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Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

September 1, 2023

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

Re: Tariff WN U-28, Electric Service – WA Wildfire Expense Balancing Mechanism

Dear Ms. Maxwell:

Attached for electronic filing with the Commission is the following tariff sheet proposed to be effective November 1, 2023:

Second Revision Sheet 88 Canceling **Substitute First Revision Sheet 88**

The proposed tariff sheet reflects an electric rate adjustment to surcharge customers the amount of Wildfire Expense above the base level amount authorized by the Commission in Docket UE-200900. Per Order 08/05 in that Docket, the Commission approved a two-way Wildfire Expense Balancing Account that would track the variability in wildfire expenses Avista makes to address the growing frequency of extreme and dangerous wildfires in Avista's service territory,[1] as proposed by the Company, with certain modifications and clarifications.

These modifications included the Commission setting the Wildfire Expense Balancing Account base at $3.065 million for Washington electric operations.[2] Further, the Commission clarified the operation of the Wildfire Balancing Account as follows in para(s). 258-259:

[1] Order 08/05, in Dockets UE-200900, et. al., at p. 2. Also, at para(s). 237 and 238, the Commission stated, "Avista has demonstrated that the circumstances are not normal, but extraordinary. We cannot know, at this time, when the relative threat, risk, and cost of wildfires will no longer be extraordinary and will become normal. But, in time and through utility efforts, Avista must address the challenge, and it appears that any future normal level will be at increased levels appropriately matched to counter the increased threat. ... [W]e find that these extraordinary circumstances warrant an expansive use of the regulatory tools the Commission possesses, including approval of a new wildfire balancing account and of Avista's Deferral Petition."
[2] Order 08/05, para. 250.

> We authorize the Wildfire Balancing Account to operate outside of GRCs to the extent that we expect the account to true up deferral balances annually for return to ratepayers or recovery for the Company, with the first true up occurring on or about September 30, 2022.[323] Modifications to the mechanics of the account, such as the application of a new base level of wildfire expense, additional requirements, or performance-based metrics, should be considered in GRCs.
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> [[323] We are aware, and we intend, that the first true up will likely occur during the pendency of Avista's next GRC. The Wildfire Balancing Account will function for its first true up as authorized in this Order, with any subsequent true up being subject to any modifications made during GRCs, unless otherwise specifically ordered by the Commission for compelling cause.]
>
> We will review and revise the Wildfire Balancing Account as necessary in Avista's next GRC, which Avista has indicated it intends to file in early 2022. Thus, we require Avista to include with its initial filing proposals for our review of new metrics that should apply in the context of multi-year rate plans, of performance-based measurements that should apply, and of any other proposals for effectively monitoring wildfire expenses.

In the Wildfire Expense Balancing Account, approved by the Commission, Avista is to record the deferral balances (expense levels higher or lower than the GRC established base) into a balancing account recorded as a separate regulatory asset in FERC Account 182.3 (Other Regulatory Assets), and credit FERC Account 407.4 (Regulatory Credit). Interest will not accrue on the unamortized balance.

In accordance with the Commission's Order, as described above, the Wildfire Balancing Account is to operate outside of the Company's GRCs, with an account true-up of the deferral balances annually, for return to ratepayers or recovery by the Company. The Company has not included a carrying charge on the deferral during the amortization period. In order to minimize the number of rate changes experienced by our customers, and to align with other rate changes, the Company is making this filing in coordination with the annual Residential Exchange (Schedule 59) filing, effective November 1, 2023.

The Company is proposing to recover the deferred wildfire costs over a one-year period and will true-up any over or under recovered balance in a future filing. For purposes of rate spread, the Company has applied a methodology that provided a reasonable end result in the Company's prior years filing (Docket UE-220669) as agreed to by the Parties.

As provided in the workpapers accompanying this filing, the total surcharge effective November 1, 2023 is an incremental increase to electric customers of $3.3 million[3], or 0.6%. Below, Table

[3] Included in the incremental increase to electric customers of $3.3 million is the Wildfire Resiliency deferred balance of $1.84 million recorded for the period January 1, 2021, through September 30, 2021. The Commission approved the

1 illustrates the impact by rate schedule:

Table 1 - Impact by Rate Schedule

Schedule No.	Rate Schedule	Change in Billed Revenue
1/2	Residential	0.6%
11/12/13	General Service Schedule	0.7%
21/22/23	Large General Service Schedule	0.6%
25	Ext. Lg General Service Schedule	0.3%
25I	Special Contract	0.3%
31/32	Pumping Service Schedule	0.8%
41-48	Street and Area Lights	1.3%
	Overall	**0.6%**

Enclosed is a set of workpapers which shows the derivation of the proposed per kilowatt-hour rate credit proposed to be effective for a twelve-month period beginning November 1, 2023. Also included in the workpapers is transaction level detail of the expenses incurred during the deferral period.

The average residential customer using 932 kWhs per month will see an increase of $0.51 per month, or approximately 0.6%. The present bill for 932 kWhs is $87.53 while the proposed bill is $88.04. The actual bill change will vary based on customer usage.

In accordance with the requirements of WAC 480-100-103, attached to this filing is a draft notice to customers, which the Company will provide through a bill insert, during the September 2023 bill cycle.

Please direct any questions regarding this filing to me at (509) 495-8601 or Joe Miller at (509) 495-4546.

Sincerely,

/S/ Elizabeth M. Andrews

Elizabeth M. Andrews
Sr. Manager, Revenue Requirements

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deferral of this balance in Dockets UE-200900, UG-200901 and UE-200894, *consolidated*, for an opportunity for recovery in a future general rate case. While the costs associated with this deferred balance were available for review during the prior Washington general rate case (Dockets UE-220053, et. al.), which included the historical test period twelve-months-ended September 1, 2021, the Company inadvertently excluded an amortization of this deferred balance within its filed case. The Company is including this balance at this time for recovery in Tariff Schedule 88, as the prior 2021 expense deferred balance is consistent with the costs deferred associated with the Wildfire Balancing Account reflected in Tariff Schedule 88.

Enclosures