e-FILING REPORT COVER SHEET

Send completed Cover Sheet and the Report in an email addressed to:
PUC.FilingCenter@state.or.us

REPORT NAME: Avista 2016 GHG Emissions Report

COMPANY NAME: Avista Utilities

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? ☒No ☐Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: ☐RE (Electric) ☒RG (Gas) ☐RW (Water) ☐RO (Other)

Report is required by: ☒OAR 860-085-0050
☐Statute Enter Statute
☐Order Enter PUC Order No.
☐Other Enter reason

Is this report associated with a specific docket/case? ☒No ☐Yes

If yes, enter docket number:

List applicable Key Words for this report to facilitate electronic search:
Greenhouse Gas Emissions

**DO NOT electronically file with the PUC Filing Center:**

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715

**Please file the above reports according to their individual instructions.**

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

June 14, 2016

Oregon Public Utility Commission
Filing Center
201 High St SE Suite 100
PO Box 1088
Salem, OR 97301

Attention: Filing Center

**RE: OAR 860-085-0050 - Avista 2016 Greenhouse Gas Emissions Report**

Avista Corporation, dba Avista Utilities ("Avista" or "Company"), submits this report in compliance with OAR 860-085-0050. OAR 860-085-0050 requires natural gas companies to submit a report to the Commission in even numbered years, beginning in 2012, presenting estimates of, analysis methods used, and assumptions made in estimating the impacts to customer rates for meeting the following Oregon energy consumption based Greenhouse Gas ("GHG") emission reduction goals by January 1, 2020 under ORS 468A.205:

(a) Ten percent below 1990 levels; and
(b) Fifteen percent below 2005 levels.

Table No. 1 below represents the Company's annual GHG emissions from 2009 through 2015 from operational activities at the Company's office facilities and from its fleet vehicles in the State of Oregon.

**Table No. 1 – Avista Utilities GHG Emissions in the State of Oregon**

| **Avista OR CO2 Emissions (metric tons)** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **Avg.** |
|---|---|---|---|---|---|---|---|---|
| Office Facilities | 68 | 64 | 76 | 69 | 68 | 71 | 64 | 68.57 |
| Fleet | 580 | 581 | 606 | 570 | 516 | 506 | 553 | 558.86 |
| **Total CO2 Emissions** | **648** | **645** | **682** | **639** | **584** | **577** | **617** | **627.43** |

The Company identified two errors made inadvertently in its 2014 report that have been corrected within this report. First, the Company identified a formula that was incorrect in the calculation of the 2012 and 2013 office facilities usage. In addition, the Company failed to include the natural gas usage from its Compressed Natural Gas (CNG) refueling station at its Klamath Falls office facility in the office facilities usage data for 2012 and 2013. The CNG station was installed in the winter of 2010 and was in use beginning in 2011. The 2011 data as previously reported was accurate, but for years 2012 and 2013 the usage of the CNG station was not included. Due to a Customer Information System conversion in early 2014 the Company is unable to identify the specific usage of the CNG station for 2012 and 2013. The Company added the usage from the CNG station in 2015 to the usage in 2012 and 2013 for reporting purposes. The Company believes this is appropriate as the usage in 2015 at the CNG station would be conservatively higher than in 2012 and 2013 due to the addition of a second CNG vehicle in 2014.

Avista does not have historical energy usage information or fuel consumptions from its fleet vehicles available in order to calculate its 1990 and 2005 GHG emissions. Therefore, for the purposes of this report, the Company used the average emissions from 2009 through 2011, 658 metric tons, as a proxy for both its 1990 and 2005 emissions levels. The Company believes this to be a reasonable and conservative assumption for the following reasons:

1. Avista has the same number of overall office and operational facilities, however several of the facilities have had energy efficiency upgrades since 1990 and 2005, and have had reduced staffing, particularly as it relates to Contact/Call Center operations and meter

readers due to a reduction in meter reading with the deployment of Automated Meter Reading (AMR) in 2004.

2. The Company is operating fewer vehicles due to, among other things, a reduction in metering reading with the deployment of AMR as mentioned above.

By using an average emissions proxy of 2009-2011, the baseline is likely lower than it was both in 1990 and 2005.

As it relates to the Company's estimates of CO2 emissions between 2009 and 2015, as noted in Table No. 1, the total emissions in the State of Oregon are very low to begin with. While the Company will continue to seek out energy efficiency measures at its office facilities, and seek out less C02 intensive fleet vehicles (i.e., CNG, Hybrid, etc.), we believe overall emissions between 2015 and 2020 will remain somewhat flat, as any reduced emissions may be offset by increased emissions caused by the Company serving more customers.

Based on the proxy used for the 1990 and 2005 emissions levels, Table No. 2 below shows how much Avista would need to reduce its GHG Emissions in order to meet the goals outlined in OAR 860-085-0050.

**Table No. 2 – Cost Impact Calculation to Meet 2020 Goals**

| **Internal CO2 Emissions** | **GHG Emissions (metric tons)** | **Potential Customer Cost Impact** | **Potential Customer Rate % Impact** |
|---|---|---|---|
| Total CO2 Footprint for 1990 and 2005 | 658 | | |
| 2020 Goal: 10% below 1990 | 593 | $651 | 0.0007% |
| 2020 Goal: 15% below 2005 | 560 | $977 | 0.0011% |

The Company is currently in the midst of preparing its 2016 Natural Gas Integrated Resource Plan (IRP), which includes scenarios involving a forecasted cost of carbon. At this time, the Company is planning to use a forecasted cost of carbon of $9.89 (real dollars) per metric ton beginning in 2018. For calculations of the potential cost impact included in Table No. 2 above, the Company used a $9.89 value for the cost of carbon per metric ton.

Avista provides this analysis with the understanding that numerous assumptions were made about uncertain future events, which may prove to be inaccurate.

If you have any questions regarding this filing, please contact me at (509) 495-2782.

Sincerely,

*/s/Shawn Bonfield*

Regulatory Policy Analyst
Avista Utilities
shawn.bonfield@avistacorp.com
509-495-2782