



Avista Corp.

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March 30, 2016

Advice No. 16-05-G

Public Utility Commission of Oregon
201 High St SE Suite 100
Salem, OR 97301

Attention: Filing Center

Pursuant to OAR 860-022-0025(1) and Order No. 16-076, attached for filing with the Commission is an electronic copy of Avista Corporation's, dba Avista Utilities ("Avista or the Company"), filing of its proposed tariff sheet, P.U.C. OR No. 5, Original Tariff Schedule 474, "Public Purpose Funding Surcharge".

The purpose of this filing is to establish a "Public Purpose Funding Surcharge" to fund energy efficiency programs administered by the Energy Trust of Oregon ("ETO") and the Company as required by Order No. 16-076 issued in Docket No. UG-288 on February 29, 2016.

In Docket No. UG-288, Avista agreed as part of the approved Partial Settlement Stipulation to transition the management of its Demand Side Management ("DSM") programs to the ETO. Specifically, the language included on pages 9-10 in the Partial Settlement Stipulation is as follows:

Energy Trust of Oregon and Energy Efficiency Charge:

The Parties agree and support the following provisions for Commission approval:

- A. Avista will establish a separate natural gas energy efficiency tariff to collect costs, through current rates and not through a deferral mechanism (as is currently used for Avista's energy efficiency programs) for administering and delivering energy efficiency programs. In 2016, Avista will still be offering conservation programs and the Energy Trust of Oregon (ETO) will also administer a conservation acquisition program.¹ The monies collected through the new tariff will go to Avista

¹ Per discussions with Staff and the ETO, the ETO stated that it would be able to institute the first program in late 2016.

in 2016, except for the amount of \$156,000, that will be conveyed to the ETO in equal monthly installments of \$15,600, payable no later than the 15th of each month. The \$156,000 is comprised of \$84,000 for the ETO Conservation Program and \$72,000 for Planning and Development to complete all work necessary to have a “warm start” for the 2017 ETO-administered conservation programs. In 2017, the monies collected through this tariff will be transferred to the ETO. Subject to Commission approval, the tariff will be revised to match the ETO’s administrative costs and expenses needed to offer conservation programs to Avista’s customers in 2017.²

- B. The Company will retain collection for funding low income household programs, delivered by the following Community Action Agencies: Avista Oregon Low Income Energy Efficiency Program (AOLIEE) and the Low Income Rate Assistance Program (LIRAP). Effective 2017, a separate tariff to administer AOLIEE program will be established. The Company will continue the Schedule 493 tariff for collecting expenses related to LIRAP.

As required, the proposed Schedule 474 establishes a mechanism for the Company to collect DSM revenue through current rates, rather than through a deferral mechanism as the Company presently does, for administering and delivering energy efficiency programs. The rates established in Schedule 474 is designed to recover \$1,561,422 (an increase of 1.65% in billed revenue) associated with the delivery of the Company’s DSM program (including the AOLIEE program) from May 1, 2016 through the remainder of 2016. The increase includes the \$156,000 that will be conveyed to the ETO in 2016 as referenced above.

The Company is proposing that the collection of the revenue would be on a uniform percentage of revenue basis from Schedules 410, 420, 424 and 444. Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by the filing, and the annual revenue before and after the impact of the proposed rate change, are as follows:

<u>Rate Schedule</u>	<u>Average Number of Customers</u>
Schedule 410	87,066
Schedule 420	11,365
Schedule 424	81
Schedule 440	35
Schedule 444	4

² The tariff will also include a certain level of funding to fund Avista program administration and marketing.




	<u>Present Revenue</u>	<u>Increase</u>	<u>Proposed Revenue</u>	<u>% Increase</u>
Schedule 410	\$ 60,010,000	\$ 1,039,216	\$ 61,049,216	1.7%
Schedule 420	\$ 27,317,000	\$ 473,059	\$ 27,790,059	1.7%
Schedule 424	\$ 2,669,000	\$ 46,220	\$ 2,715,220	1.7%
Schedule 440	\$ 1,345,000	\$ -	\$ 1,345,000	0.0%
Schedule 444	\$ 169,000	\$ 2,927	\$ 171,927	1.7%
Schedule 456	\$ 3,118,000	\$ -	\$ 3,118,000	0.0%
Schedule 447	\$ 213,000	\$ -	\$ 213,000	0.0%
	<u>\$ 94,841,000</u>	<u>\$ 1,561,422</u>	<u>\$ 96,402,422</u>	<u>1.6%</u>

A residential customer using an average of 46 therms a month could expect their bill to increase by \$1.98, or 3.4 percent, for a revised monthly bill of \$59.42 effective May 1, 2016.³

The Company is currently working with the ETO to determine the budget for delivering energy efficiency programs in 2017. Later in 2016 the Company will file to update the rates in Schedule 474 to collect the 2017 budgeted amounts to be transferred to the ETO, as well as the administrative and marketing costs the Company expects to incur to oversee the program. Prior to filing to update the rates in Schedule 474, Avista will work with Commission Staff to determine whether a separate tariff is needed to collect funding to administer the AOLIEE program or if Schedule 474 should continue to be used to recover funds for the AOLIEE program.

If the Company's filing is approved, effective May 1, 2016 the Company will no longer defer costs associated with the delivery of the Company's DSM program under Schedule 478. The Company will continue to collect the deferred balance under Schedule 478 until all funds have been collected, which will occur through October 31, 2017.⁴ After October 31, 2017, it is expected that Schedule 478 will be reduced to \$0.00 per therm.

The Company requests the tariff changes be effective for service rendered on and after May 1, 2016. If you have any questions regarding this filing, please contact Shawn Bonfield at (509) 495-2782 or Kerry Shroy, Manager of OR DSM, at (541) 858-4743.

Sincerely,

Patrick Ehrbar
Manager, Rates & Tariffs

enclosures

³ The percentage increase on an annualized basis for Schedule 410 is 1.7%. However, the Company is proposing to recover the revenue increase over 8 months, rather than over an annual or 12-month basis. As a result, rates for Schedule 410 need to be increased by a greater amount than 1.7% in order to recover the revenue increase in a shorter period. That results in a 3.4% increase effective May 1.

⁴ The present rate in Schedule 478 is recovering DSM expenditures for the July 1, 2014 through June 30, 2015 time period. The Company will file Schedule 478 by August 1, 2016 to recover the costs associated with its DSM programs for the July 1, 2015 through April 30, 2016 time period.



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 474

PUBLIC PURPOSE FUNDING SURCHARGE - OREGON

APPLICABLE:

Adjustments under this schedule are applicable to all bills calculated under all schedules of this Tariff.

PURPOSE:

The purpose of this schedule is to collect funds to be used to fund energy efficiency programs administered through the Energy Trust of Oregon (ETO) and the Company.

MONTHLY RATE:

Effective May 1, 2016, a public purpose charge equal to 1.65% of revenues on an annualized basis will be collected through monthly charges for the purpose described above. The Commodity Charge per therm of the individual rate schedules are to be adjusted by the following amounts:

Rate Schedule	Rate
Schedule 410	\$0.04304 per Therm
Schedule 420	\$0.03401 per Therm
Schedule 424	\$0.01628 per Therm
Schedule 444	\$0.01109 per Therm

DETERMINATION OF RATE


The Company will annually determine if the Public Purpose Funding Surcharge for energy efficiency programs administered by the ETO and the Company needs to be adjusted so that forecasted collections, plus any unspent collections, are sufficient to meet all programming needs by the ETO and the Company. Any adjustments needed will take place on the 1st of each year.

SPECIAL TERMS AND CONDITIONS:

1. The annual budget funds collected to be transferred to the ETO will be calculated in partnership with the Company and the ETO.
2. The monies collected under this schedule for the purposes of funding energy efficiency program delivered by the ETO will be transferred to the ETO monthly.
3. The Company will retain a portion of the funding collected under this schedule to fund Schedule 485, Avista Oregon Low Income Energy Efficiency Program ("AOLIEE") as well as administrative and marketing expenses.

Advice No. 16-05-G
Issued March 30, 2016

Effective For Service On & After
May 1, 2016

Issued by Avista Utilities
By  Kelly Norwood, Vice President, State & Federal Regulation

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