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February 27, 2018

VIA – Commission Web-Portal

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 dba Avista Utilities ("Avista" or "the Company") proposed Schedule 174, "Temporary Federal Income Tax Rate Credit" ("Rate Credit") of Tariff WN U-29:

Original Sheet 174

I. PURPOSE AND BACKGROUND OF FILING

The purpose of this filing is to refund to customers the "temporary" changes associated with the effects of the Tax Cuts and Jobs Act ("TJCA" or "Act") as described in the Company's response to Bench Request 9 in Docket No. UG-170486. The Company's response to Bench Request 9, excluding the attachments, has been included as Attachment A to this filing for purposes of providing further detail around the calculation of the "temporary" changes. "Temporary" changes are benefits which are a one-time calculation or temporary in nature, and are proposed to be returned to customers over a one-year period through temporary tariff Schedule 174. The amounts which are "temporary" in nature include the return of excess non-plant ("unprotected")

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ADFIT balances, as well as the estimated January through April 2018 deferred tax benefit balances.

The estimated “temporary” changes associated with the federal tax benefit total \$2.682 million. Schedule 174 will remain in place for a one-year period May 1, 2018 through April 30, 2019, with any residual balance being recovered in a future general rate case filing.

The Company is proposing to spread the “temporary” portion of the Rate Credit on a uniform percent of distribution margin basis. The Company chose this method of rate spread because it generally matches how costs are presently being recovered from customers. For the spread of the Rate Credit within each service schedule (i.e., rate design), the Company applied a uniform cents per therm to the volumetric block rates by rate schedule. The average bill impact for a residential customer using 65 therms per month would be a reduction of \$1.13, or 2.1%.

II. CONCLUSION

The purpose of this tariff filing is to establish a new tariff for the Company’s proposed Temporary Federal Income Tax Rate Credit. The Rate Credit will refund the “temporary” tax benefits over a one-year period. Avista requests the tariff revisions proposed herein become effective May 1, 2018. Included with this filing are workpapers supporting the proposed rate credit rates within the tariff. In addition, the Company is providing its response to Bench Request 9, excluding the attachments, in Docket No. UG-170486 as Attachment A to this filing.

If you have any questions regarding the calculation of the “temporary” benefit please call Liz Andrews at 509-495-8601 or if you have questions regarding the rate spread and rate design of the annual benefit please call Joe Miller at 509-495-4546.

Sincerely,



Patrick Ehrbar
Director of Regulatory Affairs

Enclosures