



Avista Corp.

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VIA – Electronic Mail

April 27, 2015

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

Dear Mr. King:

Attached for filing with the Commission is an electronic copy of Avista Corporation's d/b/a Avista Utilities ("Avista" or "Company") filing of its proposed revisions to the following tariff, WN U-28:

WN U-28

**Second Revision Sheet 97
First Revision Sheet 97A
Original Sheet 97B**

Canceling
Canceling

**First Revision Sheet 97
Original Sheet 97A**

I. INTRODUCTION

The Company is planning to offer a Community Solar Program (CS Program), as defined in WAC 458-20-273, specifically pertaining to utility-owned systems under section (2)(103)(b). The CS Program will be offered to Avista's Washington residential and non-residential electric customers who elect to participate.

Avista will own the community solar installation and has a contractual agreement with Clean Energy Collective LLC, who is a community solar developer headquartered in Colorado, to design, construct, operate, maintain, and administer the system. Customers who elect to participate in the

project would be asked to make an upfront contribution equal to their portion of the overall project costs, including both initial costs and ongoing costs, such as operation, maintenance, administrative, etc., that will be incurred throughout the life of the program. Customers would receive a benefit commensurate with their level of participation.

II. PROGRAM DETAILS

Avista will own the installation and contract with Clean Energy Collective to design, build, operate, maintain, and administer the system. The term of the CS Program, and therefore the customer participation, would end June 30, 2020 when the state incentives¹ end. Avista will retain ownership of the Renewable Energy Credits (REC's) from the system.

The utility-owned installation will be built on land that Avista currently owns southeast of the intersection of Trent Avenue and Barker Road in Spokane Valley, Washington.

The Company intends to build approximately 425 kW DC of solar capacity that could produce an estimated 530,000 kWh's per year. The actual kWh's generated will vary based upon the amount of sunshine each year. At an incentive rate of \$1.08 per kWh, this equates to \$572,400 of annual incentives paid out. Avista's current incentive cap of 0.5% of our annual Washington state taxable electric revenue is approximately \$2.5 million so this amount of incentive payments would not exceed our allowed cap of 25% of the overall incentive. Per WAC 458-20-273, the 25% cap is the amount of the incentive that can be used for utility-owned community solar.

To get to the approximately 425 kW total and to meet the requirements of WAC 458-20-273, the project will include six separate approximately 70.5 kW DC installations. Each 70.5 kW DC installation will be separately metered, have separate inverters and they will all be located adjacent to each other on a single parcel of land.

Eligible Participants will be Avista electric customers that have a primary residence or business in the Company's Washington service area. The CS Program will be available to both residential and commercial customers. Avista employees will not be eligible unless the program does not sell out.

Avista and Clean Energy Collective will market the community solar program to Washington electric customers. The Company expects approximately 500-800 customers will be able to

¹ WAC 458-20-273, Renewable Energy System Cost Recovery, authorizes a financial production incentive for qualifying renewable energy systems, including solar, for community solar installations. The incentive rate for community solar systems that use made in WA solar modules and inverters is \$1.08 / kWh. This incentive can be claimed on electricity generated through June 30, 2020.

participate before the entire 425 kW is fully subscribed. Open enrollment to customers is scheduled to begin June 1, 2015 based on a lottery system for selection. The enrollment will close on July 17, 2015, and the lottery process will then select the customers that will participate. Selected customers will enter into an agreement with Avista that will state, among other things, that no financial return is guaranteed out of the program.

A customer that elects to participate will purchase interest in the generation output from one or more solar panels. The upfront payment that the customer makes is designed to be sufficient to cover one-time upfront costs, as well as ongoing costs that will be incurred through the life of the program. These ongoing costs include operation and maintenance of the solar system as well as Avista and Clean Energy Collective's labor costs to administer the CS Program.

Avista may refer the customer to an independent bank or credit union that the customer may use to finance some or all of the enrollment cost. This agreement will be between the bank or credit union and the customer, and neither Avista nor Clean Energy Collective will be a party to this agreement.

Payments to customers will be made monthly and will be equal to: a) the value of the energy produced by the community solar project (4.9 cents per kWh)², plus b) the Washington State production incentive under WAC 458-20-273 of \$1.08 per kWh. Payments will be in the form of a bill credit on the customers' Avista bill. These production incentive bill credits are not considered taxable income for Washington state taxes, per WAC 458-20-273.

Customers that enroll in the program may transfer their ownership to a new address if they relocate as long as it still meets the eligibility requirements stated above. If the eligibility criteria are not met, the customer will forfeit their ownership and will not receive any refund of their upfront enrollment fee. In addition, the customer will not receive any more bill credits for the state incentive, and they will not receive any bill credits for the value of the energy.

After June 30, 2020, the energy output from the solar installation will be transferred to Avista as a generation asset for the remaining life of the system, and the customer claim to any of the energy from the system will end.

² \$0.049 / kWh is calculated using Avista's published PURPA rates and is the expected rate during the life of this program from mid 2015 until June 30, 2020.

III. TARIFF REVISION

The Company's tariff Schedule 97 "Renewable Generation Incentives" has been revised to include the annual incentive payment calculation for community solar projects as provided in WAC 458-20-273 "Renewable Energy System Cost Recovery."

The calculation table describes the computation of the incentive payment using the appropriate base rate and then multiplying it by the applicable economic development factors to determine the incentive payment rate. The incentive payment rate is then multiplied by the gross kilowatt-hours generated. The actual incentive payment must be computed using the renewable energy system's actual measured gross electric kilowatt-hours generated.

IV. REQUEST

Avista requests Commission approval of Schedule 97 supporting the Company's Community Solar program.

Please direct any questions on this matter to Kelly Magalsky at (509) 495-2405 or kelly.magalsky@avistacorp.com or myself at (509) 495-4975 or linda.gervais@avistacorp.com.

Sincerely,

/s/Linda Gervais

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