

**Avista Corp.**

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March 31, 2022

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

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 State Of WASH.
 UTIL. AND TRANSP.
 COMMISSION

Re: Tariff WN U-28, Electric Service – WA Renewable Energy Credit Revenue Mechanism

Dear Ms. Maxwell:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective July 1, 2022:

Seventh Revision Sheet 98 Canceling Sixth Revision Sheet 98

The proposed tariff sheet reflects an electric rate adjustment to increase the present rebate customers are receiving related to Renewable Energy Credits (“RECs”). In Dockets UE-140188 and UG-140189, the Settlement Stipulation approved by the Commission in Order No. 05 required Avista to file an adjustment to the REC Revenue rebate on or before April 1, 2016, and each year thereafter, to reflect both the under- and over-amortized balance from the current rebate as well as the projected net REC revenues for the following July – June time period.¹ The new rates are to go into effect July 1 for a twelve-month period.

Actual REC revenue was greater than the amount forecasted in last year's Schedule 98 filing resulting in an expected rebate balance of \$2.9 million remaining from the July 2021 through June 2022 time period. The increase in REC revenue during that time period was caused by changing market conditions, including increased demand for RECs by third-parties in an effort to meet Environmental, Social and Corporate Governance (ESG) goals, for use as carbon offsets for thermal generation to compensate for lower hydro generation, and clean energy legislation in neighboring states. These market conditions allowed Avista to sell RECs at prices higher than expected. The REC sales that drove the increase in revenue above the forecast in last year's filing were not under contract at the time of filing, and therefore not included in forecasted revenue. Similarly, only REC sales under contract are included in this year's filing.

¹ See Dockets UE-140188 and UG-140189, Settlement Stipulation Appendix 2, p. 4.

As provided in the workpapers accompanying this filing, the total rebate effective July 1, 2022 of \$3.6 million is an increased benefit (i.e., rate decrease) to electric customers of approximately \$2.7 million, or 0.5%, compared to the current rebate in effect of approximately \$0.9 million. Below, Table 1 illustrates the change in the REC rebate balance compared to last year and Table 2 illustrates the impact by rate schedule:

Table 1 - Change in REC Rebate

	(\$ in millions)
Expected REC Deferral Balance June 30, 2022 (<u>rebate</u>)	\$ (2.9)
REC Revenue - July 2022 - June 2023 (<u>rebate</u>)	(0.4)
Interest and Revenue Conversion Factor (<u>rebate</u>)	(0.3)
Total REC Rebate July 2022 - June 2023 (<u>rebate</u>)	\$ (3.6)
Current Rebate	0.9
Change in REC Rebate (rate decrease)	\$ (2.7)

Table 2 - Impact by Rate Schedule

Schedule No.	Rate Schedule	Change in Billed Revenue
1/2	Residential	-0.5%
11/12/13	General Service Schedule	-0.4%
21/22/23	Large General Service Schedule	-0.4%
25/25I	Ext. Lg General Service Schedule	-0.8%
31/32	Pumping Service Schedule	-0.5%
41-48	Street and Area Lights	-0.1%
Overall		-0.5%

The change in the rate credit has no effect on Avista's earnings. Enclosed is a set of workpapers which shows the derivation of the proposed per kilowatt-hour rate credit proposed to be effective for a twelve-month period beginning July 1, 2022.

The average residential customer using 932 kWhs per month will see a decrease of \$0.44 per month, or approximately 0.5%. The present bill for 932 kWhs is \$85.52 while the proposed bill is \$85.08. The actual bill change will vary based on customer usage.

Information contained in this filing is confidential in nature and is filed under seal, per WAC 480-07-160 along with a redacted version. 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 May 2022 bill cycle.

Please direct any questions regarding this filing to Marcus Garbarino at (509) 495-2567.

Sincerely,

/S/ Patrick D. Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures

