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November 9, 2018

Advice No. 18-06-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), 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 changes to the following tariff sheets, P.U.C. OR No. 5:

Second Revision Sheet 469	Canceling	First Revision Sheet 469
Second Revision Sheet 485B	Canceling	First Revision Sheet 485B

As explained in more detail below, the Company is requesting a rate increase of \$1,438,364 or 1.7%, effective January 1, 2019.

The primary purpose of this filing is to adjust Schedule 469, "Public Purpose Funding Surcharge", to reflect the rates required to fund the Company's 2019 energy efficiency programs. Specifically, the funds will go towards the delivery of energy efficiency programs administered by the Energy Trust of Oregon ("ETO"), Northwest Energy Efficiency Alliance ("NEEA") natural gas programs, the Avista Oregon Low Income Energy Efficiency Program ("AOLIEE"), and Company energy efficiency program marketing and administrative costs.

The proposed budget for energy efficiency programs in 2019 is as follows:

<u>Expenditure Type</u>	<u>Budget</u>	<u>%</u>
ETO	\$ 2,091,870	65%
AOLIEE	\$ 660,000	21%
NEEA	\$ 253,000	8%
General Labor	\$ 119,887	4%
Marketing	\$ 70,000	2%
Admin/Travel	\$ 9,000	0%
Total	\$ 3,203,757	

Avista is estimating that it will have a year-end surplus of approximately \$28,737 related to the funds collected from January 2018 through December 2018, thus will need to recover a total of \$3,174,780 through rates during the 2019 program year to meet the needs of the Company's Oregon energy efficiency programs.

The primary driver of this rate change is an increase in the total ETO budget from the \$1,036,869 presently incorporated in customer rates to the \$2,091,870 estimated budget requirement ETO provided for the 2019 program year. These increases are a result of ETO's expanded knowledge of the energy efficiency savings available within Avista's service territory, as previous budget forecasts were prior to ETO having prolonged experience in serving Avista's Oregon natural gas customers.

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, consistent with present Schedule 469 funding. 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>Number of Customers</u>
Schedule 410	91,333
Schedule 420	11,845
Schedule 424	89
Schedule 440	37
Schedule 444	3

<u>Rate Schedule</u>	<u>Present Revenue</u>	<u>Change</u>	<u>Proposed Revenue</u>	<u>% Decrease</u>
Schedule 410	\$ 55,227,321	\$ 955,706	\$ 56,183,027	1.7%
Schedule 420	\$ 25,330,752	\$ 457,562	\$ 25,788,314	1.8%
Schedule 424	\$ 1,800,349	\$ 23,586	\$ 1,823,935	1.3%
Schedule 440	\$ 1,002,093	\$ -	\$ 1,002,093	0.0%
Schedule 444	\$ 110,378	\$ 1,510	\$ 111,888	1.4%
Schedule 456	\$ 3,289,376	\$ -	\$ 3,289,376	0.0%
Schedule 447	\$ 213,000	\$ -	\$ 213,000	0.0%
	<u>\$ 86,973,269</u>	<u>\$ 1,438,364</u>	<u>\$ 88,411,633</u>	<u>1.7%</u>

A residential customer using an average of 47 therms a month could expect their bill to increase by \$0.87 or 1.7 percent, for a revised monthly bill of \$51.20 effective January 1, 2019.



Also included in this filing are proposed revisions to Avista's AOLIEE tariff sheet 485B, housekeeping in nature, to eliminate the requirement for Community Action Partnership Agencies ("Agencies") to maintain a portfolio average of \$6,000 per home when completing low-income energy efficiency measures. The Agencies have informed Avista that the average cost of weatherization measures through October 2018 has been around \$7,609, and \$1,664 for health, safety, and repair, resulting in a total average of approximately \$9,273 per home. Tariff Schedule 485 currently states that Avista will provide funding for 100% of the cost of installed measures, not to exceed a maximum of \$10,000 per home, provided that as a portfolio the average cost for Avista's share of project funding shall not exceed \$6,000 per home. The Company finds the added provision of a \$6,000 average to be unduly burdensome for the Agencies and may prohibit them from pursuing all available weatherization measure options.

Avista will issue a notice to customers in our November-December billing cycle. The form of customer notice is attached to this filing. In addition, information related to this filing has been included on the Company's website, www.myavista.com/rates.

The Company requests the tariff changes be effective for service rendered on and after January 1, 2019. Please direct any questions regarding this filing to Jaime Majure at (509) 495-7839 or Lisa McGarity, Manager of Oregon Energy Efficiency, at (541) 858-4719, Ext. 6719.

Sincerely,



Patrick Ehrbar
Director of Regulatory Affairs

Enclosures



DRAFT

**Important Notice for Oregon Natural Gas Customers
November-December 2018**

On Nov. 9, 2018, Avista filed a rate change proposal with the Public Utility Commission of Oregon (PUC) asking for an overall increase of 1.7 percent in natural gas rates effective January 1, 2019. If this increase is approved, Avista's natural gas revenues would increase by approximately \$1.4 million.

The purpose of this filing is to adjust the Schedule 469 "Public Purpose Funding Surcharge" tariff to reflect the rates required to fund Avista's 2019 energy efficiency programs. Specifically, the money collected through Schedule 469 supports the delivery of energy efficiency programs administered by the Energy Trust of Oregon ("ETO"), Northwest Energy Efficiency Alliance's ("NEEA") natural gas programs, Avista's Oregon Low Income Energy Efficiency Program ("AOLIEE"), and other administrative costs.

The bottom line

If Avista's natural gas rate request is approved, an Avista natural gas customer using an average of 47 therms per month could expect to see a bill increase of \$0.87, or 1.7 percent, for a revised monthly bill of \$51.20 beginning January 1, 2019. Several other non-residential customer groups receiving firm natural gas service from Avista would also see increases.

For more information

Copies of our filings are available at <https://myavista.com/rates>, or you can review the filings by visiting our headquarters at:

**1411 E. Mission, Spokane, WA 99202
(800) 227-9187**

You can also view copies of the filing at one of our district offices located at:

580 Business Park Drive, Medford, OR 97504
2825 Dakota Court, Klamath Falls, OR 97603
10201 "F" Street, La Grande, OR 97850
1404 Green Siding Road, Roseburg, OR 97471

This announcement is to provide you with general information about Avista's rate request and its effect on customers. The calculations and statements in this announcement are not binding on the PUC. For more information about the filing or for information about the time and place of any hearing, contact the PUC at:

Public Utility Commission of Oregon
201 High Street SE, Ste. 100
Salem, OR 97301
(800) 522-2404, www.puc.state.or.us

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 469

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 January 1, 2019, a public purpose charge equal to 3.98% 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	\$0.04256 per Therm
Schedule 420	\$0.03601 per Therm
Schedule 424	\$0.01648 per Therm
Schedule 444	\$0.01731 per Therm

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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.

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Effective For Service On & After
January 1, 2019

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 485
AVISTA OREGON LOW INCOME ENERGY EFFICIENCY PROGRAM ("AOLIEE")

APPROVED MEASURES TO BE FUNDED

Avista will provide funding for 100% of the cost of all installed measures, not to exceed a maximum of \$10,000 per home. The total group of installed measures in the home, as prescribed by the Energy Analyzer Software used by each of the Agencies, must meet or exceed a Savings to Investment Ratio (SIR) of 1.0 or better. Measures may be bundled to determine SIR for a group of measures being installed in a home as allowed by the Department of Energy. Agencies shall determine the appropriate measures to install for the AOLIEE program as long as the measure meets the minimum SIR requirement of 1.0 or better.

(D)

A single measure can only be completed once in a home under the program. Under no circumstances will project funding exceed the actual installed cost of the measure(s).

HEALTH, SAFETY, AND REPAIR MEASURE FUNDING

AOLIEE funding may be used for the cost of health, safety, and repair (HSR) measures. These measures are those that adversely impact the safety and health of the occupants living in the home or the effectiveness of the efficiency measures. Agencies may use their discretion on the amount spent on HSR measures in each home, not to exceed an average of \$1,000 per home. Agencies may also choose not to spend any of their AOLIEE funds on HSR measures and instead use them to fund weatherization measures in additional homes. The HSR measure costs will be factored into the \$10,000 cap per home that agencies are allowed to spend on all measures per home.

(D)

HEATING EQUIPMENT REPLACEMENT

Avista will apportion, based on meter count, 6% of the AOLIEE agency budget in additional funds for the replacement of non-functioning or unsafe natural gas heating equipment. Replacement equipment must exceed code where practical. If the Agency plans on replacing the existing equipment with standard efficiency because high-efficiency is not cost-effective or is impossible to install, it must specify the reason for the replacement in the reimbursement request. Agencies may also choose not to spend any of their AOLIEE funds on the heating equipment replacement and instead use them to fund weatherization measures in additional homes.

AGENCY REPORTING REQUIREMENTS

Agencies must submit all information required by the Company in order to receive payment of jobs. Required information will be outlined within the contract between the Company and the Agency for administration of the AOLIEE program.

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