

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



August 12, 2016

State of Washington
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive
Olympia, Washington 98504-8002

Attention: Mr. Steven King, Executive Director and Secretary

Dear Mr. King:

RE: Request for Approval – Special Contract for Electric Service

Attached for filing with the Commission is an electronic copy of a special contract for electric distribution service from Avista (Company) to Consolidated Irrigation District No. 19 (Consolidated Irrigation or Consolidated). The proposed Agreement is attached herewith as Attachment A. The Company respectfully requests Commission approval of the Agreement effective October 1, 2016. The Company believes that the proposed Agreement, in conjunction with the information presented herein, complies with the special contract filing requirements set forth in WAC 480-80-143.

Background

Consolidated operates eleven pumping facilities located in the Spokane Valley to provide irrigation and domestic water supply for lands lying east of the city of Spokane and extending eastward to the Washington-Idaho border. Consolidated has been operating and maintaining these Bureau of Reclamation-built project facilities, that were constructed and are designed to serve over 7,000 acres of irrigable land within the valley, since January 1, 1968. Consolidated receives electric power to operate these facilities from the Bureau of Reclamation.

The electric power is delivered through Avista transmission and distribution facilities to Consolidated's pumping facilities. Transmission service is provided under a separate Transmission Service Agreement under FERC jurisdiction. The special contract filed herein provides for distribution service from four Avista substations over 13.2 kV feeders to Consolidated's eleven pumping facilities. Historically Avista provided both transmission and distribution wheeling service under a single agreement filed with the FERC. In September of 2006 the Company chose to bifurcate its contract with Consolidated and began offering electric distribution service to Consolidated under a separate agreement filed with the Commission. The current contracts by which the Company provides transmission service and electric distribution service were made effective October 1, 2011 and will both expire on September 30, 2016.¹ The annual charge for distribution service under the present agreement is \$79,871.40. On average over the past three years Avista has delivered approximately 6.5 million kilowatt-hours annually to Consolidated's eleven pumps.

¹ The 2011 Special Contract was allowed to become effective per the No Action Agenda on September 28, 2011 in Docket No. UE-111328.

Terms of Agreement

The Agreement was executed on August 11, 2016 and is slated to become effective on October 1, 2016 or such other date designated by the Commission upon its approval. The term of the Agreement is expected to expire concurrent with the new transmission agreement which is set to expire on September 30, 2021, pursuant to provision (3) below. Actual termination will be upon the earliest of the following events: (1) termination or expiration of the Bureau Energy contract, (2) termination of the Transmission Agreement, (3) expiration of the Transmission Agreement, provided, however, that in the event Consolidated continues to purchase transmission service from Avista following expiration of the Transmission Agreement, this Agreement shall remain in effect until such time as the Parties execute, and the Commission approves, a replacement Electric Distribution Service Agreement, or (4) upon termination by either Party after providing at least one year prior written notice of termination.

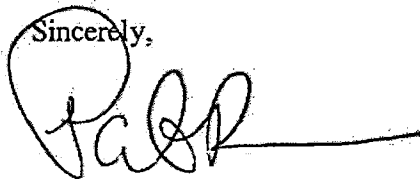
The monthly charge for distribution service under the proposed Agreement is \$7,115.20 per month, or \$85,382.40 per year, an increase of 6.9 percent. The distribution charge is based on Consolidated's load ratio share of Distribution Facilities Costs derived from Avista's revenue and cost of service study in Docket No. UE-150204. The workpapers supporting the distribution charge are filed herewith as Attachment B.

Compliance with Special Contract Rule (WAC 480-80-143)

Avista believes the Agreement meets the requirements of WAC 480-80-143. The service provided under the Agreement is unique, and therefore more appropriately provided under a special contract rather than a filed tariff. Further, the contract is non-discriminatory and is not unreasonably preferential as required under RCW 80.28.090 and 80.28.100. Lastly, the incremental costs associated with providing service under the Agreement are less than the charge for service, therefore, the revenue received from the Agreement provides a contribution to Avista's fixed costs. The revenues from this agreement serve to reduce costs to Avista's retail customers.

The Company respectfully requests that the Commission approve the proposed Agreement to be effective October 1, 2016. Questions regarding this filing should be directed to Patrick Ehrbar at (509) 495-8620.

Sincerely,



Patrick Ehrbar
Senior Manager, Rates and Tariffs
Enc.

cc: Shane Sheppard, Manager
Consolidated Irrigation District No. 19
120 N Greenacres Rd
Greenacres, WA 99016