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April 8, 2015

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

Dear Mr. King:

Attached for filing with the Commission is an electronic copy of Avista Corporation's d/b/a Avista Utilities ("Avista" or "Company") filing of its proposed revisions to the following tariffs, WN U-29:

Original Sheet 149 – Backup and Supplemental Compressed Natural Gas Service

The purpose of this filing is to propose a new service offering for compressed natural gas ("CNG") fleet operators who may, from time to time, require backup and supplemental CNG services. Several CNG fleet operators in the Spokane area have, or will be installing, natural gas compression facilities at their individual premises to serve their CNG fleet. While those CNG fleet operators are operating or installing reliable CNG fueling facilities, they have sought to use Avista's CNG fueling facility located in Spokane Valley as a backup and supplemental fuel source to ensure their fleets can continue to operate.

Through this tariff filing, Avista would make available its compressed natural gas fueling facilities located at the Company's Dollar Road natural gas operations center located in Spokane Valley. CNG fleet operators that desire to have the option of fueling at Dollar Road would be required to sign a contract with Avista that sets forth the terms and conditions of service, addressing such items as the use of the station, safety, insurance and indemnification. A draft form of the proposed contract is included as Attachment A.

Avista is proposing a retail rate per Gas Gallon Equivalent, or GGE, that is comprised of the following items:

Schedule 111 1 st Block Rate ¹ (\$0.98109 x 1.276 therms ²)	= \$1.25
Contribution to Fixed CNG Station Costs	= \$0.52
CNG Station O&M Expense per GGE	= \$0.12
Retail Billing Expense	= \$0.15
Federal Fuel Tax	= <u>\$0.18</u>
Retail Rate per GGE	= <u>\$2.22</u>

As noted above, there are five components that make up the Retail Rate per GGE. The first component is related to the cost of natural gas. The Company chose to use the first block billing rate for Schedule 111 (Large General Service) because we believe the annual usage for CNG customers will likely be relatively low, since Avista's CNG facility will be a backup and supplemental source to their own facilities. Second, the Company chose to include in the rate per GGE a contribution towards the fixed costs of the CNG station, as well as an amount to help offset the ongoing operations and maintenance costs. Next, the Company included \$0.15 to cover any administrative costs related to monthly billings. Finally, the Company is required to pay federal fuel tax of \$0.184 per GGE, and therefore has included that in its overall rate.

The contribution to fixed costs embedded in the Retail Rate per GGE, together with the incremental CNG sales to CNG fleet owners, will result in net benefits to Avista's existing natural gas retail customers. The rate of \$2.22 per GGE is competitive with regional CNG costs. The current national average cost of CNG per GGE is \$2.11. The cost per GGE along the west coast of the United States is \$2.09, with Washington State's GGE average being \$2.38.

The Company currently has two fleet operators in its service territory that can qualify for this service. With a total of 40 trucks among the two operators, and estimating that each operator would take service under this schedule one time per quarter, the Company estimates that customer will use 8,000 GGEs (10,208 therms of natural gas).³

The Company has requested an effective date of May 22, 2015. Please direct any questions on this matter to me at 509.495.8620 or pat.ehrbar@avistacorp.com.

Sincerely,



Patrick D. Ehrbar
 Manager, Rates and Tariffs

¹ The billing rate for Schedule 111 includes the base Schedule 111 rate as well as Schedule 150 (Purchased Gas Cost Adjustment), Schedule 155 (Gas Rate Adjustment), Schedule 191 (DSM Rate Adjustment), Schedule 192 (LIRAP Rate Adjustment), and Schedule 199 (Decoupling Rate Adjustment). This portion of the Retail Rate per GGE will change based on changes to any of these rate schedules.

² The gasoline gallon equivalent ratio conversion factor is 1.276 therms = 1 GGE.

³ This is the equivalent usage of approximately thirteen Schedule 101 customers (an estimated 10,208 therms divided by 816 average annual therms use per customer = 12.51 Schedule 101 customers).