Service Date: November 10, 2025

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES, Respondent.	DOCKET UG-250663 ORDER 02 ORDER REQUIRING AVISTA TO SUBMIT A COMPLIANCE FILING

BACKGROUND

1 On August 29, 2025, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed tariff revisions to Schedules 162 and 163 of its natural gas service Tariff WN U-29 with the Washington Utilities and Transportation Commission (Commission). In its initial filing, Avista proposed to decrease total net revenues by $7.6 million, or 2.7 percent, effective November 1, 2025, and reported a net positive residual ratepayer credit balance of approximately $22 million.

2 On October 16, 2025, following discussions with Commission staff (Staff) over the proposed credit adjustment methodology relating to credits for the benefit of customers under the Climate Commitment Act (CCA),[1] Avista requested to make modifications to tariff Schedule 162.[2] On October 20, 2025, Staff filed an open meeting memo responding to Avista's filing, and raised concerns about whether Avista's CCA credit was nonvolumetric given that it capped the credit at 70 or 80 percent of the customer's CCA

[1] *See* RCW 70A.65.120(1) and 70A.65.130(2)(a).

[2] The purpose of Avista's request to make these modifications to the terms of Schedule 162 were to allow the Company to return residual CCA credit balances on Schedule 111, Large General Service, and modify how the CCA credit is calculated by establishing a cap of 80 percent of the volumetric CCA charge for Schedule 101 customers and 70 percent for other customer classes.

charge, which Staff noted appeared to be inconsistent with RCW 70A.65.130(2)(b)'s requirement to return allowance revenues through nonvolumetric credits.[3]

3 At the October 23, 2025, Open Meeting, the Commission considered Avista's filing and proposed modifications, and after hearing comments from Staff, Avista, the Department of Ecology (Ecology), Public Counsel, The Energy Project (TEP), and Northwest Energy Coalition (NWEC), in Order 01, directed Avista to submit a compliance extending the term of its currently effective Schedule 163 until November 14, 2025. The Commission also required Avista to refile its proposed revisions to Schedules 162 and 163 of Tariff WN U-29, initially filed on August 29, 2025, and revised on October 16, 2025, to include each of the following conditions:

> 1. For the monthly CCA Credit, rephrase the reference to CCA Customer Benefit, and (1) allocate the portion of revenues needed to eliminate cost burden for identified low-income customers, (2) the remaining revenues will be allocated to each customer class by the forecasted load for that class, and (3) CCA customer benefits will be determined by calculating the revenue for each schedule divided by the number of customers on that schedule, further divided by 12, seasonally adjusted, with a modification that limits the benefit of the CCA charge;
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> 2. Return to Schedule 101 and 111 customers the residual amount remaining from Schedule 162 and Schedule 163 on the same basis as the residuals have been returned to other customer schedules;
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> 3. Return any unallocated residual balances from Schedules 162 and 163 to customer classes in the same manner that prior rates and tariffs were approved; and
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> 4. The allocation of any residual balances that accumulate from a [yet] to be approved Schedule 162 shall be held by Avista Corporation d/b/a Avista Utilities for future allocation pending discussions in the Commission's CCA policy docket, Docket UE-230161, or sooner. [4]

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[3] RCW 70A.65.130(2)(b) provides in part that "revenues from allowances sold at auction must be returned by providing nonvolumetric credits on ratepayer utility bills, prioritizing low-income customers, or used to minimize costs impacts on low-income, residential, and small business customers…"

[4] *WUTC v. Avista Corporation d/b/a Avista Utilities*, Docket UG-250663, Order 01at 7 ¶ 30 (October 24, 2025).

4 On October 30, 2025, Avista submitted its compliance filing to the revised Tariff WN U-29 in accordance with Order 01. Staff reviewed the Company's revised October 30, 2025, compliance filing, and on November 3, 2025, issued its open meeting memo and subsequently submitted a revised version of its memo on November 6, 2025, recommending the Commission impose the following six conditions:

1. Rename Schedule 162 to the new Schedule 164.

2. Establish a tariff expiration of October 31, 2026, and require a refiling, if needed, based upon outcome of the CCA policy docket, U-230161.

3. Modify the benefits calculations for Schedules 111, 112, 116, 131, 132 and 146 to further allocate CCA benefits based on the blocks within each schedule, such that there is an allocation of benefits for each block, which will then be divided by the number of customers in that block, further divided by 12, without a seasonal adjustment, and with a modification that limits the benefit.

4. Require residuals from any revenue previously allocated to eliminate cost burden for low-income customers neither to be reallocated to other classes nor to be held for future reallocation in the policy docket; instead, such residuals shall be invested to minimize cost impacts on low-income customers through actions described in RCW 70A.65.130(2)(b).

5. Revise proposed residual adjustments as follows:

   (a) Proposed Adjustment No. 1 of $9.2 million from Schedule 162 residuals.

      i. Language shall be added to the Schedule 162 Tariff to clarify that: "In the event the CCA Benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA Benefit is exhausted."

   (b) Proposed Adjustment No. 2 of $2.6 million from Schedule 162 residuals.

      i. Remove revenues that were previously allocated to benefit Low Income customers to be invested in programs authorized by RCW 70A.65.130(2)(b).

      ii. Remaining residuals shall be held for investment in programs described in RCW 70A.65.130(2)(b).

   (c) Proposed Adjustment No. 3 of $25.3 million estimated from Schedule 163 residuals.

i. Remove revenues that were previously allocated to benefit Low Income customers to be invested in programs authorized by RCW 70A.65.130(2)(b).

ii. Allow remaining residuals to be returned via a Lump Sum CCA Benefit Adjustment to bring all customers CCA Benefit up to 55 percent of their previous CCA Charge in accordance with the Tariff language.

iii. Require language be added to the Schedule 163 Tariff to clarify that "In the event the CCA Benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA Benefit is exhausted;" and

iv. Require any remaining residuals to be held for investment in programs as described in RCW 70A.65.130(2)(b).

6. Use a 58 percent modification that limits the benefit going forward.

5 On November 4, 2025, Avista, Public Counsel, and TEP filed written comments in response to the open meeting memo Staff issued to the docket on November 3, 2025, addressing each of Staff's six recommended conditions. No party contested Staff's conditions 1 and 2 to rename Schedule 162 to 164, to establish an expiration of October 31, 2026, and require a refiling, if needed, based on the outcome of the CCA policy Docket U-230161. However, parties raised several concerns relating to conditions 3-6.

6 In its written and verbal comments, Avista generally supports Staff's proposed condition 3, opposes conditions 4 and 5, and suggests a modification to condition 6. First, regarding condition 3, Avista clarifies that it supports modifying the benefits calculation Schedules 111, 112, 116, 131, 132 and 146 to further allocate CCA benefits based on blocks within each schedule provided "the Commission deems it can approve this method to calculate nonvolumetric credits."[5]

7 Second, regarding condition 4, Avista opposes Staff's recommendation to require residuals from revenues previously allocated to eliminate cost burden for low-income customers to be invested only to minimize impacts on low-income customers. Instead, Avista argues that it should be allowed to return the residual balances from Schedule 162 to all customers, consistent with the Commission's decision in Order 01.[6] Avista further notes that it is open to using the unutilized amounts, currently estimated at approximately $2 million (for program investment), from Schedule 163, that were previously allocated

[5] Docket UG-250663, Comments on behalf of Avista Cover Letter at 2 (November 4, 2025).

[6] Docket UG-250663, Order 01 at 7 ¶ 30.

to eliminate the cost burden for low-income customers. However, Avista maintains that the actual amount of these funds will not be known until late December 2025 or January 2026, and emphasizes that further discussion with all parties is necessary to determine how best to use the funds to benefit low-income, Named Communities, and other vulnerable natural gas customers.

8 Third, Avista supports Staff's condition 5(a) to adjust $9.2 million from Schedule 162 residuals and to include clarifying language that any CCA benefit exceeding a customer's total bill may be applied to the following month's bill until the benefit is exhausted. However, the Company opposes condition 5(b) because the Commission previously decided in Order 01 that the $2.6 million residual balance should be distributed amongst all its customer classes[7] rather than being solely allocated to Schedule 101 customers via a lump sum CCA benefit adjustment to bring all customers up to 80 percent of their previous CCA charges. Finally, Avista strongly opposes Staff's condition 5(c)(iv) to adjust the $25.3 million of estimated residuals from Schedule 163 and to reallocate those funds to programs described in RCW 70A.65.130(2)(b) after providing a lump sum CCA benefit to all customers of up to 55 percent of their previous CCA charge. Avista explained that the unallocated revenues have not been earmarked, and should be used to benefit all its customer classes. Avista further reasons that it would be premature to set aside these significant amounts when RCW 70A.65.130(2)(b) does not require such revenue allocation, and where additional discussions are needed in the CCA policy docket to determine how the significant amount of unallocated funds should be used to benefit all Avista ratepayers as memorialized in Order 01.[8]

9 Finally, regarding Staff's condition 6 to use a 58 percent modification that limits the benefit, Avista argues that it is supportive of a lower amount but requests that the percentage used be consistent with the existing tariff language, which sets the modifier at 55 percent.

10 Although Public Counsel did not address each of Staff's individual recommendations in its written comments, it cautions Avista from allocating CCA credits amongst customer classes by load going forward in Schedule 164, as such approach would constitute a volumetric credit. Instead, Public Counsel recommends that the Commission implement a calculation method completely disconnected from volume (i.e. dividing total benefit by number of customer accounts). Public Counsel further highlights that because Avista's existing tariff language is silent on how unallocated residuals should be distributed, any unallocated funds should be earmarked for Schedule 101 customers. Finally, Public

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[7] *Id*.

[8] *Id*.

Counsel cautions against any indefinite holding of customer-earmarked funds during the resolution of questions around nonvolumetric credits in the CCA policy docket, UE-230161.

11 TEP provided comments proposing that the Commission require Avista to restart its low-income weatherization program's deferred maintenance pilot program using CCA revenues to benefit low-income customers now, rather than waiting to address this issue in the CCA policy docket. Additionally, TEP recommends that Avista partner with its weatherization agencies to launch a low-income electrification pilot program using CCA revenues and model it after Puget Sound Energy's low-income electrification program, which was designed as a three-year pilot using CCA revenues.[9] Finally, TEP supports Staff's recommendation to fund low-income pilot programs using residuals from CCA revenues previously allocated to eliminate the cost burden for low income customers and to launch the programs in 2026 using such residuals.

12 This matter came before the Commission at its regularly scheduled November 6, 2025, open meeting. The Commission heard comments from Staff, Avista, Public Counsel, TEP, and AWEC.

DISCUSSION AND DECISION

13 As an initial matter, the Commission is appreciative of Staff, Avista, and each of the parties' robust conversations and engagement in a relatively short time frame on this issue. Following extended discussion and exchange at the open meeting, the Commission determines that it is appropriate to modify several of the conditions proposed by Staff to incorporate additional suggestions and adjustments by the parties. First, the Commission will discuss the conditions and modifications regarding Schedule 164 relating to prospective activity, and then turn to conditions and modifications regarding Schedules 162 and 163 relating to prior activity. Although Staff's proposed conditions provided the framework for the discussion at the open meeting, the Commission finds that it is useful to discuss the final conditions differently in the interest of clarity.

Schedule 164 – Conditions 1-3

14 To clearly delineate each of the decision points reached during the November 6, 2025, open meeting, we first address the disposition of Avista's forward-looking tariff terms, starting with conditions 1 and 2, which were uncontested by the parties. The Commission requires Avista to rename Schedule 162 to "Schedule 164," and set a tariff expiration of

[9] See Docket UE-230968, Puget Sound Energy CCA Decarbonization Programs 2024 Annual Report at 3 (November 15, 2024).

October 31, 2026, for Schedule 164. The Commission will also require Avista to refile its tariff Schedule 164, if needed, based on the outcome of the CCA policy Docket U-230161, or as ordered by the Commission depending on other circumstances, including, but not limited to legislative changes to the underlying statutes.

15 For the new Schedule 164, we adopt Staff's proposed block approach to allocate the portion of revenues needed to eliminate cost burden for identified low-income customers, and find that such approach appropriately allocates the remaining revenues to each customer class by schedule[10] and accomplishes a nonvolumetric methodological approach as discussed over the last two open meetings, and in Order 01. We further find that the block approach is a reasonable mitigation of rate shock, in the public interest, and promotes gradualism. Without additional allocation by block, load usage of various customers within Avista's larger schedule transportation service classes would experience substantial seasonal usage variances and lead to rate shock.[11]

16 The Commission also adopts Staff's proposal requiring Avista to include additional language in the tariff to provide that "in the event a customer's CCA benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA benefit is exhausted." This requirement should reduce the Company's administrative burden while ensuring that CCA benefits are returned to customers.

17 Finally, to ensure that a nonvolumetric approach is being applied consistent with the intent and purpose of RCW 70A65.130, for Schedule 101 customers, we require Avista to allocate CCA benefits up to 100 percent of the CCA charge on a monthly basis and to apply a 55 percent limitation to all other schedules consistent with the Company's existing tariff language.

Schedules 162 and 163 – Conditions 4-8

18 Regarding Schedule 162, the Commission determines that it is appropriate to require Avista to apply any CCA benefits exceeding a customer's monthly bill to the customer's following month's bill, for the same reasons stated above with respect to Schedule 164. The Commission also requires Avista to return the proposed adjustment of $9.2 million in Schedule 162 residuals to customers via a lump sum to bring all customers up to 80% of

[10] The remaining customer classes by block include Schedule blocks for 111, 112, 116, 131, 132, and 146.

[11] Docket UG-250663, Staff Revised Memo at 5 (November 5, 2025) citing *WUTC v. Bliss Indus., Inc.*, Dockets UW-071412 & UW-071413, Order 07, 10 ¶ 31 (July 24, 2008) (initial order by ALJ) ("[r]ate shock is the sharp increase in rates to recover a large expense over a short period of time") (citing James Bonbright, Principles of Public Utility Rates (2d ed. 1988)).

the previous CCA charges, and notes that this recommendation from Staff was uncontested by the other parties.

19 For the proposed adjustment of $2.6 million in Schedule 162 residual customer benefits, the Commission requires Avista to set aside revenues that were previously estimated to benefit low-income natural gas customers for programs authorized by RCW 70A.65.130(2)(b) (approximately $1 million). The Commission further requires Avista to return the remaining residuals (approximately $1.6 million) to all customers via a lump sum CCA benefit adjustment as described in Avista's October 30, 2025, cover letter to the Commission and discussed at the November 6, 2025 open meeting. The Commission determines that this allocation strikes a reasonable balance between providing direct relief to all customers, and creating programs for the benefit of low-income and Named Community customers.

20 Turning to Schedule 163, the Commission requires Avista to set aside revenues that were previously estimated to benefit low-income natural gas customers for programs authorized by RCW 70A.65.130(2)(b) (approximately $2 million). The Commission further requires Avista to provide all customers with a lump sum CCA benefit credit to bring all customers up to 55 percent of their CCA charges, and to then distribute any remaining residuals back to customers in the same manner as provided for Schedule 162 above. Finally, the Commission requires that in the event a customer's CCA benefit exceeds a customer's monthly bill, any remaining benefit shall be applied to the customer's following month's bill. As with the requirements pertaining to Schedule 162, the Commission determines that this allocation achieves a reasonable balance between immediate relief to customers and creating programs for the benefit of low-income and Named Communities.

21 With respect to both Schedule 162 and Schedule 163, the Commission requires Avista to add additional language to its tariff to clarify three additional requirements. First, Avista is required to add language specifying that, for the residuals allocated to actions authorized by RCW 70A.65.130(b)(2), Avista must work with its energy efficiency and equity advisory groups and weatherization agencies to investigate developing and launching a multi-year pilot program beginning in 2026 to benefit low-income customers and Named Communities. Second, in calculating the lump sum CCA benefits to credit back to customers under Schedules 162 and 163, Avista may exclude customers with closed or stopped accounts from receiving benefits due to the administrative burden associated with attempting to provide benefits to those customers. Third, in calculating the lump sum CCA benefits to credit back to customers under Schedules 162 and 163, Avista may also exclude customers that would receive less than $1, due to the costs and

administrative burden relative to the amount that would be passed back to those customers.

FINDINGS AND CONCLUSIONS

22 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including electric companies and gas companies.

23 (2) Avista is a natural gas company and a public service company subject to Commission jurisdiction.

24 (3) This matter came before the Commission at its regularly scheduled open meeting on November 6, 2025.

25 (4) The Commission finds that Avista shall revise its tariff to incorporate the conditions adopted by the Commission at the November 6, 2025, open meeting as set forth in paragraph 26 below.

ORDER

THE COMMISSION ORDERS:

26 (1) Avista Corporation d/b/a Avista Utilities must submit a compliance filing of its revised proposed tariff revisions to Tariff WN U-29, filed on August 29, 2025, revised on October 16, 2025, and further revised October 30, 2025, subject to the following conditions:

1. Rename the new tariff schedule previously referred to as Schedule 162 to "Schedule 164."

2. Establish an expiration date of October 31, 2026, and require a refiling, if needed based upon the outcome of the Climate Commitment Act (CCA) policy docket, Docket U-230161, or as ordered by the Commission.

3. For the new Schedule 164, make the following modifications to Avista's proposal filed on October 30, 2025:

    (a) Modify the benefits calculation on Schedules 111, 112, 116, 131, 132, and 146 to further allocate CCA benefits based on the blocks within each schedule, such that there is an allocation of benefits for each block that

will then be divided by the number of customers in that block, further divided by 12, without a seasonal adjustment.

(b) For all customers, provide that in the event a customer's CCA Benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA Benefit is exhausted.

(c) On a monthly basis, for Schedule 101 customers, allocate CCA benefits up to 100 percent of the CCA charge, and apply a 55 percent limitation to all other Schedules.

4. For Schedule 162 make the following modifications to Avista's proposal filed on October 30, 2025:

(a) For all customers, provide that in the event the CCA Benefit exceeds the total bill, any remaining balance shall be applied toward the following month's bill until the CCA Benefit is exhausted.

(b) For the proposed adjustment of the $9.2 Million in Schedule 162 residual customer benefits:

i. Return via a lump sum CCA benefit adjustment to bring all customers up to 80 percent of their previous CCA charges;

(c) For the proposed adjustment of $2.6 million in Schedule 162 residual customer benefits:

i. Set aside revenues that were previously estimated to benefit low-income natural gas customers for actions authorized by RCW 70A.65.130(2)(b), as provided in 6 below; and

ii. Allow the remaining residuals to be returned to all customer schedules via a lump sum CCA benefit adjustment following the process described in Avista's cover letter filed on October 30, 2025.

5. For the proposed adjustment of Schedule 163 residual customer benefits, currently estimated at $25.3 million, to be addressed once the Company has completed all billing through November 15, 2025:

i. Set aside revenues that were previously estimated to benefit low-income natural gas customers through actions authorized by RCW 70A.65.130(2)(b), as provided in 6 below;

ii. Return via a lump sum CCA benefit adjustment to bring all customers up to 55 percent of their previous CCA charges;

iii. Allow the remaining residuals to be returned to all customer schedules via a lump sum CCA benefit adjustment in the same manner as described above for Schedule 162; and

iv. Provide that, in the event the lump sum CCA benefit exceeds the customer's total bill, any remaining balance shall be applied toward the following month's bill until the lump sum CCA benefit is exhausted.

6. For the residual benefit amounts from Schedules 162 and 163 that were previously estimated to benefit low-income natural gas customers, Avista must work with its energy efficiency and equity advisory groups and weatherization agencies, to investigate developing and launching a multi-year pilot program beginning in 2026 to benefit low-income customers and Named Communities.

7. In calculating the lump sum CCA benefit adjustment for Schedules 162 and 163, Avista may exclude customers with closed or stopped accounts from receiving these benefits.

8. In calculating the lump sum CCA benefit adjustment for Schedules 162 and 163 Avista may exclude customers that would receive a benefit of less than $1.

27 (2) The Commission will convene in the CCA policy docket, Docket UE-230161, a discussion about appropriate allocation of customer benefits from consignment of allowances under RCW 70A.65.130(2)(b), including on a nonvolumetric basis, with all other affected utilities and interested persons.

28 (3) The Commission retains jurisdiction over this matter and Avista Corporation d/b/a Avista Utilities to effectuate the terms of this Order.

DATED at Lacey, Washington, and effective November 10, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

BRIAN J. RYBARIK, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner