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May 21, 2019

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

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 following tariff sheet, WN U-28:

Fifth Revision Sheet 91A Canceling **Substitute Fourth Revision Sheet 91A**

WAC 480-109-130 provides that "Utilities must file with the Commission for recovery of all expected conservation cost changes and amortization of deferred balances…no later than June 1st of each year with a requested effective date at least sixty days after the filing."

The Company's tariff rider mechanism is designed to match future revenue with budgeted expenditures. To ensure appropriate recovery, the mechanism includes a true-up feature that reconciles the previous periods' actual expenditures and collections.

As of April 30, 2019, the Schedule 91 (electric) tariff rider balance was approximately $8.7 million underfunded. While this balance might suggest that the tariff revenue is tracking below the anticipated expense level, the Company has also committed, through its Fuel Conversion Transition

Plan,[1] that it will transition the funding of its Fuel Efficiency Program (Fuel Conversions) from its electric tariff rider (Schedule 91) to its natural gas tariff rider (Schedule 191) by December 31, 2019. As a result of this change in funding structure, beginning on January 1, 2019, the projected underfunding of the tariff rider balance is now being offset by the removal of expenditures related to Fuel Conversions. According to actual tariff rider balances, and a forecast of expected revenues, and expenditures through July 2021[2], the current rates being collected through Avista's tariff rider are sufficient to fund both the ongoing Energy Efficiency operations, as well as to recover previous expenditures.

Therefore, the Company is proposing to decrease rates collected in Schedule 91 by approximately $6.8 million, to bring the forecasted tariff balance close to $0 by July 31, 2021, which will provide an appropriate level of funding for ongoing Energy Efficiency operations. The Company will continue to track the progress of this balance, and should the proposed decrease in the tariff rider rate either fail to clear an underfunded balance, or lead to an overfunded balance at the end of the next twelve month period, Avista will request a revision to clear that balance in its June 1, 2020 filing.

Avista's electric Schedule 91 funds Energy Efficiency programs described in the Company's Schedule 90, "Electric Energy Efficiency Programs." All Schedule 91 Energy Efficiency revenue is applied only to the provision of electric efficiency service, including programs offered by the Company directly, through designated contractors, or as part of regional electric programs, as well as 3rd party evaluation, measurement and verification ("EM&V") contracts. The Company's programs are based on providing a financial incentive, or "rebate," for cost-effective efficiency measures with a simple payback less than fifteen years.

Avista's residential programs currently consist of prescriptive offerings such as upgrades to high efficiency equipment and various weatherization measures. Savings are also captured through a multi-family direct install program, as well as an upstream buy-down program for lighting and showerheads. Additionally, the Company's outreach programs provide educational assistance through various community events. For non-residential customers, Avista offers both prescriptive (or "standard offer") programs and site-specific (or customized) services. The site-specific program provides incentives on any cost-effective commercial and industrial energy efficiency measure with a simple financial payback less than fifteen years. This program is implemented through site analyses,

[1] Avista's Fuel Conversion Transition Plan, filed on October 26, 2018 in compliance with Order No. 07 in Docket Nos. UE-170485 and UG-170486 (*consolidated*).
[2] See Attached workpapers.

customized diagnoses, and incentives determined for savings generated specific to customers' premise or process. Also available to Avista's Commercial and Industrial customers are programs that include lighting and controls, commercial food service equipment, premium efficiency motors, commercial HVAC variable frequency drives, and vending machine controllers.

In addition to Avista's prescriptive and site-specific programs, the Company helps fund the activities of the Northwest Energy Efficiency Alliance (NEEA). NEEA focuses on using a regional approach to obtain electric efficiency through the transformation of markets for efficiency measures and services. These programs bring resource acquisition opportunities to Avista that would otherwise be either unachievable or more costly in the absence of regional cooperation.

Several metrics are applied to determine the costs and benefits of these programs. The Company has calculated the Total Resource Cost (TRC) test and the Utility Cost Test (UCT) to provide insights into program efficacy.[3] Ratios over 1.0 illustrate that benefits exceed costs. Results for Avista's 2018 program year show a 1.61 overall TRC ratio and a 2.52 overall UCT ratio for its portfolio.

In conclusion, Avista respectfully requests the Commission approve the proposed decrease in rates and charges in Schedule 91 for purposes of maintaining an appropriate level and sufficient funding for its energy efficiency programs. The estimated annual revenue change associated with this filing is a decrease of approximately $6.8 million. The proposed rate decrease will have an average monthly bill impact to residential electric customers (using 918 kWhs) of $1.01 to their bill, or 1.25%, bringing the average bill from $81.21 down to $80.20.

The Company provided the proposed tariff rider balance rate change to its Advisory Group on Thursday, April 11, 2019 for comments, with an update to the actual proposed decrease amount provided on May 16, 2019, and received no additional comments.

Pursuant to WAC 480-100-195(3), a "Notice of Tariff Change" will be posted on the Company's website coincident with the date of this filing. Attached are the Company's workpapers supporting this proposal.

[3] The Total Resource Cost test measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. The Utility Cost Test measures the net costs of a demand-side management program as a resource option based on the costs incurred by the program administrator (including incentive costs) and excluding any net costs incurred by the participant. The benefits are similar to the TRC benefits.

Please direct any questions on this matter to Dan Johnson, Director, Energy Efficiency at (509) 495-2807 or myself at (509) 495-4975.

Sincerely,

/s/Linda Gervais

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Enclosures

cc: Avista Energy Efficiency Advisory Group