Avista Corp.
1411 East Mission Ave.
P.O. Box 3727
Spokane, WA 99220-0500
Telephone: 800-727-9170

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July 27, 2018

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Tariff WN U-29 Schedule 151 Revisions

Dear Mr. Johnson,

Attached for filing with the Commission is an electronic copy of Avista Corporation's, dba Avista Utilities ("Avista" or "the Company"), filing of its proposed revisions to the Company's Natural Gas Extension Policy Schedule 151, Tariff WN U-29.

	Tariff Revisions	
2nd Revision Sheet 151A	Canceling	Substitute First Revision Sheet 151A
1st Revision Sheet 151B	Canceling	Substitute Original Sheet 151B

On April 26, 2018, the Commission issued Order 07 in Avista's general rate case, Docket Nos. UE-170485 and UG-170486 (consolidated), updating, among other factors, the Company's approved rate of return, basic and minimum charges, and decoupled revenue per customer effective May 1, 2018. Per recent discussions with Commission Staff regarding Avista's Line Extension Allowance Program ("LEAP"), it has been brought to the Company's attention that it inadvertently failed to file revisions to Schedule 151 as a part of its Compliance filing in that consolidated case. We have subsequently updated the allowance calculations using the latest applicable rate case factors and respectfully request that the Commission accept these proposed revisions to reflect the correct allowances, with an effective date of September 1, 2018. In addition, Avista will review all new customer natural gas requests beginning on the May 1, 2018 effective date of the rate case order to determine if any of those customers are due additional line extension credits and, if the Commission approves the allowance revisions, make the necessary reparations to impacted customers.

As a result of Order 07, the Commission-approved distribution margin revenue per customer for Schedule 101 customers, including the basic charge revenue, is $428 per year. The rate of return approved is 7.50%, which adjusted for income taxes is 9.15%.[1] Using the Perpetual New Present Value ("PNPV") methodology approved in Order 01, Docket No. UG-152394, the allowable line extension investment is $428 divided by 9.15%, which is equal to a new line extension allowance amount of $4,678 (as compared to the present allowance of $4,482). Using this same methodology results in a per-therm rate allowance of $3.44 per first-year therm usage for Schedules 111/112/116, and $2.65 per first-year therm for Schedules 121/122/126. The allowances shown on Sheet 151A have been updated to reflect these new values. The Schedule 101 allowance, shown for illustrative purposes on Sheet 151B, was also updated to match the revised allowance shown on Sheet 151A. The derivation of those allowances, supporting the updated line extension allowance calculations contained in the proposed tariff sheets, are provided as "Attachment A" of this filing.

The Company has also updated the allowance Schedules listed on Sheet 151A, to include new rate Schedules 116 and 126—Transportation Service for Customer-Owned Gas—as these Schedules became effective May 1, 2018 and qualify for allowances under Schedule 151.

If you have any questions regarding this filing, please contact me at (509) 495-8620 or Jaime Majure at (509) 495-7839.

Sincerely,

Patrick Ehrbar
Director of Regulatory Affairs

Enclosures

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[1] A 5.76% debt cost and a debt component of 51.5% results in a 2.89% weighted cost of debt. The tax benefit of the weighted debt cost at 21% is 0.61%. The 7.50% rate of return reduced by the tax benefit of interest (0.61%) equals 6.89%. The 6.89% grossed up by the revenue conversion factor of 0.753293 yields a pre-tax cost of capital of 9.15%.