

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



October 29, 2015

Mr. Steven King
Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: Docket Nos. UE-150204 and UG-150205
Power Supply Update

Dear Mr. King:

On May 1, 2015, Avista Corporation (“Avista” or “Company”) filed with the Commission the Multiparty Settlement Stipulation in the above referenced dockets. In addition to the power supply adjustments agreed to in the Multiparty Settlement Stipulation, which were incorporated in the Company’s rebuttal filing, paragraph 5 of the Multiparty Settlement Stipulation also had the following requirement:

The Parties agree that Avista shall file with the Commission an updated Power Supply adjustment two months before new electric retail rates from this electric Docket go into effect.¹

Therefore, in compliance with the above referenced settlement condition, Avista hereby submits an original and seven (7) copies of this letter, as well as Attachments 1 through 3. Attachment 1 is revised Exhibit No. __ (WGJ-5) reflecting the revised proposed ERM power supply expense and revenue, transmission expense and revenue, retail sales and retail revenue credit. Attachment 2 is revised Exhibit No. __ (PDE-9), page 1, reflecting the proposed change by service schedule of not only the Company’s electric revenue requirement as proposed within its rebuttal filing on September 4, 2015, but also this November power supply update.

Attachment 3 shows the November power supply update versus that agreed to in the Multiparty Settlement Stipulation and the calculation of the revenue requirement change. Also enclosed, and provided to all parties, are the electronic workpapers supporting this filing.

¹ The end of the statutory suspension period in these dockets is January 11, 2016. The Company has requested a January 1, 2016 effective date in order to match the January 1 scheduled expiration date of the ERM rebate, thereby minimizing the number of bill changes for its customers. Accordingly, the Company has made this filing on or before November 1, 2015.

As noted at page 8, lines 17-22 of the Joint Testimony in Support of the Multiparty Settlement Stipulation (Exhibit No. T(JT-1T)), the purpose of this power supply update, as in past proceedings, would be to: 1) update the three-month average of natural gas and electricity market prices; 2) include new short-term contracts for gas and electric; and 3) update or correct power and transmission service contracts for the 2016 rate year.

While the estimated power supply reduction in revenue requirement was estimated to be \$10.0 million in Avista's rebuttal filing², the actual updated power supply reduction is approximately \$12.3 million as shown on Attachment 2.

The decrease of \$12.3 million results from incorporating the latest three month average of forward gas prices through October 15, 2015, adding new forward natural gas and power transactions, and accounting for known changes in power and transmission contracts for the 2016 rate year. Incorporating the recent lower natural gas prices in the AURORA model results in lower electricity prices, and changes to the dispatch of the Company's thermal generation plants. Other effects of adding new contracts and lowering gas prices include a change in the mark to market value of actual forward transactions, change in the expense and revenue of index priced contracts, a change in the Lancaster variable O&M payment due to higher generation, and a change in the gas transport optimization revenue. Known power and transmission contract changes incorporated in the update include updates to Mid C power purchase expense, a change in the rate for the WNP-3 power purchase, updates to BPA transmission rates, and an update to the Headwater Benefits expense and revenue. Details of all changes incorporated in this November update are provided in the workpapers accompanying this filing.

To determine the adjustment to Washington revenues on January 1, 2016 related to this power supply update, the net power supply costs resulting from this power supply update were compared with the net power supply costs agreed to in the Multiparty Settlement Stipulation as shown on Attachment 3. This updated level of net power supply costs would be used to determine the new base set of power supply revenues and expenses for ERM calculations beginning January 1, 2016, as shown on Attachment 1.

As shown on Attachment 2, on an overall basis, after incorporating the effects of the Company's rebuttal revenue requirement increase of \$3.6 million, the power supply update reduction of \$12.3 million, the expiring ERM rebate of \$8.2 million, and the proposed LIRAP increase of \$0.3 million, the overall change in revenue is a reduction of \$72,000, or 0.0%. Therefore, the proposed percentage change for electric by Schedule is as follows:

² The estimated power supply update was \$10 million as noted by Company witness Mr. Norwood, at Exhibit No. (KON-1T), page 34, Table No. 5, line 15.

Table 1 - Proposed % Electric Increase by Schedule

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Decrease in Power Supply</u>	<u>Expiration of the Existing ERM credit</u>	<u>LIRAP Increase</u>	<u>Total Increase in Billing Rates</u>
Residential Schedule 1	0.7%	-2.5%	1.7%	0.1%	0.0%
General Service Schedules 11/12	0.7%	-2.5%	1.6%	0.1%	0.0%
Large General Service Schedules 21/22	0.7%	-2.5%	1.6%	0.1%	0.0%
Extra Large General Service Schedule 25	0.7%	-2.5%	1.7%	0.0%	0.0%
Pumping Service Schedules 31/32	0.7%	-2.5%	1.7%	0.1%	0.0%
Street & Area Lights Schedules 41-48	0.7%	-2.5%	1.6%	0.1%	0.0%
Overall	<u>0.7%</u>	<u>-2.5%</u>	<u>1.7%</u>	<u>0.1%</u>	<u>0.0%</u>

A service list is attached, with the parties on the service list receiving a complete copy of this filing by overnight mail.

Please direct any questions related to this filing to me at (509) 495-8601.

Sincerely,



Liz Andrews
 Manager of Revenue Requirements
 Enclosures

Including November
Power Supply Update

Avista Corp
Pro forma January 2016 - December 2016
ERM Authorized Expense and Retail Sales
October 2013 - September 2014 Historic Normalized Loads

ERM Authorized Power Supply Expense - System Numbers (1)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	\$119,195,328	\$12,127,251	\$11,591,985	\$10,660,401	\$10,031,882	\$8,675,133	\$8,326,700	\$8,166,121	\$9,056,301	\$7,883,689	\$8,186,793	\$11,995,843	\$12,493,230
Account 501 - Thermal Fuel	\$29,123,409	\$2,667,343	\$2,503,517	\$2,494,287	\$2,179,004	\$1,851,578	\$1,612,580	\$2,427,227	\$2,652,598	\$2,644,728	\$2,706,850	\$2,628,470	\$2,755,227
Account 547 - Natural Gas Fuel	\$77,293,435	\$8,481,668	\$7,698,692	\$7,292,619	\$5,265,751	\$2,664,694	\$2,712,482	\$5,239,795	\$6,788,998	\$6,983,768	\$7,442,560	\$7,920,542	\$8,801,867
Account 447 - Sale for Resale	\$88,588,364	\$7,154,528	\$6,331,583	\$7,373,144	\$9,451,450	\$8,788,449	\$8,347,826	\$7,766,255	\$5,454,044	\$6,343,594	\$6,461,587	\$7,582,420	\$7,533,482
Power Supply Expense	\$137,023,808	\$16,121,734	\$15,462,611	\$13,074,163	\$8,025,187	\$4,402,956	\$4,303,936	\$8,066,888	\$13,043,853	\$11,168,590	\$11,874,614	\$14,962,435	\$16,516,841
Transmission Expense	\$17,237,232	\$1,503,379	\$1,417,562	\$1,557,827	\$1,347,286	\$1,410,951	\$1,401,574	\$1,411,206	\$1,443,939	\$1,441,121	\$1,400,226	\$1,464,406	\$1,437,755
Transmission Revenue	\$15,802,275	\$1,306,342	\$1,061,936	\$1,137,644	\$1,166,933	\$1,506,921	\$1,586,833	\$1,599,620	\$1,447,883	\$1,304,804	\$1,285,929	\$1,197,858	\$1,199,571
Broker Fees	\$690,000	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500
CS2 and Colstrip O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$139,148,766	\$16,376,271	\$15,875,736	\$13,551,846	\$8,263,040	\$4,364,486	\$4,176,177	\$7,935,974	\$13,097,409	\$11,362,407	\$12,046,411	\$15,286,483	\$16,812,526
WA Share of System Costs	\$90,043,166	\$10,597,085	\$10,273,189	\$8,769,400	\$5,347,013	\$2,824,259	\$2,702,404	\$5,135,369	\$8,475,334	\$7,352,614	\$7,795,233	\$9,891,883	\$10,879,385
Direct WA (Agreed-To Adjustment) (3)	-\$1,500,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000	-\$125,000
WA ERM Base	\$88,543,166												

ERM Authorized Washington Retail Sales (2)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Total Retail Sales, MWh (2)	5,653,834	555,937	498,647	492,113	431,145	438,507	423,630	451,024	469,267	421,946	451,214	471,440	548,964
Retail Revenue Credit Rate	\$15.93 /MWh												

UE-140188 Settlement Method

(1) Multiply system numbers by 64.71% to determine Washington share.
 (2) Twelve months ended September 2014 normalized monthly WA Retail Sales.
 (3) Additional adjustment of \$1.5 million (Washington basis) agreed-to by the Parties per Multiparty Settlement Stipulation, page 4, Section 5.c.

**AVISTA UTILITIES
WASHINGTON ELECTRIC
PROPOSED CHANGE BY SERVICE SCHEDULE
12 MONTHS ENDED SEPTEMBER 30, 2014
(000s of Dollars)**

Including November Power Supply Update

No.	Type of Service (a)	Schedule Number (b)	Base Tariff Revenue Under Present Rates (c)	Proposed General Increase (d)	Percent Change General Increase (e)	Power Supply Update (f)	Percent Change Power Supply (g)	Total General Change (h)	Percent Change (i)	ERM Increase (j)	ERM Percent Change (k)	LIRAP Increase (l)	LIRAP Percent Change (m)	Total Revenue Change (n)	Percent Change on Billed Revenue (o)
1	Residential	1	\$214,841	\$1,564	0.7%	(\$5,268)	-2.5%	(\$3,704)	-1.8%	\$3,544	1.7%	\$142	0.1%	(\$19)	0.0%
2	General Service	11/12	\$71,304	\$519	0.7%	(\$1,748)	-2.5%	(\$1,229)	-1.7%	\$1,177	1.6%	\$51	0.1%	(\$2)	0.0%
3	Large General Service	21/22	\$130,152	\$947	0.7%	(\$3,191)	-2.5%	(\$2,244)	-1.7%	\$2,129	1.6%	\$88	0.1%	(\$27)	0.0%
4	Ex.Large General Service	25	\$65,194	\$475	0.7%	(\$1,598)	-2.5%	(\$1,124)	-1.7%	\$1,072	1.7%	\$27	0.0%	(\$25)	0.0%
5	Pumping Service	30/31/32	\$11,471	\$83	0.7%	(\$281)	-2.5%	(\$198)	-1.7%	\$191	1.7%	\$7	0.1%	\$0	0.0%
6	Street & Area Lights	41-48	\$7,020	\$51	0.7%	(\$172)	-2.5%	(\$121)	-1.7%	\$115	1.6%	\$5	0.1%	(\$1)	0.0%
7	Total		\$499,982	\$3,639	0.7%	(\$12,259)	-2.5%	(\$8,620)	-1.7%	\$8,228	1.7%	\$320	0.1%	(\$72)	0.0%

ATTACHMENT 3

Avista Corporation
WA Power Supply Pro Forma Net Cost

Rate Case Power Supply Adjustment Pro Forma - 09.2014 Historical Loads

	2016 PF			2016 PF NOV UPDATE			NOV UPDATE			COMPARISON		
	Power Supply System	Washington Amounts	Total	Power Supply System	Washington Amounts	Total	Power Supply System	Washington Amounts	Total	Power Supply System	Washington Amounts	Total
P/T Allocation Percentages												
447 Sales for Resale	\$83,074	\$53,757		\$88,588	\$57,325		\$88,588	\$57,325		\$5,514	\$3,568	
453 Sales of Water and Water Power	466	302		422	273		422	273		-44	-28	
454 Misc Rents	0	0		0	0		0	0		0	0	
456 Transmission Wheeling Revenue System	15,650	10,127		15,650	10,127		15,650	10,127		0	0	
456 Transmission Wheeling Revenue Direct WA	100	100		100	100		100	100		0	0	
456 Transmission Wheeling Revenue Direct ID	51	0	No Change to PF	51	0	No Change to PF	51	0	Transmission	0	0	
456 Other Electric Revenue	0	0		0	0		0	0		0	0	
456 Other Electric Revenue-Direct WA	0	0		0	0		0	0		0	0	
Total Revenue	99,341	64,285	83,540	104,811	67,825		104,811	67,825		5,470	3,540	
Less Trans												
501 Thermal Fuel Expense	29,696	19,216		29,123	18,845		29,123	18,845		-573	-371	
546 Other Power Gen Supvsn & Eng	0	0		0	0		0	0		0	0	
547 Other Fuel Expense	92,175	59,646		77,294	50,017		77,294	50,017		-14,881	-9,629	
556 Water for Power	1,001	648		1,029	666		1,029	666		28	18	
555 Purchased Power	116,846	75,611		119,195	77,131		119,195	77,131		2,349	1,520	
549 Misc Other Gen Expense	0	0		0	0		0	0		0	0	
550 Rents	0	0		0	0		0	0		0	0	
556 System Control & Dispatch	0	0		0	0		0	0		0	0	
557 Other Expenses	690	446		690	446		690	446		0	0	
565 Trans. of Elec. by Others	16,809	10,877		17,238	11,155		17,238	11,155		429	278	
XXX Other Expenses-Direct WA	0	-1,528	Agreed to Reduction \$1528 per Settlement agreement (1)	0	-1,500	Agreed to Reduction \$1500 per Settlement agreement (1)	0	-1,500	Agreed to Reduction \$1500 per Settlement agreement (1)	0	28	(1)
546-562 CS2 O&M	0	0	Removed from base Power Supply per settlement agreement.	0	0	Removed from base Power Supply per settlement agreement.	0	0	Removed from base Power Supply per settlement agreement.	0	0	
500-514 Colstrip O&M	0	0	Removed from base Power Supply per settlement agreement.	0	0	Removed from base Power Supply per settlement agreement.	0	0	Removed from base Power Supply per settlement agreement.	0	0	
Total Expense	257,217	184,917		244,569	156,761		244,569	156,761		-12,648	-8,157	
Net Income Before Income Taxes	-157,876	-100,631		-139,758	-88,935		-139,758	-88,935		18,118	11,696	
Less Trans	-173,677											
Federal Income Tax		-35,221	-155,559		-31,127			-31,127			4,094	
Net Income		-65,410			-57,808			-57,808			\$7,603	
546-562 CS2 O&M	9,335	6,041	Removed from base Power Supply per settlement agreement.								0.62018	
500-514 Colstrip O&M	15,005	9,710	Removed from base Power Supply per settlement agreement.									
Revenue Requirement (\$12,259)												

(1) \$28,000 included in Partial Settlement related to estimated WA share of Hydro Station Service expense. Hydro Station Service expense removed within Aurora in Nov Power Supply Update.

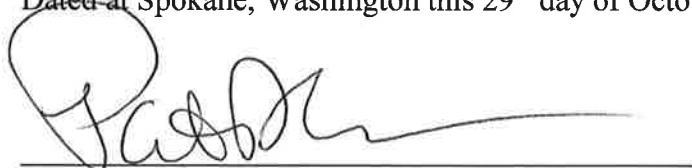
CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that I have served Avista Corporation's Power Supply Update in Avista's Electric and Gas General Rate Case Filing (UE-150204 and UG-150205), by mailing a copy thereof, postage prepaid to the following:

Steven King Executive Director & Secretary Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 sking@utc.wa.gov	Simon ffitch Lisa Gafken Office Of The Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 Simonf@atg.wa.gov Lisa.Gafken@atg.wa.gov
Mark Vasconi Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 mvasconi@utc.wa.gov	Ronald L. Roseman Attorney At Law 2011 14 th Avenue East Seattle, WA 98112 ronaldroseman@comcast.net
Chad Stokes Tommy Brooks Cable Huston Benedict Haagensen & Lloyd LLP 1001 SW Fifth Avenue, Ste 2000 Portland, OR 97204-1136 cstokes@cablehuston.com tbrooks@cablehuston.com	Brett Shearer Patrick Oshie Washington Utilities & Transportation Commission P.O. Box 40128 Olympia, WA 98504-0128 bshearer@utc.wa.gov poshie@utc.wa.gov
Shawn Collins The Energy Project 1111 Cornwall Ave Bellingham, WA 98225 Shawn_Collins@opcco.org	Melinda Davison Jesse Cowell Davison Van Cleve, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204 mjd@dvclaw.com jec@dvclaw.com
Edward A. Finklea Executive Director Northwest Industrial Gas Users 545 Grandview Drive Ashland, OR 97520 efinklea@nwigu.org	Tom Schooley Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 tschooley@utc.wa.gov

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

Dated at Spokane, Washington this 29th day of October.



Patrick Ehrbar
Manager, Rates & Tariffs