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August 31, 2026

Mr. Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Tariff WN U-28, WA Natural Gas Insurance Expense Balancing Mechanism

Dear Mr. Killip:

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

Third Revision Sheet 166 **canceling** **Second Revision Sheet 166**

In Order 10/01 of Dockets UE-220053, et. al., at page 52, paragraph 146, the Commission ordered:

> **Condition.** We condition our approval of the Settlement on the modification of this term to include the requirement that Avista document its action to seek out, negotiate, and attain the best insurance at the lowest costs and file with the Commission such documentation, with explanatory narratives, in Avista's annual filing beginning September 1, 2023. Subject to this condition, we determine that the Settling Parties' agreement to create an Insurance Balancing Account, including the proposed baselines for electric and natural gas, is in the public interest and should be approved.

In response to the Commission's Order Condition noted above, below is an insurance renewal summary describing the annual actions utilized by Avista to seek out, negotiate, and attain the best insurance at the lowest costs. Specific actions taken during 2025 regarding each of our six major types of insurance expense are confidential per WAC 480-07-160 and therefore are provided in Confidential Attachments A – F.

Avista conducts an annual review analysis of its policies in advance of their renewals. These reviews are conducted to ensure that adequate limits are purchased to protect both Avista and its ratepayers as well as potentially identifying modifications that might be made to policies to save money for both parties. There are numerous factors that may influence premium changes to a policy. Areas that are reviewed, and may give rise to opportunities for savings include, policy limits and retention changes, as well as program restructures and changes to the marketing of the program at renewal.

Policy limits are typically considered for adjustment when risk exposures change for Avista or to create savings through reduction of limits purchased. Avista risks exposures are assessed annually to determine if any changes to limits are necessary to protect the Company and its ratepayers. Limits are rarely reduced solely for the sake of achieving premium savings, as this would expose the Company and ratepayers to financial risk should a large, catastrophic loss occur.

Retention limits on policies are reviewed annually to assess whether it is prudent to increase retentions to realize savings. Avista's renewal analysis contains a payback analysis to assess the cost/benefit of increasing a retention on a particular policy. The credit offered by insurers to increase a retention, and therefore the financial risk assumed by Avista, is seldom large enough to justify taking on the additional financial risk of increasing the retention.

Avista reviews the program structure of its various lines of insurance to determine if changes might be made that would offer savings. Typically, the current structure in place has been arrived at over the course of several years and best balances coverage and resulting premium. Occasionally, structure will be modified if one or more of the program participants are significantly increasing premium or imposing unfavorable policy terms and conditions. In such cases, we seek to find alternative insurers that we can bring onto the program that are not requiring significant premium increases or unfavorable terms and conditions. However, unlike the personal lines market space, there are limited options in the utility commercial insurer space, and alternative options either do not exist or are very limited. If changes are made at renewal, they tend to be minor and usually do not have material impacts from a premium standpoint.

The marketing of a program at renewal may be triggered by the program structure issues noted above or could arise from circumstances such as an insurer's ability to provide needed coverage capacity, issues with claims handling, inferior engineering services, or poor communications by the insurer to Avista. Avista is diligent in its consideration of potentially marketing a portion of its program to other insurer participants. First, unlike the personal lines market, there are far fewer options in the utility commercial market for insurance coverage. To leave an incumbent and then attempt to return to it in a few years if the move didn't work, would result in significant premium increases as incumbents value the relationship they build with their insureds and this is reflected in better rates offered to long time insureds versus companies that come to them as new business. Secondly, moving to a new insurer strictly for premium savings seldom makes sense, as the premium difference is often not material, and the new insurer may come with a new set of issues of their own that brings new complications to the existing program structure. Any changes to a program through marketing efforts at renewal tend to be very minor in nature and usually only involve one insurer participant in the program.

Analysis specific to each of our six major types of insurance expense can be found on Attachments A through F, and associated sub attachments (i.e. Attachment A1, A2, etc.) as follows:

- Confidential Attachment A – Property Insurance Renewal Analysis Form
    - Confidential Attachment A1 – Avista 2025 Property Structure
    - Confidential Attachment A2 – Estimated Savings by Shift from Starr to London 12.1.24
    - Confidential Attachment A3 – ITV of Major Generation Facilities
- Confidential Attachment B – Excess Liability Insurance Renewal Analysis Form
    - Confidential Attachment B1 – Excess Liability - PNW IOU Excess Liability Benchmarking
- Confidential Attachment C - D&O Insurance Renewal Analysis Form
    - Confidential Attachment C1 – Avista D&O Peer Benchmarking
    - Confidential Attachment C2 – D&O Loss Modeling
- Confidential Attachment D – WC Insurance Renewal Analysis Form
- Confidential Attachment E – Cyber Insurance Renewal Analysis Form
    - Confidential Attachment E1 – Cyber Breach Estimates
    - Confidential Attachment E2 – 2025 Avista Benchmarking
- Confidential Attachment F – Colstrip Renewal Analysis Form

As provided in the workpapers accompanying this filing, the total surcharge effective November 1, 2026 is an incremental decrease to natural gas customers of $143,000 or 0.05%. The table below details the impact by rate schedule.

Schedule No.	Rate Schedule	Change in Billed Revenue
101	Residential	-0.1%
111/112	Large General Service Schedule	0.0%
131	Interuptible Service Schedule	0.0%
146	Transportation Service Schedule	-0.1%
	Overall	**-0.05%**

Enclosed are workpapers which show the derivation of the proposed per therm rate to be effective for a twelve-month period beginning November 1, 2026. Also included in the workpapers is transaction level detail of the expenses incurred during the deferral period. Consistent with prior filings, the decrease to natural gas customers is spread to rate schedules based on allocated rate base from the Company's most current cost of service study. This allocation is consistent with how these expenses (FERC Acct 924 – Property Insurance Premium) would be allocated for purposes of the Company's cost of service study.

The average natural gas residential customer using 61 Therms per month will see a decrease of $0.07 per month, or approximately 0.1%. The present bill for 61 Therms is $96.18 and the proposed bill is $96.11. 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 2026 bill cycle.

Please direct any questions regarding this filing to me at (509) 495-8601 or Lindsey Thomas at (509) 495-7658.

Sincerely,

/S/ Elizabeth M. Andrews

Elizabeth M. Andrews
Sr. Manager, Revenue Requirements

Enclosures

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 166

INSURANCE EXPENSE BALANCING ACCOUNT - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has Natural Gas service available. This Insurance Expense Balancing Account shall be applicable to all retail customers for charges for Natural Gas sold.

The purpose of the Insurance Expense Balancing Account schedule is to surcharge or rebate insurance 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 Natural Gas charges of the individual rate schedules are to be decreased by the following amounts:

Schedule 101	0.040¢ per Therm	(R)
Schedules 111, 112	0.012¢ per Therm	(R)
Schedule 132	0.004¢ per Therm	(R)
Schedule 146	0.008¢ per Therm	(R)

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.