

Avista seeks recovery of costs for investments in infrastructure and technology systems

On October 30, 2020, Avista filed a request with the Washington Utilities and Transportation Commission to increase electric and natural gas base revenues but offset the base revenues increase with certain tax benefits, resulting in no immediate change to average monthly bills for customers. The Commission has up to 11 months to review the filing, and will ultimately approve, deny, or modify the requested revenue changes. The proposed effective date of the Company's proposal is October 1, 2021.

For its electric operations, Avista requested an overall increase in electric base revenues of \$44.2 million or 8.3%. On a billed revenue basis, **the change in revenue is 0.0% for 15 months**, after taking into account the Tax Customer Credit discussed below. Once the Tax Customer Credit expires, customer rates may increase.

For its natural gas operations, Avista requested an overall increase in base revenues of \$12.8 million or 12.2%. On a billed revenue

basis (including the cost of natural gas, upstream third-party owned transportation, and the effect of other tariffs, offset by the Tax Customer Credit), **the change in billed revenue is 0.0% for two years**. Like electric service, natural gas customer rates may increase after the Tax Customer Credit expires.

In this case, the Company is proposing a Tax Customer Credit concurrent with the filing of its rate request. The Company filed with this Commission a Tax Accounting Petition, requesting authorization to change its accounting methods for federal income tax expenses. Approval of the Company's application would provide immediate, but temporary, benefits to customers.

The Company's request is based on a proposed rate of return (ROR) of 7.43% with a common equity ratio of 50.0% and a 9.9% return on equity (ROE), which would be returned to shareholders as profit. Customers pay for these returns in order to service debt expenses and provide the opportunity for shareholders to profit. If the Company's profits exceed the authorized ROR, excess returns are split between customers and shareholders.

Components of Avista's Request:

Investments in infrastructure and technology, in particular, serve as a major basis for Avista's requested rate increases. The request includes the Company's electric and natural gas investment in Advanced Metering Infrastructure, which will be completed in 2021. Also included are other major electric projects related to the Company's Wildfire Resiliency Plan and Energy Imbalance Market investments, as well as electric and natural gas gross plant additions for 2020.

The Company is seeking increased rates to:

- Respond to customer requests for new service or service enhancements;
- Meet customers' expectations for quality and reliability of service;
- Meet regulatory and other mandatory obligations;
- Address system performance and capacity issues;
- Replace infrastructure at the end of its useful life based on asset condition; and
- Replace failing equipment and support field operations.

How Can You Participate in the Rate Case Process?

The Commission is conducting an investigation and will hold hearings to examine the requested rate changes. The Commission has the authority to set final rates that may be different from Avista's request, based on the results of the investigation, stakeholder input, and customer feedback. The Commission can take up to 11 months to review the filing and should issue its ruling on or before October 1, 2021.

Electric Bill Changes

On October 1, 2021: After incorporating the base revenue change with the proposed tax benefit offset, the proposed monthly bill change for a residential customer using an average of 914 kWhs would not see a change in their electric bill. The present bill for 914 kWhs is \$82.33, and that would be unchanged while the tax credit is in effect.

The current and proposed rates for residential service are as follows:

Year 1

Electric - Proposed Schedule 1 Residential Rates:

Electric Service	Current Bill Rates	Proposed Change	Proposed Bill Rates
Basic Charge	\$9.00	-	\$9.00
First 800 kWhs/month	\$0.07858	+\$0.00000	\$0.07858
Next 700 kWhs/month	\$0.09182	+\$0.00000	\$0.09182
Over 1,500 kWhs/month	\$0.10808	+\$0.00000	\$0.10808

The proposed electric revenue changes by service schedule are as follows:

Rates Schedule	Change in Base Revenue	Change in Bills with Tax Credits
Residential Service - Schedules 1/2	8.3%	0.0%
General Service - Schedules 11/12	8.3%	0.0%
Large General Service - Schedules 21/22	8.3%	0.0%
Extra Large General Service - Schedule 25	8.3%	0.0%
Pumping Service - Schedules 31/32	8.3%	0.0%
Street & Area Lights - Schedules 41 - 48	8.3%	0.0%
Overall	8.3%	0.0%

Natural Gas Bill Changes

October 1, 2021: After incorporating the base revenue change with the proposed tax benefit offset, the proposed monthly bill change for a residential customer using an average of 67 therms of natural gas per month would not see a change in their natural gas bill. The present bill for 67 therms per month is \$56.53, and that would remain unchanged while the tax credit is in effect.

The current and proposed rates for residential and small commercial customers are as follows:

Year 1

Natural Gas - Proposed Schedule 101 Rates:

Natural Gas Service	Current Bill Rates	Proposed Increase	Proposed Bill Rates
Basic Charge	\$9.50	-	\$9.50
First 70 therms/month	\$0.70194	+\$0.00000	\$0.70194
Over 70 therms/month	\$0.82492	+\$0.00000	\$0.82492

The proposed natural gas rate changes by service schedule are as follows:

Rates Schedule	Change in Margin Revenues	Change in Bills with Tax Credits
General Service - Schedules 101/102	12.4%	0.0%
Large General Service - Schedules 111/112/116	8.3%	0.0%
Interruptible Service - Schedules 131/132	8.3%	0.0%
Transportation Service Schedule 146	8.3%	0.0%
Special Contracts Schedule 148	8.3%	0.0%
Overall	12.4%	0.0%

You may contact the Commission with questions or share your comments by one of the following ways. Please include your name and mailing address, the name of the company (Avista), and the Dockets UE-200900 and UG-200901.

To submit a comment

- Fill out the Online Comment Form. Go to www.utc.wa.gov/consumers/ and click on "Submit a Comment" link;
- Email comments@utc.wa.gov;
- Call 1-888-333-9882; or
- Write the UTC at: P.O Box 47250, Olympia, WA 98504-7250

The Commission is committed to providing reasonable accommodations to participants with disabilities. If you need reasonable accommodations, please contact the Commission at human_resources@utc.wa.gov or (360) 664-1132.

For more information about the proposed rate change, conservation tips and energy efficiency programs, energy assistance programs and bill payment plans, visit us at myavista.com or contact us at 1-800-227-9187, or by mail at P.O. Box 3727, Spokane, WA 99220.

Residential and small business customers are represented by the Public Counsel Unit of the Washington State Attorney General's Office. You can contact them via the web at atg.wa.gov/utilities-regulated or by email at utility@atg.wa.gov.

**Virtual Public Hearing
June 16, 2021, 6 p.m.**

The WUTC will conduct a virtual public hearing to take comments from the public. You can participate via the Microsoft Teams link or by phone:

Microsoft Teams: <https://teams.microsoft.com/l/meetup-join/200900/200901>

Phone: (253) 372-2181 and enter Conference ID: 328 665 042#

If you plan to participate, please call 1-888-333-9882 at least one day before the hearing to sign in. When you join the hearing via Teams, please mute your connection. If participating via phone, press *6 to mute your phone.

AV/4651



To learn more about these and other options, go to myavista.com or call 1-800-227-9187.

If you find that you need a helping hand, please contact us.

by eligibility and need.

Customers may qualify for payment arrangements and bill or energy assistance programs on an individual basis, as determined

- Online Energy Advisor
- Rebates
- Payment options
- Energy-saving tools and advice
- Energy assistance programs and grants

need them, such as:

Avista has a variety of tools available to help customers who may

Bill Assistance and Payment Options

