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| **Avista Corp.**1411 East Mission P.O. Box 3727Spokane. Washington 99220-3727Telephone 509-489-0500Toll Free 800-727-9170 | _2ORDPRCSCorp_v_bPC |

September 12, 2014

Mr. Steven King, Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive, S.W.

P.O. Box 47250

Olympia, Washington 98504-7250

Re: Tariff WN U-28, Electric Service

Residential and Small Farm Energy Rate Adjustment Credit

Dear Mr. King:

Attached for filing with the Commission is one copy of the following tariff sheet proposed to be effective November 1, 2014:

**Thirteenth Revision Sheet 59 Canceling Twelfth Revision Sheet 59**

The proposed tariff sheet reflects a rate adjustment to pass through higher Residential Exchange Program benefits than are reflected in the current rate credit the Company will receive from the Bonneville Power Administration. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small-farm customers of the six investor utilities of the Pacific Northwest including Avista.

Under current Residential Exchange rates, approximately $4.9 million annually is being passed through to applicable customers through a uniform 0.195¢ per kilowatt-hour rate credit. This rate was approved by the Washington Utilities and Transportation Commission effective November 1, 2013.

The proposed rate credit of 0.305¢ per kilowatt-hour is designed to pass through approximately $7.6 million in annual benefits which represents the Washington portion of the benefits Avista has and will receive from BPA. Included in the proposed revenue reduction are benefits Avista received as a result of the Interim Agreement True-up Payment Amounts under the 2008 Residential Exchange Interim Relief and Standstill Agreements. The amounts received reflect the fact that BPA did not pay Avista the full amount of residential and farm benefits for fiscal year 2008 that have become due under the 2012 REP Settlement Agreement. Under these two agreements BPA paid Avista the benefits plus interest for a total amount of approximately $2.6 million (system benefit) in February 2014.

The proposed rate credit would result in a decrease to Washington electric revenue of approximately $2.7 million, since a larger amount of benefits will be passed through to customers. The proposed rate credit will have no effect on Avista’s net income.

Enclosed is a set of workpapers that shows the derivation of the proposed 0.305¢ per kilowatt-hour rate credit proposed to be effective November 1, 2014. The average residential customer using 965 kWhs per month will see a decrease of $1.06 per month, or approximately 1.3%. The present bill for 965 kWhs is $80.09 while the proposed bill is $79.03. The actual decrease will vary based on customer usage.

In addition to the proposed tariff and workpapers, also enclosed are the following items: 1) an affidavit, 2) a certificate of service, 3) a copy of the customer notice, and 4) a press release. Please direct any questions regarding this filing to Ryan Finesilver at (509) 495-4873.

Sincerely,

David J. Meyer

Vice President and Chief Counsel for

Regulatory and Governmental Affairs

Enclosures