

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
FACSIMILE: (509) 495-8851
DAVID.MEYER@AVISTACORP.COM

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-16-03
OF AVISTA CORPORATION FOR THE)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC SERVICE) EXHIBIT NO. 6
TO ELECTRIC CUSTOMERS IN THE)
STATE OF IDAHO) WILLIAM G. JOHNSON
_____)

FOR AVISTA CORPORATION

(ELECTRIC)

Avista Corp
Pro forma January 2017 - December 2017
PCA Authorized Expense and Retail Sales
2015 Normalized Loads

PCA Authorized Power Supply Expense - System Numbers (1)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	\$109,404,394	\$11,634,906	\$10,578,647	\$10,017,942	\$8,959,852	\$7,140,461	\$6,531,514	\$7,354,561	\$8,761,369	\$7,490,368	\$7,797,297	\$11,208,093	\$11,929,393
Account 501 - Thermal Fuel	\$28,582,064	\$2,623,577	\$2,414,726	\$2,489,588	\$2,219,535	\$1,919,943	\$1,572,469	\$2,337,541	\$2,599,424	\$2,567,872	\$2,552,450	\$2,593,186	\$2,691,753
Account 547 - Natural Gas Fuel	\$63,615,977	\$7,496,448	\$6,383,459	\$6,191,000	\$4,127,172	\$2,227,503	\$1,803,506	\$3,770,606	\$5,642,678	\$5,571,559	\$5,667,221	\$6,527,519	\$8,207,306
Account 447 - Sale for Resale	\$48,524,705	\$4,644,732	\$3,967,296	\$4,220,552	\$5,351,293	\$4,111,983	\$2,577,097	\$3,226,384	\$3,017,817	\$3,305,362	\$2,836,739	\$5,010,115	\$6,255,336
Power Supply Expense	\$153,077,730	\$17,110,199	\$15,409,537	\$14,477,978	\$9,955,267	\$7,175,922	\$7,330,393	\$10,236,325	\$13,985,654	\$12,324,438	\$13,180,228	\$15,318,683	\$16,573,106
Transmission Expense	\$17,696,508	\$1,494,602	\$1,475,745	\$1,463,502	\$1,469,692	\$1,454,063	\$1,425,853	\$1,474,893	\$1,469,493	\$1,450,695	\$1,483,230	\$1,490,253	\$1,544,488
Transmission Revenue	\$17,163,284	\$1,258,554	\$1,342,410	\$1,380,906	\$1,325,245	\$1,456,540	\$1,614,866	\$1,670,553	\$1,520,946	\$1,466,611	\$1,406,355	\$1,406,387	\$1,313,970
Net REC Revenue	\$3,423,000	\$290,850	\$262,050	\$290,850	\$281,250	\$290,850	\$281,250	\$290,850	\$290,850	\$281,250	\$290,850	\$281,250	\$290,850
	\$150,187,954												

PCA Authorized Idaho Retail Sales (2)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Total Retail Sales, MWh	3,011,312	287,473	258,568	271,002	228,286	228,974	224,777	245,462	255,918	214,673	238,519	248,276	309,383
Load Change Adjustment Rate	\$24.96 /MWh												

1) Multiply system numbers by 34.37% to determine Idaho share.
 2) 12 months ended December 2014 weather normalized Idaho retail sales.

Avista Corp.
Brief Description of Power Supply Adjustments

Line No.

- 1 **Modeled Short-term Market Purchases** – Short-term purchases from the AURORA Dispatch Simulation Model.
- 2 **Actual ST Market Purchases** – Expense is set to zero since no fixed-price short-term transactions for 2017 are included in the pro forma.
- 3 **Rocky Reach/Rock Island Purchase** – The pro forma expense is based on an anticipated renewal of a purchase of a portion of Rocky Reach and Rock Island generation. The current contract ends 12-31-2020.
- 4 **Wells – Avista Share** – Wells’ costs are based on the Company's 3.34% share of total cost at project costs.
- 5 **Wells – Colville Tribe’s Share** – The test-year expense is based on a purchase of the Colville Indian Tribe’s portion of the Wells’ dam generation. The contract ended 3-31-15 so the pro forma expense is zero.
- 6 **Priest Rapids Project** – Priest Rapids Project expense includes the expense related to the purchased power from the Priest Rapids development and power from the Wanapum development.
- 7 **Douglas Settlement** – Douglas Settlement is for power Avista purchases from Douglas PUD per the 1989 Settlement Agreement.
- 8 **Lancaster Capacity Payment** – The Lancaster capacity payment includes a capital payment and a fixed O&M payment.
- 9 **Lancaster Variable O&M Payments** – the Lancaster variable O&M payment is based on the variable O&M rate in the Lancaster Power Purchase Agreement multiplied time the MWh of Lancaster generation in the pro forma.
- 10 **WNP-3** – Pro forma costs are based on the actual rate. The pro forma uses the actual rate for the contract for contract year 2015-2016 escalated at inflation to the pro forma period.
- 11 **Deer Lake-IP&L** – Pro forma expense is for power purchased from Inland Power to serve Avista customers.
- 12 **Small Power** – Pro forma costs are based on 5-year average generation and an average contract rate.

- 13 **Stimson** – This purchase is from the cogeneration plant at Plummer, Idaho. Pro forma costs are based on 5-year average generation and pro forma period contract rates.
- 14 **Spokane-Upriver** – Pro forma expense is based on a purchase of the net of pumping (at the plant) generation at the pro forma contract rate.
- 15 **Spokane Waste-to-Energy** – Pro forma expense is based on average generation and the pro forma period contract rate.
- 16 **Non-Monetary** – Expense is normalized to \$0 in the pro forma.
- 17 **Ancillary Services** – Pro forma expense is \$0 because this is an intra-utility expense (matching revenue in Account 447).
- 18 **Palouse Wind** – Pro forma expense is based on the expected generation and the contract rate in the pro forma year, including the apprenticeship credit.
- 19 **Total Account 555**
- 20 **Broker Commission Fees** – Pro forma expense is associated with purchases and sales of electricity and natural gas fuel.
- 21 **WA EIA REC Purchases** – Pro forma expense is \$0 because this is a Washington only expense.
- 22 **REC Expense** – REC expense is expenses associated with the Non-WA EIA REC Sales revenue.
- 23 **Spokane Energy Capacity Payment Adjustment** – The pro forma is \$0 because the PGE capacity sale ends 12-31-16.
- 24 **Rathdrum Solar, Buck a Block** – This is the value of the energy from the Rathdrum Solar project for which Buck a Block pays the expense.
- 25 **Natural Gas Fuel Purchases** – This is the expense for natural gas purchased but not consumed for generation. Pro forma expense is \$0 because all gas purchased is assumed to be used for generation, and included in Account 547.
- 26 **Total Account 557**
- 27 **Kettle Falls Wood Fuel Cost** – Pro forma fuel expense is based on the generation of the Kettle Falls plant in the AURORA Model and the unit cost of available fuel.

- 28 **Kettle Falls-Start-up Gas** – Pro forma expense is for start-up gas at Kettle Falls and is based on the test-year expense.
- 29 **Colstrip Coal Cost** – Pro forma fuel expense is based on the generation of the Colstrip plant in the AURORA Model and the unit cost of fuel under the contract.
- 30 **Colstrip Oil** – Pro forma expense is for start-up oil expense. Pro forma is based on the test-year expense.
- 31 **Total Account 501**
- 32 **Coyote Springs Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 33 **CS2 Gas Transportation** – This expense is for natural gas transportation for the Coyote Springs 2 plant.
- 34 **Lancaster Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 35 **Lancaster Gas Transportation** – This expense is for natural gas transportation for the Lancaster plant.
- 36 **Gas Transportation Optimization** – This credit to expense is based on optimizing the gas transportation contracts for Coyote Springs 2 and Lancaster. In general, this involves trading the gas price spread between AECO (Canada) and Malin.
- 37 **Gas Transportation for BP, NE and KFCT** – This expense is for transportation of natural gas to serve Boulder Park, Northeast and Kettle Falls Combustion Turbine gas-fired plants.
- 38 **Rathdrum Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 39 **Northeast CT Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant which determines the volume of fuel consumed.
- 40 **Boulder Park Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant which determines the volume of fuel consumed.

- 41 **Kettle Falls CT Gas** – Pro forma expense is an output of the AURORA Model based on the pro forma unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 42 **Total Account 547**
- 43 **WNP-3 Transmission** – Pro forma WNP-3 wheeling is based on 32.22 MW at the BPA tariff rate.
- 44 **Wheeling for System Sales and Purchases** – Pro forma expense is for short-term transmission purchases.
- 45 **PTP for Colstrip and Coyotes Springs 2 and Lancaster** – Pro forma expense is based on 568 MW of capacity at the BPA tariff rate.
- 46 **BPA Townsend-Garrison Wheeling** – This expense is for the transmission of Colstrip power from the Townsend substation to the Garrison substation.
- 47 **Avista on BPA Borderline** – This expense is to serve Avista load off of BPA transmission. Expense is based on Avista’s borderline loads priced at BPA’s NT transmission rates plus ancillary services cost and use of facilities charges.
- 48 **Kootenai for Worley** – This expense is for Avista load served using Kootenai’s facilities.
- 49 **Sagle-Northern Lights** – Expense is for transmission purchased from Northern Lights Utility to serve Avista customers.
- 50 **Northwestern for Colstrip** – Northwestern for Colstrip wheeling is an expense for the transmission of Colstrip energy above 196 MW from the Garrison substation over Northwestern Energy’s transmission system to the interconnection of Northwestern Energy and Avista.
- 51 **PGE Firm Wheeling** – PGE Firm wheeling reflects the cost of transmission from the John Day substation to COB (Intertie South) purchased from Portland General Electric.
- 52 **Total Account 565**
- 53 **Headwater Benefits Expense** – Pro forma expense is based on the expense for contract year September 2015 through August 2016.
- 54 **Total Expenses** – Sum of Accounts 555, 557, 501, 547, 565, and 536.

- 55 **Modeled Short-Term Market Sales** – Short-term market sales from the AURORA Model simulation.
- 56 **Actual ST Market Sales - Physical** – Revenue is zero because no fixed-price short-term transactions for 2017 are included in the pro forma.
- 57 **PGE Capacity Sale** – This pro forma revenue is \$0 because the contract ends 12-31-16.
- 58 **Nichols Pumping Sale** – This is a sale of energy to other Colstrip Units 3 and 4 owners at the Mid-Columbia index price less \$2.16/MWh. Pro forma revenue is based on approximately 7 aMW at the market price (less \$2.16/MWh) as determined by the AURORA model.
- 59 **Sovereign/Kaiser DES** – This contract provides load control services to Kaiser’s Trentwood plant. A new contract began 10-1-2015.
- 60 **Pend Oreille DES & Spinning Reserves** – This contract provides load regulation and reserves for Pend Oreille PUD. A new contract began 10-1-2015.
- 61 **Energy America** – Pro forma revenue includes a 50 aMW sale of energy at the Mid C index plus \$3/MWh.
- 62 **COB Optimization** – Pro forma revenue is based on the COB minus Mid C price spread in the AURORA model.
- 63 **Intercompany Generation** – Pro forma revenue is \$0 because it is intra-utility revenue (matching expense in Account 555).
- 64 **Total Account 447**
- 65 **Non WA EIA REC Sales** – This is the expected REC revenue in the pro forma period.
- 66 **WA EIA REC Sales** – Pro forma revenue is \$0 because WA EIA compliant RECs are not being sold in the pro forma period.
- 67 **Gas Not Consumed Sales Revenue** – This is the revenue for natural gas purchased but not consumed for generation. Pro forma revenue is \$0 because all gas purchased is assumed to be used for generation, and included in Account 547.
- 68 **Total Account 456**

- 69 **Upstream Storage Revenue** – Pro forma revenue is based on the revenue for contract year September 2015 through August 2016.
- 70 **Total Revenue** – Sum of Accounts 447, 456, 453 and 454.
- 71 **Total Net Expense** – Total expense minus total revenue.

Avista Corp.
Market Purchases and Sales, Plant Generation and Fuel Cost Summary
Idaho Pro Forma January 2017 - December 2017

	Total	744 Jan-17	672 Feb-17	743 Mar-17	720 Apr-17	744 May-17	720 Jun-17	744 Jul-17	744 Aug-17	720 Sep-17	744 Oct-17	721 Nov-17	744 Dec-17
Market Sales - Dollars	-\$35,219,577	-\$3,365,428	-\$2,866,543	-\$3,111,337	-\$4,464,391	-\$3,314,947	-\$1,831,846	-\$2,127,505	-\$1,713,007	-\$2,114,053	-\$1,697,124	-\$3,765,771	-\$4,847,625
Market Sales - MWh	(1,601,018)	-123,167	-113,931	-136,609	-240,313	-230,043	-147,828	-88,924	-58,763	-82,343	-72,359	-142,794	-163,943
Average Market Sales Price -\$/ MWh	\$22.00	\$27.32	\$25.16	\$22.78	\$18.58	\$14.41	\$12.39	\$23.93	\$29.15	\$25.67	\$23.45	\$26.37	\$29.57
Market Purchases - Dollars	\$8,624,743	\$416,370	\$458,899	\$762,467	\$139,240	\$120,365	\$79,103	\$940,190	\$2,394,871	\$1,259,248	\$1,056,248	\$518,167	\$479,574
Market Purchases - MWh	390,494	21,363	24,889	41,540	11,904	7,716	6,476	46,255	98,354	50,009	46,409	19,103	16,476
Average Market Purchase Price - \$/MWh	\$22.09	\$19.49	\$18.44	\$18.36	\$11.70	\$15.60	\$11.70	\$20.33	\$24.35	\$25.18	\$22.76	\$27.13	\$29.11
Net Market Purchases (Sales) MWh	-1,210,524	-101,803	-89,043	-95,069	-228,409	-222,327	-141,352	-42,669	39,590	-32,334	-25,949	-123,692	-147,467
Net Market Purchases (Sales) aMW	-138.2	-137	-133	-128	-317	-299	-196	-57	53	-45	-35	-172	-198
Average Sale and Purchase Price - \$/MWh	\$22.02	\$26.17	\$23.96	\$21.74	\$18.25	\$14.45	\$12.38	\$22.69	\$26.15	\$25.49	\$23.18	\$26.46	\$29.53
Colstrip MWh	1,555,766	143,138	129,312	140,344	119,608	97,606	84,951	128,755	142,584	140,693	143,139	140,286	145,348
Colstrip Fuel Cost \$/MWh	\$14.97	\$14.40	\$14.95	\$14.53	\$15.49	\$16.96	\$18.14	\$15.08	\$14.42	\$14.48	\$14.41	\$14.50	\$14.32
Colstrip Fuel Cost	\$23,295,270	\$2,061,843	\$1,932,850	\$2,039,502	\$1,853,134	\$1,655,021	\$1,540,994	\$1,941,201	\$2,056,705	\$2,037,203	\$2,062,148	\$2,033,841	\$2,080,828
Kettle Falls MWh	267,889	29,023	24,593	22,692	17,649	12,371	707	19,871	27,998	27,265	24,847	29,002	31,870
Kettle Falls Fuel Cost \$/MWh	\$18.95	\$18.75	\$18.88	\$19.06	\$19.76	\$19.99	\$19.06	\$18.76	\$18.82	\$19.03	\$18.68	\$18.68	\$18.62
Kettle Falls Fuel Cost	\$5,075,794	\$544,151	\$464,292	\$432,503	\$348,818	\$247,339	\$13,892	\$378,757	\$525,136	\$513,085	\$472,718	\$541,762	\$593,341
Coyote Springs MWh	1,694,604	192,955	165,888	164,389	124,685	63,122	45,550	100,403	150,237	159,580	159,812	169,057	198,926
Coyote Springs Fuel Cost \$/MWh	\$17.74	\$18.63	\$18.56	\$18.24	\$15.67	\$15.81	\$16.06	\$16.81	\$16.94	\$16.93	\$16.97	\$18.64	\$19.64
Coyote Springs Fuel Cost	\$30,059,005	\$3,595,635	\$3,079,227	\$2,997,826	\$1,953,516	\$997,663	\$731,468	\$1,687,648	\$2,545,650	\$2,701,124	\$2,712,223	\$3,151,032	\$3,905,994
Lancaster MWh	1,505,392	175,845	149,927	153,325	114,141	55,885	39,357	84,394	122,957	134,375	146,532	151,808	176,846
Lancaster Fuel Cost \$/MWh	\$18.35	\$19.12	\$19.08	\$18.78	\$16.22	\$16.52	\$16.98	\$17.57	\$17.69	\$17.58	\$17.55	\$19.20	\$20.19
Lancaster Fuel Cost	\$27,621,233	\$3,361,985	\$2,860,744	\$2,879,427	\$1,851,249	\$923,239	\$668,419	\$1,482,598	\$2,174,571	\$2,362,625	\$2,572,024	\$2,913,962	\$3,570,388
Boulder Park MWh	28,850	3,248	1,822	906	958	547	1,180	3,793	5,149	2,808	1,532	2,624	4,282
Boulder Park Fuel Cost \$/MWh	\$23.64	\$25.05	\$25.03	\$24.41	\$20.96	\$20.99	\$21.44	\$22.25	\$22.50	\$22.46	\$22.63	\$24.84	\$26.36
Boulder Park Fuel Cost	\$682,039	\$81,357	\$45,615	\$22,127	\$20,089	\$11,475	\$25,300	\$84,402	\$115,857	\$63,066	\$34,682	\$65,181	\$112,887
Kettle Falls CT MWh	8,338	691	466	66	100	86	396	999	1,981	1,009	480	703	1,362
Kettle Falls CT Fuel Cost \$/MWh	\$22.85	\$24.26	\$24.02	\$23.68	\$20.32	\$20.49	\$20.77	\$21.57	\$21.82	\$21.76	\$21.92	\$24.08	\$25.58
Kettle Falls CT Fuel Cost	\$190,536	\$16,759	\$11,190	\$1,563	\$2,024	\$1,763	\$8,231	\$21,546	\$43,221	\$21,949	\$10,515	\$16,941	\$34,835
Rathdrum MWh	49,314	4,577	3,033	66	444	192	2,667	6,597	14,864	4,260	1,538	2,664	8,412
Rathdrum Fuel Cost \$/MWh	\$30.94	\$31.62	\$31.45	\$31.22	\$27.67	\$27.94	\$28.13	\$29.35	\$29.66	\$30.26	\$31.41	\$33.99	\$34.35
Rathdrum Fuel Cost	\$1,525,966	\$144,729	\$95,384	\$2,058	\$12,293	\$5,362	\$75,004	\$193,634	\$440,813	\$128,925	\$48,292	\$90,558	\$288,911
Northeast MWh	2,460	223	93	0	0	0	230	400	1,071	183	46	51	163
Northeast Fuel Cost \$/MWh	\$33.00	\$35.86	\$35.33	\$0	\$0	\$0	\$30.79	\$31.96	\$32.26	\$32.10	\$32.45	\$35.86	\$38.54
Northeast Fuel Cost	\$81,199	\$7,982	\$3,299	\$0	\$0	\$0	\$7,085	\$12,777	\$34,566	\$5,870	\$1,485	\$1,845	\$6,290
Total Fuel Expense	\$88,531,041	\$9,814,441	\$8,492,602	\$8,375,005	\$6,041,124	\$3,841,862	\$3,070,392	\$5,802,564	\$7,936,519	\$7,833,848	\$7,914,087	\$8,815,122	\$10,593,475
Net Fuel and Purchase Expense	\$61,936,207												

Avista Corp
Pro forma January 2017 - December 2017
PCA Authorized Expense and Retail Sales
2015 Normalized Loads

PCA Authorized Power Supply Expense - System Numbers

	<u>Total</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Account 555 - Purchased Power	\$109,404,394	\$11,634,906	\$10,578,647	\$10,017,942	\$8,959,852	\$7,140,461	\$6,531,514	\$7,354,561	\$8,761,369	\$7,490,368	\$7,797,297	\$11,208,093	\$11,929,383
Account 501 - Thermal Fuel	\$28,582,064	\$2,623,577	\$2,414,726	\$2,489,588	\$2,219,535	\$1,919,943	\$1,572,469	\$2,337,541	\$2,599,424	\$2,567,872	\$2,552,450	\$2,593,186	\$2,691,753
Account 547 - Natural Gas Fuel	\$63,615,977	\$7,496,448	\$6,383,459	\$6,191,000	\$4,127,172	\$2,227,503	\$1,803,506	\$3,770,606	\$5,642,678	\$5,571,559	\$5,667,221	\$6,527,519	\$8,207,306
Account 447 - Sale for Resale	\$48,524,705	\$4,644,732	\$3,967,296	\$4,220,552	\$5,351,293	\$4,111,983	\$2,577,097	\$3,226,384	\$3,017,817	\$3,305,362	\$2,836,739	\$5,010,115	\$6,255,336
Power Supply Expense	\$153,077,730	\$17,110,199	\$15,409,537	\$14,477,978	\$9,955,267	\$7,175,922	\$7,330,393	\$10,236,325	\$13,985,654	\$12,324,438	\$13,180,228	\$15,318,683	\$16,573,106
Transmission Expense	\$17,696,508	\$1,494,602	\$1,475,745	\$1,463,502	\$1,469,692	\$1,454,063	\$1,425,853	\$1,474,893	\$1,469,493	\$1,450,695	\$1,483,230	\$1,490,253	\$1,544,488
Transmission Revenue	\$17,163,284	\$1,258,554	\$1,342,410	\$1,380,906	\$1,325,245	\$1,456,540	\$1,614,866	\$1,670,553	\$1,520,946	\$1,466,611	\$1,406,355	\$1,406,387	\$1,313,910
Net REC Revenue	\$3,423,000	\$290,850	\$262,050	\$290,850	\$281,250	\$290,850	\$281,250	\$290,850	\$290,850	\$281,250	\$290,850	\$281,250	\$290,850
	\$157,033,954												

PCA Idaho Retail Sales

	<u>Total</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Total Retail Sales, MWh	3,011,312	287,473	258,568	271,002	228,286	228,974	224,777	245,462	255,918	214,673	238,519	248,276	309,383
Load Change Adjustment Rate	\$24.96 /MWh												