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REPORT NAME: Avista 2012 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

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- 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

July 18, 2012

Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

Attention: Filing Center

**RE: OAR 860-085-0050 - Avista 2012 Greenhouse Gas Emissions Report**

Avista Corporation, dba Avista Utilities ("Avista or the 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 1 below displays the Company's annual GHG emissions from 2009 through 2011 from operational activities at the Company's office facilities and from its fleet vehicles in the State of Oregon.

**Table 1 – Avista Utilities GHG Emissions in the State of Oregon**

| **Avista OR CO2 Emissions (metric tons)** | **2009** | **2010** | **2011** | **Avg*** |
|---|---|---|---|---|
| Office Facilities | 68 | 64 | 76 | 69 |
| Fleet | 580 | 581 | 606 | 589 |
| **Total CO2 Emissions** | **648** | **645** | **682** | **658** |

*Proxy for 1990 and 2005 emissions levels

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 as a proxy for both its 1990 and 2005 emissions levels. The Company finds this to be a reasonable and conservative assumption for the following reasons:

1. The Company 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 2012 and 2020, as noted in Table 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 2012 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 2 below shows how much the Company would need to reduce its GHG Emissions in order to meet the goals outlined in OAR 860-085-0050.

**Table 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 | 659 | | |
| 2020 Goal: 10% below 1990 | 593 | $922 | 0.0007% |
| 2020 Goal: 15% below 2005 | 560 | $1,383 | 0.0010% |

The Company is currently in the midst of preparing its 2012 Natural Gas Integrated Resource Plan, which includes scenarios involving a forecasted cost of carbon. At this time, the Company is planning to use a forecasted cost of carbon of $14 per metric ton beginning in 2022. For calculations of the potential cost impact included in Table 2 above, the Company used a $14 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 Shawn Bonfield, Regulatory Policy Analyst, at (509) 495-2782 or myself at (509) 495-8620.

Sincerely,

Patrick Ehrbar

Patrick Ehrbar
Manager, Rates and Tariffs
Avista Utilities
509-495-8620
patrick.ehrbar@avistacorp.com