



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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November 8, 2018

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: Avista Corporation d/b/a Avista Utilities – Settlement Stipulation 13
Dockets UE-140188 and UG-140189

Dear Mr. Johnson:

On November 25, 2014, the Washington Utilities and Transportation Commission (Commission) entered Order 05, Final Order Rejecting Tariff Filing, Accepting with Conditions Full Settlement Stipulation, Authorizing Tariff Filing, and Requiring Compliance Filing. Order 05, among other things, required Avista Corporation d/b/a Avista Utilities (Avista) to file a third-party evaluation of Avista's decoupling mechanisms at the end of the third full year.¹

On October 1, 2018, Avista filed with the Commission a third-party evaluation (evaluation) of its decoupling mechanisms. The Company's evaluation addressed 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.

¹ 13. Electric and Natural Gas Decoupling.

a) The electric and natural gas Decoupling Mechanisms illustrated in Appendices 4 and 5 will commence concurrent with the natural gas and electric rate changes January 1, 2015.[footnote omitted] Per the Company's testimony, the length of the decoupling mechanisms is five years, with a third-party evaluation of the mechanisms paid for by Avista, to be completed following the end of the third full-year.

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Commission Staff (Staff) reviewed the compliance filing provided by Avista dated October 1, 2018, and finds that it contains sufficient detail with respect to decoupling's effects on revenues, conservation, and the recovery of fixed costs for included and excluded customer classes. Therefore, Staff believes that the filing complies with the Commission's Order 05, entered November 25, 2014.

Sincerely,

Kristen Hillstead
Regulatory Analyst