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

February 18, 2016

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive S. W.

P.O. Box 47250

Olympia, Washington 98504-7250

Attention: Mr. Steven King, Executive Director and Secretary

TARIFF WN U-28, ELECTRIC SERVICE, and

TARIFF WN U-29, NATURAL GAS SERVICE

Avista Corporation (“Avista” or “the Company”) hereby submits the attached filing seeking Commission authorization to increase its rates and charges for its electric and natural gas services to its electric and natural gas customers in the state of Washington. In this filing, the Company is proposing an 18-month rate plan for the period January 1, 2017 through June 2018. Under Avista’s 18-month proposal in this case, base retail rates would increase on January 1, 2017, and a second-step base rate increase would occur on January 1, 2018. With regard to the proposed January 1, 2018 second-step electric base rate increase in this filing, Avista is proposing to offset the bill impact to customers with a rebate of available Energy Recovery Mechanism (ERM) dollars. Consistent with the Company’s request, it has filed two sets of tariffs for both the electric and natural gas proposed rate changes.

Effective January 1, 2017, Avista is proposing an overall increase in electric base revenues of $38.6 million or 7.8%. Avista is requesting an overall net electric bill increase of 7.6%. Avista is proposing an overall increase in electric base revenues of $10.3 million or 3.9% to become effective January 1, 2018. However, as explained earlier, the Company is proposing to offset the second-step bill impact to customers with a rebate of ERM dollars.

With regard to natural gas, the Company is requesting an overall base revenue increase of $4.4 million, or 5.0% in base rates effective January 1, 2017. The proposed general increase over present billing rates, including all other rate adjustments, is 2.8%. Effective January 1, 2018, the Company is proposing a second-step natural gas revenue increase on January 1, 2018 of $0.9 million, or 1.8% in base rates. The proposed increase in billing rates is 1.0%.

The Company’s request is based on a proposed rate of return of 7.64% with a common equity ratio of 48.5% and a 9.9% return on equity.

Additionally, Avista requests that the Commission **immediately suspend the operation of the general tariff revisions** included in this filing, and promptly set the matter for hearing, including the establishment of a prehearing conference, at the earliest possible date in accordance with WAC 480-07-440(1)(a).

Service of documents pertaining to this filing should be to the following Avista Corporation representatives:

David J. Meyer, Esq. Kelly O. Norwood

VP and Chief Counsel for VP, State & Federal Regulation

Regulatory and Governmental Affairs Avista Corporation

Avista Corporation P. O. Box 3727

P. O. Box 3727 1411 E. Mission Ave, MSC-27

1411 E. Mission Ave, MSC-27 Spokane, WA 99220-3727

Spokane, WA 99220-3727 [kelly.norwood@avistacorp.com](mailto:kelly.norwood@avistacorp.com)

[david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com) (509) 495-4267

(509) 495-4316

Avista Dockets (Electronic Only) - [AvistaDockets@avistacorp.com](mailto:AvistaDockets@avistacorp.com)

Consistent with the requested rate plan, enclosed with this filing are an original and two copies of the following proposed tariff sheets for the 2017 base rate change and the 2018 base rate change, formatted with the coding required by WAC 480-80-105, and three copies in legislative format as required by WAC 480-07-510:

**Proposed Tariff Revisions to be Effective January 1, 2017**

|  |  |  |
| --- | --- | --- |
| 14th Revision Sheet 1 | Canceling | Substitute 13th Revision Sheet 1 |
| 14th Revision Sheet 11 | Canceling | Substitute 13th Revision Sheet 11 |
| 14th Revision Sheet 21 | Canceling | Substitute 13th Revision Sheet 21 |
| 14th Revision Sheet 25 | Canceling | Substitute 13th Revision Sheet 25 |
| 11th Revision Sheet 25A | Canceling | Substitute 10th Revision Sheet 25A |
| 14th Revision Sheet 31 | Canceling | Substitute 13th Revision Sheet 31 |
| 13th Revision Sheet 41 | Canceling | Substitute 12th Revision Sheet 41 |
| 13th Revision Sheet 42 | Canceling | Substitute 12th Revision Sheet 42 |
| 7th Revision Sheet 42A | Canceling | Substitute 6th Revision Sheet 42A |
| 13th Revision Sheet 44 | Canceling | Substitute 12th Revision Sheet 44 |
| 14th Revision Sheet 45 | Canceling | Substitute 13th Revision Sheet 45 |
| 14th Revision Sheet 46 | Canceling | Substitute 13th Revision Sheet 46 |
| 13th Revision Sheet 47 | Canceling | Substitute 12th Revision Sheet 47 |
| 14th Revision Sheet 47A | Canceling | Substitute 13th Revision Sheet 47A |
|  |  |  |
| 15th Revision Sheet 101 | Canceling | Substitute 14th Revision Sheet 101 |
| 15th Revision Sheet 111 | Canceling | Substitute 14th Revision Sheet 111 |
| 15th Revision Sheet 112 | Canceling | Substitute 14th Revision Sheet 112 |
| 15th Revision Sheet 121 | Canceling | Substitute 14th Revision Sheet 121 |
| 6th Revision Sheet 121A | Canceling | Substitute 5th Revision Sheet 121A |
| 15th Revision Sheet 122 | Canceling | Substitute 14th Revision Sheet 122 |
| 6th Revision Sheet 122A | Canceling | Substitute 5th Revision Sheet 122A |
| 15th Revision Sheet 131 | Canceling | Substitute 14th Revision Sheet 131 |
| 6th Revision Sheet 131A | Canceling | Substitute 5th Revision Sheet 131A |
| 15th Revision Sheet 132 | Canceling | Substitute 14th Revision Sheet 132 |
| 6th Revision Sheet 132A | Canceling | Substitute 5th Revision Sheet 132A |
| 15th Revision Sheet 146 | Canceling | Substitute 14th Revision Sheet 146 |

**Proposed Tariff Revisions to be Effective January 1, 2018**

|  |  |  |
| --- | --- | --- |
| 15th Revision Sheet 1 | Canceling | 14th Revision Sheet 1 |
| 15th Revision Sheet 11 | Canceling | 14th Revision Sheet 11 |
| 15th Revision Sheet 21 | Canceling | 14th Revision Sheet 21 |
| 15th Revision Sheet 25 | Canceling | 14th Revision Sheet 25 |
| 12th Revision Sheet 25A | Canceling | 11th Revision Sheet 25A |
| 15th Revision Sheet 31 | Canceling | 14th Revision Sheet 31 |
| 14th Revision Sheet 41 | Canceling | 13th Revision Sheet 41 |
| 14th Revision Sheet 42 | Canceling | 13th Revision Sheet 42 |
| 8th Revision Sheet 42A | Canceling | 7th Revision Sheet 42A |
| 14th Revision Sheet 44 | Canceling | 13th Revision Sheet 44 |
| 15th Revision Sheet 45 | Canceling | 14th Revision Sheet 45 |
| 15th Revision Sheet 46 | Canceling | 14th Revision Sheet 46 |
| 14th Revision Sheet 47 | Canceling | 13th Revision Sheet 47 |
| 15th Revision Sheet 47A | Canceling | 14th Revision Sheet 47A |
| 13th Revision Sheet 93 | Canceling | 12th Revision Sheet 93 |
|  |  |  |
| 16th Revision Sheet 101 | Canceling | 15th Revision Sheet 101 |
| 16th Revision Sheet 111 | Canceling | 15th Revision Sheet 111 |
| 16th Revision Sheet 112 | Canceling | 15th Revision Sheet 112 |
| 16th Revision Sheet 121 | Canceling | 15th Revision Sheet 121 |
| 7th Revision Sheet 121A | Canceling | 6th Revision Sheet 121A |
| 16th Revision Sheet 122 | Canceling | 15th Revision Sheet 122 |
| 7th Revision Sheet 122A | Canceling | 6th Revision Sheet 122A |
| 16th Revision Sheet 131 | Canceling | 15th Revision Sheet 131 |
| 7th Revision Sheet 131A | Canceling | 6th Revision Sheet 131A |
| 16th Revision Sheet 132 | Canceling | 15th Revision Sheet 132 |
| 7th Revision Sheet 132A | Canceling | 6th Revision Sheet 132A |
| 16th Revision Sheet 146 | Canceling | 15th Revision Sheet 146 |

As directed by the Commission, the Company has enclosed 1 original and 9 copies of its prepared direct testimony and exhibits, as well as 3 copies of workpapers showing how test year data were adjusted. An electronic copy of the non-confidential and confidential testimony and exhibits, provided both on a CD and thumb drive, are also enclosed for the Commission’s Accounting Advisor (copies of the workpapers can be provided upon request).

A summary document pertaining to the filing is provided as well as the financial reports and other documents required under WAC 480-07-510. An electronic version of this filing and all supporting documents is enclosed as well. The Office of Public Counsel has also been served with a copy of all such documents at the time of filing with the Commission.

Please note that certain sections of the exhibits of Mark T. Thies, Clint G. Kalich, and Scott J. Kinney, along with certain workpapers of William G. Johnson, Bryan A. Cox, Scott J. Kinney and Clint G. Kalich have CONFIDENTIAL information. The workpapers of Scott L. Morris, Mark T. Thies, Heather L. Rosentrater, and Clint G. Kalich are only being provided electronically on CD due to their voluminous and/or electronic nature. Additionally, as required by WAC 480-07-160(3)(a), the Company is also submitting an Attorney’s Claim of Confidentiality regarding the submission of the unredacted versions of the above-referenced CONFIDENTIAL exhibits and workpapers. These documents should be treated as CONFIDENTIAL per WAC 480-07-160. In addition, due to personal circumstances, the workpapers of Karen Schuh will be provided to the Commission and parties on February 23, 2016.

In compliance with WAC 480-90-197 and WAC 480-100-197, the Company will provide public notice once the public hearing dates have been selected. In compliance with WAC 480-90-193(1) and WAC 480-100-193(1), the Company will post the proposed changes to its tariffs for public inspection and review on its website, and will provide access via request by telephone or mail. A service list is attached, with the parties on the service list receiving a complete copy of the pre-filed testimony and exhibits.

In compliance with WAC 480-07-510(3)(i), the Company states that there are no additional material affiliated transactions to report impacting the test year that otherwise were not already reported in the Company’s annual 2014 Report of Affiliated Interest Transactions. The Company’s 2014 annual report was filed on April 29, 2015 (See Dockets UE-150696 and UG-150697). The Company will file its annual 2015 Report of Affiliated Interest Transactions on or before April 30, 2016.

Please note that the Company has simultaneously filed “Avista Corporation’s Motion for a Protective Order Pursuant to WAC 480-07-420”.

Additional copies of this filing, supporting testimony and exhibits are available from the Company upon request. Questions regarding this filing should be directed to Liz Andrews at (509) 495-8601.

Sincerely,

David Meyer

VP and Chief Counsel for Regulatory and Governmental Affairs

Enclosures

cc: See attached service lists