

Avista Corp.

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November 21, 2014

State of Washington
Mr. Steven King, Executive Director & Secretary
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Request for Approval – Special Contract for Electric Service

Attached for filing with the Commission is a special contract for electric distribution service from Avista Utilities (“Avista” or “Company”) to the Spokane Tribe of Indians (“Spokane Tribe” or “Tribe”). The proposed Agreement is attached herewith as Exhibit 1. The Company respectfully requests Commission approval of the Agreement effective January 1, 2015. The Company believes that the proposed Agreement, in conjunction with the information presented herein, complies with the special contract filing requirements set forth in WAC 480-80-143.

Background

The Spokane Tribe operates three pumping facilities located on tribal land near Little Falls, Washington (northwest of Spokane). The Tribe receives electric power to operate these pumping facilities from the Bureau of Reclamation under a contract dated September 4, 1975. The electric power is delivered through Avista transmission and distribution facilities to the Tribe’s pumping facilities. Transmission service is provided under a separate Transmission Service Agreement. The special contract filed herein provides for distribution service from Avista’s Little Falls substation over a 34.5 kV feeder to the Tribe’s pumping facilities.

Avista has provided similar service to the Tribe under an agreement dated February 25, 2010. The Company filed that agreement with the Commission, and it was allowed to become effective per the No Action Agenda on March 25, 2010. The monthly charge for distribution service under that Agreement was \$1,505.68 per month, or \$18,068 per year. By its terms, this contract will expire on December 31, 2014. The special contract that is the subject of this filing will, if approved, extend service for an additional five year term.

Terms of Agreement

The Agreement was executed on November 19, 2014 and becomes effective following approval by the Commission. The term of the Agreement coincides with the term of the Transmission Service Agreement, but may continue beyond the expiration of the Transmission Service Agreement if the Tribe continues to purchase transmission service and additional time is needed to develop a follow-on distribution service agreement. This provision ensures that there will be no gap in the Company’s ability to charge the Tribe for distribution service.

The monthly charge for distribution service under the Agreement is \$1,665.87 per month, or \$19,990.42 per year. The distribution charge is based on an allocation of costs from Avista's cost of service study filed with the Commission in Docket No. UE-120436, the Company's last completed general rate case. The workpapers supporting the distribution charge are filed herewith as Exhibit 2.

Compliance with Special Contract Rule (WAC 480-80-143)

Avista believes the Agreement meets the requirements of WAC 480-80-143. The service provided under the Agreement is unique, and therefore more appropriately provided under a special contract rather than a filed tariff. Further, the contract is non-discriminatory and is not unreasonably preferential as required under RCW 80.28.090 and 80.28.100. Lastly, the incremental costs associated with providing service under the Agreement are less than the charge for service, therefore, the revenue received from the Agreement provides a contribution to Avista's fixed costs.

The Company respectfully requests that the Commission approve the proposed Agreement to be effective January 1, 2015. If you have any questions regarding this filing, please contact me at 509-495-8620 or Tara Knox at 509-495-4325.

Sincerely

A handwritten signature in black ink that reads "Patrick Ehrbar". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Patrick Ehrbar
Manager, Rates & Tariffs

Enc.