

Avista Corporation

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone (509) 489-0500
Toll Free (800) 727-9170

October 16, 2025

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

RE: Docket UG-250663, Avista Utilities Natural Gas Tariff Schedules 162 & 163 – Climate Commitment Act

Dear Mr. Killip:

On August 29, 2025, Avista Corporation, dba Avista Utilities (Avista or the Company), filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to tariff Schedules 162 and 163 related to the Climate Commitment Act (CCA). Based on discussions with Commission Staff, the Company hereby proposes modifying its requested changes to tariff Schedule 162, as follows:

1. In the proposed tariff Schedule 162 submitted on August 29th, the Company proposed to modify how the CCA Credit was calculated, such that it removed the fixed dollar credit for each rate schedule and would move to a credit that was simply a percentage of the CCA Charge. As explained in the original filing, this change would provide more credit in real time for customers and eliminate the need for future true-up credits due to residual balances accumulating. The Company's perspective was that because the credit is not a per-therm rate based on volumes, it still meets the requirement of being a nonvolumetric credit.

Based on discussions with Commission Staff, the Company learned that there were alternative perspectives regarding the Company's proposed change to the CCA Credit complying with the requirement that the credit must be nonvolumetric. The Company continues to believe that its proposal complies with the requirement that "Revenues from allowances sold at auction must be returned by providing nonvolumetric credits on

ratepayer utility bills”¹ for two reasons: (1) the statute does not define “nonvolumetric credits”, which the Company’s proposal to provide a credit that is a percentage of the charge does not equate to a cost per therm, even though therm volumes are used to calculate the CCA Charge; (2) WAC 173-446-300(2)(b)(iii)(A) states “Investor-owned utility compliance with this subsection will be determined by the utilities and transportation commission”, where the subsection in reference relates to the treatment of revenues from allowances allocated to natural gas utilities. Because of the lack of definition of “nonvolumetric credit” and the Commission’s authority to determine how investor-owned utilities must comply with the requirements of revenues from consigned allowances, the Commission has latitude to determine the appropriate rate calculations for providing the CCA Credits.

Although the Company believes its proposal to modify the CCA Credit met the requirement of the law and aligned with the intent of the law, because others had a differing legal perspective, the Company now proposes to revert back to the CCA Credit structure previously approved by the Commission in tariff Schedules 162 and 163, such that for all qualifying rate schedules, they will have a fixed nonvolumetric dollar credit, with a cap not to exceed a certain percentage of their CCA Charge.

2. In the previously approved tariff Schedules 162 and 163, the Company calculated the CCA Credit based on average monthly volumes for each rate class. The result of this calculation was that up to 50% of the customers used less than the average or more than the average, which for customers that used more than the average, they got less of a CCA Credit than they were entitled to in those months. This led to a significant buildup of residual CCA Credit balances for all rate schedules. For Schedules 112 and above, the Company performed, or will perform, a true up of the CCA Credits for individual customers, such that they get the remaining credit owed to them. In the tariff modifications pending before the Commission, the Company has proposed treating Schedule 111 customers similarly to the other large customer tariff schedules, such that individual customers receive a true-up of the remaining credit owed to them.

To prevent the buildup of residual CCA Credit balances, the Company has modified how it calculated the CCA Credit as compared to the prior Schedule 162 and 163 filings. For the revised tariff Schedule 162, the Company did the following:

- Schedule 101 – calculated the nonvolumetric credit based on the rate design maximum monthly usage for a customer to be on Schedule 101, which is 2,400 therms. Schedule 101 is designed for a customer not to exceed an average of 200 therms per month or 2,400 therms per year, even if they use 2,400 therms in a single month. For customers that use more than this amount, they should be served on

¹ RCW 70A.65.130(2)(b).

Schedule 111.

- Schedule 111 and above – calculated the nonvolumetric credit based on the maximum monthly usage for an individual customer during peak usage months.

With the changes described above, the revised proposed rate structure of Schedule 162 is the same as what the Commission has previously approved multiple times with no issues or concerns relating to the rate design of the nonvolumetric credits. As discussed, the only difference is in how the nonvolumetric credits were calculated. And importantly, the modifications discussed above do not alter the rate impact discussed in the original filing.

Avista continues to request that the tariff revisions become effective November 1, 2025. 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 of Regulatory Policy & Strategy