



Avista Corp.

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August 31, 2026

Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 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:

Thirtieth Revision Sheet 150 canceling Twenty-Ninth Revision Sheet 150
Twenty-Ninth Revision Sheet 155 canceling Twenty-Eighth Revision Sheet 155
Fourteenth Revision Sheet 149 canceling Thirteenth 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 decrease of \$1.3 million, or 0.5 percent, effective November 1, 2026. 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	\$ (0.03823)	\$ 0.01512	\$ (0.02311)	\$ 0.03956	\$ 0.01645
Large General	111	\$ (0.03823)	\$ (0.00401)	\$ (0.04224)	\$ (0.00202)	\$ (0.04426)
Large General	112	\$ (0.03823)	\$ (0.00401)	\$ (0.04224)	\$ -	\$ (0.04224)
Interruptible	131	\$ (0.03823)	\$ 0.00447	\$ (0.03376)	\$ -	\$ (0.03376)
Interruptible	132	\$ (0.03823)	\$ 0.00447	\$ (0.03376)	\$ -	\$ (0.03376)

Commodity Costs

The estimated Weighted Average Cost of Gas ("WACOG") change is a decrease of \$0.03823 per therm. The proposed WACOG of \$0.16865 per therm compared to the present WACOG of \$0.20688

per therm included in rates resulting in a decrease in revenue of approximately \$7.7 million compared to what is currently included in Schedule 150.

Natural gas commodity prices this past year, in the Pacific Northwest, were generally lower as winter loads came in lighter than forecast as temperatures remained elevated, which ultimately reduced customer demand. As a result, the region exited winter with healthy storage supplies that have carried over to this spring. The region's largest supply points, Sumas and AECO, have continued to trade at a discount to Henry Hub, the national natural gas benchmark. Supply has been plentiful to meet demand for the region and pipeline flows have been uninhibited for much of the typical maintenance season. A fundamental change to the region is the addition of LNG Canada. This liquefied natural gas (LNG) facility located near the coast of British Columbia is a new source of demand for the region. With offtake nearing 2 Bcf/day, LNG Canada has contributed to an elevated price floor for daily pricing at AECO. As such, pricing has not dipped as low as we have seen in spring and summer periods in past years and could signal a material change in regional market dynamics.

Looking toward the upcoming winter of 2026-2027, national fundamentals look balanced as production has remained stable, LNG offtake has increased as expected, and storage is currently at levels slightly above the 5-year rolling average. Conflicts in the Middle East have created some volatility in natural gas markets, but that has largely been relegated to the international LNG markets and not national prices, as LNG output is already maximized within the United States. Regionally, storage is above the 5-year rolling range for the West, and with pipeline flows having been generally uninhibited, we have seen a convergence of winter strip (November – March) pricing in the Pacific Northwest. Currently the region is on a healthy, well-supplied path towards the winter season ahead.

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 them on 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 36% of estimated annual load requirements for the PGA year (November 2026 through October 2027) has been hedged at a fixed-price derived from the Company's Plan. The hedge volumes for the PGA year have been executed at a weighted average price of \$2.57 per dekatherm (\$0.2573 per therm).

Available underground storage capacity at the Jackson Prairie Natural Gas Storage Facility represents approximately 21% of annual load requirements (27% of load requirements during the November to April withdrawal period). The estimated WACOG for all storage volumes is \$1.15 per dekatherm (\$0.1147 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, 2026 (30-day average) to develop an estimated cost associated with index purchases. These index purchases represent approximately 43% of estimated annual load requirements for the coming year. The annual weighted average price for these volumes is \$1.76 per dekatherm (\$0.1760 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 increased due to a combination of various factors including Canadian exchange rate, an updated demand forecast, and pipeline tariff changes for the upcoming PGA year. This results in an increase in revenue of approximately \$1.6 million compared to what is currently included in Schedule 150.

Schedule 155 / Amortization Rate Change

Related to the commodity portion of the amortization, as discussed above, overall prices during the PGA year have been lower than the amounts currently in rates. For the demand portion of the amortization, costs are impacted by a variety of factors including the Canadian exchange rate, demand volumes, and changes in pipeline rates.

Lower costs, reflective of a combination of the previously mentioned factors, resulted in a current deferral rebate balance of approximately \$2.7 million, and residual amortizing rebate balance of \$6.0 million, for a net deferral of \$8.7 million as of June 30, 2026. The Company included estimated amortization through October 2026 decreasing the balance for amortization to a rebate of \$7.0 million (net of Schedule 112 and 132 customer deferrals). This results in an increase of \$4.8 million in amortization revenue compared to what Schedule 155 is currently designed to collect.

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 164 – CCA). 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 2026 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 \$1.3 million in annual natural gas revenue, or 0.5%, in comparison to billing rates currently in effect. The present bill for a residential customer using 61 therms is \$96.18 while the proposed bill is \$97.19, an increase of \$1.0 or 1.0%. The proposed rate change will vary based on a customer's usage and service schedule, and does not take into account two other natural gas rate adjustments (Climate Commitment Act and Insurance Balancing Account) filed concurrent with this PGA.

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, Attachments E and H are 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

2026 Washington PGA Filing

ATTACHMENT “C”

Tariff Schedules

August 31, 2026

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) (\$1.29413 x 1.276 GGE Ratio**)	= \$1.65	(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	= \$2.62	(I)
Less – Excise Tax Credit (3.852%)*	= (\$0.10)	
Retail Rate per GGE less Excise Tax Credit	= \$2.52	(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 164 (CCA), Schedule 166 (Insurance Balancing), Schedule 175 (Decoupling Rate Adjustment), Schedule 191 (DSM Rate Adjustment), and Schedule 192 (LIRAP Rate Adjustment). This portion of the Price per GGE will change annually on November 1, and at the end of any general rate case proceeding. (C)

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

*** Customers using or selling CNG as a transportation 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 August 31, 2026

Effective November 1, 2026

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 is to be increased by 28.530¢ per therm in all blocks of these rate schedules. (R)
- (b) The rates of gas Schedules 111 and 112 are to be increased by 27.124¢ per therm in all blocks. (R)
- (c) The rates of interruptible Schedules 131 and 132 are to be increased by 23.489¢ 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	11.665¢(I)	16.865¢(R)	28.530¢(R)
Schedule 111 & 112	10.259¢(R)	16.865¢(R)	27.124¢(R)
Schedule 131/132	6.624¢(I)	16.865¢(R)	23.489¢(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	11.110¢(I)	16.063¢(R)	27.173¢(R)
Schedule 111 & 112	9.771¢(R)	16.063¢(R)	25.834¢(R)
Schedule 131/132	6.309¢(I)	16.063¢(R)	22.372¢(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

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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 is to be decreased by 2.763¢ per therm in all blocks of this schedule. (I)
- (b) The rate of firm gas Schedule 111 is to be decreased by 5.451¢ per therm in all blocks of this schedule. (R)
- (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.

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.

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