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November 8, 2017

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Attention: Mr. Steven King, Executive Director & Secretary

RE: Tariff WN U-28 (New Tariff Schedule 88)

Dear Mr. King,

Attached for electronic filing with the Commission is the Company's proposed tariff WN-U28, Schedule 88, Research and Development Funding. The purpose of this tariff filing is to establish a new tariff for the Company's proposed Research and Development proposals and projects.

Research and Development Funding:

Avista Corporation, doing business as Avista Utilities ("Avista or "Company"), requests an order from the Commission authorizing a three-year pilot program that would support electric power system research and development (R&D). The pilot program, would be implemented through Washington's four-year Universities, the Pacific Northwest National Laboratory (PNNL), private industry and Avista and funded through a new electric tariff. The main objective of the proposed R&D tariff is to provide a consistent base of funding that would allow regional research partners to design and sustain quality research programs that can be applied to benefit Avista's electric customers. Applied R&D refers to projects intended to yield benefits to customers within one to four years of project launch.

This petition is consistent with Washington Governor Jay Inslee's Executive Order 14-04 "Washington Carbon Pollution Reduction and Clean Energy Action" in which a new state program

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has been proposed to assist research institutions, utilities and businesses that would develop, demonstrate, and deploy new renewable energy and energy efficiency technologies.

Avista is proposing an annual funding level of \$1.2 million which would be collected from Washington electric customers through a new electric tariff Schedule 88, "Research and Development Funding - Washington." As proposed, the tariff would allow Avista to recover R&D costs through Schedule 88 pursuant to the terms included in this Petition. Avista proposes to initiate an applied R&D pilot program with universities in the state of Washington and PNNL to evaluate value added product and services for Avista customers. Due to the proliferation of Distributed Energy Resources (DER) in adjacent utility service areas, utility business and regulatory models are evolving in an effort to provide more customer energy choices. In response to customer expectation, Avista has initiated several internal initiatives to identify a strategic road-map towards the future utility business model.

If you have any questions regarding this information, please contact Shawn Bonfield at 509-495-2782 or myself at 509-495-4975.

Sincerely,

/s/ Linda Gervais/

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