

**Avista Corp.**

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October 20, 2022

Ms. Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities and Transportation Commission
 621 Woodland Square Loop SE
 Lacey, Washington 98503

DO NOT REDOCKET

Docket No. UE-220669

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 revised tariff sheet proposed to be effective November 15, 2022:

First Revision Sheet 88 canceling Original Sheet 88

On September 2, 2022, Avista filed an electric rate adjustment to surcharge customers the amount of Wildfire Expense above the base level amount authorized by the Commission in Docket UE-200900.¹ After discussions with representatives from Commission Staff, Public Counsel and the Alliance for Western Energy Consumers (AWEC) (together “Parties”), the Company requests to extend the effective date from November 1, 2022 to November 15, 2022 to allow time for the Company to properly notice all affected customers within thirty days of the requested effective date per WAC 480-90-194.

In addition, the Parties met on multiple occasions and have agreed to two additional modifications to the Company’s originally-proposed tariff. The first modification is to change the interest rate from the Company’s authorized Rate of Return to the actual Weighted Average Cost of Debt during the amortization period. The second modification relates to the rate spread of the wildfire costs. After several discussions, the Parties were not able to reach agreement on a particular

¹ The tariff accompanying the original filing was designated as the “Original Sheet 88”. On September 21, 2022 the record center notified the Company that the “Original Sheet 88” had previously been on file with the Commission. At the direction of the record center the Company has designated the filed tariff sheet “First Revision Sheet 88”.

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methodology for allocating wildfire costs, but agreed that the spread reflected in this substitute filing is reasonable. The Parties reserve the right to propose different rate spread allocation proposals related to the Wildfire Expense Balancing Mechanism in future rate proceedings. Finally, the Company acknowledges that Staff has concerns with how interest is to be calculated during the amortization period. Avista will be able to address Staff's concerns once those are provided to the Commission. But, in advance of that, Avista would like to explain our view on the application of interest in this filing.

The Company is not accruing interest as costs are being deferred (the unamortized balance), consistent with the Commission's Order 08/05 in Docket UE-200900. It is Avista's view that while the Company is deferring costs that have not yet been subject to review and a prudence finding by the Commission, interest is not appropriate. However, it is Avista's view that once the Commission determines that a balance is prudent for recovery, and sets that recovery timeframe, the balance then becomes "amortizable". It is at that point that interest should start to accrue on that balance, in whole, as it is being amortized to customers. As such, interest at the Weighted Average Cost of Debt should start on November 15th on the entire balance, and would reduce over time as the amortizable balance is actually amortized in rates.

As provided in the workpapers accompanying this filing, the total surcharge effective November 15, 2022 is an increase to electric customers of \$5.0 million, or 0.9%.

Enclosed is a set of workpapers which shows the derivation of the proposed per kilowatt-hour rate credit proposed to be effective beginning November 15, 2022.

The average residential customer using 932 kWhs per month will see an increase of \$0.89 per month, or approximately 1.0%. The present bill for 932 kWhs is \$85.07 while the proposed bill is \$85.96. The actual bill change will vary based on customer usage.

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

Enclosures

