



Avista Corp.

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September 29, 2017

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

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

RE: Updated Washington Avoided Cost Schedule 62, Tariff WN U-28, Electric Service

Dear Mr. King:

Attached for filing with the Commission is the Company's proposed tariff revision:

Eleventh Revision Sheet 62 Canceling Tenth Revision Sheet 62

The purpose of this annual filing is to update the Standard Power Rates offered in Avista's Schedule 62, "Small Power Production and Cogeneration Schedule". This schedule is applicable to any entity that:

- a) installs and owns a facility that generates electricity and is directly interconnected with Avista's system in the State of Washington;
- b) such facility is a Qualifying Facility (QF), meaning either a cogeneration facility or a small power production facility, pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and defined in WAC 480-107-007;
- c) offers all of its output for sale to Avista pursuant to WAC 480-107-095(2); and
- d) enters into written agreements with Avista for both the production from the facility and interconnection to Avista's system that will be subject to regulatory approvals.

The Company, in this filing, is proposing to modify the Standard Power Rates earlier than January 1, 2018 due to the decline in avoided costs. Based on the avoided costs included in the Company's 2017 electric Integrated Resource Plan (IRP), filed with the Commission on August 31, 2017, the

Standard Power Rates have dropped by over \$20/MWh.¹ Acting sooner than January 1, 2018, to update the Standard Power Rates is in the best interest of customers as any QF that qualifies for Standard Power Rates and seeks a Power Purchase Agreement (PPA) with the Company will receive a rate that reflects the Company’s avoided costs from its most recent IRP, which are the following:

Table No. 1 – 2017 IRP Avoided Costs²

Year	Flat Energy \$/MWh	Capacity Value \$/kW-Yr
2018	\$23.79	\$0.00
2019	\$23.71	\$0.00
2020	\$23.99	\$0.00
2021	\$24.30	\$0.00
2022	\$25.95	\$0.00
2023	\$29.68	\$0.00
2024	\$32.03	\$0.00
2025	\$32.58	\$0.00
2026	\$34.27	\$0.00
2027	\$37.61	\$171.00
2028	\$40.18	\$174.00
2029	\$44.06	\$178.00
2030	\$46.86	\$181.00
2031	\$48.08	\$185.00
2032	\$51.10	\$189.00
2033	\$52.81	\$192.00
2034	\$55.09	\$196.00
2035	\$57.50	\$200.00
2036	\$60.52	\$204.00
2037	\$64.51	\$208.00

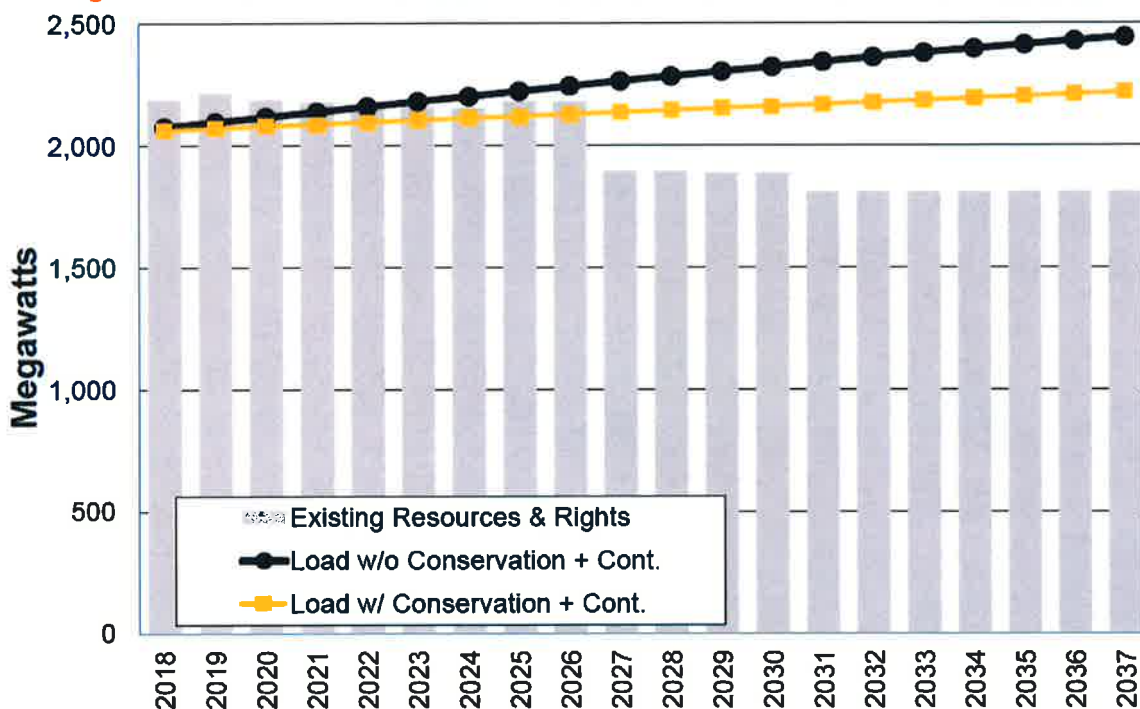
Regarding the capacity portion of the Standard Power Rate, the Company proposes to include a 10-year levelized rate of capacity for the period of 2017 through 2026. As indicated in Table No. 1, and Chart No. 1 below, the Company is long on capacity until the end of 2026.

¹ Docket UE-161036

² The avoided costs can be found in table 11.6 of the 2017 IRP.

Chart No. 1 – 2017 IRP Load-Resource Balance³

Figure 1.1: Load-Resource Balance—Winter Peak Load & Resource Availability



By converting the capacity values in Table No. 1 above into a dollar per MWh value, assuming that a resource is available for all 8,760 hours of a year, the 10-year levelized price of capacity is \$1.46/MWh. In order to calculate the Standard Power Rates, the Company added the levelized price of capacity to the Flat Energy avoided cost rate and then levelized that value over the five year term. Lastly, the Company tilted the rate by 1.5% to smooth out year-to-year variations. The proposed Standard Power Rates for 2018 through 2022 are as follows:

Table No. 2 – 2018 – 2022 Proposed Standard Power Rates

	Year of Delivery				
	2018	2019	2020	2021	2022
	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Rate	\$25.03	\$25.41	\$25.79	\$26.17	\$26.57

The following table includes the current QF’s with contracts that qualify for Standard Power Rates.

³ Figure 1.1 from the 2017 Electric IRP

Table No. 3 – Current QF Contracts with Standard Power Rates

Contract	Fuel Source	Location	Original Contract Begin Date	Latest Contract Begin Date	Contract End Date	Capability (MW)	Estimated Energy (aMW)
Big Sheep Creek Hydro	Hydro	Northpoint, WA	5/1/1986	N/A	6/1/2021	1.40	0.79
Deep Creek	Hydro	Northpoint, WA	5/1/2013	09/27/17	12/31/2022	0.41	0.23
Digester Gas	Municipal Waste	Spokane, WA	9/1/2011	9/1/2016	8/31/2021	0.26	0.14
Meyers Falls	Hydro	Kettle Falls, WA	2/12/1999	12/31/2015	12/31/2019	1.30	1.05
Phillips Ranch	Hydro	Northpoint, WA	6/1/1982	N/A	N/A	0.02	0.01
Total						3.39	2.22

Currently the Company is not in active contract negotiations with any QFs that qualify for Standard Power Rates. However, the Company has received recent requests for Standard Power Rates and draft PPAs. Because of these requests, coupled with the drop in avoided costs from the 2017 IRP, the Company believes it is appropriate to update the Standard Power Rates as quickly as possible.

A copy of the workpapers supporting the Company’s request is enclosed with this filing. As mentioned, Avista requests the tariff revision to become effective November 13, 2017. If you have any questions regarding this filing, please contact Shawn Bonfield at 509-495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,



Patrick Ehrbar
Senior Manager, Rates & Tariffs