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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, Electric Service – WA Wildfire 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:

Third Revision Sheet 88 Canceling **Substitute Second Revision Sheet 88**

Per Order 08/05 in Docket UE-200900, the Commission approved a two-way Wildfire Expense Balancing Account that would track the variability in wildfire expenses Avista makes to address the growing frequency of extreme and dangerous wildfires in Avista's service territory,[1] as proposed by the Company, with certain modifications and clarifications. The proposed tariff sheet reflects an electric rate adjustment to surcharge customers the amount of Wildfire Expense above the current base level amount authorized by the Commission per Order 10/4 in Docket UE-220053 of $5.1 million for Washington electric operations.[2]

Further, in Docket UE-200900 the Commission clarified the operation of the Wildfire Balancing Account as follows in Order 08/05 para(s). 258-259:

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[1] Order 08/05, in Dockets UE-200900, et. al., at p. 2. Also, at para(s). 237 and 238, the Commission stated, "Avista has demonstrated that the circumstances are not normal, but extraordinary. We cannot know, at this time, when the relative threat, risk, and cost of wildfires will no longer be extraordinary and will become normal. But, in time and through utility efforts, Avista must address the challenge, and it appears that any future normal level will be at increased levels appropriately matched to counter the increased threat. ... [W]e find that these extraordinary circumstances warrant an expansive use of the regulatory tools the Commission possesses, including approval of a new wildfire balancing account and of Avista's Deferral Petition."

[2] Order 10/4, Docket UE-220054, para. 150.

> We authorize the Wildfire Balancing Account to operate outside of GRCs to the extent that we expect the account to true up deferral balances annually for return to ratepayers or recovery for the Company, with the first true up occurring on or about September 30, 2022.[323] Modifications to the mechanics of the account, such as the application of a new base level of wildfire expense, additional requirements, or performance-based metrics, should be considered in GRCs.
>
> [[323] We are aware, and we intend, that the first true up will likely occur during the pendency of Avista's next GRC. The Wildfire Balancing Account will function for its first true up as authorized in this Order, with any subsequent true up being subject to any modifications made during GRCs, unless otherwise specifically ordered by the Commission for compelling cause.]
>
> We will review and revise the Wildfire Balancing Account as necessary in Avista's next GRC, which Avista has indicated it intends to file in early 2022. Thus, we require Avista to include with its initial filing proposals for our review of new metrics that should apply in the context of multi-year rate plans, of performance-based measurements that should apply, and of any other proposals for effectively monitoring wildfire expenses.

In the Wildfire Expense Balancing Account, approved by the Commission, Avista is to record the deferral balances (expense levels higher or lower than the GRC established base) into a balancing account recorded as a separate regulatory asset in FERC Account 182.3 (Other Regulatory Assets), and credit FERC Account 407.4 (Regulatory Credit). Interest will not accrue on the unamortized balance.

In accordance with the Commission's Order, as described above, the Wildfire Balancing Account is to operate outside of the Company's GRCs, with an account true-up of the deferral balances annually, for return to ratepayers or recovery by the Company. The Company has not included a carrying charge on the deferral during the amortization period. In order to minimize the number of rate changes experienced by our customers, and to align with other rate changes, the Company is making this filing in coordination with the annual Residential Exchange (Schedule 59) filing, effective November 1, 2024.

The Company is proposing to recover the deferred wildfire costs over a one-year period and will true-up any over or under recovered balance in a future filing. For purposes of rate spread, the Company has applied a methodology that provided a reasonable end result in the Company's prior years filings (Docket UE-220669/UE-230708) as agreed to by the Parties.

As provided in the workpapers accompanying this filing, the total surcharge effective November 1, 2024 is an incremental increase to electric customers of $1.5 million, or 0.2%. 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	0.2%
11/12/13/17/18	General Service Schedule	0.3%
21/22/23	Large General Service Schedule	0.3%
25	Ext. Lg General Service Schedule	0.1%
25I	Special Contract	0.0%
31/32	Pumping Service Schedule	0.3%
41-48	Street and Area Lights	0.7%
	Overall	**0.2%**

Enclosed is a set of workpapers which shows 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 average residential customer using 945 kWhs per month will see an increase of $0.23 per month, or approximately 0.2%. The present bill for 945 kWhs is $105.76 while the proposed bill is $105.99. 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 Joe Miller at (509) 495-4546.

Sincerely,

/S/ Elizabeth M. Andrews

Elizabeth M. Andrews
Sr. Manager, Revenue Requirements

Enclosures

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 88

WILDFIRE EXPENSE BALANCING ACCOUNT - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This Wildfire Balancing Account shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service.

The purpose of the Wildfire Balancing Account schedule is to surcharge or rebate wildfire 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	0.138¢ per kWh	(I)(N)
Schedules 11, 12, 13, 17 & 18	0.211¢ per kWh	(I)(N)
Schedules 21, 22 & 23	0.150¢ per kWh	(I)
Schedule 25	0.060¢ per kWh	(I)
Schedule 25I	0.016¢ per kWh	(R)
Schedules 31 & 32	0.155¢ per kWh	(I)
Schedules 41 – 48	1.360¢ per kWh	(I)

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.

Issued August 30, 2024 Effective November 1, 2024

Issued by Avista Utilities
By Patrick Ehrbar, Director of Regulatory Affairs

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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