



**Avista Corp.**

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***VIA ELECTRONIC MAIL***

April 28, 2023

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

RE: Avista Utilities 2022 Natural Gas Commission Basis Report Pursuant to  
WAC 480-090-257

Dear Ms. Maxwell:

Enclosed for filing is an electronic copy of Avista Utilities 2022 Natural Gas Commission Basis Report. 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, 2022. 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 2022 the Company's authorized rate of return (ROR) for the period January 1, 2022 through December 20, 2022 was 7.12%, and from December 21, 2022 through December 31, 2022 was 7.03%. The Company's actual electric Commission Basis ROR, per the attached report, was 6.35%, 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, 2022

Column	WP Ref	Description	Washington Gas		
			NOI	Rate Base	ROR
<b>Restating Adjustments</b>					
1.00	G-ROO	Per Results Report	\$32,686	\$500,209	
1.01	G-DFIT	Deferred FIT Rate Base	(12)	(2,266)	
1.02	G-DDC	Deferred Debits and Credits	0	0	
1.03	G-WC	Working Capital	(3)	(562)	
2.01	G-EBO	Eliminate B & O Taxes	(5)	0	
2.02	G-RPT	Restate Property Tax	(137)	0	
2.03	G-UE	Uncollectible Expense	(373)	0	
2.04	G-RE	Regulatory Expense	(90)	0	
2.05	G-ID	Injuries & Damages	0	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	(2)	0	
2.09	G-NGL	Net Gains & Losses	9	0	
2.10	G-WNGC	Weather Normalization / Gas Cost Adjust	(49)	0	
2.11	G-EAS	Eliminate Adder Schedules	(809)	0	
2.12	G-MR	Misc. Restating Non-Util / Non- Recurring Expense	480	0	
2.13	G-RI	Restating Incentives Expense	(42)	0	
2.14	G-DI	Restate Debt Interest	(79)	0	
		Restated Total	<u>\$31,581</u>	<u>\$497,381</u>	<b>6.35%</b>

**Other**            CF WA Gas Conversion Factor

## AVISTA UTILITIES

## WASHINGTON NATURAL GAS

TWELVE MONTHS ENDED DECEMBER 31, 2022

(000'S OF DOLLARS)

RESTATEMENT ADJUSTMENTS

ACTUAL

RESULTS

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	\$ 216,635	\$ -	\$ -	\$ -	\$ (7,404)	\$ -	\$ -	\$ -
2	Total Transportation	5,265	-	-	-	(128)	-	-	-
3	Other Revenues	61,767	-	-	-	-	-	-	-
4	Total Gas Revenues	283,667	-	-	-	(7,532)	-	-	-
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	155,347	-	-	-	-	-	-	-
6	Purchased Gas Expense	841	-	-	-	-	-	-	-
7	Net Nat Gas Storage Trans	(5,736)	-	-	-	-	-	-	-
8	Total Production	150,452	-	-	-	-	-	-	-
	Underground Storage								
9	Operating Expenses	1,970	-	-	-	-	-	-	-
10	Depreciation/Amortization	498	-	-	-	-	-	-	-
11	Taxes	211	-	-	-	-	-	-	-
12	Total Underground Storage	2,679	-	-	-	-	-	-	-
	Distribution								
13	Operating Expenses	13,218	-	-	-	-	-	-	-
14	Depreciation/Amortization	15,764	-	-	-	-	-	-	-
15	Taxes	19,381	-	-	-	(7,526)	-	-	-
16	Total Distribution	48,363	-	-	-	(7,526)	-	-	-
17	Customer Accounting	3,796	-	-	-	-	-	472	-
18	Customer Service & Information	12,308	-	-	-	-	-	-	-
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	23,095	-	-	-	-	-	-	114
21	Depreciation/Amortization	12,241	-	-	-	-	-	-	-
22	Regulatory Amortizations	2,168	-	-	-	-	-	-	-
23	Taxes	1,118	-	-	-	-	174	-	-
24	Total Admin. & General	38,622	-	-	-	-	174	-	114
25	Total Gas Expense	256,220	-	-	-	(7,526)	174	472	114
26	OPERATING INCOME BEFORE FIT	27,447	-	-	-	(6)	(174)	(472)	(114)
	FEDERAL INCOME TAX								
27	Current Accrual	(2,575)	-	-	-	(1)	(37)	(99)	(24)
28	Debt Interest	-	12	-	3	-	-	-	-
29	Deferred FIT	(2,664)	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	-	-
31	NET OPERATING INCOME	\$ 32,686	\$ (12)	\$ -	\$ (3)	\$ (5)	\$ (137)	\$ (373)	\$ (90)
	RATE BASE								
	PLANT IN SERVICE								
32	Underground Storage	\$ 33,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Distribution Plant	624,173	-	-	-	-	-	-	-
34	General Plant	157,618	-	-	-	-	-	-	-
35	Total Plant in Service	815,632	-	-	-	-	-	-	-
	ACCUMULATED DEPRECIATION/AMORT								
36	Underground Storage	(12,897)	-	-	-	-	-	-	-
37	Distribution Plant	(180,965)	-	-	-	-	-	-	-
38	General Plant	(58,268)	-	-	-	-	-	-	-
39	Total Accumulated Depreciation/Amortization	(252,130)	-	-	-	-	-	-	-
40	NET PLANT	563,502	-	-	-	-	-	-	-
41	DEFERRED TAXES	(84,944)	(2,266)	-	-	-	-	-	-
42	Net Plant After DFIT	478,558	(2,266)	-	-	-	-	-	-
43	GAS INVENTORY	19,556	-	-	-	-	-	-	-
44	GAIN ON SALE OF BUILDING	-	-	-	-	-	-	-	-
45	OTHER	(1,381)	-	-	-	-	-	-	-
46	WORKING CAPITAL	3,476	-	-	(562)	-	-	-	-
47	TOTAL RATE BASE	\$ 500,209	\$ (2,266)	\$ -	\$ (562)	\$ -	\$ -	\$ -	\$ -
48	RATE OF RETURN	6.53%							

AVISTA UTILITIES  
WASHINGTON NATURAL GAS  
TWELVE MONTHS ENDED DECEMBER 31, 2022  
(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	\$ -	\$ -	\$ -	\$ -	\$ -	(3,165)	(15,985)	\$ -
2	Total Transportation	-	-	-	-	-	-	-	-
3	Other Revenues	-	-	-	-	-	1,680	(60,862)	-
4	Total Gas Revenues	-	-	-	-	-	(1,485)	(76,847)	-
	EXPENSES								
	Production Expenses								
5	City Gate Purchases	-	-	-	-	-	(1,283)	(78,344)	-
6	Purchased Gas Expense	-	-	-	-	-	(2)	-	-
7	Net Nat Gas Storage Trans	-	-	-	-	-	-	5,737	-
8	Total Production	-	-	-	-	-	(1,285)	(72,607)	-
	Underground Storage								
9	Operating Expenses	-	-	-	-	-	-	-	-
10	Depreciation/Amortization	-	-	-	-	-	-	-	-
11	Taxes	-	-	-	-	-	-	-	-
12	Total Underground Storage	-	-	-	-	-	-	-	-
	Distribution								
13	Operating Expenses	-	-	-	-	-	-	-	(2)
14	Depreciation/Amortization	-	-	-	-	(11)	-	-	-
15	Taxes	-	-	-	3	-	(121)	(614)	-
16	Total Distribution	-	-	-	3	(11)	(121)	(614)	(2)
17	Customer Accounting	-	-	-	-	-	(11)	(57)	-
18	Customer Service & Information	-	-	-	-	-	-	(11,627)	(2)
19	Sales Expenses	-	-	-	-	-	-	-	-
	Administrative & General								
20	Operating Expenses	-	-	(9)	-	-	(6)	(32)	(604)
21	Depreciation/Amortization	-	-	-	-	-	-	-	-
22	Regulatory Amortizations	-	-	-	-	-	-	323	-
23	Taxes	-	-	-	-	-	-	-	-
24	Total Admin. & General	-	-	(9)	-	-	(6)	291	(604)
25	Total Gas Expense	-	-	(9)	3	(11)	(1,423)	(84,614)	(608)
26	OPERATING INCOME BEFORE FIT	-	-	9	(3)	11	(62)	7,767	608
	FEDERAL INCOME TAX								
27	Current Accrual	-	-	2	(1)	2	(13)	1,631	128
28	Debt Interest	-	-	-	-	-	-	-	-
29	Deferred FIT	-	-	-	-	-	-	-	-
30	Amort ITC	-	-	-	-	-	-	6,945	-
31	NET OPERATING INCOME	\$ -	\$ -	\$ 7	\$ (2)	\$ 9	\$ (49)	\$ (809)	\$ 480
	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, 2022  
(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	\$ -	\$ -	\$ 190,081
2	Total Transportation	-	-	5,137
3	Other Revenues	-	-	2,585
4	Total Gas Revenues	-	-	197,803
	EXPENSES			
	Production Expenses			
5	City Gate Purchases	-	-	75,720
6	Purchased Gas Expense	-	-	839
7	Net Nat Gas Storage Trans	-	-	1
8	Total Production	-	-	76,560
	Underground Storage			
9	Operating Expenses	-	-	1,970
10	Depreciation/Amortization	-	-	498
11	Taxes	-	-	211
12	Total Underground Storage	-	-	2,679
	Distribution			
13	Operating Expenses	-	-	13,216
14	Depreciation/Amortization	-	-	15,753
15	Taxes	-	-	11,123
16	Total Distribution	-	-	40,092
17	Customer Accounting	-	-	4,200
18	Customer Service & Information	-	-	679
19	Sales Expenses	-	-	-
	Administrative & General			
20	Operating Expenses	53	-	22,611
21	Depreciation/Amortization	-	-	12,241
22	Regulatory Amortizations	-	-	2,491
23	Taxes	-	-	1,292
24	Total Admin. & General	53	-	38,635
25	Total Gas Expense	53	-	162,845
26	OPERATING INCOME BEFORE FIT	(53)	-	34,958
	FEDERAL INCOME TAX			
27	Current Accrual	(11)	79	(919)
28	Debt Interest	-	-	15
29	Deferred FIT	-	-	(2,664)
30	Amort ITC	-	-	6,945
31	NET OPERATING INCOME	\$ (42)	\$ (79)	\$ 31,581
	RATE BASE			
	PLANT IN SERVICE			
32	Underground Storage	\$ -	\$ -	\$ 33,841
33	Distribution Plant	-	-	624,173
34	General Plant	-	-	157,618
35	Total Plant in Service	-	-	815,632
	ACCUMULATED DEPRECIATION/AMORT			
36	Underground Storage	-	-	(12,897)
37	Distribution Plant	-	-	(180,965)
38	General Plant	-	-	(58,268)
39	Total Accumulated Depreciation/Amortization	-	-	(252,130)
40	NET PLANT	-	-	563,502
41	DEFERRED TAXES	-	-	(87,210)
42	Net Plant After DFIT	-	-	476,292
43	GAS INVENTORY	-	-	19,556
44	GAIN ON SALE OF BUILDING	-	-	-
45	OTHER	-	-	(1,381)
46	WORKING CAPITAL	-	-	2,914
47	TOTAL RATE BASE	\$ -	\$ -	\$ 497,381
48	RATE OF RETURN			

<b>AVISTA UTILITIES ACTUAL COST OF CAPITAL WASHINGTON NATURAL GAS DECEMBER 31, 2022</b>			
<b>Proposed Capital Structure</b>			
<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
Debt	53.52%	4.63%	2.48%
Common	46.48%	9.40%	4.37%
Total	<u>100.00%</u>		<u>6.85%</u>

**AVISTA UTILITIES  
REVENUE CONVERSION FACTOR  
WASHINGTON NATURAL GAS  
DECEMBER 31, 2022**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	1.000000
	<b>Expense:</b>	
2	Uncollectibles	0.003550
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038383
6	Total Expense	<u>0.043933</u>
7	Net Operating Income Before FIT	0.956067
8	Federal Income Tax @ 21%	0.200774
9	REVENUE CONVERSION FACTOR	0.755293



# AVISTA UTILITIES

## Commission Basis Report Washington Natural Gas Adjustment Descriptions Twelve Months Ended December 31, 2022

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

ROO Report amounts are for the twelve months ended December 31, 2022. 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 2022 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, 2022 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 2022 was adjusted to reflect the appropriate ISWC balance.

# AVISTA UTILITIES

## Commission Basis Report Washington Natural Gas Adjustment Descriptions Twelve Months Ended December 31, 2022

### 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 2022, 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 2022 for the CBR.

### 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, 2022

### 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 2013 and 2022. 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, 2022

### 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 2022 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.