



**Avista Corp.**

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**UE-240279**

Received  
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***VIA ELECTRONIC MAIL***

April 29, 2024

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

RE: Avista Utilities 2023 Electric Commission Basis Report Pursuant to WAC 480-100-257

Dear Mr. Killip,

Enclosed for filing is an electronic copy of Avista Utilities 2023 Electric Commission Basis Report (CBR). The original and two copies are being provided via overnight mail. The report is being filed pursuant to WAC 480-100-257. The report is based on the period of twelve months ended December 31, 2023. This report is being supplied for informational purposes only.

Additional CBR reporting requirements per UTC Commission Orders are as follows:  
Per Order No. 05, Docket No. UE-050482, the Company's 2023 annual expense for vegetation management totaled approximately \$7.0 million (Washington electric).

Per Order No. 05, Docket No. UE-070804, the Company's 2023 Wood Pole Test & Treat Program (system electric) expenses and capital expenditures totaled approximately \$0.8 million and \$18.1 million, respectively. Included as Attachment A is the summary table showing the Wood Pole Test & Treat Model Budget (as reported by Avista in Docket No. UE-070804 for the years 2008 through 2017 only) compared to the Annual Budget and Actual expense and capital expenditures for each reporting year as requested by Staff.

Finally, per Order 10/04, Docket UE-2200053, effective December 21, 2022, the Commission authorizes replacing the existing decoupling earnings test with the earnings test provided in RCW 80.28.425(6), reflecting "recently enacted legislation requires the deferral of earnings that are more than 0.5 percent higher than the ROR authorized by the Commission and reported annually through a company's Commission Basis Report (CBR)." For calendar 2023 the Company's authorized rate of return (ROR) was 7.03%. The Company's actual electric

Commission Basis ROR, per the attached report, was 6.96%, therefore, no earnings test trigger or deferral of earnings applies.

If you have any questions, please contact me at (509) 495-8601.

Sincerely,

*/s/ Elizabeth Andrews*

Elizabeth Andrews  
Senior Manager, Revenue Requirements  
Enclosure



**AVISTA UTILITIES**  
Restatement Summary  
Washington Electric  
TWELVE MONTHS ENDED DECEMBER 31, 2023

Column	WP Ref	Description of Adjustment	Washington Electric		
			NOI	Rate Base	ROR
<b>Restating Adjustments</b>					
1.00	E-ROO	Results of Operations	149,022	2,167,464	6.88%
1.01	E-DFIT	Deferred FIT Rate Base	41	7,079	
1.02	E-DDC	Deferred Debits and Credits	(52)	161	
1.03	E-WC	Working Capital	(2)	(391)	
1.04	E-Col	Remove Colstrip	(1,695)	(21,329)	
2.01	E-EBO	Eliminate B & O Taxes	(40)	-	
2.02	E-RPT	Restate Property Tax	(1,282)	-	
2.03	E-UE	Uncollect. Expense	(1,996)	-	
2.04	E-RE	Regulatory Expense	(62)	-	
2.05	E-ID	Injuries and Damages	103	-	
2.06	E-FIT	FIT/DFIT/ ITC Expense	-	-	
2.07	E-OSC	Office Space Charges to Non-Utility	24	-	
2.08	E-RET	Restate Excise Taxes	(13)	-	
2.09	E-NGL	Net Gains & Losses	57	-	
2.10	E-WN	Weather Normalization	(469)	-	
2.11	E-EAS	Eliminate Adder Schedules	(0)	-	
2.12	E-MR	Misc. Restating Non-Util / Non- Recurring Expenses	487	-	
2.13	E-RI	Restating Incentives	(386)	-	
2.14	E-RDI	Restate Debt Interest	(355)	-	
2.15	E-EWPC	Eliminate WA Power Cost Defer	(11,409)	-	
2.16	E-NPS	Nez Perce Settlement Adjustment	11	-	
2.17	E-PMM	Normalize CS2/Colstrip Major Maint	(141)	-	
2.18	E-APS	Authorized Power Supply	17,920	-	
		Restated Total	149,761	2,152,984	<b>6.96%</b>

**Other**                      CF WA Elec Conversion Factor

(1) Adjustment 2.18 “CB Power Supply” normalizes power supply costs to reflect the authorized level of net power supply costs for the twelve month period. The Energy Recovery Mechanism (ERM), approved by the Commission, is designed to share all differences in actual vs authorized net power supply costs within the ERM between customers and the Company based on the pre-determined deadband and sharing bands embedded within the ERM. The customer portion of the difference between actual vs authorized net power supply costs (higher or lower) is deferred and set aside for future rebate or surcharge to customers. The Company portion of the deadband and sharing bands (higher or lower) is absorbed by the Company. By normalizing power supply costs to reflect the authorized level, the Commission Basis Report reflects Company results after removing the agreed-upon treatment of differences in actual vs authorized net power supply costs.

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2023  
(000'S OF DOLLARS)

Actual Results    RESTATEMENT ADJUSTMENTS

Line No.	DESCRIPTION	Results of Operations	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Remove Colstrip	Eliminate B & O Taxes	Restate Property Tax	Uncollect. Expense	Regulatory Expense
		1.00 E-ROO	1.01 E-DFIT	1.02 E-DDC	1.03 E-WC	1.04 E-Col	2.01 E-EBO	2.02 E-RPT	2.03 E-UE	2.04 E-RE
	Adjustment Number									
	Workpaper Reference									
	REVENUES									
1	Total General Business	\$608,799	\$0	\$0	\$0	(\$23,587)	(\$20,881)	\$0	\$0	\$0
2	Interdepartmental Sales	1,355	-	-	-	-	-	-	-	-
3	Sales for Resale	163,559	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	773,713	-	-	-	(23,587)	(20,881)	-	-	-
5	Other Revenue	28,525	-	-	-	-	(23)	-	-	-
6	Total Electric Revenue	802,238	-	-	-	(23,587)	(20,904)	-	-	-
	EXPENSES									
	Production and Transmission									
7	Operating Expenses	185,759	-	67	-	(11,233)	-	-	-	-
8	Purchased Power	132,825	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	46,147	-	-	-	(11,245)	-	-	-	0
10	Regulatory Amortization	(12,867)	-	-	-	2,062	-	-	-	-
11	Taxes	11,443	-	-	-	-	-	1,623	-	-
12	Total Production & Transmission	363,307	-	67	-	(20,416)	-	1,623	-	-
	Distribution									
13	Operating Expenses	39,001	-	-	-	-	-	-	-	-
14	Depreciation/Amortization	40,012	-	-	-	-	-	-	-	-
15	Regulatory amortization	3,787	-	-	-	-	-	-	-	-
16	Taxes	50,175	-	-	-	(907)	(20,853)	-	-	-
17	Total Distribution	132,975	-	-	-	(907)	(20,853)	-	-	-
18	Customer Accounting	10,561	-	-	-	(180)	-	-	2,527	-
19	Customer Service & Information	25,977	-	-	-	-	-	-	-	-
20	Sales Expenses	44	-	-	-	-	-	-	-	-
	Administrative & General									
21	Operating Expenses	84,593	-	-	-	(94)	-	-	-	78
22	Depreciation/Amortization	48,411	-	-	-	-	-	-	-	-
23	Regulatory Deferrals/Amortization	(4,563)	-	-	-	-	-	-	-	-
24	Taxes	4,493	-	-	-	-	-	-	-	-
25	Total Admin. & General	132,934	-	-	-	(94)	-	-	-	78
26	Total Electric Expenses	665,798	-	67	-	(21,597)	(20,853)	1,623	2,527	78
27	OPERATING INCOME BEFORE FIT	136,441	-	(67)	-	(1,990)	(51)	(1,623)	(2,527)	(78)
	FEDERAL INCOME TAX									
28	Current Accrual	(2,589)	-	(14)	-	(418)	(11)	(341)	(531)	(16)
29	Debt Interest	0	(41)	(1)	2	123	-	-	-	-
30	Deferred Income Taxes	(9,680)	-	-	-	-	-	-	-	-
31	Amortized ITC - Noxon	(313)	-	-	-	-	-	-	-	-
32	NET OPERATING INCOME	\$149,022	\$41	(\$52)	(\$2)	(\$1,695)	(\$40)	(\$1,282)	(\$1,996)	(\$62)
	RATE BASE									
	PLANT IN SERVICE									
33	Intangible	\$251,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Production	1,020,664	-	-	-	(213,739)	-	-	-	-
35	Transmission	661,631	-	-	-	-	-	-	-	-
36	Distribution	1,544,368	-	-	-	-	-	-	-	-
37	General	320,563	-	-	-	-	-	-	-	-
38	Total Plant in Service	3,798,300	-	-	-	(213,739)	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT									
39	Intangible	(114,830)	-	-	-	-	-	-	-	-
40	Production	(482,773)	-	-	-	191,648	-	-	-	-
41	Transmission	(178,571)	-	-	-	-	-	-	-	-
42	Distribution	(475,618)	-	-	-	-	-	-	-	-
43	General	(118,705)	-	-	-	-	-	-	-	-
44	Total Accumulated Depreciation	(1,370,498)	-	-	-	191,648	-	-	-	-
45	NET PLANT	2,427,802	-	-	-	(22,091)	-	-	-	-
46	DEFERRED TAXES	(402,853)	7,079	-	-	1,746	-	-	-	-
47	Net Plant After DFIT	2,024,949	7,079	-	-	(20,345)	-	-	-	-
48	DEFERRED DEBITS AND CREDITS & OTHER	40,156	-	161	-	(984)	-	-	-	-
49	WORKING CAPITAL	102,359	-	-	(391)	-	-	-	-	-
50	TOTAL RATE BASE	2,167,464	\$7,079	161	(\$391)	(\$21,329)	\$0	\$0	\$0	\$0
51	RATE OF RETURN	6.88%								
52	REVENUE REQUIREMENT	4,754	610	84	(34)	258	54	1,709	2,660	82

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2023  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Injuries and Damages	FIT/DFIT/ ITC Expense	Office Space Charges to Non-Utility	Restate Excise Taxes	Net Gains & Losses	Weather Normalization	Eliminate Adder Schedules	Misc. Restating Non-Util / Non-Recurring Expenses
		2.05	2.06	2.07	2.08	2.09	2.10	2.11	2.12
		E-ID	E-FIT	E-OSC	E-RET	E-NGL	E-WN	E-EAS	E-MR
	Adjustment Number								
	Workpaper Reference								
	REVENUES								
1	Total General Business	\$0	\$0	\$0	\$0	\$0	(\$3,844)	\$17,159	\$0
2	Interdepartmental Sales	-	-	-	-	-	-	-	-
3	Sales for Resale	-	-	-	-	-	-	-	-
4	Total Sales of Electricity	-	-	-	-	-	(3,844)	17,159	-
5	Other Revenue	-	-	-	-	-	3,058	(9,559)	-
6	Total Electric Revenue	-	-	-	-	-	(786)	7,600	-
	EXPENSES								
	Production and Transmission								
7	Operating Expenses	-	-	-	-	-	-	(5,440)	(3)
8	Purchased Power	-	-	-	-	-	-	-	-
9	Depreciation/Amortization	-	-	-	-	-	-	-	-
10	Regulatory Amortization	-	-	-	-	-	-	10,216	-
11	Taxes	-	-	-	-	-	-	-	-
12	Total Production & Transmission	-	-	-	-	-	-	4,776	(3)
	Distribution								
13	Operating Expenses	-	-	-	-	-	-	-	1
14	Depreciation/Amortization	-	-	-	-	(72)	-	-	-
15	Regulatory amortization	-	-	-	-	-	-	-	-
16	Taxes	-	-	-	16	-	(148)	660	-
17	Total Distribution	-	-	-	16	(72)	(148)	660	1
18	Customer Accounting	-	-	-	-	-	(29)	131	1
19	Customer Service & Information	-	-	-	-	-	-	(24,446)	-
20	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
21	Operating Expenses	(131)	-	(30)	-	-	(15)	69	(616)
22	Depreciation/Amortization	-	-	-	-	-	-	-	-
23	Regulatory Deferrals/Amortization	-	-	-	-	-	-	-	-
24	Taxes	-	-	-	-	-	-	-	-
25	Total Admin. & General	(131)	-	(30)	-	-	(15)	69	(616)
26	Total Electric Expenses	(131)	-	(30)	16	(72)	(192)	(18,810)	(617)
27	OPERATING INCOME BEFORE FIT	131	-	30	(16)	72	(594)	26,410	617
	FEDERAL INCOME TAX								
28	Current Accrual	28	-	6	(3)	15	(125)	5,546	130
29	Debt Interest	-	-	-	-	-	-	-	-
30	Deferred Income Taxes	-	-	-	-	-	-	20,864	-
31	Amortized ITC - Noxon	-	-	-	-	-	-	-	-
32	NET OPERATING INCOME	\$103	\$0	\$24	(\$13)	\$57	(\$469)	(\$0)	\$487
	RATE BASE								
	PLANT IN SERVICE								
33	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Production	-	-	-	-	-	-	-	-
35	Transmission	-	-	-	-	-	-	-	-
36	Distribution	-	-	-	-	-	-	-	-
37	General	-	-	-	-	-	-	-	-
38	Total Plant in Service	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
39	Intangible	-	-	-	-	-	-	-	-
40	Production	-	-	-	-	-	-	-	-
41	Transmission	-	-	-	-	-	-	-	-
42	Distribution	-	-	-	-	-	-	-	-
43	General	-	-	-	-	-	-	-	-
44	Total Accumulated Depreciation	-	-	-	-	-	-	-	-
45	NET PLANT	-	-	-	-	-	-	-	-
	DEFERRED TAXES								
46	Net Plant After DFIT	-	-	-	-	-	-	-	-
48	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	-	-
49	WORKING CAPITAL	-	-	-	-	-	-	-	-
50	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
51	RATE OF RETURN								
52	REVENUE REQUIREMENT	(138)	-	(32)	17	(76)	625	0	(650)

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2023  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Restating Incentives	Restate Debt Interest	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Normalize CS2/Colstrip Major Maint	Authorized Power Supply	Restated TOTAL
		2.13	2.14	2.15	2.16	2.17	2.18	R-Ttl
		E-RI	E-RDI	E-EWPC	E-NPS	E-PMM	E-APS	
	Adjustment Number	2.13	2.14	2.15	2.16	2.17	2.18	R-Ttl
	Workpaper Reference	E-RI	E-RDI	E-EWPC	E-NPS	E-PMM	E-APS	
	REVENUES							
1	Total General Business	\$0	\$0	(\$4,350)	\$0	\$0	\$0	\$573,296
2	Interdepartmental Sales	-	-	-	-	-	-	1,355
3	Sales for Resale	-	-	-	-	-	(76,298)	87,261
4	Total Sales of Electricity	-	-	(4,350)	-	-	(76,298)	661,912
5	Other Revenue	-	-	-	-	-	12,713	34,714
6	Total Electric Revenue	-	-	(4,350)	-	-	(63,585)	696,626
	EXPENSES							
	Production and Transmission							
7	Operating Expenses	-	-	10,299	(14)	179	(30,881)	148,733
8	Purchased Power	-	-	-	-	-	(55,387)	77,438
9	Depreciation/Amortization	-	-	-	-	-	-	34,902
10	Regulatory Amortization	-	-	-	-	-	-	(589)
11	Taxes	-	-	-	-	-	-	13,066
12	Total Production & Transmission	-	-	10,299	(14)	179	(86,268)	273,550
	Distribution							
13	Operating Expenses	-	-	-	-	-	-	39,002
14	Depreciation/Amortization	-	-	-	-	-	-	39,940
15	Regulatory amortization	-	-	-	-	-	-	3,787
16	Taxes	-	-	(167)	-	-	-	28,776
17	Total Distribution	-	-	(167)	-	-	-	111,505
18	Customer Accounting	-	-	(21)	-	-	-	12,990
19	Customer Service & Information	-	-	-	-	-	-	1,531
20	Sales Expenses	-	-	-	-	-	-	44
	Administrative & General							
21	Operating Expenses	489	-	(19)	-	-	-	84,324
22	Depreciation/Amortization	-	-	-	-	-	-	48,411
23	Regulatory Deferrals/Amortization	-	-	-	-	-	-	(4,563)
24	Taxes	-	-	-	-	-	-	4,493
25	Total Admin. & General	489	-	(19)	-	-	-	132,665
26	Total Electric Expenses	489	-	10,092	(14)	179	(86,268)	532,285
27	OPERATING INCOME BEFORE FIT	(489)	-	(14,442)	14	(179)	22,683	164,342
	FEDERAL INCOME TAX							
28	Current Accrual	(103)	355	(870)	3	(38)	4,763	5,788
29	Debt Interest	-	-	-	-	-	-	83
30	Deferred Income Taxes	-	-	(2,163)	-	-	-	9,022
31	Amortized ITC - Noxon	-	-	-	-	-	-	(313)
32	NET OPERATING INCOME	(386)	(355)	(\$11,409)	\$11	(\$141)	\$17,920	149,761
	RATE BASE							
	PLANT IN SERVICE							
33	Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$251,075
34	Production	-	-	-	-	-	-	806,925
35	Transmission	-	-	-	-	-	-	661,631
36	Distribution	-	-	-	-	-	-	1,544,368
37	General	-	-	-	-	-	-	320,563
38	Total Plant in Service	-	-	-	-	-	-	3,584,561
	ACCUMULATED DEPRECIATION/AMORT							
39	Intangible	-	-	-	-	-	-	(114,830)
40	Production	-	-	-	-	-	-	(291,125)
41	Transmission	-	-	-	-	-	-	(178,571)
42	Distribution	-	-	-	-	-	-	(475,618)
43	General	-	-	-	-	-	-	(118,705)
44	Total Accumulated Depreciation	-	-	-	-	-	-	(1,178,850)
45	NET PLANT	-	-	-	-	-	-	2,405,711
	DEFERRED TAXES							
46	Net Plant After DFIT	-	-	-	-	-	-	(394,028)
47	Net Plant After DFIT	-	-	-	-	-	-	2,011,683
48	DEFERRED DEBITS AND CREDITS & OTHER	-	-	-	-	-	-	39,333
49	WORKING CAPITAL	-	-	-	-	-	-	101,968
50	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$2,152,984
51	RATE OF RETURN							
52	REVENUE REQUIREMENT	515	473	15,203	(15)	188	(23,878)	2,410

<b>AVISTA UTILITIES ACTUAL COST OF CAPITAL WASHINGTON ELECTRIC DECEMBER 31, 2023</b>			
<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
Debt	54.21%	5.06%	2.74%
Equity	45.79%	9.40%	4.30%
Total	<u>100.00%</u>		<u>7.04%</u>

**AVISTA UTILITIES  
REVENUE CONVERSION FACTOR  
WASHINGTON ELECTRIC  
TWELVE MONTHS ENDED DECEMBER 31, 2023**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.007618</i>
3	Commission Fees	<i>0.004000</i>
4	Washington Excise Tax	<i>0.038439</i>
6	Total Expense	<u><i>0.050057</i></u>
7	Net Operating Income Before FIT	<i>0.949943</i>
8	Federal Income Tax @ 21%	<u><i>0.199488</i></u>
9	<b>REVENUE CONVERSION FACTOR</b>	<u><u><i>0.750455</i></u></u>



# AVISTA UTILITIES

## Commission Basis Report Washington Electric Adjustment Descriptions Twelve Months Ended December 31, 2023

### 1.00 Per Results of Operation (ROO) Report

ROO Report amounts are for the twelve months ended December 31, 2023. Amounts agree to the Company's financial general ledger records with the removal of certain prior period costs. Rate base was computed using the average-of-monthly-averages method. Rate base includes all rate base components, including net plant (costs, less accumulated depreciation, net of ADFIT), working capital, and all other regulatory deferred debits and credits.

### 1.01 Accumulated Deferred FIT (ADFIT) Rate Base

ADFIT arises from accelerated tax depreciation in excess of book depreciation expense, bond refinancing premiums, and contributions in aid of construction. ADFIT that was included in ROO report were included in column (1.00). The adjustment was necessary to adjust the ROO balances to actual. The primary difference between ADFIT per ROO and the Commission Basis amounts relates to the allocation of common ADFIT amounts.

### 1.02 Deferred Debits and Credits

Deferred debits and credits that were included in the ROO Reports were included in column 1.00. This adjustment corrects the amounts as shown in ROO Reports. The Deferred Debits and Credits include the following regulatory deferrals:

- Montana Riverbed Lease Settlement.  
This adjustment reflects the Company's annual expense associated with the Montana Riverbed Lease Settlement. The Company agreed to pay the State of Montana \$4.0 million annually beginning in 2007, with annual inflation adjustments, for a 10-year period for leasing the riverbed under the Noxon Rapids Project and the Montana portion of the Cabinet Gorge Project. After the first 10-year period, the lease continues on a year-to-year basis adjusted for annual inflation. An adjustment from that recorded within results of operations is necessary to reflect the appropriate Washington allocated portion of the annual lease expense paid in 2023, allocated to Washington based on the most recent Production/Transmission (P/T) ratio.
- Customer Advances  
These amounts decrease rate base for customer advances, as they will most likely be recorded as contributions in aid of construction at some future time. These amounts are a component of actual ROO. The ROO rate base liability was adjusted to reflect the normalized balance.
- Customer Deposits  
These amounts decrease rate base for the average-of-monthly averages of customer deposits held by the Company. The ROO rate base balance is correct; therefore, no adjustment was made. The corresponding interest paid on customer deposits is recorded to an operating expense, at the UTC interest rate during 2023 of 4.67%. This adjustment is consistent with Docket No. UE-090134.

# AVISTA UTILITIES

## Commission Basis Report Washington Electric Adjustment Descriptions Twelve Months Ended December 31, 2023

### 1.03 Working Capital

The working capital rate base balance reflected in ROO as of December 31, 2023 is calculated using the Investor Supplied Working Capital (ISWC) method using an average of monthly averages basis. This method is consistent with the method originally approved in the Company's electric general rate case, Docket No. UE-150204 and updated for minor changes approved in Docket Nos. UE-170485 and UE-190334. The actual ROO balance recorded in 2023 was adjusted to reflect the appropriate ISWC balance.

### 2.01 Eliminate B & O Taxes

This adjustment removes the revenues and expenses associated with local business and occupation taxes. The adjustment eliminates any timing mismatch that exists between the revenues and expenses by eliminating the revenues and expenses in their entirety. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### 2.02 Restate Property Tax

This adjustment restates the test period accrued levels of property taxes to reflect the actual amounts. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### 2.03 Uncollectible Expense

This adjustment restates the accrued expense to the actual level of net write-offs for the test period. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward). During 2023, the Company was authorized to defer the bad debt expense accrued that exceeded the level being collected from customers due to the COVID-19 deferral mechanism approved in Docket No. UE-200407. This deferral due to COVID-19 was removed from the accrual to determine the level of bad debt expense in 2023 for the CBR. (Note: Deferral of all COVID-19 balances ceased after December 31, 2023.)

### 2.04 Regulatory Expenses

This adjustment restates regulatory expense to reflect the WUTC assessment rates applied to revenues for the test period and the actual levels of FERC fees paid during the test period. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### 2.05 Injuries and Damages

As a result of the Commission's Order in Docket No. U-88-2380-T the Company changed to the reserve method of accounting for injuries and damages not covered by insurance. This restating adjustment replaces the accrual with actuals to adjust to the six-year rolling average of

# AVISTA UTILITIES

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injuries and damages payments not covered by insurance. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### **2.06** FIT and DFIT Expenses

This adjustment adjusts the level of Schedule M items and jurisdictional allocation of Schedule M items as necessary to reflect the appropriate level of Washington electric FIT expense and DFIT expense. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### **2.07** Office Space Charges to Subsidiaries

This adjustment removes a portion of the office space costs (including, but not limited to office building operating and fixed costs, utilities, administrative, security, HVAC, depreciation and property taxes, as well as other costs related to employee use of phones, laptops, etc.) related to non-utility space, using the percentage of labor dollars charged to subsidiary/non-utility activities by employee compared to total labor dollars by employee. These percentages are applied to the employees' office space (expressed in square feet) and multiplied by office space costs/per square foot. This restating adjustment is made as a result of the Commission's Third Supplemental Order in Docket No. U-88-2380-T, which required the company to perform a space utilization study to allocate costs to subsidiaries. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### **2.08** Restate Excise and Franchise Taxes

This adjustment removes the effect of a one-month accrual lag in actual results to reflect the actual level of taxes paid. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

### **2.09** Net Gains/Losses

This adjustment reflects a ten-year amortization of net gains realized from the sale of real property disposed of between 2014 and December 31, 2023. This restating adjustment is made as a result of the Commission's Order in Docket No. UE-050842/UG-050483, and is consistent with prior general rate case dockets starting with Docket No. UE-050842/UG-050483.

### **2.10** Weather Normalization

This adjustment normalizes weather sensitive electric kWh sales by eliminating the effect of temperature deviations above or below historical normals. This restating adjustment is required per WAC 480-100-208.

# AVISTA UTILITIES

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### 2.11 Eliminate Adder Schedules

This adjustment removes the impact of the adder schedule revenues and related expenses, including Schedule 59 Residential Exchange Credit, Schedule 75 Decoupling (Rebate) Surcharge, Schedules 89, 91 and 92 Public Purpose Tariff Riders (Senior Discount, DSM and LIRAP), Schedule 93 ERM Surcharge (Rebate)<sup>1</sup>, Schedule 94 2015 GRC Rate Credit, Schedule 95 Optional Renewable and Schedule 98 Renewable Energy Credit Revenue (Rebate) Surcharge<sup>2</sup>, since these items are recovered/rebated by separate tariffs and therefore not part of base rates.

### 2.12 Miscellaneous restating

This adjustment removes a number of non-operating or non-utility expenses included in error in the test period actual results, and removes or restates other expenses incorrectly charged between service and or jurisdiction. The Company also removed 50% of director meeting expenses and director fees.

### 2.13 Restate Incentives

This adjustment restates O&M incentive compensation expense recorded in 2023 to reflect a six-year average of the actual expense as approved in Docket Nos. UE-170485 and UG-170486.

### 2.14 Restate Debt Interest

This adjustment reflects debt interest using the Company's weighted average cost of debt, based on rate base as reported in column (1.00), resulting in the level of tax-deductible interest expense on actual test period rate base. For each Commission Basis adjustment to rate base, the FIT expense is reflected on that adjustment for the impact of the restated debt interest.

### 2.15 Eliminate WA Power Cost Deferral

This adjustment eliminates all power supply deferral and amortization entries, including net REC revenues, recorded in results of operations pursuant to the deferral and recovery mechanisms authorized in Docket No. UE-000972. This restating adjustment is consistent with prior general rate case dockets (including Docket No. UE-011595 forward.)

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<sup>1</sup> The elimination of this rider schedule is split between adjustment 2.15 where the Schedule 93 and Schedule 98 billed revenues and related amortization expenses are removed, and here in 2.11 where Schedule 93 and Schedule 98 (ERM and REC) unbilled revenues and related amortization expenses are removed.

<sup>2</sup> See footnote 1.

# AVISTA UTILITIES

## Commission Basis Report Washington Electric Adjustment Descriptions Twelve Months Ended December 31, 2023

### 2.16 Nez Perce Settlement Accounting Adjustment

This adjustment directly assigns the Nez Perce Settlement expenses to the Washington and Idaho jurisdictions. This is necessary due to differing regulatory treatment in Idaho Case No. WWP-E-98-11 and Washington Docket No. UE-991606/UG-991607.

### 2.17 Normalize CS2 Major Maintenance

This adjustment normalizes major maintenance associated with Avista's Coyote Springs II (CS2) thermal project. In Order 05, page 56, paragraph 153 of Docket No. UE-150204, the Commission ordered the Company, for regulatory purposes, to normalize and recover its major maintenance expense associated with the CS2 plant over a period to match the major maintenance cycle of the plant. (Note: The Colstrip major maintenance expense has been removed from this adjustment, as Colstrip major maintenance is now recovered through separate tariff Schedule 99.)

### 2.18 Authorized Power Supply

This adjustment normalizes power supply costs to reflect the authorized level of net power supply costs for the twelve-month period. The Energy Recovery Mechanism (ERM), approved by the Commission, is designed to share all differences in actual versus authorized net power supply costs within the ERM between customers and the Company based on the pre-determined deadband and sharing bands embedded within the ERM. The customer portion of the difference between actual versus authorized net power supply costs (higher or lower) is deferred and set aside for future rebate or surcharge to customers. The Company portion of the deadband and sharing bands (higher or lower) is absorbed by the Company. By normalizing power supply costs to reflect the authorized level, the Commission Basis Report reflects Company results after removing the agreed-upon treatment of differences in actual versus authorized net power supply costs.

**Attachment A  
AVISTA  
Annual Wood Pole Treatment Report - System**

Transmission - Capital				Distribution - Capital			TOTAL - CAPITAL		
Year	Model Budget (1)	Annual Budget (2)	Actual Expenditure	Model Budget (1)	Annual Budget (2)	Actual Expenditure	Model Budget (1)	Annual Budget (2)	Actual Expenditure
2008	576,000	\$ 459,003	\$ 961,301	4,944,500	\$ 4,923,001	\$ 4,749,915	5,520,500	\$ 5,382,004	\$ 5,711,216
2009	705,000	\$ 469,004	\$ 1,391,193	5,096,000	\$ 3,700,001	\$ 7,494,569	5,801,000	\$ 4,169,005	\$ 8,885,761
2010	666,000	\$ 500,002	\$ 1,442,969	5,313,000	\$ 7,384,000	\$ 7,507,144	5,979,000	\$ 7,884,002	\$ 8,950,113
2011	733,000	\$ 1,000,001	\$ 1,029,597	5,548,000	\$ 8,899,976	\$ 9,118,377	6,281,000	\$ 9,899,977	\$ 10,147,974
2012	741,000	\$ 1,100,039	\$ 1,409,972	5,733,000	\$ 9,485,710	\$ 10,064,203	6,474,000	\$ 10,585,749	\$ 11,474,175
2013	816,000	\$ 1,050,001	\$ 970,036	6,025,000	\$ 9,281,686	\$ 9,258,713	6,841,000	\$ 10,331,687	\$ 10,228,749
2014	763,000	\$ 1,100,001	\$ 4,107,971	6,088,000	\$ 9,900,011	\$ 9,512,319	6,851,000	\$ 11,000,012	\$ 13,620,290
2015	803,000	\$ 1,489,457	\$ 2,723,777	6,556,000	\$ 11,000,000	\$ 9,789,649	7,359,000	\$ 12,489,457	\$ 12,513,426
2016	881,000	\$ 1,547,263	\$ 3,891,692	6,733,000	\$ 7,840,001	\$ 8,601,732	7,614,000	\$ 9,387,264	\$ 12,493,424
2017	928,000	\$ 1,555,249	\$ 1,534,594	6,976,000	\$ 9,000,001	\$ 9,644,501	7,904,000	\$ 10,555,250	\$ 11,179,095
2018	NA	\$ 2,213,420	\$ 2,149,335	NA	\$ 9,000,045	\$ 10,246,378	NA	\$ 11,213,465	\$ 12,395,713
2019	NA	\$ 1,659,120	\$ 2,097,222	NA	\$ 10,500,000	\$ 10,533,616	NA	\$ 12,159,120	\$ 12,630,838
2020	NA	\$ 2,409,120	\$ 2,680,043	NA	\$ 10,499,998	\$ 10,522,614	NA	\$ 12,909,118	\$ 13,202,657
2021	NA	\$ 3,113,420	\$ 3,140,404	NA	\$ 15,739,332	\$ 14,980,203	NA	\$ 18,852,752	\$ 18,120,607
2022	NA	\$ 4,238,420	\$ 4,138,235	NA	\$ 13,000,000	\$ 13,189,785	NA	\$ 17,238,420	\$ 17,328,020
2023	NA	\$ 5,593,420	\$ 5,416,400	NA	\$ 13,000,000	\$ 12,701,147	NA	\$ 18,593,420	\$ 18,117,547

  

Transmission - Testing Exp				Transmission - Aerial Patrol Exp			Distribution - Testing Exp			TOTAL - EXPENSES		
Year	Model Budget (1)	Annual Budget (2)	Actual Expenditure	Model Budget (1)	Annual Budget (2)	Actual Expenditure	Model Budget (1)	Annual Budget (2)	Actual Expenditure	Model Budget (1)	Annual Budget (2)	Actual Expenditure
2008	273,000	\$ 356,329	\$ 308,672	48,000	\$ 41,600	\$ 67,248	492,000	\$ 356,328	\$ 468,812	813,000	\$ 754,257	\$ 844,732
2009	283,000	\$ 362,360	\$ 198,410	50,000	\$ 41,600	\$ 80,051	509,000	\$ 446,584	\$ 406,053	842,000	\$ 850,544	\$ 684,513
2010	293,000	\$ 288,660	\$ 259,680	52,000	\$ 48,256	\$ 96,621	527,000	\$ 563,879	\$ 546,367	872,000	\$ 900,795	\$ 902,668
2011	303,000	\$ 287,070	\$ 287,307	54,000	\$ 90,000	\$ 86,492	546,000	\$ 495,931	\$ 528,730	903,000	\$ 873,001	\$ 902,529
2012	314,000	\$ 216,720	\$ 159,239	56,000	\$ 97,797	\$ 121,801	565,000	\$ 661,860	\$ 731,182	935,000	\$ 976,377	\$ 1,012,222
2013	325,000	\$ 191,341	\$ 297,029	57,000	\$ 101,895	\$ 94,595	585,000	\$ 611,496	\$ 635,822	967,000	\$ 904,732	\$ 1,027,446
2014	336,000	\$ 191,341	\$ 316,161	60,000	\$ 101,000	\$ 95,706	605,000	\$ 619,437	\$ 563,360	1,001,000	\$ 911,778	\$ 975,227
2015	348,000	\$ 191,341	\$ 191,395	62,000	\$ 104,155	\$ 135,318	626,000	\$ 515,345	\$ 504,075	1,036,000	\$ 810,841	\$ 830,788
2016	360,000	\$ 217,344	\$ 288,988	64,000	\$ 105,000	\$ 126,590	648,000	\$ 463,710	\$ 621,554	1,072,000	\$ 786,054	\$ 1,037,132
2017	372,000	\$ 194,484	\$ 167,281	66,000	\$ 106,701	\$ 108,547	671,000	\$ 394,860	\$ 475,646	1,109,000	\$ 696,045	\$ 751,474
2018	NA	\$ 200,000	\$ 152,207	NA	\$ 111,000	\$ 106,236	NA	\$ 531,795	\$ 653,809	NA	\$ 842,795	\$ 912,252
2019	NA	\$ 202,700	\$ 101,273	NA	\$ 111,000	\$ 123,193	NA	\$ 546,419	\$ 506,916	NA	\$ 860,119	\$ 731,382
2020	NA	\$ 202,700	\$ 149,700	NA	\$ 128,867	\$ 98,828	NA	\$ 609,535	\$ 532,207	NA	\$ 941,102	\$ 780,735
2021	NA	\$ 202,700	\$ 286,120	NA	\$ 181,922	\$ 81,351	NA	\$ 545,815	\$ 543,493	NA	\$ 930,437	\$ 910,964
2022	NA	\$ 250,000	\$ 180,696	NA	\$ 131,850	\$ 114,882	NA	\$ 640,494	\$ 431,787	NA	\$ 1,022,344	\$ 727,365
2023	NA	\$ 200,000	\$ 92,273	NA	\$ 125,000	\$ 81,316	NA	\$ 529,184	\$ 647,723	NA	\$ 854,184	\$ 821,312

Note:  
(1) Model Budget per Docket No. UE-070804 only available 2008 - 2017.  
(2) Annual Budget is the approved Budget for the year