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August 31, 2017

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

Re: Tariff WN U-28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit

Dear Mr. King:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective November 1, 2017:

Sixteenth Revision Sheet 59 Canceling Fifteenth Revision Sheet 59

The proposed tariff sheet reflects a rate adjustment to increase the rebate related to Residential Exchange Program benefits the Company receives from the Bonneville Power Administration. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small-farm customers of the six investor utilities of the Pacific Northwest including Avista.

Under the current Residential Exchange rate adjustment, approximately \$1.3 million annually is being passed through to applicable customers through a uniform 0.051¢ per kilowatt-hour rate credit. That amount includes approximately \$0.4 million related to receipt of BPA benefits received in October and November 2015 that were larger than what was incorporated into the 2015 rate filing. The current rate was approved by the Washington Utilities and Transportation Commission effective November 1, 2016.

The proposed rate credit of 0.081¢ per kilowatt-hour is designed to pass through approximately \$2.1 million, which represents the Washington portion of the annual level of benefits Avista will receive starting in October 2017. The Company is therefore proposing an overall revenue decrease of \$0.8 million or 0.1%. The change in rate credit has no effect on Avista's net income.

Enclosed is a set of workpapers that shows the derivation of the proposed 0.081¢ per kilowatt-hour rate credit proposed to be effective November 1, 2017. The average residential customer using 938 kWhs per month will see a decrease of \$0.28 per month, or approximately 0.3%. The

present bill for 938 kWhs is \$85.08 while the proposed bill is \$84.80. The actual decrease will vary based on customer usage.

The Company has included workpapers with its filing which supports the Company's request. Also, the Company has provided in this filing a copy of its customer notice which will be included as a bill insert in the September – October time frame. Please direct any questions regarding this filing to Joe Miller at (509) 495-4546.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbr", with a long horizontal flourish extending to the right.

Patrick Ehrbr
Senior Manager, Rates and Tariffs

Enclosures