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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: Avista Utilities Natural Gas Tariff Schedules 164 – Climate Commitment Act

Dear Mr. Killip:

Attached for electronic filing with the Washington Utilities and Transportation Commission (Commission) are proposed tariff revisions of Avista Corporation, dba Avista Utilities (Avista or the Company), related to the Climate Commitment Act (CCA), WN U-29 – Natural Gas Service:

First Revision Sheet 164	**Canceling**	**Original Sheet 164**
First Revision Sheet 164A	**Canceling**	**Original Sheet 164A**
First Revision Sheet 164B	**Canceling**	**Original Sheet 164B**

I. PURPOSE

This filing is the Company's annual natural gas Climate Commitment Act (CCA) tariff adjustment to update rates based on actual CCA compliance costs and consignment revenues through July 2026, and forecasted amounts through October 2027, with an effective date of November 1, 2026. Importantly, the Company is **not** proposing any modifications to the structure of the CCA tariff from what the Commission approved in 2025. The proposed changes discussed herein will **decrease** the Company's annual Washington revenues by approximately $32.8 million, or about 11%.

II. CCA COSTS AND BENEFITS

True-Up of Prior Period
To calculate the rates for this filing the Company first had to true-up the allocation of no-cost allowance revenue between rate schedules by comparing actual loads to forecast for customers

eligible to receive CCA Benefits, including a true-up of the revenues from consigned no-cost allowances required to fully eliminate the CCA cost burden for identified low-income customers. The following tables summarize the change in allocation by rate schedule and revenues needed for identified low-income customers compared to forecast.

Table No. 1 – True-up of Loads from Forecast to 9 Months of Actuals + 3 Months of Revised Forecast

Rate Schedule	Forecasted Load	% of Forecasted Load	Revised Load[1]	% of Actual Load
Sch 101	105,898,129	53.10%	86,348,025	50.07%
Sch 111	67,839,601	34.02%	60,623,781	35.15%
Sch 112	0	0.00%	0	0.00%
Sch 132	2,898,129	1.45%	3,087,490	1.79%
Sch 146	22,790,128	11.43%	22,406,532	12.99%
Total	**199,426,700**	**100%**	**172,465,828**	**100%**

Please note that Table No. 1 does not include the loads of identified low-income customers or customers not eligible to receive CCA Benefits.

Table No. 2 – True up of Revenues Needed to Fully Eliminate CCA Cost Burden for Identified Low-Income Customers

Forecasted Revenues Needed	Revised Revenues Needed[2]	Difference
$8,722,224	$6,766,728	$(1,955,495)

Table No. 3 below shows the true-up of CCA Benefits for each rate schedule based on the calculations from Table Nos. 1 and 2 above.

Table No. 3 – True-Up of CCA Benefits

	Forecasted	Revised Forecast[3]	Difference
Total Revenues	$40,402,801	$37,205,697	$(3,197,104)
Held for Low-Income	$8,722,224	$6,766,729	$(1,955,495)
Revenues Available for Eligible Customers	$31,680,577	$30,438,968	$(1,241,609)

[1] Revised load is equal to actual billed volumes by rate schedule from November 2025 through July 2026 and updated forecasted volumes through October 2026.

[2] Revised revenues needed represent the actual amount of benefits provided to identified low-income customers from November 2025 – July 2026 for Sch 164 and the amount forecasted to be provided from August 2026 through October 2026.

[3] Revised forecast includes actual no-cost allowance consignment revenues and benefits provided to identified low-income customers from November 2025 – July 2026 and forecasted amounts from August 2026 through October 2026.

Based on the true-up of the various components above, there is a residual balance of consignment revenues of approximately $4.9 million from the prior period that was rolled forward to include in the calculation of rates for this filing. The Company kept the residual balance owed to each schedule within their respective schedules, based on the true-up process described above, rather than adding it to the total amount of forecasted revenues expected for the amortization period and allocating from there.

On the cost side, the Company expects to have an unamortized balance of approximately $4.8 million as of October 31, 2026, which was included in the calculation of the CCA Charge in this filing.

Forecast of Costs and Revenues

For the upcoming 12-month period beginning November 1, 2026, Avista forecasts its CCA compliance costs to be approximately $45.5 million and its revenues from consigned no-cost allowances to be $28.8 million. This compares to the forecast from the Company's 2025 CCA tariff filing of $69.8 million in compliance costs and $40.4 million in consignment revenues for the 12-month amortization period beginning November 1, 2025. The primary drive of the decrease in costs and revenues is attributed to the forecast of allowance prices being significantly lower in 2027 than they were in 2025 and 2026.

CCA Charge and CCA Benefits

After accounting for the true-up of the prior period and forecast for the amortization period, the resulting CCA Charge proposed in this filing is $0.23631 per therm as compared to the current rate of $0.39984 per therm, a reduction of $0.16353 per therm.

Table No. 4 below shows a comparison of the prior residential CCA Benefit compared to those proposed for the upcoming amortization period. The non-residential CCA Benefits can be found within the proposed tariff Schedule 64.

Table No. 4 – Comparison of Current vs. Proposed CCA Benefits by Schedule

Rate Schedule	Current	Proposed
Schedule 101, Low-Income	($0.39984) per Therm	($0.23631) per Therm
Schedule 101, connected to system on or before July 25, 2021	Summer – ($4.08) per month Winter – ($17.31) per month	Summer – ($3.31) per month Winter – ($14.76) per month

III. <u>CHANGES TO CCA BENEFITS</u>

Cap on Benefits

For residential customers, Avista proposes to retain the cap of 100% of the CCA Benefit as compared to the CCA Charge, such that customers do not receive more of a benefit than they pay on a monthly basis. For non-residential customers, Avista proposes to increase the cap on the CCA Benefit from 55% to 70% of the CCA Charge, which reflects approximately the percentage of revenues compared to costs being recovered for the amortization period.

Schedule 111 Block 1 CCA Benefit

The Company has updated the monthly CCA Benefit for the first block of Schedule 111 to be equal to the monthly average CCA Benefit for Schedule 101 customers. Schedule 101 is designed for customers that use on average 200 therms or less per month and Schedule 111 is designed for customers that use more than an average of 200 therms per month. The first block on Schedule 111 is intended to mirror the rates customers pay on Schedule 101. As such, the CCA Benefit on a per customers basis should match one another to prevent customers from moving from Schedule 101 to Schedule 111 to receive a higher CCA Benefit.

IV. CUSTOMER IMPACTS

The proposed changes to Schedule 164 will decrease the Company's annual Washington revenues by approximately $32.8 million, or about 11%. The average Schedule 101 customer with a premise connected to the system on or before July 25, 2021, that is not identified as low-income, using 61 therms would see an average decrease of $8.32 per month. As noted above, known low-income customers would see no impact. The average Schedule 101 customer with a premise connected to the system after July 25, 2021, using 61 therms, would see a decrease of $9.98 per month.

The combined effect of this filing along with the Purchased Gas Adjustment and other natural gas tariff riders filed with an effective date of November 1, 2025,[4] is an overall decrease of 8.6% in billed revenues, with most Schedule 101 customers seeing a decrease of 9.1%.

V. CCA COSTS IN DECISION MAKING

In the final order of the Company's 2024 General Rate Case, the Commission ordered the following:

> *Accordingly, the Commission finds that during Avista's annual submission of updates to its CCA tracker tariff, the Company shall submit and present information pertaining to where CCA costs are being included in decision making to include, but not limited to Integrated Resource Plans (IRPs), Clean Energy Implementation Plans (CEIPs), dispatch, power purchase, carbon market transactions, and capital projects. This annual report will*

[4] On August 31, 2026, Avista filed to update effective November 1, 2026 Schedules 150 Purchased Gas Cost Adjustment and 155 Gas Rate Adjustment, Schedule 164 Climate Commitment Act, and Schedule 166 Insurance Expense Balancing Account. The net effect of all filings is a revenue decrease of approximately $34.3 million or 11.5%.

> *be addressed and acknowledged through the Open Meeting process and will help the Commission assess a utility's progress and decision making leading up to the Commission's prudency determination at the conclusion of the compliance period.*[5]

Although the tariff filing discussed herein is specific to recovery of natural gas costs only, Attachment A to this cover letter includes the information required for both electric and natural gas decision making.

VI. CONCLUSION

As outlined in the attached Schedule 164, Avista hereby requests that the tariff revisions become effective November 1, 2026. Also included with this filing is a draft of the customer notice that will be sent to customers in September. If you have any questions regarding this filing, please contact me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/Shawn Bonfield

Shawn Bonfield
Sr. Manager, Regulatory Policy & Strategy

[5] Dockets UE-240006 & UG-240007, Order 08, ¶83.

SCHEDULE 164

CLIMATE COMMITMENT ACT

APPLICABLE:

To all Customers in the State of Washington where the Company has natural gas service available with the exception of those Customers identified in the Special Terms and Conditions section below.

The purpose of this schedule is to surcharge actual and forecasted compliance costs and rebate revenues from consigned allowances associated with the Climate Commitment Act (CCA), Chapter 70A.65 Revised Code of Washington (RCW) and true up balances as applicable from prior periods.

TERM:

The monthly rates listed below will be in effect from November 1, 2026, through October 31, 2027.

MONTHLY RATES:

The energy charges of the individual rate schedules are to be adjusted by the following amounts:

CCA Charge for all Schedules $0.23631 per Therm (R)

CCA Benefit per Schedule

Rate Schedule	**CCA Benefit - Summer**	**CCA Benefit - Winter**	
Schedule 101, Low-Income	($0.23631) per Therm		(R)
Schedule 101, connected to system on or before July 25, 2021	($3.31) per month	($14.76) per month	(I)

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SCHEDULE 164 - continued

CCA Benefit per Schedule

Rate Schedule	Block #	CCA Benefit per Block	Cumulative CCA Benefit*	
Schedule 111, 112, and 116 connected to system on or before July 25, 2021	1	($9.03) per month	($9.03) per month	(I)
	2	($103.78) per month	($112.81) per month	(R)(I)
	3	($386.19) per month	($499.00) per month	(R)
	4	($1,345.36) per month	($1,844.36) per month	(R)
	5	($5,798.05) per month	($7,642.41) per month	(R)

Rate Schedule	Block #	CCA Benefit per Block	Cumulative CCA Benefit*	
Schedule 131 and 132 connected to system on or before July 25, 2021	1	($1,802.37) per month	($1,802.37) per month	(R)
	2	($2,479.96) per month	($4,282.33) per month	(R)
	3	($3,334.58) per month	($7,616.91) per month	(R)
	4	($4,672.37) per month	($12,289.28) per month	(I)(R)

Rate Schedule	Block #	CCA Benefit per Block	Cumulative CCA Benefit*	
Schedule 146+, connected to system on or before July 25, 2021	1	($2,902.59) per month	($2,902.59) per month	(I)
	2	($3,220.48) per month	($6,123.07) per month	(I)
	3	($24,620.37) per month	($30,743.44) per month	(I)
	4	($2,930.31) per month	($33,673.75) per month	(R)(I)

*The benefit amount for customers on rate Schedules 111 and above will be determined by the Block they enter during the billing period. For example, a Schedule 111 customer that uses 800 therms would enter Block 2 and receive a CCA Benefit of ($112.82), however, their total CCA Benefit (C) shall not exceed 70% of their total CCA Charge per the Special Terms and (C) Conditions.

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SCHEDULE 164 - continued

SPECIAL TERMS AND CONDITIONS:

1. Service under this schedule is subject to the Rules and Regulations contained in this tariff, WN U-29.

2. The above rates are subject to increases as set forth in Tax Adjustment Schedule 158.

3. For purposes of this schedule, a low-income Customer is a Customer, known to Avista, that has received any form of low-income energy assistance in the last 24 months, including enrollment in the Bill Discount program or other assistance options described in tariff Schedule 192, a Low Income Home Energy Assistance Program (LIHEAP) grant, housing or rental assistance, Project Share, or any other miscellaneous form of energy assistance.

4. Except for low-income Customers, CCA benefits resulting from no-cost allowances consigned to auction are reserved exclusively for Customers with locations connected to the natural gas system on or before July 25, 2021. CCA benefits will not be provided to Customers whose location was connected to the natural gas system after July 25, 2021.

5. For rate Schedule 101 CCA benefits, Summer is defined as May through October and Winter is defined as November through April.

6. Except for low-income customers, on a monthly basis, the CCA Benefit shall not exceed 100% of the CCA Charge for Schedule 101 customers and 70% (C) of the CCA Charge for all other schedules.

7. For all customers, in the event the CCA Benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA Benefit is exhausted.

8. Deferred CCA benefits from residual balances not provided to customers under this Schedule will be carried forward for use as approved by the Washington Utilities and Transportation Commission in a future proceeding.

Issued August 31, 2026 Effective November 1, 2026

Issued by Avista Corporation
By Patrick Ehrbar, Director of Regulatory Affairs

Patrick D. Ehrbar