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February 28, 2013

*Electronic Filing*

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

Tariff WN U-28, Electric Service

Attached for filing with the Commission is one copy of the Avista's proposed electric tariff revisions:

First Revision Sheet 70-B	Canceling	Original Sheet 70-B
First Revision Sheet 70-C	Canceling	Original Sheet 70-C
First Revision Sheet 70-D	Canceling	Original Sheet 70-D
First Revision Sheet 70-E	Canceling	Original Sheet 70-E
First Revision Sheet 70-F.1	Canceling	Original Sheet 70-F.1
First Revision Sheet 70-G	Canceling	Original Sheet 70-G
First Revision Sheet 70-H.1	Canceling	Original Sheet 70-H.1
First Revision Sheet 70-O	Canceling	Original Sheet 70-O
First Revision Sheet 70-P	Canceling	Original Sheet 70-P
First Revision Sheet 70-Q	Canceling	Original Sheet 70-Q
First Revision Sheet 70-Q.1	Canceling	Original Sheet 70-Q.1

This filing is submitted under the guidelines of the UTC's Electronic Tariff Filing Program. The purpose of this filing is to update Avista's Electric Rules and Regulations.

**Proposed Tariff Change Related to the Power Factor Adjustment Charge**

The Company is proposing a change to First Revision Sheet 70-P, Section 18 "Reactive Power (Power Factor) Adjustment". Currently, customers served on Schedules 21 and 22 (Large General Service) can incur a Power Factor Adjustment Charge when the customer's kilowatt demand is 50 kW or more and the customer's maximum 15 minute reactive kilovolt amperes demand for that month is in excess of 48% of the kW demand. The customer pays 50¢ per month for each reactive kilovolt ampere of such excess. The purpose of this charge is to encourage customers to have a better power factor, which can be accomplished through equipment retrofits and/or capacitor banks.

It recently came to the Company's attention that this Power Factor Adjustment Charge is problematic for one of our customers. Avista began providing service under Schedule 21 in December 2012 to a wind generator who requires service from Avista to serve the project's auxiliary plant loads. As the customer is served on Schedule 21, they are subject to the "Reactive Power (Power Factor) Adjustment" charge. However, the traditional Power Factor Adjustment Charge is not appropriate in this customer's specific circumstance. Under Schedule 21, customers are billed for demand (kW) based on the highest 15 minute period in a billing cycle. That demand is then compared to the maximum 15 minute kVAR during the same billing cycle. In the case of this generator, the kW is incurred when they require power from Avista

under Schedule 21, however, their kVAR is incurred when they are generating to Avista under a Power Purchase Agreement (PPA), a PPA which requires voltage regulation.

Generator owners/operators are subject to the North American Electric Reliability Corporation (NERC) Reliability Standards and the Western Electricity Coordinating Council (WECC) Regional Reliability Standards, including the WECC Automatic Voltage Regulators (AVR) Standard. NERC/WECC Reliability Standards require generators equipped with AVR to be operating in “voltage control” mode. The AVR is used to maintain system voltages at the generator terminals during both steady state conditions and during system disturbances. The generators are required to operate to the electric utility’s voltage schedule.

When operating in the “voltage control” mode, generators automatically produce reactive power or absorb reactive power to maintain the voltage schedule. The reactive flow (both into and out of) the project is controlled by how the utility (Avista in this case) operates the electric system. The reactive flow (both into and out of) the project supports the utility’s system by maintaining the voltage schedule. Avista does not want to penalize the customer for the reactive component of the demand under Schedule 21 because the standards require them to operate the AVR in “voltage control” to support the electric system. Therefore, the Company has included the following language in Schedule 70-P to alleviate this problem:

*The Company may waive the application of this charge to the extent the reactive kilovolt ampere demand is due to Customer’s compliance with North American Electric Reliability Corporation or Western Electricity Coordinating Council reliability standards and the Company’s directives regarding Customer’s operation of its generation.*

The estimated monthly cost to the customer, absent this proposed waiver, is estimated to be approximately \$2,000 per month.

### **Other Proposed Tariff Changes**

Avista is also proposing to update tariff sheets 70-B, 70-C, 70-D, 70-E, 70-G, 70-O, 70-P to reflect gender neutral language. In most cases, the term “his” was replaced with “its” when referring to a customer. Sheet 70-F.1 is updated to reflect a correct WAC reference because the existing tariff references WAC 480-100-072, a WAC that was repealed on June 3, 2001.

Tariff Sheet 70-H.1 references an expired natural gas rule 480-090-096 versus the correct electric rule 480-100-173 related to complaints and disputes. Sheet 70-Q is updated to reflect current WAC references related to reporting and meter records. The WAC’s referenced in the current tariff have been repealed. Sheet 70-Q.1 is updated to add “480” after WAC to eliminate any potential confusion as to the appropriate rule.

Avista requests the tariff revisions to become effective March 31, 2013. If you have any questions regarding this filing, please contact me at 509-495-8620.

Sincerely,



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