commission Staff, Avista found its energy calculations of the avoided cost rates included in the filing on October 29<sup>th</sup> were incorrect. When updating the avoided cost rates from those approved in 2019 the Company used an incorrect

Received  
Records Management  
12/01/20 15:35  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

version of the workpapers supporting the filing which was missing some essential data to the calculation. This error increased early-year rates at the expense of rates in later years in the schedule. The average energy payment from 2021 through 2035 was \$0.48/MWh different. The Company has updated the avoided costs using the correct version of workpapers.

As mentioned in the cover letter of the filing on October 29<sup>th</sup>, the capacity rates for 2022 and 2023 increased slightly. The reason for this is the data set used for the calculation went from 2021 through 2035. As a result, the levelized capacity rate for 2021 was based on a 15-year dataset, but the 2022 and 2023 rates could only be levelized for 14 and 13 years, respectively. While this wasn't an error in the true sense of it, the new model, by extending data out through 2045, enabled these calculations to have full 15-year datasets. With the extra one and two years, the levelized price increased slightly. The impact on the per-kW rate was less than 5%, an increase of \$0.43 in 2022 and \$0.80 in 2023.

For the reasons discussed in the filing on October 29<sup>th</sup>, the Company continues to seek a waiver of WAC 480-106-040(1)(b)(i) as the avoided costs included in tariff Schedule 62 are based on its 2019 IRP.

Revised confidential workpapers supporting this filing have been provided to the Commission via overnight mail. Avista requests the tariff revisions described herein become effective December 31, 2020. If you have any questions regarding this filing please contact Clint Kalich at 509-495-4532 or [clint.kalich@avistacorp.com](mailto:clint.kalich@avistacorp.com) or myself at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com).

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager Regulatory Policy & Strategy