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June 1, 2017

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

Attention: Mr. Steven King, Executive Director and Secretary

RE: Docket Nos. UE-140188 and UG-140189
Compliance Filing - Request for Approval of Decoupling Mechanism RFP

In compliance with Order 05 in Docket Nos. UE-140188 and UG-140189, Avista Corporation (“Avista” or “the Company”) hereby files with the Commission an original and 7 copies of the attached Request for Proposal (“RFP”), and related documents, associated with the Company’s electric and natural gas decoupling mechanisms. Avista respectfully requests that the Commission issue an Order approving the RFP on or before September 1, 2017 so that the Company can issue the RFP and hire a consultant by early 2018.

Background

On November 25, 2014, the Commission issued a Final Order (“Order 05”) granting Avista electric and natural gas Decoupling Mechanisms, subject to certain conditions set forth in Docket Nos. UE-140188 and UG-140189. The Commission approved Avista’s Mechanisms for a 5-year period that commenced January 1, 2015.

One of the requirements of the Company as a part of Order 05 was a requirement that a third-party evaluator review the mechanism following the end of the third full-year (i.e., after 2017). In addition, Commission’s Order 05 states, at p. 2:

The Commission also approves the settling parties’ request to implement electric and gas decoupling mechanisms for five years, as well as the use of a third-party evaluation, paid for by Avista shareholders and to be completed following the end of the third full year of the implementation of the mechanisms. We require the Company to **consult with its Conservation Advisory Group** in the development of the request for proposals (RFP) and the selection of the consultant to perform the evaluation. After incorporating input from its advisory group, **Avista must file its draft RFP, including the scope of the evaluation query, with the Commission for its approval.** At a minimum, we expect the evaluation to address decoupling’s effect on revenues, its impact on conservation, the extent to which the allowed revenues are recovering their allocated cost of service by customer class, and

the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms. (emphasis added)

Request for Proposal

The Company has enclosed its “Evaluation of Avista’s Washington Electric and Natural Gas Decoupling Mechanisms Statement of Work”, RFP No. R-41321. This RFP contains the following sections:

1. Project Overview
2. Background
3. Objectives
4. Scope of Services
5. Deliverables

The RFP requests that the Consultant review a number of varying issues related to decoupling, including what the Commission stated in Order 05 that the evaluation should address - decoupling’s effect on revenues, its impact on conservation, the extent to which the allowed revenues are recovering their allocated cost of service by customer class, and the extent to which fixed costs are recovered in fixed charges for the customer classes excluded from the decoupling mechanisms. The RFP also takes into consideration other agreed-upon areas for review (as requested by Commission Staff in the 2014 general rate case) as well as other input from the Company’s conservation Advisory Group.

Attached to RFP No. R-41321 are Attachments A-H, which consist of:

- A. Attachment A, The Commission’s Order 05 in Docket Nos. UE-140188 and UG-140189
- B. Attachment B, UE-150204 and UG-150205 Compliance Filing Attachment 4
- C. Attachment C, UE-150204 and UG-150205 Compliance Filing Attachment 5
- D. Attachment D, Avista’s Electric and Natural Gas Quarterly Reports
- E. Attachment E, Avista’s 2016 Electric Decoupling Rate Adjustment
- F. Attachment F, Avista’s 2016 Natural Gas Decoupling Rate Adjustment
- G. Attachment G, An Estimate of the Number of Households in Poverty Served by Avista Utilities in Washington State
- H. Attachment H, The Self-Sufficiency Standard for Washington State 2014

Consultations with Advisory Group

In compliance with the Commission’s Order 05, Avista consulted with the Advisory Group in the development of the RFP. The timeline below provides for the communications that occurred between the Company and the Advisory Group. It should be noted that all of the requested edits, modifications, and suggestions offered by the Advisory Group members were incorporated into the attached RFP.

March 10, 2017	Draft of RFP Emailed to Advisory Group
April 11, 2017	Draft of RFP Emailed to Advisory Group
April 14, 2017	The Energy Project Provides Edits to RFP (Collins)
April 17, 2017	Commission Staff Provides Edits to RFP (Scanlan)
April 17, 2017	Avista Presents RFP to Advisory Group @ Spring Meeting in Boise, Idaho
April 28, 2017	Public Counsel Provides Edits to RFP (Colamonici)
May 1, 2017	Final Draft of RFP Sent to Advisory Group for Final Edits by May 19 (this version incorporated edits from Advisory Group Meeting)
May 18, 2017	The Energy Project Provides Additional Edits/Suggestions (ffitch)

Requested Order

The Company believes that the attached RFP will provide for a thorough review of its electric and natural gas Decoupling Mechanisms. Avista requests that the Commission approve the RFP by September 1, 2017 so that the chosen consultant can start their evaluation in early 2018.

Questions regarding this filing should be directed to me at (509) 495-8620.

Sincerely,



Patrick Ehrbar
Senior Manager, Rates & Tariffs

Enclosures

cc: UE-140188 & UG-140189 Service List (Updated)