



UG-250663

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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*
Comments of the Alliance of Western Energy Consumers

Dear Executive Director Killip:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to file these comments on Avista’s tariff filing to return Climate Commitment Act (“CCA”) allowance revenues to customers. Avista’s tariff filing results in a rate decrease to customers, equitably spread within the context of the requirements of the CCA, and AWEC supports its approval and implementation.

Until Monday afternoon of this week – nearly two months after Avista filed its tariff revisions – AWEC understood that this was a consensus opinion among all interested stakeholders, or at least had not been made aware of any concerns from any party. That changed late Monday afternoon – October 20th – when Staff circulated a revised draft of its open meeting memo with a completely different recommendation to suspend and investigate Avista’s filing. That recommendation stems from an apparently newly developed legal theory that “it would be more consistent with statute” if CCA allowance consignment revenues were returned only to residential and small commercial customers, meaning that large commercial and industrial customers are entirely deprived of the benefits of these revenues, despite the fact that they pay for the costs of CCA compliance just like any other customer class.¹

As discussed below, AWEC disagrees with Staff’s legal analysis, but initially, it wishes to express its frustration and disappointment with the process that is now before the Commission. Simply put, it is an inefficient use of the Commission’s and stakeholders’ time and resources for Staff to articulate an entirely new interpretation of the CCA that necessarily impacts every gas, and potentially even electric, utility in a single utility’s tariff filing at the last minute without

¹ Staff Memo at 8-9 (Oct. 21, 2025).

broad stakeholder input or discussion. The controversy that Staff has created cannot be resolved in a single open meeting and is far better reserved for the Commission's CCA policy docket to the extent the Commission wishes to entertain Staff's recommendation at all, which it should not.

Staff's conclusion that "it would be more consistent with statute" to exclude large commercial and industrial customers from receiving CCA credits appears to have three foundations. First, Staff appears to suggest that because Avista imposes a cap on the amount of credits a customer can receive that are based on a customer's CCA charge, and that charge is volumetric, the credit itself is volumetric by association in apparent violation of RCW 70A.65.130(2)(b).² Second, Staff asserts that larger customers have received a larger share of credits (because they have paid more for CCA compliance) and this result "seems inconsistent with the CCA's directive to minimize cost impacts for low-income, residential, and small business customers."³ Third, Staff posits that returning credits on a monthly basis capped at a percentage of the CCA charge "reduces customer incentives to pursue lower-emitting alternatives and weakens the ability of the [CCA] to support emissions reductions"⁴

Staff's first argument simply has no merit. The law requires Avista to return revenues from allowances sold at auction "by providing nonvolumetric credits on ratepayer bills"⁵ That is precisely what Avista is doing and, in fact, is not disputed by Staff.⁶ The fact that there is a cap on credit amounts that is, in Staff's words, "defined by the customer's CCA charge" does not make the credit itself volumetric. If the credit were volumetric, it would mirror the customer's CCA charge up to the cap with each customer receiving a credit that is proportional to their CCA costs. But that is not what Avista has proposed; Avista's proposal offers a fixed dollar credit for each qualifying rate schedule.⁷ That is a non-volumetric credit regardless of how it is capped.

Staff's second argument – that larger customers have received a larger share of credits – is confusing and unrelated to the applicable legal requirements. Staff does not explain what it means when it says that "customer classes with the largest CCA charges receiv[e] the largest share of no-cost allowance consignment revenues."⁸ If Staff means that large customers receive a larger individual dollar credit, then that is true, but irrelevant. Large customers spend orders of magnitude more on natural gas than small customers, so the size of the dollar credit itself does not alone speak to its impact on a customer's bill. If, however, Staff is referring to the percentage of credits received, relative to the total amount, this data is mixed. Large General Service customers on Schedule 111/112/116 receive a higher percentage of credits than the percentage of their load on the system, but Large Interruptible and Transport customers on Schedules 1131/132 and 146/148 receive a lower percentage.⁹ Thus, Staff's factual claims appear incorrect, or at the very least require additional explanation.

² *Id.* at 7-8.

³ *Id.* at 8.

⁴ *Id.*

⁵ RCW 70A.65.130(2)(b).

⁶ Staff Memo at 7-8 ("Avista's revised tariff sheets may solve the problem of indexing a non-volumetric charge to a customer's energy use...").

⁷ Avista Cover Letter at 2 (Oct. 16, 2025).

⁸ Staff Memo at 8.

⁹ Avista Tariff 162 & 163 Workpaper.

Furthermore, even if Staff's factual claims were sound, the CCA does not prohibit this result. It requires first that low-income customers be held harmless from CCA costs.¹⁰ No party, including Staff, disputes that Avista's tariff accomplishes this.¹¹ Next, it requires revenues to be returned to ratepayers as nonvolumetric credits *or* "used to minimize cost impacts on low-income, residential, and small business customers through actions that include, but are not limited to, weatherization, decarbonization, conservation and efficiency services, and bill assistance."¹² The law gives the utility a choice over how to use these funds and Avista has selected one viable option. Thus, far from being "inconsistent with the CCA[.]" Avista is faithfully effectuating its requirements.¹³

Finally, Staff's claim that returning CCA credits to customers in the manner Avista has done "reduces customer incentives to pursue lower-emitting alternatives" appears to be baseless. Staff has no facts at its disposal to prove its assertion that customers are not pursuing lower-emitting available alternatives, nor any basis to claim that changing how credits are disbursed will change this result, even if it were true. The Commission should not be making decisions based on speculation. Additionally, as AWEC has previously commented, customer bills that contain line items for CCA credits, but not CCA costs, further confuse and obscure price signals to customers, particularly residential customers.

For all of these reasons, Staff's objections to Avista's tariff filing are without merit and AWEC urges the Commission to approve the filing as presented. As Avista points out, suspending and investigating the filing will only delay customers' receipt of a rate decrease as they enter the heating season.¹⁴ Moreover, it will use scarce Commission and party resources inefficiently. If the Commission credits any of Staff's arguments at all, it should address them in its CCA policy docket where all potentially affected utilities and stakeholders can weigh in.

Dated this 21st day of October 2025.

Respectfully submitted,

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¹⁰ RCW 70A.65.130(2)(b).

¹¹ Staff Memo at 6.

¹² RCW 70A.65.130(2)(b).

¹³ Staff Memo at 8.

¹⁴ Avista Comments in Response to Staff Memo at 1 (Oct. 21, 2025).