



**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: WN U-29 Natural Gas Service - Avista's Annual Purchased Gas Cost Adjustment (PGA)**

Enclosed for electronic filing with the Commission is a copy of the following proposed tariff sheets:

**Twenty-Seventh Revision Sheet 150** canceling **Twenty-Sixth Revision Sheet 150**  
**Twenty-Sixth Revision Sheet 155** canceling **Sub. Twenty-Fifth Revision Sheet 155**  
**Eleventh Revision Sheet 149** canceling **Tenth Revision Sheet 149**

This filing is the Company's annual Purchased Gas Cost Adjustment ("PGA") to: 1) pass through changes in the estimated cost of natural gas for the forthcoming year (Schedule 150), and 2) revise the amortization rate(s) to refund or collect the balance of deferred natural gas commodity and demand costs (Schedule 155). The Company is requesting an overall revenue increase of \$8.1 million, or 3.0 percent, effective November 1, 2023. Below is a table summarizing the proposed rate changes reflected in this filing.

<u>Service Schedule</u>	<u>Sch. No.</u>	<u>Commodity Change per therm</u>	<u>Demand Change per therm</u>	<u>Total Sch. 150 Change</u>	<u>Sch. 155 Amort. per therm</u>	<u>Total PGA Rate Change per therm</u>
General	101	\$ (0.06834)	\$ (0.00550)	\$ (0.07384)	\$ (0.02700)	\$ (0.10084)
Fixed income	102	\$ (0.06834)	\$ (0.00550)	\$ (0.07384)	\$ (0.02700)	\$ (0.10084)
Large General	111	\$ (0.06834)	\$ (0.00625)	\$ (0.07459)	0.16874	\$ 0.09415
Large General	112	\$ (0.06834)	\$ (0.00625)	\$ (0.07459)	-	\$ (0.07459)
Interruptible	131	\$ (0.06834)	\$ (0.00435)	\$ (0.07269)	-	\$ (0.07269)
Interruptible	132	\$ (0.06834)	\$ (0.00435)	\$ (0.07269)	-	\$ (0.07269)

## **Commodity Costs**

The estimated Weighted Average Cost of Gas (“WACOG”) change is a decrease of \$0.06834 per therm. The proposed WACOG \$0.30156 per therm compared to the present WACOG of \$0.36990 per therm included in rates. The natural gas market in the western US experienced a period of extreme pricing volatility this winter due to a confluence of fundamental factors in the region. Prolonged colder than average temperatures region wide, combined with below average hydro generation led to a market where gas fired electric generators and LDC’s were competing for a limited supply of natural gas.

Generally speaking, the electric interconnection between the Pacific Northwest and California played a key role in the price volatility in the region. California has in recent years relied on imports of power from the Northwest to balance its system in the winter. Lower than average precipitation during the fall reduced hydro output in the northwest this year which forced Mid-C power prices high enough to disincentivize power exports to California. California’s only option to cover the missing imports was to increase gas-fired generation which put additional pressure on the natural gas market. These conditions persisted for most of the winter and forced both generators and LDC’s to rely on storage withdrawals more than usual. Storage balances throughout the region were drawn down earlier than normal which put even more upward pressure on the market. Prices at most West Coast trading hubs were consistently 5 to 10 times higher than they have been for the past several years. The exception was the AECO hub in western Canada which was not affected by the supply constraints experienced south of the Canadian border.

Although natural gas market prices in the western US experienced extreme pricing this past winter, by early spring demand had tapered. Hydroelectric generation was strong, and weather was moderate, resulting in healthy storage injections in the region this past spring and early summer at much lower prices than the previous year. Nationwide, production has ramped up and storage balances are above the 5-year average putting downward pressure on forward prices. These factors resulted in forward prices for the upcoming PGA year less than what they were for the 2022-23 PGA year.

The Company’s natural gas Procurement Plan (“Plan”) uses a diversified approach to procure natural gas for the coming PGA year. While the Plan generally incorporates a more structured approach for the hedging portion of the portfolio, the Company exercises flexibility and discretion in all areas of the plan based on changes in the wholesale market. The Company typically communicates with Commission Staff semi-annually to inform as to the state of the wholesale market and the status of the Company’s Plan. In addition, the Company communicates with Staff when it believes it makes sense to deviate from its Plan and/or opportunities arise in the market.

Avista has been hedging natural gas on both a periodic and discretionary basis throughout the previous 36 months for the forthcoming PGA year. Approximately 59% of estimated annual load requirements for the PGA year (November 2023 through October 2024) has been hedged at a fixed-price derived from the Company’s Plan. Through June, the hedge volumes for the PGA year have been executed at a weighted average price of \$3.67 per dekatherm (\$0.3674 per therm).



Available underground storage capacity at the Jackson Prairie Natural Gas Storage Facility represents approximately 24% of annual load requirements (31% of load requirements during the December to March withdrawal period). The estimated WACOG for all storage volumes is \$2.01 per dekatherm (\$0.2009 per therm). The Company utilizes its underground storage to capture seasonal price spreads (differentials), improve the reliability of supply, increase operational flexibility and mitigate peak demand price spikes.

The Company used AECO forward prices as of July 31, 2023 to develop an estimated cost associated with index purchases. These index purchases represent approximately 17% of estimated annual load requirements for the coming year. The annual weighted average price for these volumes is \$2.25 per dekatherm (\$0.2246 per therm).

### **Demand Costs**

Demand costs reflect the cost of pipeline transportation to the Company's system, as well as fixed costs associated with natural gas storage. Demand costs are expected to decrease for residential customers by approximately \$0.00550 per therm. This change is related to a combination of various factors including Canadian exchange rate, updated demand forecast, and pipeline tariff changes for the upcoming PGA year.

### **Schedule 155 / Amortization Rate Change**

After the Company's initial annual 2022 PGA filing in Docket UG-220670, the Company, with Commission Staff's support, proposed that the surcharge deferral balance collected through Schedule 155 ("Gas Rate Adjustment - Washington") be collected through "seasonal" rates in an effort to mitigate the overall increase for residential customers during the winter. Therefore, the billing rate for customers taking service under Schedule 101 and Schedule 102 included a Schedule 155 surcharge rate of \$0.08358 per therm for November 1, 2022 through April 30, 2023 and \$0.33089 per therm for May 1, 2023 through October 31, 2023. Due to this, although annual revenues collected through Schedule 155 are increasing overall compared to the prior PGA year, annual billed revenue at proposed rates will decrease, when compared to annual revenue at current rates in effect for customers taking service on Schedules 101 and 102 and those customers will see a decrease to their billing rates in comparison to billing rates currently in effect.

Related to the commodity portion of the amortization, as discussed above, prices increased significantly during the winter months before decreasing, and stabilizing in the Spring. Related to the demand portion of the amortization, as a result of Northwest Pipeline's most recent General Rate Case, the Company received a refund of approximately \$4.6 million attributable to Washington customers that was recorded, in its entirety, as an offset to current year demand costs and included in the current PGA year deferral balance. Additionally, demand costs are impacted by a variety of factors including the Canadian exchange rate, demand volumes, and changes in pipeline rates.

Higher commodity prices, reflective of a combination of the before mentioned factors, has resulted in a surcharge balance of approximately \$61.2 million as of July 31, 2023. The Company included

estimated amortization through October 2023 decreasing the balance for amortization by \$5.9 million to \$55.3 million.

**Schedule 149 / Backup and Supplemental Compressed Natural Gas Service**

The Company has also included Schedule 149, "Backup and Supplemental Compressed Natural Gas Service" to reflect the new first block billing rate for Schedule 111. That rate is one of the key components to determine the Retail Rate per Gas Gallon Equivalent under that schedule. Several of the adder schedule rates incorporated in the billing rate for Schedule 111 are pending approval at this time (Schedule 150 – Purchased Gas Cost Adjustment, Schedule 155 – Gas Rate Adjustment, and Schedule 192 – LIRAP). Should the Commission approve a rate that is different from what the Company has proposed to go into effect for any of these adder schedules, the Company will file a substitute Schedule 149 tariff to reflect the approved billing rate for Schedule 111.

**Other Information**

Guidance provided in Docket No. UG-132019's "Policy and Interpretive Statement on Local Distribution Companies' Natural Gas Hedging Practices" ("Policy Statement") requires that Avista shall file, by the deadline for submitting the 2023 PGA filing, an annual comprehensive hedging plan that demonstrates the integration of risk responsive strategies into the Company's overall hedging framework. That report is being filed as an attachment to this filing.

**Summary**

The annual revenue change reflected in this filing is a decrease of \$8.1 million in annual natural gas revenue, or 3.0%, in comparison to billing rates currently in effect. The present bill for a residential customer using 67 therms is \$96.78 while the proposed bill is \$90.02, a decrease of \$6.76 or 7.0%. The proposed rate change will vary based on a customer's usage and service schedule.

Also enclosed are the workpapers supporting the proposed rate changes and a bill insert to customers regarding the proposed increase. Please note that Attachment E and Attachment H are Confidential as they contain individual counterparty name and pricing information that is confidential. Therefore, per WAC 480-07-160, Attachment E is being provided in a confidential and redacted version. The entire content of Attachment H is confidential in nature, therefore, only a confidential version is being provided. Also, Attachment H is being provided in excel format only given the detailed and electronic nature of the information provided.

If you have any questions regarding this filing, please call Marcus Garbarino at 509-495-2567.

Sincerely,

*/s/Patrick D. Ehrbar*

Patrick D. Ehrbar  
Director of Regulatory Affairs



# **AVISTA UTILITIES**

2023 Washington PGA Filing

## **ATTACHMENT “C”**

Tariff Schedules

September 1, 2023

AVISTA CORPORATION  
dba Avista Utilities

**SCHEDULE 149**

**BACKUP AND SUPPLEMENTAL COMPRESSED NATURAL GAS SERVICE**

**APPLICABLE:** Service under this Schedule is available to compressed natural gas (“CNG”) fleet operators to backup and supplement their own CNG fueling facilities. Customer shall provide Avista access to customer-owned CNG fueling facility to ensure it is operational. Service is available only at the Company’s Dollar Road Facility (2406 N. Dollar Rd, Spokane Valley, WA). The Company has priority for using its CNG facilities to fuel its utility vehicles and equipment, and service under this schedule is offered on a best-efforts basis. The customer shall enter into a service agreement prior to taking service under this Schedule. The customer shall pay the rate per gasoline gallon equivalent shown below, for the term of the service agreement.

**RATE PER GASOLINE GALLON EQUIVALENT (“GGE”):**

Schedule 111 Rate* (1st Block) (\$1.34705 x 1.276 GGE Ratio**)	= \$1.72	(I)
Contribution to Fixed CNG Station Costs	= \$0.52	
CNG Station O&M Expense per GGE	= \$0.12	
Retail Billing Expense	= \$0.15	
Federal Fuel Tax	= <u>\$0.18</u>	
Retail Rate per GGE	= \$2.69	(I)
Less – Excise Tax Credit (3.852%)*	= (\$0.10)	
Retail Rate per GGE less Excise Tax Credit	= <b>\$2.59</b>	(I)

\* The billing rate for Schedule 111 includes both the base Schedule 111 rate as well as Schedule 150 (Purchased Gas Cost Adjustment), Schedule 155 (Gas Rate Adjustment), Schedule 161 (Participatory Funding), Schedule 191 (DSM Rate Adjustment), Schedule 192 (LIRAP Rate Adjustment), Schedule 175 (Decoupling Rate Adjustment), and Schedule 176 (Tax Credit). This portion of the Price per GGE will change annually on November 1, and at the end of any general rate case proceeding.

\*\* The gasoline gallon equivalent ratio conversion factor is 1.276 therms = 1 GGE.

\*\*\* Customers using or selling CNG as a transporation fuel who have submitted an exemption certificate to Avista in accordance with RCW 82.16.310(2) will be eligible, following receipt and processing of the certificate by Avista, to receive an excise tax credit in the amount of 3.852% in accordance with RCW 82.16.310.

**TAX ADJUSTMENT:**

The rates and charges in this tariff shall be proportionately increased by an adjustment equivalent to the amount of municipal, occupation, or business taxes or charges imposed by the City of Spokane Valley as outlined in Tax Adjustment Schedule 158. The current tax rate for the City of Spokane Valley for natural gas service is 0.0%.

**SPECIAL TERMS AND CONDITIONS:**

Service under this Schedule is subject to the Rules and Regulations contained in this tariff, specifically Schedule 170.

Issued September 1, 2023

Effective November 1, 2023

Issued by Avista Corporation  
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION  
dba Avista Utilities

**SCHEDULE 150  
PURCHASE GAS COST ADJUSTMENT - WASHINGTON**

**APPLICABLE:**

To Customers in the State of Washington where Company has natural gas service available.

**PURPOSE:**

To pass through increases or decreases in natural gas costs to become effective as noted below.

**RATE:**

- (a) The rates of gas Schedule 101 and 102 is to be increased by 40.179¢ per therm in all blocks of these rate schedules. (R)
- (b) The rates of gas Schedules 111 and 112 are to be increased by 39.200¢ per therm in all blocks. (R)
- (c) The rates of interruptible Schedules 131 and 132 are to be increased by 35.949¢ per therm in all blocks. (R)
- (d) The rates of transportation Schedules 116 and 146 are to be increased by 0.056¢ per therm in all blocks.

**WEIGHTED AVERAGE GAS COST:**

The above rate changes are based on the following weighted average cost of gas as of the effective date shown below:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>
Schedule 101 & 102	10.023¢(R)	30.156¢(R)	40.179¢(R)
Schedule 111 & 112	9.044¢(R)	30.156¢(R)	39.200¢(R)
Schedule 131/132	5.793¢(R)	30.156¢(R)	35.949¢(R)
Schedule 116 & 146	0.056¢	0.000¢	0.056¢

**The above amounts include revenue sensitive items.**

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>
Schedule 101 & 102	9.585¢(R)	28.838¢(R)	38.423¢(R)
Schedule 111 & 112	8.649¢(R)	28.838¢(R)	37.487¢(R)
Schedule 131/132	5.540¢(R)	28.838¢(R)	34.378¢(R)
Schedule 116 & 146	0.054¢	0.000¢	0.054¢

**The above amounts do not include revenue sensitive items.**

**BALANCING ACCOUNT:**

The Company will maintain a Purchase Gas Adjustment (PGA) Balancing Account whereby monthly entries into this Balancing Account will be made to reflect differences between the actual purchased gas costs collected from customers and the

Issued September 1, 2023

Effective November 1, 2023

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By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION  
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## SCHEDULE 155

### GAS RATE ADJUSTMENT - WASHINGTON

#### AVAILABLE:

To Customers in the State of Washington where Company has natural gas service available.

#### PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

#### MONTHLY RATE:

- (a) The rate of firm gas Schedule 101 and 102 is to be increased by 30.3089¢ per therm in all blocks of this schedule.
- (b) The rate of firm gas Schedule 111 is to be increased by 28.680¢ per therm in all blocks of this schedule.
- (c) The rate of firm gas Schedule 112 is to be decreased by 0.000¢ per therm in all blocks of this schedule.
- (d) The rate of interruptible gas Schedule 131 is to be decreased by 0.000¢ per therm.
- (e) The rate of interruptible gas Schedule 132 is to be decreased by 0.000¢ per therm.
- (f) The rate of gas Schedule 146 is to be decreased by 0.000¢ per therm.

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(I)

#### SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 - Purchase Gas Cost Adjustment.

#### SPECIAL TERMS AND CONDITIONS:

The above Monthly Rates are subject to the provisions of Tax Adjustment Schedule 158.

Issued September 1, 2023

Effective November 1, 2023

Issued by Avista Corporation  
By

Patrick Ehrbar, Director of Regulatory Affairs





# **AVISTA UTILITIES**

2023 Washington PGA Filing

## **ATTACHMENT “B”**

Notice of Public Applicant’s Proposed Tariffs

September 1, 2023

## **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%
<b>Overall</b>		<b>2.1%</b>

### **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%
<b>Overall</b>		<b>-1.3%</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. 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.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit [www.myavista.com](http://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](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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