

**Avista Corporation**

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

**RE: Avista Utilities Natural Gas Tariff Schedule 162 – Climate Commitment Act –
Temporary Schedule**

Dear Mr. Killip:

On December 22, 2023, Avista Corporation, dba Avista Utilities (Avista or the Company), filed tariff Schedule 162 related to cost recovery associated with compliance to the Washington Climate Commitment Act (CCA). On February 21, 2024, Avista filed to extend the effective date of the tariff schedule to March 6, 2024 and on February 22, 2024, as a result of the discussion at the Open Meeting held on the same day, Avista extended the effective date of the tariff schedule to April 1, 2024.

During that Open Meeting held on February 22, 2024, several issues were discussed related to Avista's proposed tariff Schedule 162. In particular, the Commissioners expressed concern with Avista's proposal for a nonvolumetric CCA Charge for Schedule 101 customers. Ultimately, the Commissioners directed Avista to extend the effective date of the proposed tariff and switch the CCA Charge for Schedule 101 customers from a nonvolumetric charge to a volumetric charge. The primary purpose of this filing is to address the Commissioners' directive. The following describes all changes to the originally filed Schedule 162.

1. The 2023 compliance costs used to derive the CCA Charge have been updated to reflect actual costs incurred through December. As a reminder, at the timing of filing the Company estimated December costs. Actual costs were slightly lower than forecast, which results in a lower overall rate impact for all customers.

2. Schedule 101 customers will be assessed a volumetric CCA Charge. The volumetric CCA Charge is now the same for all rate schedules and customers.
3. Low-income customers will receive a volumetric CCA Credit that is equal to the CCA Charge.
4. Non-low-income customers on Schedule 101 will receive a seasonally adjusted CCA Credit that is capped at 80% of the CCA Charge on a monthly basis. This rate design for Schedule 101 mirrors what the Company had proposed for Schedule 111 in its original filing.
5. The cap on the amount of the CCA Credit provided to customers has been increased to 80% instead of 75% due to the actual costs for December coming in lower than estimated, which increased the overall percentage of revenues as compared to costs.
6. For rate schedules with seasonal CCA Credits, summer is now defined as April through October and winter is now defined as November through March instead of March through September and October through February, respectively.
7. Regarding displaying the CCA Charge and CCA Credit on customer bills, the Company recognizes that there are varying perspectives on this topic, especially for residential and small commercial customers. For purposes of the Company's proposed temporary Schedule 162, the Company proposes the following related to customer bills, however, will revisit this issue when it makes its more permanent CCA cost recovery tariff filing later in 2024.
 - Low-income customers – both the volumetric CCA Charge and volumetric CCA Credit, which net to zero, will be included within the per therm billing rate and not be included as separate line items on the bill.
 - Non-low-income Schedule 101 customers – the volumetric CCA Charge will be included within the per therm billing rate and the nonvolumetric CCA Credit will be included with the Basic Charge (i.e., fixed charge). Neither the CCA Charge or CCA Credit will be included as separate line items on the bill.
 - Large commercial and industrial customers – the volumetric CCA Charge and nonvolumetric CCA Credit will be included as separate line items on the bill as originally proposed, which the Commissioners indicated they approved of at the February 22, 2024 Open Meeting.

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