



**Avista Corp.**

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May 31, 2023

Ms. Amanda Maxwell  
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 Renewable Energy Credit Revenue Mechanism

Dear Ms. Maxwell:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective August 1, 2023:

**Ninth Revision Sheet 98      Canceling      Eighth Revision Sheet 98**

The proposed tariff sheet reflects an electric rate adjustment to decrease the present rebate customers are receiving related to Renewable Energy Credits (“RECs”). In Dockets UE-140188 and UG-140189, the Settlement Stipulation approved by the Commission in Order No. 05 required Avista to file an adjustment to the REC Revenue rebate on or before April 1, 2016, and each year thereafter, to reflect both the under- and over-amortized balance from the current rebate as well as the projected net REC revenues for the following July – June time period.<sup>1</sup> In Dockets UE-220053, UG-220054, UE-210854 (Consolidated) the effective date was moved from July 1 to August 1 to coincide with other rate changes<sup>2</sup>. As a result, this year’s annual filing reflects the under-amortized balance from the current rebate as well as the projected net REC revenue for the August 2023 – July 2024 time period. The new rates are to go into effect August 1 for a twelve-month period.

Actual REC revenue was greater than the amount forecasted in last year's Schedule 98 filing resulting in an expected rebate balance of \$0.4 million remaining from the July 2022 through July 2023 time period. However, the August 2023 through July 2024 time period is projected to have less REC revenue than the previous twelve months due to the need to retain more RECs for Washington compliance programs. The REC sales that drove the increase in revenue above the forecast in last year’s filing were not under contract at the time of filing, and therefore not included in forecasted revenue. Similarly, only REC sales under contract are included in this year’s filing.

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<sup>1</sup> See Dockets UE-140188 and UG-140189, Settlement Stipulation Appendix 2, p. 4.

<sup>2</sup> See Final Order 10/04 in Dockets UE-220053, UG-220054, UE-210854 (Consolidated) p. 44-45

As provided in the workpapers accompanying this filing, the total rebate effective August 1, 2023 of \$1.0 million is a decreased benefit (i.e., rate increase) to electric customers of approximately \$2.6 million, or 0.5%, compared to the current rebate in effect of approximately \$3.6 million. Below, Table 1 illustrates the change in the REC rebate balance compared to last year and Table 2 illustrates the impact by rate schedule:

**Table 1 - Change in REC Rebate**

	(\$ in millions)
Expected REC Deferral Balance July 31, 2023 ( <u>rebate</u> )	\$ (0.5)
REC Revenue - August 2023 - July 2024 ( <u>rebate</u> )	(0.4)
Interest and Revenue Conversion Factor ( <u>rebate</u> )	(0.1)
Total REC Rebate August 2023 - July 2024 ( <u>rebate</u> )	\$ (1.0)
Current Rebate	3.6
<b>Change in REC Rebate (rate increase)</b>	<b>\$ 2.6</b>

**Table 2 - Impact by Rate Schedule**

Schedule No.	Rate Schedule	Change in Billed Revenue
1/2	Residential	0.4%
11/12/13	General Service Schedule	0.3%
21/22/23	Large General Service Schedule	0.5%
25/25I	Ext. Lg General Service Schedule	0.7%
31/32	Pumping Service Schedule	0.5%
41-48	Street and Area Lights	0.1%
<b>Overall</b>		<b>0.5%</b>

The change in the rate credit has no effect on Avista's earnings. 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 August 1, 2023.

The average residential customer using 932 kWhs per month will see an increase of \$0.42 per month, or approximately 0.5%. The present bill for 932 kWhs is \$88.82 while the proposed bill is \$89.24. The actual bill change will vary based on customer usage.

Information contained in this filing is confidential in nature and is filed under seal, per WAC 480-07-160 along with a redacted version. 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 June 2023 bill cycle.

Please direct any questions regarding this filing to Marcus Garbarino at (509) 495-2567.

Sincerely,

*/S/ Patrick D. Ehrbar*

Patrick D. Ehrbar  
Director of Regulatory Affairs

Enclosures



AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 98

RENEWABLE ENERGY CREDIT REVENUE MECHANISM - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This Renewable Energy Credit Revenue Mechanism 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.

This rebate will be based on the projected net REC revenues for the August 2023 through July 2024 time period, as well as a true-up of the amortization of the prior rebate in effect from July 1, 2022 through July 31, 2023. Interest on the deferred balance will accrue at the after-tax cost of capital interest rate (6.511%) from the Company's most recent approved general rate case (UE-220053). The revenue conversion factor used in the development of the rates set forth below will be from the Company's most recent approved general rate case (UE-220053).

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(C)

MONTHLY RATE:

The rate spread is based on the generation allocation factor E02 from the Company's most recent approved general rate case (UE-220053). The energy charges of the individual rate schedules are to be decreased by the following amounts:

(C)

Schedules 1 & 2	0.017¢ per kWh
Schedules 11, 12 & 13	0.016¢ per kWh
Schedules 21, 22 & 23	0.017¢ per kWh
Schedules 25 & 25l	0.016¢ per kWh
Schedules 31 & 32	0.019¢ per kWh
Schedules 41 – 48	0.018¢ per kWh

(I)  
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(I)

TERM:

On or before June 15, every year, the Company will file to adjust rates with an effective date of August 1.

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 May 31, 2023

Effective August 1, 2023

Issued by Avista Utilities  
By

Patrick Ehrbar, Director of Regulatory Affairs



## **DRAFT - Important Notice for Washington Electric and Natural Gas Customers June 2023**

On May 31, 2023, Avista made annual rate adjustment filings with the Washington Utilities and Transportation Commission (UTC or Commission) that if approved, are designed to decrease overall electric revenues by approximately \$14.6 million or 2.5% and decrease overall natural gas revenue by approximately \$4.0 million or 1.6%. If approved, new rates would take effect Aug. 1, 2023

The first rate adjustment is related to Avista's electric and natural gas decoupling mechanisms. Decoupling is designed to break the link between utility revenues and customer energy usage. Generally, Avista's electric and natural gas revenues are adjusted each month based on the number of customers instead of kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or rebated to customers beginning in the following year. The rate adjustments are designed to decrease revenues by \$17.3 million or 3.0% for electric operations and decrease revenues by \$3.8 million or 1.5% for natural gas operations. These rate adjustments are partly driven by fluctuations in the level of electric (cooling) and natural gas (heating) usage during the summer and winter seasons. These filings do not otherwise address any changes in customer usage that has occurred in 2023; those changes will be addressed in filings next year.

The second rate adjustment is related to the Participatory Funding Program, required by Washington State law, that requires Avista provide funding to organizations that provide representation to broad customer interests in proceedings before the Commission and collect those amounts from customers on an annual basis. The rate adjustments are designed to increase revenues by \$0.1 million or 0.02% for electric operations and increase revenues by \$0.1 million or 0.02% for natural gas operations. These rate adjustments are driven by the level of funding paid to the Participatory organizations and have no effect on Avista's net income.

The third adjustment is Avista's Renewable Energy Credit (REC) rate applicable to electric customers. Currently, Avista is rebating approximately \$3.6 million to customers, annually. In the present filing, Avista is proposing to adjust the REC Revenue rebate to reflect a decrease in the projected net REC revenues for the August 2023 – July 2024 time period. That amount is \$1.0 million. The net effect of the new and expiring REC rebate is an increase in revenue of approximately \$2.6 million, or 0.5%. The change in the rate credit has no effect on Avista's net income.

**Change in Rates** - If approved by the Commission, residential electric customers in Washington using an average of 932 kilowatt hours/month would see their monthly bills change from \$88.82 to \$84.68, a decrease of \$4.14/month, or approximately 4.7%. Residential natural gas customers in Washington using an average of 67 therms per month would see their monthly bills change from \$98.99 to \$96.78, a decrease of \$2.21 per month, or approximately 2.2%.

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 Aug. 1, 2023)**

Electric Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	\$9.00	\$0.00	\$9.00
First 800 kWh/month	\$0.08355/kWh	\$(0.00444)/kWh	\$0.07911/kWh
Next 700 kWh/month	\$0.09836/kWh	\$(0.00444)/kWh	\$0.09392/kWh
Over 1,500 kWh/month	\$0.11657/kWh	\$(0.00444)/kWh	\$0.11213/kWh

**Proposed Electric Rate Change by Schedule (effective Aug. 1, 2023)**

Schedule No.	Rate Schedule	% Change in Billed Revenue
1/2	Residential	-4.3%
11/12/13	General Service	-1.4%
21/22/23	Large General Service	-1.7%
25/25I	Ex. Lg. General Service	0.7%
31/32	Pumping Service	-2.0%
41-48	Street and Area Lights	0.1%
<b>Overall</b>		<b>-2.6%</b>

**Natural Gas Rate Change****Proposed Schedule 101 Rates (effective Aug. 1, 2023)**

Natural Gas Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	\$9.50	\$0.00	\$9.50
First 70 therms/month	\$1.33571/therm	\$(0.03298)/therm	\$1.30273/therm
Over 70 therms/month	\$1.47033/therm	\$(0.03298)/therm	\$1.43735/therm

**Proposed Natural Gas Rate Change by Schedule (effective Aug. 1, 2023)**

Schedule No.	Rate Schedule	% Change Billed Revenue
101/102	General Service	-2.4%
111/112	Large General Service	1.2%
131/132	Interruptible Sales Service	0.0%
146	Transportation Service	0.4%
<b>Overall</b>		<b>-1.5%</b>

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. The WUTC is committed to providing reasonable accommodations for participants with disabilities. If you need reasonable accommodations to participate in this open meeting (or public comment hearing, workshop, etc.) please contact the Commission at 888-333-9882 or email at [Consumer@utc.wa.gov](mailto:Consumer@utc.wa.gov). You can contact the Commission to comment on Avista's rate proposals via email at [comments@utc.wa.gov](mailto: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](http://www.utc.wa.gov). Copies of the applications are available for public review on the Commission website.

Copies of our filings are available for public review at [www.myavista.com/rates](http://www.myavista.com/rates) or on the Commission website at [www.utc.wa.gov](http://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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