



Avista Corp.

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September 1, 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 Wildfire Expense Balancing Mechanism

Dear Ms. Maxwell:

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

Second Revision Sheet 88

Canceling

Substitute First Revision Sheet 88

The proposed tariff sheet reflects an electric rate adjustment to surcharge customers the amount of Wildfire Expense above the base level amount authorized by the Commission in Docket UE-200900. Per Order 08/05 in that Docket, 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.

These modifications included the Commission setting the Wildfire Expense Balancing Account base at \$3.065 million for Washington electric operations.² Further, the Commission clarified the operation of the Wildfire Balancing Account as follows in para(s). 258-259:

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 08/05, para. 250.

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.

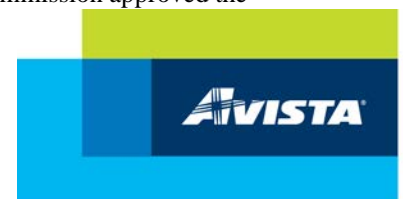
In the Wildfire Expense Balancing Account, approved by the Commission, Avista is to record the deferral balances (expense levels higher or lower than the GRC established base) into a balancing account recorded as a separate regulatory asset in FERC Account 182.3 (Other Regulatory Assets), and credit 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, 2023.

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 filing (Docket UE-220669) as agreed to by the Parties.

As provided in the workpapers accompanying this filing, the total surcharge effective November 1, 2023 is an incremental increase to electric customers of \$3.3 million³, or 0.6%. Below, Table

³ Included in the incremental increase to electric customers of \$3.3 million is the Wildfire Resiliency deferred balance of \$1.84 million recorded for the period January 1, 2021, through September 30, 2021. The Commission approved the



1 illustrates the impact by rate schedule:

Table 1 - Impact by Rate Schedule

| Schedule No. | Rate Schedule | Change in Billed Revenue |
|----------------|----------------------------------|--------------------------|
| 1/2 | Residential | 0.6% |
| 11/12/13 | General Service Schedule | 0.7% |
| 21/22/23 | Large General Service Schedule | 0.6% |
| 25 | Ext. Lg General Service Schedule | 0.3% |
| 25I | Special Contract | 0.3% |
| 31/32 | Pumping Service Schedule | 0.8% |
| 41-48 | Street and Area Lights | 1.3% |
| Overall | | 0.6% |

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, 2023. Also included in the workpapers is transaction level detail of the expenses incurred during the deferral period.

The average residential customer using 932 kWhs per month will see an increase of \$0.51 per month, or approximately 0.6%. The present bill for 932 kWhs is \$87.53 while the proposed bill is \$88.04. 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 2023 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

deferral of this balance in Dockets UE-200900, UG-200901 and UE-200894, *consolidated*, for an opportunity for recovery in a future general rate case. While the costs associated with this deferred balance were available for review during the prior Washington general rate case (Dockets UE-220053, et. al.), which included the historical test period twelve-months-ended September 1, 2021, the Company inadvertently excluded an amortization of this deferred balance within its filed case. The Company is including this balance at this time for recovery in Tariff Schedule 88, as the prior 2021 expense deferred balance is consistent with the costs deferred associated with the Wildfire Balancing Account reflected in Tariff Schedule 88.



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 & 2 | 0.149¢ per kWh |
| Schedules 11, 12 & 13 | 0.221¢ per kWh |
| Schedules 21, 22 & 23 | 0.156¢ per kWh |
| Schedule 25 | 0.069¢ per kWh |
| Schedule 25I | 0.024¢ per kWh |
| Schedules 31 & 32 | 0.161¢ per kWh |
| Schedules 41 – 48 | 1.344¢ per kWh |

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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 September 1, 2023

Effective November 1, 2023

Issued by Avista Utilities
By

Patrick Ehrbar, Director of Regulatory Affairs



Important Notice for Washington Electric and Natural Gas Customers September-October 2023

On September 1, 2023, Avista filed its annual Bonneville Power Administration (BPA) Residential Exchange Program, Wildfire Expense Balancing Account, Insurance Expense Balancing Account, Low Income Rate Assistance Program (LIRAP) 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, 2023

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 higher than the level of benefits received from BPA. Through this filing Avista is seeking to slightly decrease the level of benefits provided to qualifying customers in order to recover the over-rebated balance. As a result, the proposed revenue increase for these customers is approximately \$1.1 million, or 0.2%.

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 \$3.3 million or 0.6%.

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 customer and a lower level of expense for natural gas customers. If approved, Avista's request is designed to increase electric revenues by \$87 thousand or 0.0% and decrease natural gas revenues by \$10 thousand or 0.0%.

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 introduction of an income-based bill discount – which will replace the prior grant-based LIRAP, effective October 1, 2023 – as well as offerings intended to help customers manage their past due balances, or arrearages. This new bill assistance model will expand LIRAP to serve more customers than ever before, therefore requiring increased funding to do so. If approved, Avista's request is designed to increase electric revenues by \$7.6 million or 1.3% and increase natural gas revenues by \$4.6 million or 1.7%.

The fifth 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. These reductions were partially offset by increased wholesale natural gas costs during the past year, which were higher than the amount collected through rates. If approved, Avista's request is designed to decrease natural gas revenues by \$8.1 million or 3.0%.

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 \$87.53 to \$89.88, an increase of \$2.35/month, or approximately 2.7%. Residential natural gas customers in Washington using an average of 67 therms per month would see their monthly bills change from \$96.78 to \$92.13, a decrease of \$4.65 per month, or approximately 4.8%, 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, 2023)

| Electric Service | Current Billing Rate | Proposed Change | Proposed Billing Rates |
|-----------------------|----------------------|-----------------|------------------------|
| Basic Charge | \$9.00 | \$0.00 | \$9.00 |
| First 800 kWhs/month | \$0.08216/kWh | \$0.00252/kWh | \$0.08468/kWh |
| Next 700 kWhs/month | \$0.09697/kWh | \$0.00252/kWh | \$0.09949/kWh |
| Over 1,500 kWhs/month | \$0.11518/kWh | \$0.00252/kWh | \$0.11770/kWh |

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

| Schedule No. | Rate Schedule | % Change in Billed Revenue |
|----------------|-------------------------|----------------------------|
| 1/2 | Residential | 2.6% |
| 11/12/13 | General Service | 1.6% |
| 21/22/23 | Large General Service | 1.8% |
| 25/25I | Ex. Lg. General Service | 1.3% |
| 31/32 | Pumping Service | 2.7% |
| 41-48 | Street and Area Lights | 2.4% |
| Overall | | 2.1% |

Natural Gas Rate Change

Proposed Schedule 101 Rates (effective Nov. 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 | \$1.30274/therm | (\$0.06940)/therm | \$1.23334/therm |
| Over 70 therms/month | \$1.43736/therm | (\$0.06940)/therm | \$1.36796/therm |

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

| Schedule No. | Rate Schedule | % Change in Billed Revenue |
|----------------|-----------------------------|----------------------------|
| 101/102 | General Service | -4.5% |
| 111/112 | Large General Service | 10.2% |
| 131/132 | Interruptible Sales Service | -18.9% |
| 146 | Transportation Service | -0.1% |
| Overall | | -1.3% |

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, 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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