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October 17, 2022

Ms. Amanda Maxwell  
 Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 Lacey, Washington 98503

Received  
 Records Management  
 10/17/2022  
 State Of WASH.  
 UTIL. AND TRANSP.  
 COMMISSION

**RE: Docket No. UG-220670**  
**WN U-29 Natural Gas Service - Avista's Annual Purchased Gas Cost Adjustment (PGA)**

Enclosed for electronic filing with the Commission is a copy of the following proposed substitute tariff sheets:

**Sub. Twenty-Fifth Revision Sheet 155 canceling Twenty-Fourth Revision Sheet 155**

The purpose of this filing is to revise the Company's annual Purchased Gas Cost Adjustment ("PGA"), originally filed on September 2, 2022 in the above referenced Docket. After the initial filing, the Company collaborated with Commission Staff to explore options to mitigate the bill impact for residential customers as discussed in our initial filing. After robust discussions and analysis, the Company, with Commission Staff's support, is proposing to mitigate the overall increase for residential customers this winter by modifying how the amortization of the gas cost deferral balance occurs. The Company is therefore proposing that the surcharge deferral balance collected through Schedule 155 ("Gas Rate Adjustment - Washington") be collected through "seasonal" rates. Below is a table summarizing the proposed rate changes reflected in this filing.

<u>Service Schedule</u>	<u>Sch. No.</u>	<u>Initial Filing</u> <u>Sch. 155</u> <u>Change</u> <u>per therm</u>	<u>Revised</u> <u>Nov - Apr</u> <u>Sch. 155 Change</u> <u>per therm</u>	<u>Revised</u> <u>May - Oct</u> <u>Sch. 155 Change</u> <u>per therm</u>	<u>Annual</u> <u>Weighted Avg</u> <u>Sch. 155 Change</u> <u>per therm</u>	<u>Change in Sch. 155</u> <u>Rate per therm</u> <u>compared to</u> <u>initial filing.*</u>
General	101	\$ 0.10565	\$ 0.06259	\$ 0.30990	\$ 0.10600	\$ 0.00035
Fixed income	102	\$ 0.10565	\$ 0.06259	\$ 0.30990	\$ 0.10600	\$ 0.00035
Large General	111	\$ 0.08770	\$ 0.08770	\$ 0.08770	\$ 0.08770	\$ -
Large General	112	\$ -	\$ -	\$ -	\$ -	\$ -
Interruptible	131	\$ -	\$ -	\$ -	\$ -	\$ -
Interruptible	132	\$ -	\$ -	\$ -	\$ -	\$ -

\*Difference in annual rate is forecasted to be less than \$50,000 and is caused by the change in forecasted interest and rounding caused by change in surcharge collection period. Will be true-up to actual in next annual PGA filing

This proposal is designed to reduce the amount residential customers pay during the heating season when customer use, and therefore customer bills, are higher and recovering more of the amortization surcharge than when use and customer bills are lower in the non-heating season. In addition, rather than proposing to collect the amortization surcharge balance over a multi-year period, this proposal results in the total deferred surcharge balance included in the initial filing being collected during the PGA year. Below is a table showing the estimated bill for a residential or small commercial customer with average use<sup>1</sup> under current approved rates, rates as initially filed, and rates as proposed with this filing, by season.

	Current Rates in Effect 10/1/2022	Rates Proposed in Initial Filing	Rates Proposed in Current Filing
Heating Season Bill (Nov-Apr)	\$ 122.75	\$ 137.71	\$ 133.02
Non-Heating Season Bill (May-Oct)	\$ 32.39	\$ 35.52	\$ 39.88

The average residential or small commercial customer using an average of 109 therms per month during the heating season of November through April will see their bill increase by approximately \$10.27, or 8.4% compared to present rates, a decrease of \$4.69, or 3.5%, compared to rates proposed in our initial filing. Customer bills will then increase by a like amount during the non-heating season of May through October in order to fully collect the surcharge balance during the PGA year.

Because the proposed Schedule 155 included in this filing with seasonal rates are designed to collect the same surcharge balance included in the initial filing, there is no impact to the annual revenue change reflected in the initial filing of an increase of approximately \$25.0 million, or 12.3%. On an annual basis, the average residential or small commercial customer using 67 therms per month will see an increase of \$8.95 per month, or approximately 11.8%.<sup>2</sup> The present bill for 67 therms is \$76.17 while the proposed bill is \$85.12. The proposed rate change will vary based on a customer’s usage and service schedule.

Enclosed are the workpapers supporting the proposed rate changes. Please note that Attachment A is Confidential as it contains pricing information that is confidential. Therefore, per WAC 480-07-160, Attachment A is being provided in a confidential and redacted version. Please note that Attachment A is being provided in excel format only given the detailed and electronic nature of the information provided.

If you have any questions regarding this filing, please call Marcus Garbarino at 509-495-2567.

Sincerely,

/S/Patrick D. Ehrbar

Patrick D. Ehrbar

Director of Regulatory Affairs

<sup>1</sup> Average customer use was calculated by dividing forecasted usage by forecasted customers on Schedule 101 and 102 resulting in average use of 109 therms per month for the heating season (November 2022 through April 2023) and 23 therms per month for the non-heating season (May 2023 through October 2023).

<sup>2</sup>In the Company’s initial filing, the increase was 11.8%. However, since the initial filing the Commission approved revisions to Tariffs 175 (decoupling), 191 (natural gas energy efficiency) and 192 (low-income rate assistance) effective 10/1/2022, resulting in an increase in the average bill at present rates in the initial filing of \$72.66 to \$76.17 reducing the percentage change.

