



**Avista Corp.**

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

**VIA: Electronic Mail**

May 25, 2017

Diane Hanian, Commission Secretary  
Idaho Public Utilities Commission  
P O Box 83720  
Boise, ID 83720-0074

RE: CASE NO. AVU-E-17-02

UPDATE TO PUBLISHED AVOIDED COST RATES TO REFLECT AN UPDATED  
NATURAL GAS PRICE FORECAST OF THE U.S. ENERGY INFORMATION  
ADMINISTRATION (ETA)

Dear Ms. Hanian:

Avista Corporation, dba Avista Utilities (Avista or Company), received the letter from the Idaho Public Utilities Commission (IPUC) dated May 16, 2017 notifying the Company of the annual update to published avoided cost rates to reflect an updated natural gas price forecast of the U.S. Energy Information Administration (EIA).

In its review of the model creating the avoided cost rates with the updated natural gas price forecast, the Company identified an issue with certain calculations related to capacity payments that it believes may not reflect the intent of the Commission. If not corrected, the issue identified may create problems with future updates and lead to higher capacity payments than warranted for contract renewals. As such, Avista is interested in discussing our concerns with the model and an appropriate means for any modifications that may be necessary.

In the meantime, the Company agrees that calculated rates as presented are correct.

Please direct any questions on this matter to Clint Kalich at (509) 495-4532 or myself at (509) 495-4975.

Sincerely,

RECEIVED  
2017 MAY 25 PM 2:46  
IDAHO PUBLIC  
UTILITIES COMMISSION

*/s/ Linda Gervais*

Linda Gervais  
Manager, Regulatory Policy  
Avista Utilities  
[linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com)

