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March 30, 2017

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
Renewable Energy Credit Revenue Mechanism - Washington

Dear Mr. King:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective July 1, 2017:

Second Revision Sheet 98 Canceling First Revision Sheet 98

The proposed tariff sheet reflects an electric rate adjustment to increase the present rebate customers are receiving related to Renewable Energy Credits (“RECs”). In Docket Nos. UE-140188 and UG-140189, the Settlement Stipulation approved by the Commission in Order No. 05 required Avista to file an adjustment to the REC Revenue rebate on or before April 1, 2016, and each year thereafter, to reflect both the under or over amortized balance from the current rebate as well as the projected net REC revenues for the following July – June time period.¹ The new rates would go into effect July 1 for a twelve month period.

As provided in the workpapers accompanying this filing, approximately \$0.1 million is the expected rebate balance remaining from the July 2016 through June 2017 time period, and the projected REC revenues for the July 2017 through June 2018 time period is \$3.2 million, for a total rebate effective July 1, 2017 of approximately \$3.3 million. The current rebate in effect is designed to rebate approximately \$2.0 million.

The net effect of the new and expiring REC rebate is an increased benefit to electric customers of approximately \$1.3 million, or 0.3%. The change in the rate credit has no effect on Avista’s earnings.

¹ See Docket Nos. UE-140188 and UG-140189, Settlement Stipulation Appendix 2, p. 4.

Enclosed is a set of workpapers that shows the derivation of the proposed per kilowatt-hour rate credit proposed to be effective July 1, 2017. The average residential customer using 957 kWhs per month will see a decrease of \$0.22 per month, or approximately 0.3%. The present bill for 957 kWhs is \$86.25 while the proposed bill is \$86.03. The actual bill change will vary based on customer usage.

The Company will provide notice to customers through a bill insert, planned to be inserted during the May 2017 bill cycle. Please direct any questions regarding this filing to Annette Brandon at (509) 495-4324 or Patrick Ehrbar at (509) 495-8620.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood
Vice President State and Federal Regulation

Enclosures