



**Avista Corp.**

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May 29, 2026

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**  
**Electric Decoupling Rate Adjustment**

Dear Mr. Killip:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective August 1, 2026:

**Eleventh Revision Sheet 75** Canceling **Tenth Revision Sheet 75**

This filing is the “Electric Decoupling Rate Adjustment”, filed in compliance with the Commission’s Order No. 05 in Docket UE-140188 and Order No. 9 in Docket UE-190334. In Docket UE-140188, the Commission approved an electric decoupling mechanism for Avista for a five-year period. In Docket UE-190334, the Commission extended the mechanism for an additional five-year period and approved changing the effective date of the annual decoupling tariff revisions from November 1 to August 1. This filing amortizes the 2025 deferral balances over the period August 1, 2026 – July 31, 2027.

The purpose of the electric decoupling mechanism is to decouple the Company’s Commission-authorized revenues from kilowatt-hour (“kWh”) sales, such that the Company’s revenues will be recognized based on the number of customers served under the applicable electric service schedules. The decoupling mechanism allows the Company to 1) defer the difference between actual decoupling-related revenue received from customers through volumetric rates, and the decoupling-related revenue approved for recovery in the Company’s last general rate case; and 2) file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue accounts for the prior January through December time period.

The proposed tariff reflects a surcharge rate of 0.139 cents per kWh for the Residential Group served under Schedules 1, 7, 8, which is designed to recover approximately \$3.7 million from the Residential Group. The present surcharge rate of 0.068 cents per kWh is presently designed to recover from customers approximately \$1.8 million. Therefore, the net overall change proposed for the Residential Group is a rate increase of 0.071 cents per kWh, or an increase of \$1.9 million, or 0.5%, for the Residential Group customers.

In addition, the proposed tariff reflects a rebate rate of 0.248 cents per kWh for the Non-Residential Group served under Schedules 11, 12, 13, 17, 18, 21, 22, 23, 31, and 32, which is designed to rebate approximately \$5.2 million to the Non-Residential Group customers. The present surcharge rate of 0.135 cents per kWh is presently designed to recover approximately \$2.8 million. Therefore, the net overall change proposed for the Non-Residential Group is a rate decrease of 0.383 cents per kWh, or a decrease of \$8.0 million, or 2.5%, for the Non-Residential Group customers.

	Expiring Present Decoupling Revenue	Proposed Decoupling Revenue	Proposed Decoupling Change
Residential Group	\$1,823,499	\$3,727,446	\$1,903,947
Non-Residential Group	\$2,808,167	\$(5,158,707)	\$(7,966,874)

### **Residential Group Rate Determination**

The Company recorded \$3,431,879 in the surcharge direction in deferred revenue for the electric Residential Group in 2025. The 3% incremental surcharge limitation, discussed later in this letter, had no impact on the 2025 electric balances. The proposed surcharge rate of 0.139 cents per kWh is designed to recover \$3,727,446 from the Company’s residential electric customers served under the residential rate Schedules. The following table summarizes the components of the Company’s request for recovery:

2025 Deferred Revenue	\$3,431,879
Add Prior Year Carryover Balance	(\$141,383)
Add Interest through 7/31/2026	\$257,843
Add Revenue Related Expense Adj.	\$179,107
Total Requested Rebate	\$3,727,446
Customer Rebate Revenue	\$3,727,446
Carryover Deferred Revenue	\$0

Attachment A, page 1 shows the derivation of the proposed surcharge rate to recover the 2025 deferred revenue (including prior period unamortized deferred revenue), plus interest and revenue-related expenses, based on projected sales volumes for the residential schedules during the surcharge/amortization period (August 2026 through July 2027). As identified in Tariff Schedule 75 under Step 7 of “Calculation of Monthly Deferral”, interest on the deferred balance accrues at

the quarterly rate published by the FERC.<sup>1</sup> If the proposed rebate is approved by the Commission, the 2025 deferral balance, plus interest through July, will be transferred into a regulatory liability balancing account to be combined with the carryover balance approved for recovery in Docket UE-250427, Avista’s 2025 Electric Rate Adjustment filing. The balance in the account will be reduced each month by the revenue recovered under the tariff.

**Non-Residential Group Rate Determination**

The Company recorded \$4,537,589 in the rebate direction in deferred revenue for the electric Non-Residential Group in 2025. The 3% incremental surcharge limitation, discussed later in this letter, had no impact on the 2025 electric balances. The proposed rebate rate of 0.248 cents per kWh is designed to rebate \$5,158,707 to commercial and industrial customers served under rate Schedules 11, 12, 13, 17, 18, 21, 22, 23, 31, and 32. The following table summarizes the components of the Company’s request for rebate:

2025 Deferred Revenue	(\$4,537,589)
Add Prior Year Carryover Balance	(\$8,167)
Add Interest through 7/31/2026	(\$347,875)
Add Revenue Related Expense Adj.	(\$265,076)
Total Requested Recovery	(\$5,158,707)
Customer Surcharge Revenue	(\$5,158,707)
Carryover Deferred Revenue	\$0

Attachment A, page 3 shows the derivation of the proposed rate to rebate the 2025 deferred revenue (including prior period unamortized deferred revenue), plus interest and revenue-related expenses, based on projected sales volumes for Schedules 11, 12, 13, 17, 18, 21, 22, 23, 31, and 32 during the rebate/amortization period (August 2025 through July 2026). As identified in Tariff Schedule 75 under Step 7 of “Calculation of Monthly Deferral”, interest on the deferred balance accrues at the quarterly rate published by the FERC. If the proposed surcharge is approved by the Commission, the 2025 deferral balance, plus interest through July, will be transferred into a regulatory asset balancing account to be combined with the residual balance approved for recovery in Docket UE-250427, Avista’s 2025 Electric Decoupling Rate Adjustment filing. The balance in the account will be reduced each month by the revenue rebated under the tariff.

Support showing the monthly calculation of the 2025 deferred revenue balances for both the Residential and Non-Residential Groups is provided as Attachment B.<sup>2</sup> These calculations were also provided to the Commission in quarterly reports (see Docket UE-190334). The allowed decoupling baseline values that were updated when Docket UE-240006 rates became effective January 1, 2025, and remained in effect for 2025. Attachment B shows the monthly deferral calculations for 2025.

<sup>1</sup> The FERC effective interest rate was 8.04% in Q1, 7.55% in Q2, and 7.5% in Q3 and Q4 of 2025. The current rate of 6.78% has been used going forward as an estimate for purposes of this rate determination.

<sup>2</sup> Attachment B includes annual reporting on new customers excluded from the mechanism and the proportion of annual decoupled revenue attributable to weather under a variety of moving average weather normalization assumptions.

### **3% Annual Rate Increase Test**

Decoupling annual rate adjustment surcharges are subject to a 3% annual rate increase limitation. As described in Tariff Schedule 75 the 3% annual rate increase limitation “will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total “normalized” revenue for the two Rate Groups for the most recent January through December period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed. Any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the decoupling rebate, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test”.

Revenue from 2025 normalized loads and customers calculated at the billing rates in effect as of May 1, 2026, for the two rate groups are shown on line 1 of page 7 of Attachment A.

The proposed Residential Group rate results in a surcharge of 0.5% and therefore does not exceed the 3% limitation. The proposed Non-Residential Group rate results in a rebate of 2.5% and therefore also does not exceed the 3% limitation.

### **Conclusion**

In conclusion, Avista requests the Commission approve the proposed Schedule 75 surcharge rate of 0.139 cents per kWh for the Residential Group and the proposed rebate rate of 0.248 cents per kWh for the Non-Residential Group. The estimated annual revenue change associated with this filing is a decrease of approximately \$6.1 million, or 0.7%. Residential customers taking service on Schedule 1 using an average of 925 kilowatt hours per month would see their monthly bills change from \$124.23 to \$124.89, an increase of \$0.66, or 0.5%.

The Company has provided in this filing a copy of its customer notice which will be included as a bill insert in the June time frame. Please direct any questions on this matter to Joel Anderson at (509) 495-2811.

Sincerely,

*/s/ Joe Miller*

Joe Miller  
Senior Manager of Rates and Tariffs, Regulatory Affairs  
Enclosures

AVISTA CORPORATION  
dba Avista Utilities

**SCHEDULE 75**

**DECOUPLING MECHANISM – ELECTRIC**

**PURPOSE:**

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company’s Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

**APPLICABLE:**

To Customers in the State of Washington where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 7, 8, 11, 12, 13, 17, 18, 21, 22, 23, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25 or to Street and Area Light Schedules 41 through 48. Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedules 1, 7, 8

Group 2 – Schedules 11, 12, 13, 17, 18, 21, 22, 23, 31, 32

**MONTHLY RATE:**

Group 1 – \$0.00139 per kWh

Group 2 – (\$0.00248) per kWh

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Issued May 29, 2026

Effective August 1, 2026

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs

