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Avista Corp.

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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 Natural Gas Commission Basis Report Pursuant to
WAC 480-090-257

Dear Mr. Killip,

Enclosed for filing is an electronic copy of Avista Utilities 2023 Natural Gas Commission Basis Report. The original and two copies are being provided via overnight mail. The Company's report is being filed pursuant to WAC 480-090-257 and is based on the period of twelve months ended December 31, 2023. This report is being supplied for informational purposes only.

Finally, per Order 10/04, Docket UE-2200054, 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 natural gas Commission Basis ROR, per the attached report, was 6.91%, therefore, no earnings test trigger or deferral or 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

Washington Gas
(000's OF DOLLARS)

TWELVE MONTHS ENDED DECEMBER 31, 2023

Column	WP Ref	Description	Washington Gas		
			NOI	Rate Base	ROR
Restating Adjustments					
1.00	G-ROO	Per Results Report	\$39,801	\$548,687	7.25%
1.01	G-DFIT	Deferred FIT Rate Base	4	649	
1.02	G-DDC	Deferred Debits and Credits	0	0	
1.03	G-WC	Working Capital	(9)	(1,503)	
2.01	G-EBO	Eliminate B & O Taxes	0	0	
2.02	G-RPT	Restate Property Tax	(457)	0	
2.03	G-UE	Uncollectible Expense	(1,276)	0	
2.04	G-RE	Regulatory Expense	(117)	0	
2.05	G-ID	Injuries & Damages	19	0	
2.06	G-FIT	FIT / DFIT Expense	0	0	
2.07	G-OSC	Office Space Charges to Non-Utility	7	0	
2.08	G-RET	Restate Excise Taxes	6	0	
2.09	G-NGL	Net Gains & Losses	9	0	
2.10	G-WNGC	Weather Normalization / Gas Cost Adjust	(72)	0	
2.11	G-EAS	Eliminate Adder Schedules	(1)	0	
2.12	G-MR	Misc. Restating Non-Util / Non- Recurring Expense	148	0	
2.13	G-RI	Restating Incentives Expense	(116)	0	
2.14	G-DI	Restate Debt Interest	(90)	0	
		Restated Total	<u>\$37,854</u>	<u>\$547,833</u>	6.91%

Other CF WA Gas Conversion Factor

AVISTA UTILITIES

WASHINGTON NATURAL GAS

TWELVE MONTHS ENDED DECEMBER 31, 2023

(000'S OF DOLLARS)

RESTATEMENT ADJUSTMENTSACTUALRESULTS

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Debits and Credits	Working Capital	Eliminate B & O Taxes	Restate Property Tax	Uncollectible Expense	Regulatory Expense
		1.00	1.01	1.02	1.03	2.01	2.02	2.03	2.04
		G-ROO	G-DFIT	G-DDC	G-WC	G-EBO	G-RPT	G-UE	G-RE
	Adjstment Number								
	Workpaper Reference								
	REVENUES								
1	Total General Business	\$ 253,750	\$ -	\$ -	\$ -	\$ (8,709)	\$ -	\$ -	\$ -
2	Total Transportation	5,056	-	-	-	(119)	-	-	-
3	Other Revenues	30,793	-	-	-	-	-	-	-
4	Total Gas Revenues	289,599	-	-	-	(8,828)	-	-	-
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	138,387	-	-	-	-	-	-	-
6	Purchased Gas Expense	753	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	6,453	-	-	-	-	-	-	-
8	Total Production	145,593	-	-	-	-	-	-	-
	Underground Storage								
9	Operating Expenses	1,932	-	-	-	-	-	-	-
10	Depreciation/Amortization	522	-	-	-	-	-	-	-
11	Taxes	128	-	-	-	-	-	-	-
12	Total Underground Storage	2,582	-	-	-	-	-	-	-
	Distribution								
13	Operating Expenses	20,230	-	-	-	-	-	-	-
14	Depreciation/Amortization	17,032	-	-	-	-	-	-	-
15	Taxes	21,710	-	-	-	(8,828)	-	-	-
16	Total Distribution	58,972	-	-	-	(8,828)	-	-	-
17	Customer Accounting	4,973	-	-	-	-	-	1,615	-
18	Customer Service & Information	14,678	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	22,674	-	-	-	-	-	-	148
21	Depreciation/Amortization	12,913	-	-	-	-	-	-	-
22	Regulatory Amortizations	(6,237)	-	-	-	-	-	-	-
23	Taxes	1,332	-	-	-	-	579	-	-
24	Total Admin. & General	30,682	-	-	-	-	579	-	148
25	Total Gas Expense	257,480	-	-	-	(8,828)	579	1,615	148
26	OPERATING INCOME BEFORE FIT	32,119	-	-	-	-	(579)	(1,615)	(148)
	FEDERAL INCOME TAX								
27	Current Accrual	7,133	-	-	-	-	(122)	(339)	(31)
28	Debt Interest	-	(4)	-	9	-	-	-	-
29	Deferred FIT	(14,815)	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 39,801	\$ 4	\$ -	\$ (9)	\$ -	\$ (457)	\$ (1,276)	\$ (117)
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ 34,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	673,510	-	-	-	-	-	-	-
34	General Plant	160,425	-	-	-	-	-	-	-
35	Total Plant in Service	868,857	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	(13,328)	-	-	-	-	-	-	-
37	Distribution Plant	(196,001)	-	-	-	-	-	-	-
38	General Plant	(64,152)	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(273,481)	-	-	-	-	-	-	-
40	NET PLANT	595,377	-	-	-	-	-	-	-
41	DEFERRED TAXES	(83,595)	649	-	-	-	-	-	-
42	Net Plant After DFIT	511,782	649	-	-	-	-	-	-
43	GAS INVENTORY	12,469	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	4,094	-	-	-	-	-	-	-
46	WORKING CAPITAL	20,342	-	-	(1,503)	-	-	-	-
47	TOTAL RATE BASE	\$ 548,687	\$ 649	\$ -	\$ (1,503)	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	7.25%							

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

Line No.	DESCRIPTION	Injuries & Damages 2.05 G-ID	FIT / DFIT Expense 2.06 G-FIT	Office Space Charges to Non-Utility 2.07 G-OSC	Restate Excise Taxes 2.08 G-RET	Net Gains & Losses 2.09 G-NGL	Weather Normalization / Gas Cost Adjust 2.10 G-WNGC	Eliminate Adder Schedules 2.11 G-EAS	Misc. Restating Non-Util / Non-Recurring Expense 2.12 G-MR
	Adjustment Number								
	Workpaper Reference								
	REVENUES								
1	Total General Business	\$ -	\$ -	\$ -	\$ -	\$ -	13,780	\$ (42,561)	\$ -
2	Total Transportation	-	-	-	-	-	-	-	-
3	Other Revenues	-	-	-	-	-	(6,889)	(24,527)	-
4	Total Gas Revenues	-	-	-	-	-	6,891	(67,088)	-
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	-	-	-	-	-	6,288	(55,789)	-
6	Purchased Gas Expense	-	-	-	-	-	7	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	(6,453)	-
8	Total Production	-	-	-	-	-	6,295	(62,242)	-
	Underground Storage								
9	Operating Expenses	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-	-	-
	Distribution								
13	Operating Expenses	-	-	-	-	-	-	-	(1)
14	Depreciation/Amortization	-	-	-	-	(11)	-	-	-
15	Taxes	-	-	-	(7)	-	527	(1,627)	-
16	Total Distribution	-	-	-	(7)	(11)	527	(1,627)	(1)
17	Customer Accounting	-	-	-	-	-	105	(324)	-
18	Customer Service & Information	-	-	-	-	-	-	(14,054)	-
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	(24)	-	(9)	-	-	55	(170)	(186)
21	Depreciation/Amortization	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	(35)	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	(24)	-	(9)	-	-	55	(205)	(186)
25	Total Gas Expense	(24)	-	(9)	(7)	(11)	6,982	(78,452)	(187)
26	OPERATING INCOME BEFORE FIT	24	-	9	7	11	(91)	11,364	187
	FEDERAL INCOME TAX								
27	Current Accrual	5	-	2	1	2	(19)	2,386	39
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	8,979	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 19	\$ -	\$ 7	\$ 6	\$ 9	\$ (72)	\$ (1)	\$ 148
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	-	-	-	-	-	-	-	-
34	General Plant	-	-	-	-	-	-	-	-
35	Total Plant in Service	-	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	-	-	-	-	-	-	-	-
37	Distribution Plant	-	-	-	-	-	-	-	-
38	General Plant	-	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	-	-	-	-	-	-	-	-
40	NET PLANT	-	-	-	-	-	-	-	-
41	DEFERRED TAXES	-	-	-	-	-	-	-	-
42	Net Plant After DFIT	-	-	-	-	-	-	-	-
43	GAS INVENTORY	-	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	-	-	-	-	-	-	-	-
46	WORKING CAPITAL	-	-	-	-	-	-	-	-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN								

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

Line No.	DESCRIPTION	Restating Incentives Expense 2.13 G-RI	Restate Debt Interest 2.14 G-DI	Restated TOTAL R-Ttl
	Adjstment Number	2.13	2.14	
	Workpaper Reference	G-RI	G-DI	R-Ttl
	REVENUES			
1	Total General Business	\$ -	\$ -	\$ 216,260
2	Total Transportation	-	-	4,937
3	Other Revenues	-	-	(623)
4	Total Gas Revenues	-	-	220,574
	EXPENSES			
	Production Expenses			
5	City Gate Purchases	-	-	88,886
6	Purchased Gas Expense	-	-	760
7	Net Nat Gas Storage Trans	-	-	-
8	Total Production	-	-	89,646
	Underground Storage			
9	Operating Expenses	-	-	1,932
10	Depreciation/Amortization	-	-	522
11	Taxes	-	-	128
12	Total Underground Storage	-	-	2,582
	Distribution			
13	Operating Expenses	-	-	20,229
14	Depreciation/Amortization	-	-	17,021
15	Taxes	-	-	11,775
16	Total Distribution	-	-	49,025
17	Customer Accounting	-	-	6,369
18	Customer Service & Information	-	-	624
19	Sales Expenses	-	-	-
	Administrative & General			
20	Operating Expenses	147	-	22,635
21	Depreciation/Amortization	-	-	12,913
22	Regulatory Amortizations	-	-	(6,272)
23	Taxes	-	-	1,911
24	Total Admin. & General	147	-	31,187
25	Total Gas Expense	147	-	179,433
26	OPERATING INCOME BEFORE FIT	(147)	-	41,141
	FEDERAL INCOME TAX			
27	Current Accrual	(31)	90	9,118
28	Debt Interest	-	-	5
29	Deferred FIT	-	-	(5,836)
30	Amort ITC	-	-	-
31	NET OPERATING INCOME	\$ (116)	\$ (90)	\$ 37,854
	RATE BASE			
	PLANT IN SERVICE			
32	Underground Storage	\$ -	\$ -	\$ 34,923
33	Distribution Plant	-	-	673,510
34	General Plant	-	-	160,425
35	Total Plant in Service	-	-	868,857
	ACCUMULATED DEPRECIATION/AMORT			
36	Underground Storage	-	-	(13,328)
37	Distribution Plant	-	-	(196,001)
38	General Plant	-	-	(64,152)
39	Total Accumulated Depreciation/Amortization	-	-	(273,481)
40	NET PLANT	-	-	595,377
41	DEFERRED TAXES	-	-	(82,946)
42	Net Plant After DFIT	-	-	512,431
43	GAS INVENTORY	-	-	12,469
44	GAIN ON SALE OF BUILDING	-	-	-
45	OTHER	-	-	4,094
46	WORKING CAPITAL	-	-	18,839
47	TOTAL RATE BASE	\$ -	\$ -	\$ 547,833
48	RATE OF RETURN			

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

**AVISTA UTILITIES
REVENUE CONVERSION FACTOR
WASHINGTON NATURAL GAS
DECEMBER 31, 2023**

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.007617
3	Commission Fees	0.004000
4	Washington Excise Tax	0.038227
6	Total Expense	<u>0.049843</u>
7	Net Operating Income Before FIT	0.950157
8	Federal Income Tax @ 21%	0.199533
9	REVENUE CONVERSION FACTOR	0.750624

AVISTA UTILITIES

Commission Basis Report Washington Natural Gas 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, all other regulatory deferred debits and credits and natural gas inventory.

1.01 Accumulated Deferred FIT (ADFIT) Rate Base

ADFIT arises from accelerated tax depreciation in excess of book depreciation, 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:

- 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 properly stated, therefore, no adjustment was needed.
- 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 reclassified to an operating expense, at the UTC interest rate during 2023 of 4.67%. This adjustment is consistent with Docket No. UE-090134.

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 natural gas general rate case, Docket No. UG-150205 and updated for minor changes approved in Docket Nos. UG-170486 and UG-190335. The actual ROO balance recorded in 2023 was adjusted to reflect the appropriate ISWC balance.

AVISTA UTILITIES

Commission Basis Report Washington Natural Gas Adjustment Descriptions Twelve Months Ended December 31, 2023

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. UG-991607 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. UG-991607 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. UG-991607 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. UG-200408. 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. This restating adjustment is consistent with prior dockets (including Docket No. UG-991607 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 injuries and damages payments not covered by insurance. This restating adjustment is consistent with prior dockets (including Docket No. UG-991607 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 natural gas FIT expense and DFIT expense. This restating adjustment is consistent with prior dockets (including Docket No. UG-991607 forward).

AVISTA UTILITIES

Commission Basis Report Washington Natural Gas Adjustment Descriptions Twelve Months Ended December 31, 2023

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.) 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. UG-991607 forward).

2.08 Restate Excise/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. UG-991607 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 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 Docket Nos. following UG-050483.

2.10 Weather Normalization/Gas Cost Adjustment

This adjustment normalizes weather sensitive gas therm sales by eliminating the effect of temperature deviations above or below historical norms. This adjustment also restates therms sold to reflect the weather normalized therms and then reprices the adjusted therms sold based upon the authorized weighted average cost of gas. These restating adjustments are required per WAC 480-90-208.

2.11 Eliminate Adder Schedules

This adjustment removes the impact of the adder schedule revenues and related expenses, including Schedule 155 Gas Cost surcharge or rebate, Schedule 175 Decoupling surcharge or rebate, Schedules 189, 191 and 192 Public Purpose Tariff Riders (Senior Discount, DSM and LIRAP) and Schedule 194 2015 GRC Rate Credit, since these items are recovered/rebated by separate tariffs and, therefore, are not part of base rates. In addition, various accounts associated with the cost of gas managed through the PGA deferral mechanism are consolidated into City Gate Purchases in this adjustment.

AVISTA UTILITIES

Commission Basis Report Washington Natural Gas Adjustment Descriptions Twelve Months Ended December 31, 2023

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 actual expense as approved in Docket Nos. UE-150204 and UG-150205.

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.