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October 15, 2025

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

RE: Avista Utilities Proposed Modifications to Tariff Schedule 195 "Optional Renewable Natural Gas"

Dear Mr. Killip,

Attached for filing with the Commission is Avista Corporation's dba Avista Utilities (Avista or the Company) proposed modification to Tariff Schedule 195 "Optional Renewable Natural Gas." The proposed schedule is included in the following tariff sheets, WN U-29:

First Revision Sheet No. 195 Canceling Original Sheet No. 195

I. INTRODUCTION

Through the attached Tariff Schedule 195 modifications, Avista hereby proposes to revise the voluntary Renewable Natural Gas (RNG) program (Program) that provides natural gas customers within Avista's Washington natural gas service territory a voluntary opportunity to purchase RNG as part of their monthly billing. The Company proposes to increase the therms provided per $5.00 block from 1.5 therms to 2 therms. Avista requests that the proposed revision to Schedule 195 be approved to become effective on January 1, 2026 by operation of law.

II. BACKGROUND

On September 8, 2021, the Company requested Commission approval to implement its proposed tariff schedule 195 – Optional Renewable Natural Gas program that provides customers an opportunity to purchase RNG as part of their regular monthly service to offset their carbon emissions.[1] Avista implemented the original program design as approved, providing customers the option to purchase blocks of RNG, where each block includes the environmental attributes represented by the equivalent to 1.5 therms of RNG at a price of $5.00 per block. All charges related to the program are in addition to the customer's regular natural gas charges.

Avista originally signed an agreement with Puget Sound Energy (PSE) to acquire the necessary RNG volumes needed to support the Program, however, that contract ended in December 2024. As such, the Company signed a new contract with Pine Creek to purchase RTCs on behalf of program participants. This contract price is significantly less than the original contract with PSE, prompting the proposed revision provided herein.

III. PROGRAM DESIGN

As noted above, the Company entered into a new agreement with Pine Creek to support the Program.[2] The Company was able to secure a better price for RTCs in the agreement with Pine Creek compared to the legacy agreement and is proposing to pass those savings on to participating customers by updating the program design to have each block of RNG include the environmental attributes equivalent to 2 therms for RNG at the same price. This is a 33 percent increase in therms per block.

[1] Docket UG-210690
[2] This is a 15-year agreement to acquire RTCs from Pine Creek's Horn Rapids facility, located in Richland, Washington.

As a part of this proposal, the Company completed a thorough analysis of the program costs to date and forecasted future expenses, as well as several other factors and pricing models as provided in confidential Attachment A. The Company believes maintaining the $5.00 per block cost model is easy for customers to understand and maintains a consistent bill impact if the proposed change is approved. By maintaining the existing block cost, the Company can maximize value to customers by increasing the environmental attributes associated with their contribution. This proposal best aligns with the program goals, expected future growth, and administrative costs based on historical data to allow for the Program to continue operating while containing all costs and revenue within the Program. The breakdown of program costs is included in Attachment A to this filing.

The Company will maintain the structured price to confine Program costs and benefits strictly to Program participants, including the supply of RNG attributes and Program administration costs. Additionally, the Company utilizes the Midwest Renewable Energy Tracking System (M-RETS) for purposes of the Program and retiring environmental attributes on behalf of participating customers.

Lastly, Program enrollment remains simple for customers and may be initiated online or over the phone with a Customer Service Representative (CSR). Customers will continue to have the opportunity to participate with no contract required and have the option to enroll and/or cancel participation at any time.

IV. CONCLUSION

In conclusion, Avista's proposed change provides additional value to customers by providing 2 therms of RNG per $5.00 block instead of 1.5 therms, ultimately reducing their carbon footprint through the purchase of RNG. Avista requests that the proposed modifications to Schedule 195 be approved by operation of law and to become effective on January 1, 2026.

Please note that sections of Attachment A contains CONFIDENTIAL information and should be treated as CONFIDENTIAL per WAC 480-07-160. As such, the Company has provided both a confidential and redacted version. Please direct any questions regarding this filing to Amanda Ghering at amanda.ghering@avistacorp.com or 509-495-7950.

Sincerely,

Amanda Ghering

Regulatory Affairs Manager