



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

September 9, 2013

Via Electronic Mail

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

Re: Docket No. UG-120715

Dear Mr. King,

Attached for filing with the Commission is Avista Corporation dba Avista Utilities (Avista or Company) "Supplement" to its "Two-Year Plan for Managing Select Pipe Replacement in Avista Utilities' Natural Gas System" and Avista Utilities "Protocol for Managing Select Aldyl A Pipe in Avista Utilities' Natural Gas System" (Master Plan) in compliance with the Commission's Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk in Docket No. UG-120715.

The purpose of this filing is to include the Company's potential rate impact analysis associated with the above referenced documents and in compliance with paragraph 55 of the Commission's Policy in Docket No. UG-120715, which states:

It is a reality that the prudent investment in a pipe replacement program plan will be borne by those the plan intends to protect: the gas company's customers. At the same time, the Commission will consider the rate impact of a pipe replacement

program plan, and expects each gas company to analyze rate impacts in each plan it files pursuant to this policy statement.

The attached potential rate impact analysis is a theoretical analysis over the next 20-years and is considered a best estimate at the time it was prepared, based on information known today.

If you have any questions regarding these comments, please contact me at linda.gervais@avistacorp.com or 509-495-4975.

Sincerely,

/s/Linda Gervais

Manager, Regulatory Policy
Avista Utilities

Avista Utilities
 Estimated Rate Impact of Pipe Replacement Program

Company Proposed rate of return, all items other than program costs constant

Rate Impact Total \$	Present Revenue	Assignment	UG-120437 Incremental						
			Requested	EOP 2013	2014	2015	2016	2017	2018
Estimated Revenue Requirement of Program		Equal %	\$ 1,129,626	\$ 291,432	\$ 746,426	\$ 737,007	\$ 715,008	\$ 693,942	\$ 673,739
Schedule 101	\$ 105,609,000	73%	\$ 827,980	\$ 213,610	\$ 547,107	\$ 540,203	\$ 524,078	\$ 508,638	\$ 493,829
Schedule 111/112	32,015,000	22%	250,999	64,755	165,854	163,761	158,873	154,192	149,703
Schedule 121/122	3,894,000	3%	30,529	7,876	20,173	19,918	19,324	18,754	18,208
Schedule 131/132	365,000	0%	2,862	738	1,891	1,867	1,811	1,758	1,707
Schedule 146	2,201,000	2%	17,256	4,452	11,402	11,258	10,922	10,601	10,292
Total	\$ 144,084,000	100%	\$ 1,129,626	\$ 291,432	\$ 746,426	\$ 737,007	\$ 715,008	\$ 693,942	\$ 673,739

Rate Impact \$/Cust	Avg Customers	Annual Average \$ per Customer						
Schedule 101	145,688	\$5.68	\$1.47	\$3.76	\$3.71	\$3.60	\$3.49	\$3.39
Schedule 111/112	2,399	\$104.64	\$27.00	\$69.15	\$68.27	\$66.24	\$64.28	\$62.41
Schedule 121/122	26	\$1,174.20	\$302.93	\$775.88	\$766.09	\$743.22	\$721.32	\$700.32
Schedule 131/132	1	\$2,861.62	\$738.27	\$1,890.88	\$1,867.02	\$1,811.29	\$1,757.93	\$1,706.75
Schedule 146	37	\$466.38	\$120.32	\$308.17	\$304.28	\$295.20	\$286.50	\$278.16
Total	148,151	\$7.62	\$1.97	\$5.04	\$4.97	\$4.83	\$4.68	\$4.55

Percent Increase	Annual Average \$ per Customer	Rate of Return					
Schedule 101	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%
Schedule 111/112	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%
Schedule 121/122	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%
Schedule 131/132	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%
Schedule 146	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%
Total	0.78%	0.20%	0.51%	0.50%	0.49%	0.47%	0.45%

Note: Annual Revenue Requirement on New Investments declines over time because accumulated depreciation and accumulated Deferred FIT on all prior vintages reduces current year rate base.

Avista Utilities
 Estimated Rate Impact of Pipe Replacement Program

	2019	2020	2021	2022	2023	2024	2025	2026
Estimated Revenue Requirement of Program	\$ 556,937	\$ 531,820	\$ 515,782	\$ 499,628	\$ 483,341	\$ 466,933	\$ 450,412	\$ 433,787
Rate Impact Total \$								
Schedule 101	\$ 408,217	\$ 389,807	\$ 378,052	\$ 366,211	\$ 354,274	\$ 342,247	\$ 330,137	\$ 317,952
Schedule 111/112	32,015,000	118,169	114,605	111,016	107,397	103,751	100,080	96,386
Schedule 121/122	3,894,000	15,052	13,939	13,503	13,063	12,619	12,173	11,723
Schedule 131/132	365,000	1,411	1,347	1,266	1,224	1,183	1,141	1,099
Schedule 146	2,201,000	8,508	8,124	7,632	7,383	7,133	6,880	6,626
Total	\$ 144,084,000	\$ 556,937	\$ 531,820	\$ 499,628	\$ 483,341	\$ 466,933	\$ 450,412	\$ 433,787

Equal %

Rate Impact Total \$ Present Revenue assignment

Schedule 101	\$ 105,609,000	73%	\$ 408,217	\$ 389,807	\$ 378,052	\$ 366,211	\$ 354,274	\$ 342,247	\$ 330,137	\$ 317,952
Schedule 111/112	32,015,000	22%	123,750	118,169	114,605	111,016	107,397	103,751	100,080	96,386
Schedule 121/122	3,894,000	3%	15,052	14,373	13,939	13,503	13,063	12,619	12,173	11,723
Schedule 131/132	365,000	0%	1,411	1,347	1,307	1,266	1,224	1,183	1,141	1,099
Schedule 146	2,201,000	2%	8,508	8,124	7,879	7,632	7,383	7,133	6,880	6,626
Total	\$ 144,084,000	100%	\$ 556,937	\$ 531,820	\$ 515,782	\$ 499,628	\$ 483,341	\$ 466,933	\$ 450,412	\$ 433,787

Rate Impact \$/Cust Annual Average \$ per Customer

Schedule 101	145,688	\$2.80	\$2.68	\$2.59	\$2.51	\$2.43	\$2.35	\$2.27	\$2.18
Schedule 111/112	2,399	\$51.59	\$49.27	\$47.78	\$46.28	\$44.78	\$43.26	\$41.72	\$40.18
Schedule 121/122	26	\$578.91	\$552.80	\$536.13	\$519.34	\$502.41	\$485.36	\$468.18	\$450.90
Schedule 131/132	1	\$1,410.86	\$1,347.23	\$1,306.60	\$1,265.68	\$1,224.42	\$1,182.86	\$1,141.00	\$1,098.89
Schedule 146	37	\$229.94	\$219.57	\$212.95	\$206.28	\$199.55	\$192.78	\$185.96	\$179.09
Total	148,151	\$3.76	\$3.59	\$3.48	\$3.37	\$3.26	\$3.15	\$3.04	\$2.93

Percent Increase

Schedule 101	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%
Schedule 111/112	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%
Schedule 121/122	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%
Schedule 131/132	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%
Schedule 146	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%
Total	0.37%	0.36%	0.34%	0.33%	0.32%	0.31%	0.30%	0.28%

Note: Annual Revenue Requirement on New Investments de accumulated Deferred FIT on all prior vintages reduc

Avista Utilities
 Estimated Rate Impact of Pipe Replacement Program

	2027	2028	2029	2030	2031	2032		
Estimated Revenue Requirement of Program	\$ 417,144	\$ 303,382	\$ 280,998	\$ 267,519	\$ 256,115	\$ 247,751		
	Equal %							
Rate Impact Total \$	Present Revenue	assignment						
Schedule 101	\$ 105,609,000	73%	\$ 305,753	\$ 222,370	\$ 205,963	\$ 196,083	\$ 187,724	\$ 181,594
Schedule 111/112	32,015,000	22%	92,688	67,411	62,437	59,442	56,908	55,050
Schedule 121/122	3,894,000	3%	11,274	8,199	7,594	7,230	6,922	6,696
Schedule 131/132	365,000	0%	1,057	769	712	678	649	628
Schedule 146	2,201,000	2%	6,372	4,634	4,292	4,087	3,912	3,785
Total	\$ 144,084,000	100%	\$ 417,144	\$ 303,382	\$ 280,998	\$ 267,519	\$ 256,115	\$ 247,751

Rate Impact \$/Cust	Avg Customers	Annual Average \$ per Customer
Schedule 101	145,688	\$2.10
Schedule 111/112	2,399	\$38.64
Schedule 121/122	26	\$433.60
Schedule 131/132	1	\$1,056.73
Schedule 146	37	\$172.22
Total	148,151	\$2.82

Percent Increase	Annual Average \$ per Customer
Schedule 101	\$1.35
Schedule 111/112	\$24.78
Schedule 121/122	\$278.07
Schedule 131/132	\$677.69
Schedule 146	\$110.45
Total	\$1.81

Note: Annual Revenue Requirement on New Investments de accumulated Deferred FIT on all prior vintages reduc