



Avista Corp.

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August 27, 2018

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

Re: Docket No. UE-180490 –Comments of Avista Utilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista) submits the following comments in response to the Washington Utilities and Transportation Commission Staff's ("Staff") request to supply a revised 2018 fuel conversion budget in the above referenced Docket.

By way of background, as part of the 2018 Annual Conservation Plan filed by Avista, the company requested a fuel conversion budget of \$6.1 million, precipitating the consolidation of the fuel conversion program with the general rate case. Following the general rate case and the Commission's Order, Avista requests a revised budget of \$5 million for 2018 fuel conversions (\$4.5 million for residential and multifamily market transformation fuel conversions and \$500,000 for low-income fuel conversions). The originally projected budget of \$6.1 million has been revised based on the Company's current program results. The \$5 million dollar revised budget annualizes the costs incurred to-date and depicts more accurately what the company anticipates the fuel conversion program to achieve.

Avista requests to set the fuel conversion budget at \$5 million for 2018. The Company provides its budget as a forecast of expected spending that will occur in its program year. It does not, however, represent an expectation or commitment to limit expenses to those amounts. The

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Company recognizes that customer demand and market factors exist outside of the budgeting process and that expenses may be higher or lower than forecasted and therefore Avista requests that the Commission recognize that the fuel conversion expenses may exceed the budget by more than 5%. The Company will maintain communication with its Advisory Group throughout the remainder of 2018 and will provide updates on the balance in those programs. The Company will make a prudence recommendation in its next conservation filing for recovery of the amount incurred though its fuel conversion program.

Avista appreciates the opportunity to provide these response comments. Please direct any questions regarding these comments to Dan Johnson at (509) 495-2807 or dan.johnson@avistacorp.com or myself at 509-495-4975.

Sincerely,

/S/Linda Gervais

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Avista Utilities