

Avista Corporation

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August 29, 2025

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

RE: Avista Utilities Natural Gas Tariff Schedules 162 & 163 – Climate Commitment Act

Dear Mr. Killip:

Attached for electronic filing with the Washington Utilities and Transportation Commission (Commission) are proposed tariff revisions of Avista Corporation, dba Avista Utilities (Avista or the Company), related to the Climate Commitment Act (CCA), WN U-29 – Natural Gas Service:

First Revision Sheet 162	Replacing	Original Sheet 162
First Revision Sheet 162A	Replacing	Original Sheet 162A
First Revision Sheet 162B	Canceling	Original Sheet 162B
First Revision Sheet 163	Replacing	Substitute Original Sheet 163
First Revision Sheet 163A	Replacing	Substitute Original Sheet 163A

I. PURPOSE

The purpose of this filing is to make modifications to tariff Schedules 162 and 163, the Company's natural gas CCA cost recovery tariffs. The proposed changes discussed herein will **decrease** the Company's annual Washington revenues by approximately \$7.6 million, or about 2.7%. A summary of the proposed changes are as follows:

- Schedule 162 – 1) modify the schedule to become the permanent CCA cost recovery tariff instead of Schedule 163 as originally planned; 2) modify the terms and conditions to allow the Company to return the residual CCA Credit balance accrued for customers on Schedule 111 for amounts associated with calendar year 2023, like that which was done for customers on Schedule 112 and above; 3) modify how the CCA Credit is calculated and

applied to individual customers, such that for all customers, apart from low-income customers whose CCA Credit equals their CCA charge, the credit is calculated as a percentage of the CCA Charge; and, 4) update the CCA Charge to reflect the compliance costs forecasted through October 31, 2026.

- Schedule 163 – modify the terms and conditions to allow the Company to return the residual CCA Credit balance accrued for customers on Schedule 111 for the period of November 1, 2024, through October 31, 2025, like that which was done for customers on Schedule 112 and above.

II. SCHEDULE 162

Tariff Schedule 162 was the Company's first CCA tariff rider implemented to recover CCA compliance costs and return revenue from consigned allowances to customers associated with calendar year 2023. The tariff was approved with rates in effect for a one-year period from April 1, 2024, through March 31, 2025. Following March 31, 2025, the tariff expired.

The tariff included two main components, a CCA Charge and CCA Credit. The CCA Charge was a volumetric charge per therm that all customers paid. The CCA Credit varied by customer group, as required by law. For low-income customers, the CCA Credit was designed to fully offset the CCA Charge, thereby shielding all identified low-income customers from any CCA cost burden. For all other customers, the CCA Credit was capped at 80% of the CCA Charge, up to a set maximum dollar amount by rate schedule. Also, customers new to the system after July 25, 2021, were ineligible to receive the CCA Credit.

One Special Term and Condition of Schedule 162 was that on an annual basis, deferred CCA Credits from residual balances not provided through the monthly CCA Credit amounts will be determined for individual customers served under Schedules 112, 116, 131, 132, and 146, as well as for customers that switch to or from any of these schedules to another schedule. Residual balances accrued for all customers, not just these schedules, because of (1) the estimated revenue necessary to protect low-income customers from any CCA cost burden, (2) actual loads versus forecasted loads used to calculate the rates on Schedule 162, and (3) the 80% cap on the CCA Credits. The Company provided a true up of the residual CCA Credit amounts to customers on schedules 112 and above in June.¹ For Schedules 101 and 111, as specified in the tariff, the residual credit balances were carried forward.

With this filing, Avista proposes to modify tariff Schedule 162, such that it can provide a true up of the residual credit balance to Schedule 111 customers for amounts associated with calendar year 2023, like what Avista did for its other larger rate schedules. The Company proposes this modification as the residual credit balance was larger than anticipated. By providing this credit as a lump sum, it will result in an immediate benefit for those eligible customers. The Company also

¹ No true up was needed for customers on schedules 131 and 132.

proposes that any amounts owing to a customer below \$5 would be carried forward rather than providing very small credits to those customers (i.e., 801 customers are owed \$302 in total for an average of \$0.37 each). The following table shows a summary of the estimated proposed true-up.

Schedule 111 Residual CCA Credit Balances

Range	Count	Total Credit Balance*
\$5-\$100	423	\$16,656
Over \$100	1,244	\$4,218,217
Total Rebates	1,667	\$4,234,873

**Credit balances do not include interest. Interest amounts will be rolled forward with any residual balance to be included in a future adjustment.*

If approved, the additional CCA Credits for Schedule 111 customers would be provided as a bill credit as soon as reasonably possible.

Although Schedule 162 expired following the original amortization period, which ended on March 31, 2025, the Company now proposes to revive the schedule and make it its permanent CCA cost recovery tariff for multiple reasons. First, as described below, the Company is proposing to change the structure for how the CCA Credit is applied. As such, the change from Schedule 163 to 162 is necessary to avoid conflict between two rate structures on the same tariff schedule. Without the change in schedules, an issue will arise in November when bills must be prorated based on the rates in effect prior to and after November 1st as billing periods do not align with calendar months. Second, to accurately calculate the true up of residual CCA Credit balances from the first iteration of Schedule 163, bills issued under the schedule, including any adjustments, need to run their course before the true ups can be calculated. Importantly, the change in which schedule contains the current CCA cost recovery will not harm or negatively affect customers in any way, rather it is required to more easily account for the CCA Charge and CCA Credit between time periods and schedules. The Company does not foresee similar issues arising with future Schedule 162 rate adjustments.

To prevent residual CCA Credit balances from continuing to accrue each year, the Company proposes to modify the application of the CCA Credit to eliminate the fixed dollar credit for each rate schedule and move to a credit that is simply a percentage of the CCA Charge, with an exception for low-income customers where their CCA Credit will continue to equal the CCA Charge. This change will provide more credit in real time for customers and eliminate the need for future true-up credits being provided due to residual balances accumulating. The credit is not a per-therm rate based on volumes, thus still meeting the requirement of being a nonvolumetric credit. The CCA Credit for eligible residential customers is higher than other schedules due to factoring in the residual CCA Credit balance that accrued on Schedule 162 and Schedule 163. In next year's filing, the Company expects that the CCA Credit percentage value will be the same for all schedules.

Regarding the costs and revenues proposed to be recovered in this tariff filing, the following are incorporated:

1. True-up of Schedule 162 – Schedule 162 recovered costs and passed back revenues from calendar year 2023. The rates in Schedule 162 were based on actual costs and revenues from 2023, forecasted loads for the amortization period (April 1, 2024, through March 31, 2025), and an estimate of low-income customers to protect from any CCA cost burden. This filing includes a true up of the CCA Charge (i.e., costs) based on actual loads compared to forecasted loads, which actual loads were lower resulting in additional costs to be recovered in this filing. Also, this filing incorporates the residual CCA Credit balances, which were quite large for Schedule 101 customers as they were not trued up for individual customers like they were for schedules 111 and above.
2. True-up of Schedule 163 – Schedule 163 was initially designed to recover costs and pass back revenues for the period of January 1, 2024, through October 31, 2025. The rates were based on actual costs and revenues from January through June 2024 and forecasted through October 2025, forecasted loads for the amortization period (November 2024, through October 2025), and an estimate of low-income customers to protect from any cost burden from the CCA. This filing includes a true up of the CCA Charge (i.e., costs) based on actual loads compared to forecasted loads, which actual loads were lower resulting in additional costs to be recovered in this filing. Also, this filing incorporates the residual CCA Credit balances, which were quite large for Schedule 101 customers as they were not trued up for individual customers like they were for schedules 111 and above.
3. Forecast of future costs and revenues – the intent of the Company’s permanent CCA cost recovery tariff was to transition to a schedule where customers receive as near of a real time price signal as possible so they could change behavior or operations based on the price signal. To do this, in the first version of Schedule 163, the Company included a combination of actual costs and a forecast of future costs for 22 months, or through the rate effective period. With this filing, the Company can now base the rates on a forecast of costs and revenues for a 12-month period that aligns with the rate effective period November 1, 2025, through October 31, 2026.

III. SCHEDULE 163

Tariff Schedule 163 was designed to mirror Schedule 162 but be permanent in nature to recover ongoing compliance costs with the CCA. Schedule 163 was designed to recover costs and pass back revenues for the period of January 1, 2024, through October 31, 2025. As noted above, because of modification of the CCA Charge proposed to take effect on November 1, 2025, the Company now proposes to allow Schedule 163 to sunset and revert to Schedule 162 as the permanent CCA cost recovery schedule.

Like Schedule 162 described above, a residual CCA Credit balance accumulated for all rate

schedules. For Schedules 112 and above, the Company will calculate and provide the additional CCA Credit owing to individual customers as soon as reasonably possible. For Schedule 111 customers, the Company proposes to modify the terms and conditions of the schedule to allow it to provide any residual CCA Credit balance to individual customers in the same manner as the large rate schedules, which if approved, the Company will provide the additional credit at the same time as the larger schedules. Similar to Schedule 162, the Company will only provide an additional credit to customers if it is \$5 or greater. For Schedule 101 customers, any residual CCA Credit balance will be carried forward and included in a future Schedule 163 update.

Because Schedule 162 is now proposed to be the permanent CCA cost recovery tariff, all rates in Schedule 163 will be set to \$0.00 on November 1st. In next year's CCA tariff filing, the Company will propose to eliminate Schedule 163 in its entirety.

IV. CUSTOMER IMPACTS

The proposed changes to Schedule 162 will decrease the Company's annual Washington revenues by approximately \$7.6 million, or about 2.7%. The average Schedule 101 customer with a premise connected to the system on or before July 25, 2021, that is not identified as low-income, using 66 therms would see an average decrease of \$3.18 per month. As noted above, known low-income customers would see no impact. The average Schedule 101 customer with a premise connected to the system after July 25, 2021, using 66 therms, would see an increase of \$7.60 per month.

The combined effect of this filing along with the Purchased Gas Adjustment and other natural gas tariff riders filed with an effective date of November 1, 2025,² is an overall decrease of 8.6% in billed revenues, with most Schedule 101 customers seeing a decrease of 9.1%.

V. CCA COSTS IN DECISION MAKING

In the final order of the Company's 2024 General Rate Case, the Commission ordered the following:

Accordingly, the Commission finds that during Avista's annual submission of updates to its CCA tracker tariff, the Company shall submit and present information pertaining to where CCA costs are being included in decision making to include, but not limited to Integrated Resource Plans (IRPs), Clean Energy Implementation Plans (CEIPs), dispatch, power purchase, carbon market transactions, and capital projects. This annual report will be addressed and acknowledged through the Open Meeting process and will help the

² On August 29, 2025, Avista filed to update effective November 1, 2025 Schedules 150 Purchased Gas Cost Adjustment and 155 Gas Rate Adjustment, Schedule 162 & 163 Climate Commitment Act, Schedule 166 Insurance Expense Balancing Account, and Schedule 192 LIRAP. The net effect of all filings is a revenue decrease of approximately \$24.1 million or 8.6%.

Commission assess a utility's progress and decision making leading up to the Commission's prudence determination at the conclusion of the compliance period.³

Although the tariff filing discussed herein is specific to recovery of natural gas costs only, Attachment A to this cover letter includes the information required for both electric and natural gas decision making.

VI. CONCLUSION

As outlined in the attached Schedule 162 and 163, Avista hereby requests that the tariff revisions become effective November 1, 2025. Also included with this filing is a draft of the customer notice that will be sent to customers in September. If you have any questions regarding this filing, please contact me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield

Sr. Manager of Regulatory Policy & Strategy

³ Dockets UE-240006 & UG-240007, Order 08, ¶83.