

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NOS. AVU-E-19-06
OF AVISTA CORPORATION FOR THE) AVU-G-19-03
EXTENSION OF ITS ELECTRIC AND)
NATURAL GAS FIXED COST) NOTICE OF APPLICATION
ADJUSTMENT MECHANISMS)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 34387
)

On July 1, 2019, Avista Corporation (“Company” or “Avista”) applied to the Commission seeking an extension of its electric and natural gas Fixed Cost Adjustment (“FCA”) mechanisms through March 31, 2025. Application at 1. With its Application, the Company also requests the Commission’s approval to alter the first deferral period of the proposed FCA extension so the Company can better align future deferral periods with rate adjustments. *Id.* The Company additionally seeks authority to implement an annual true-up as part of its FCA deferred revenue calculations and to extend its quarterly FCA reporting deadline. *Id.* Avista asks that its Application be processed via Modified Procedure, and requests an effective date of January, 1 2020. *Id.* at 2, 8.

The Commission now issues this Notice of Application and Notice of Modified Procedure establishing a public comment period and Company reply deadline.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that an FCA is a rate adjustment mechanism designed to break the link between the amount of energy a utility sells and the revenue it collects to recover fixed costs¹ of providing service, thus decoupling the utility’s revenues from its customers’ energy usage. *See* Order No. 33437 at 3; Ehrbar Direct at 6-7. Decoupling is intended to remove a utility’s incentive to increase energy sales as a means of increasing revenue and profits, and to encourage energy conservation. Order No. 33437 at 3-4.

¹ “Fixed costs” are a utility’s costs to provide service that do not vary with energy use, output, or production, and remain relatively stable between rate cases – for example, infrastructure and customer service.

YOU ARE FURTHER NOTIFIED that the Commission approved Avista's FCA as a three-year pilot program, and part of the approved settlement of Avista's 2015 general rate case. *See* Case Nos. AVU-E-15-05, AVU-G-15-01; Application at 3; and Order No. 33437 at 10. The order also set forth how the FCA mechanism works, including: treatment of existing versus new customers, quarterly reporting, annual filings, interest, accounting, and 3% rate increase cap. Order No. 33437 at 10. On June 15, 2018, the Commission approved an addendum to the settlement stipulation approved in AVU-E-15-05 and AVU-G-15-01, which extended the term of the Company's FCA for an additional year. *See* Order No. 34085; Application at 3. Pursuant to the addendum to the settlement stipulation, the Company, Commission Staff, and interested parties met on March 27, 2019 to review the effectiveness of the FCA mechanism. Application at 2.

YOU ARE FURTHER NOTIFIED that the Company proposes to extend its electric and natural gas FCA mechanisms through March 31, 2025 and commits to attending a workshop with Commission Staff and interested parties before, June 30, 2024, to discuss the future of its electric and natural gas FCA mechanisms. *Id* at 4.

YOU ARE FURTHER NOTIFIED that for the first deferral period of the proposed FCA extension, the Company would use a one-time adjustment to shrink rate-lag. Application at 5. Currently, the Company files its previous year's FCA adjustments at the end of June following the deferral period for rates that become effective on October 1 (electric) and November 1 (natural gas). *Id*. Under the Company's proposal, the Company would use an 18-month deferral period, January 1, 2020 through June 30, 2021, to move the deferral period closer to the filing date. *Id*. After the initial deferral adjustment period, subsequent deferral periods would then run from July 1 through June 30. *Id*. The new filing period would move from June 30 to July 31 of each year under the proposal, but rates would still become effective on October 1 (electric) and November 1 (natural gas) as they previously have. *Id*.

YOU ARE FURTHER NOTIFIED that the Company proposes to change its FCA mechanisms to include an annual comparison of the FCA computed deferred revenue to the actual deferred revenue, in addition to the current methodology based on 12 monthly values. *Id*. at 5.

YOU ARE FURTHER NOTIFIED that the Company proposes to change when it files its FCA quarterly reports with the Commission from 45-days after the end of each quarter to 60-days after the end of each quarter. *Id*. at 6.

YOU ARE FURTHER NOTIFIED that the Application and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission office. The Application and exhibits are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases" or "Open Gas Cases," and then click on the case numbers as shown on the front of this document.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **by no later than November 7, 2019**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Avista Corporation at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

David J. Meyer, Esq.
Avista Corporation
P.O. Box 3727
1411 E. Mission Ave, MSC-27
Spokane, WA 99220-3727
email: david.meyer@avistacorp.com

Patrick D. Ehrbar
Avista Corporation
P.O. Box 3727
1411 E. Mission Ave, MSC-27
Spokane, WA 99220-3727
email: patrick.ehrbar@avistacorp.com

email: dockets@avistacorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Avista may file reply comments, if necessary, **no later than November 18, 2019.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and specifically *Idaho Code* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201 - .204). Parties and persons shall have until November 7, 2019, to file written comments, and the Company shall have until November 18, 2019, to file a reply, if any.

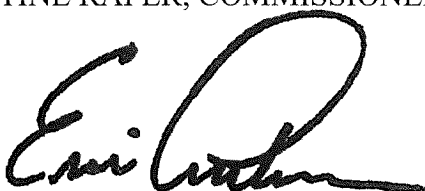
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 1st
day of August 2019.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

AVUE1906_AVUG1903_Ntc App.Mod_dh