AVISTA

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COMMISSION

April 30, 2018

VIA – Commission Web-Portal

Steven V. King
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. King,

Attached for filing with the Commission is an electronic copy of Avista Corporation's dba Avista Utilities ("Avista" or "the Company") proposed Schedule 74, "Temporary Federal Income Tax Rate Credit" ("Rate Credit") of Tariff WN U-28:

Original Sheet 74

The purpose of this filing is to refund to customers the "temporary" changes associated with the effects of the Tax Cuts and Jobs Act ("TJCA" or "Act") per Commission Order 7 in Docket UE-170485. In that Order the Commission stated the following:

> Further, we direct Avista to amortize the January to April 2018 excess deferred income tax through its previously proposed Schedule 74 – Temporary Federal Income Tax Rate Credit over a one year amortization period. Since the Company withdrew its electric tariff filing in Docket UE-180176, we direct Avista to refile this request prior to May 1, 2018.
>
> Finally, we turn to Staff's concerns regarding the Company's calculation methods from the January to April 2018 excess deferred income taxes. Staff took issue with the rate base, ROR, and load used in deriving the estimated tax over-collection. We agree with Staff, that using the rate base and ROR authorized in the 2015 GRC, and normalized load, is the appropriate methodology to calculate the excess deferral. This appropriately matches the rate at which taxes were collected and the time period over which they were collected.

The estimated "temporary" changes associated with the January to April 2018 excess deferred federal tax benefits total $7.869 million. Schedule 74 will remain in place for a one-year period June 1, 2018 through May 31, 2019, with any residual balance being recovered in a future general rate case filing.

The Company is proposing to spread the "temporary" portion of the Rate Credit on a uniform percent of base revenue basis. The Company chose this method because it generally matches how costs are presently being recovered from customers. For the spread of the Rate Credit within each service schedule (i.e., rate design), the Company applied a uniform cents per kWh to the volumetric block rates by rate schedule. The average residential bill impact for a customer using 938 kWh's per month would be a reduction of $1.33, or 1.5%.

If you have any questions regarding the calculation of the "temporary" benefit please call Liz Andrews at 509-495-8601 or if you have questions regarding the rate spread and rate design of the annual benefit please call Joe Miller at 509-495-4546.

Sincerely,

Patrick Ehrbar
Director of Regulatory Affairs

Enclosures