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August 30, 2024

Mr. Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Tariff WN U-28, WA Electric Insurance Expense Balancing Mechanism

Dear Mr. Killip:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective November 1, 2024:

First Revision Sheet 66 **Canceling** **Original Sheet 66**

In Order 10/01 of Dockets UE-220053, et. al., at page 52, paragraph 146, the Commission ordered:

> **Condition.** We condition our approval of the Settlement on the modification of this term to include the requirement that Avista document its action to seek out, negotiate, and attain the best insurance at the lowest costs and file with the Commission such documentation, with explanatory narratives, in Avista's annual filing beginning September 1, 2023. Subject to this condition, we determine that the Settling Parties' agreement to create an Insurance Balancing Account, including the proposed baselines for electric and natural gas, is in the public interest and should be approved.

In response to the Commission's Order Condition noted above, below is an insurance renewal summary describing the annual actions utilized by Avista to seek out, negotiate, and attain the best insurance at the lowest costs. Specific actions taken during 2024 regarding each of our six major types of insurance expense are confidential per WAC 480-07-160 and therefore are provided in Confidential Attachments A – F.

Avista conducts an annual review analysis of its policies in advance of their renewals. These reviews are conducted to ensure that adequate limits are purchased to protect both Avista and its ratepayers, as well as potentially identifying modifications that might be made to policies to save money for both parties. There are numerous factors that may influence premium changes to a policy. Areas that are reviewed, and may give rise to opportunities for savings, include policy limits and retention changes, as well as program restructures and changes to the marketing of the program at renewal.

Policy limits are typically considered for adjustment when risk exposures change for Avista or to create savings through reduction of limits purchased. Avista risk exposures are assessed annually to determine if any changes to limits are necessary to protect the Company and its ratepayers. Limits are rarely reduced solely for the sake of achieving premium savings, as this would expose the Company and ratepayers to financial risk should a large, catastrophic loss occur.

Retention limits on policies are reviewed annually to assess whether it is prudent to increase retentions to realize savings. Avista's renewal analysis contains a payback analysis to assess the cost/benefit of increasing a retention on a particular policy. The credit offered by insurers to increase a retention, and therefore the financial risk assumed by Avista, is seldom large enough to justify taking on the additional financial risk of increasing the retention.

Avista reviews the program structure of its various lines of insurance to determine if changes might be made that would offer savings. Typically, the current structure in place has been arrived at over the course of several years and best balances coverage and resulting premiums. Occasionally, the insurance structure will be modified if one or more of the program participants are significantly increasing premiums or imposing unfavorable policy terms and conditions. In such cases, we seek to find alternative insurers that we can bring onto the program that are not requiring significant premium increases or unfavorable terms and conditions. However, unlike the personal lines market space, there are limited options in the utility commercial insurer space, and alternative options either do not exist or are very limited. If changes are made at renewal, they tend to be minor and usually do not have material impacts from a premium standpoint.

The marketing of a program at renewal may be triggered by the program structure issues noted above or could arise from circumstances such as an insurer's ability to provide needed coverage capacity, issues with claims handling, inferior engineering services, or poor communications by the insurer to Avista. Avista is diligent in its consideration of potentially marketing a portion of its program to other insurer participants. First, unlike the personal lines market, there are far fewer options in the utility commercial market for insurance coverage. To leave an incumbent, and then attempt to return to it in a few years if the move didn't work, would result in significant premium increases as incumbents value the relationship they build with their insureds, and this is reflected in better rates offered to long time insureds versus companies that come to them as new business. Secondly, moving to a new insurer strictly for premium savings seldom makes sense, as the premium difference is often not material, and the new insurer may come with a new set of issues of their own that brings new complications to the existing program structure. Any changes to a program through marketing efforts at renewal tend to be very minor in nature and usually only involve one insurer participant in the program.

Analysis specific to each of our six major types of insurance expense can be found on Attachments A through F, and associated sub attachments (i.e. Attachment A1, A2, etc.) as follows:

- Confidential Attachment A - Property Insurance Renewal Analysis Form
  - Confidential Attachment A 1 - Avista 2023 Property Structure
  - Confidential Attachment A 2 - Estimated Savings by Shift from Starr to London 12.1.23
- Confidential Attachment B - Excess Liability Insurance Renewal Analysis Form
  - Confidential Attachment B 1 - Excess Liability - PNW IOU Excess Liability Benchmarking
  - Confidential Attachment B 2 - Excess Liability - Avista 2022 Excess Liability Marketing Summary
- Confidential Attachment C - D and O Insurance Renewal Analysis Form
  - Confidential Attachment C 1 - D & O Peer Benchmarking
  - Confidential Attachment C 2 - D & O Modelling - Securities Class Action
- Confidential Attachment D - WC Insurance Renewal Analysis Form
- Confidential Attachment E - Cyber Insurance Renewal Analysis Form
  - Confidential Attachment E 1 - Breach Calculator 9 5 23
  - Confidential Attachment E 2 - 2023 Avista Benchmarking 9 6 23
  - Confidential Attachment E 3 - Cyber Retention Analysis
- Confidential Attachment F - Colstrip Renewal Analysis Form

As provided in the workpapers accompanying this filing, the total surcharge effective November 1, 2024 is an increase to electric customers of $4.6 million, or 0.7%. Below, Table 1 illustrates the impact by rate schedule:

Table 1 - Impact by Rate Schedule

Schedule No.	Rate Schedule	Change in Billed Revenue
1/7/8	Residential	0.8%
11/12/13/17/18	General Service Schedule	0.6%
21/22/23	Large General Service Schedule	0.6%
25	Ext. Lg General Service Schedule	0.5%
25I	Special Contract	0.7%
31/32	Pumping Service Schedule	0.7%
41-48	Street and Area Lights	1.1%
	Overall	**0.7%**

Enclosed are workpapers which show the derivation of the proposed per kilowatt-hour rate credit proposed to be effective for a twelve-month period beginning November 1, 2024. Also included in the workpapers is transaction level detail of the expenses incurred during the deferral period. The increase to electric customers is spread to rate schedules based on allocated rate base from the Company's most current cost of service study. This allocation is consistent with how these expenses (FERC Acct 924 – Property Insurance Premium) would be allocated for purposes of the Company's cost of service study.

The average electric residential customer using 945 kWhs per month will see an increase of $0.88 per month, or approximately 0.8%. The present bill for 945 kWhs is $105.76 while the proposed bill is $106.64. The actual bill change will vary based on customer usage.

In accordance with the requirements of WAC 480-100-103, attached to this filing is a draft notice to customers, which the Company will provide through a bill insert, during the September 2024 bill cycle.

Please direct any questions regarding this filing to me at (509) 495-8601 or Lindsey Thomas at (509) 495-7658.

Sincerely,

/S/ Elizabeth M. Andrews

Elizabeth M. Andrews
Sr. Manager, Revenue Requirements

Enclosures

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

INSURANCE EXPENSE BALANCING ACCOUNT - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This Insurance Expense Balancing Account shall be applicable to all retail customers for charges for electric energy sold.

The purpose of the Insurance Expense Balancing Account schedule is to surcharge or rebate insurance costs that differ from the level set by the Commission in the Company's most recent general rate case filing on an annual basis.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedules 1, 7 & 8	0.095¢ per kWh	(I)(N)
Schedules 11, 12, 13, 17 & 18	0.087¢ per kWh	(I)(N)
Schedules 21, 22 & 23	0.074¢ per kWh	(I)
Schedule 25	0.045¢ per kWh	(I)
Schedule 25I	0.038¢ per kWh	(I)
Schedules 31 & 32	0.083¢ per kWh	(I)
Schedules 41-48	0.526¢ per kWh	(N)

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Patrick D. Ehrbar

Important Notice for Washington Electric and Natural Gas Customers
August-September 2024

On August 30, 2024, Avista filed its annual Bonneville Power Administration (BPA) Residential Exchange Program, Wildfire Expense Balancing Account, Insurance Expense Balancing Account, Clean Energy Implementation Plan (CEIP), Low Income Rate Assistance Program (LIRAP), Climate Commitment Act (CCA) and Purchased Gas Cost Adjustment filings with the Washington Utilities and Transportation Commission (UTC or Commission). If approved, new rates would take effect Nov. 1, 2024 for electric customers and Nov. 15, 2024 for natural gas customers.

If approved, Avista's request is designed to increase electric revenues by $22.9 million or 3.5% and would decrease natural gas revenues by $42.3 million or 13.9%.

The first rate adjustment, the BPA Residential Exchange Program, provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives to qualifying customers as a credit in their monthly electric rates. Due to fluctuations in usage, Avista rebated to customers a level of benefits that was lower than the level of benefits received from BPA. Through this filing Avista is seeking to slightly increase the level of benefits provided to qualifying customers in order to return the under-rebated balance. As a result, the proposed revenue decrease for these customers is approximately $0.7 million, or 0.1%.

The second, Wildfire Expense Balancing Account, tracks the difference in wildfire expenses incurred by Avista to address the growing frequency of extreme and dangerous wildfires in Avista's service territory to the base expense approved by the Commission. The difference is rebated to or collected from customers through Schedule 88 – Wildfire Expense Balancing Account. The rate increase proposed reflects the higher level of expense incurred above the approved amount. If approved, Avista's request is designed to increase electric revenues by $1.4 million or 0.2%.

The third, Insurance Expense Balancing Account, tracks the difference in insurance expenses incurred by Avista to the base expense approved by the Commission. The difference is rebated to or collected from customers through Schedule 66 – Insurance Expense Balancing Account for electric customers and Schedule 166 – Insurance Expense Balancing Account for natural gas customers. The rate change proposed reflects the higher level of expense incurred above the approved amount for electric and natural gas customers. If approved, Avista's request is designed to increase electric revenues by $4.6 million or 0.7% and increase natural gas revenues by $0.2 million or 0.1%.

The fourth is related to Avista's Low Income Rate Assistance Program (LIRAP), which provides bill assistance to income eligible customers with a household income less than or equal to 200% Federal Poverty Level (FPL) or 80% Area Median Income (AMI), whichever is greater. This rate increase is necessary to support the continuation and expansion of all LIRAP components, which includes both an income-based bill discount as well as offerings intended to help customers manage their past due balances, or arrearages. If approved, Avista's request is designed to increase electric revenues by $15.3 million or 2.3% and increase natural gas revenues by $6.8 million or 2.3%.

The fifth is related to Avista's Clean Energy Implementation Plan (CEIP), which recovers the costs required as a direct result of implementing its CEIP. These costs include a "Named Communities Investment Fund" (NCIF) as a specific action to be dedicated to the equitable distribution of energy and non-energy benefits and reduction in burdens to Vulnerable Populations and Highly Impacted Communities (Named Communities). In addition to the NCIF, this tariff recovers the costs for additional resources necessary for implementation of Avista's CEIP and associated conditions to the CEIP. If approved, Avista's request is designed to increase electric revenues by $2.1 million or 0.3%.

The sixth is related to the Climate Commitment Act cost recovery tariff. The CCA, passed by the Washington State legislature and enacted into law in 2021, implements a cap-and-invest program designed to meet emission reduction targets and reduce emissions by 95% of 1990 levels by 2050. Natural gas utilities must meet declining targets for greenhouse gas emissions (GHG) as compared to a baseline, which is the average emissions from 2015-2019. Beginning in 2023, natural gas utilities received no-cost emissions allowances to cover a portion of their GHG baseline, which 65% of the no-cost allowances had to be consigned to allowance auctions held by the Department of Ecology. Consignment of no-cost allowances to auction resulted in revenues back to the utility, which shall be used for the benefit of customers as determined by the Commission, including at minimum, eliminating any additional cost burden to low-income customers due to the implementation of the CCA. Locations connected to the natural gas system after July 25, 2021, are not eligible to receive any benefit from these revenues, per state law, hence the larger increases shown below. If approved, Avista's request is designed to increase natural gas revenues by $25.2 million or 8.3%.

The seventh is Avista's Purchased Gas Cost Adjustment (PGA). PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. The proposed rate change is primarily due to lower forward wholesale natural gas prices than those currently included in rates and a reduction in the current surcharge amortization rate in effect from the prior year PGA. If approved, Avista's request is designed to decrease natural gas revenues by $74.5 million or 24.6%.

Change in Rates - If approved by the Commission, residential electric customers in Washington using an average of 945 kilowatt hours/month would see their monthly bills change from $105.76 to $109.58, an increase of $3.82/month, or approximately 3.6%. Residential natural gas customers in Washington using an average of 66 therms per month would see their monthly bills change from $100.86 to $87.20, a decrease of $13.66 per month, or approximately 13.5%, when compared to rates currently in effect.

The percentage change varies by rate schedule and depends on how much energy a customer uses. If approved, customers would see the following rate adjustments:

Electric Rate Change

Proposed Schedule 1 Residential Rates (effective Nov. 1, 2024)

Electric Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	$9.00	$0.00	$9.00
First 800 kWhs/month	$0.09996/kWh	$0.00404/kWh	$0.10400/kWh
Next 700 kWhs/month	$0.11582/kWh	$0.00404/kWh	$0.11986/kWh
Over 1,500 kWhs/month	$0.13535/kWh	$0.00404/kWh	$0.13939/kWh

Proposed Electric Rate Change by Schedule (effective Nov. 1, 2024)

Schedule No.	Rate Schedule	% Change in Billed Revenue
1/7/8	Residential	3.6%
11/12/13/17/18	General Service	3.4%
21/22/23	Large General Service	3.7%

25/25I	Ex. Lg. General Service	2.5%
31/32	Pumping Service	4.1%
41-48	Street and Area Lights	4.6%
Overall		**3.5%**

Natural Gas Rate Change

Proposed Schedule 101 Rates (effective Nov. 15, 2024)

Natural Gas Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	$9.50	$0.00	$9.50
Avg. Sch 162/163 CCA Credit	($11.37)	($11.68)	($23.05)
First 70 therms/month	$1.55645/therm	($0.03000)/therm	$1.52645/therm
Over 70 therms/month	$1.70829/therm	($0.03000)/therm	$1.67829/therm

Proposed Natural Gas Rate Change by Schedule (effective Nov. 15, 2024)

Schedule No.	Rate Schedule	% Change in Billed Revenue
101	General Service	-14.2%
111/112	Large General Service	-18.6%
131/132	Interruptible Sales Service	7.9%
146	Transportation Service	61.8%
Overall		**-13.9%**

The Company's request is a proposal, subject to public review and a Commission decision. The Commission has the authority to set final rates that may vary from the utility's request, which may be either higher or lower depending on the results of the investigation. You may contact the UTC to inquire about the Commission process, or to be notified about the scheduled open meetings at which the proposal will be considered. You can contact the Commission to comment on Avista's rate proposals via email at comments@utc.wa.gov, by telephone at 1-888-333-WUTC (9882), via letter at: UTC, P.O. Box 47250, Olympia, WA 98504-7250, or online at: www.utc.wa.gov. Copies of the applications are available for public review on the Commission website.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit www.myavista.com or call 1-800-227-9187 for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs such as My Energy Discount, conservation tips, and energy efficiency rebates. Copies of our filings are available for public review at www.myavista.com/rates or on the Commission website at www.utc.wa.gov. You can also submit written questions directly to the Company via mail at: 1411 E Mission Ave, C/O Regulatory Affairs, Spokane, WA 99202.

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