

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-19-07
CORPORATION’S APPLICATION TO)
IMPLEMENT FIXED COST ADJUSTMENT) NOTICE OF APPLICATION
RATES FOR ELECTRIC SERVICE FROM)
OCTOBER 1, 2019 THROUGH) NOTICE OF
SEPTEMBER 30, 2020) MODIFIED PROCEDURE
)
) ORDER NO. 34392

On July 1, 2019, Avista Corporation (“Company” or “Avista”) applied to the Commission for authorization to implement Fixed Cost Adjustment (“FCA”) rates for electric service customers from October 1, 2019, through September 30, 2020, and to approve its corresponding modifications to Schedule 75, “Fixed Cost Adjustment Mechanism – Electric.” The Company requests that the Commission issue an order approving FCA deferrals for the period January 1, 2018 through December 31, 2018, and approve separate per kilowatt-hour (“kWh”) FCA surcharge rates for its residential group and non-residential group customers. Application at 1. The Company’s Application, if approved, would increase its overall electric revenues by about \$4.9 million. *See id.* at 2, 13. The monthly bill of an average residential electric customer would increase by about \$3.00, or 3.6%. *Id.* at 12-13. Avista asks that its Application be processed by Modified Procedure, and requests an effective date of October 1, 2019. *Id.* at 2, 13.

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. 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. *Id.* 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 pilot for an additional year. *See* Order No. 34085; Application at 3-4. 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 4 n.2.

YOU ARE FURTHER NOTIFIED that in its electric FCA filing Avista proposes to increase FCA rates for its electric residential customer group and its non-residential electric customer groups based on the deferred revenue recorded for January 2018 through December 2018. The Company mostly attributes these proposed changes to warmer than usual weather in January and December 2018 and savings from energy efficiency programs in 2018. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED for its residential customer group, Avista recorded \$1,753,478 in the surcharge deferred revenue in 2018 and \$75,245 in 2017 FCA carryover. *Id.* at 7-8. The Company's proposed surcharge rate of 0.158 cents per kWh is designed to recover \$1,882,379 from the Company's residential electric customers served under rate Schedule 1. *Id.*; Exhibit B. If approved by the Commission, the Company would record this amount in a regulatory asset balancing account and reduce the account balance each month by the revenue collected under the tariff. *Id.* at 8.

YOU ARE FURTHER NOTIFIED that for its non-residential groups, Avista recorded \$1,421,402 in surcharge deferred revenue in 2018 and \$67,892 in 2017 FCA carryover. *Id.* at 8-9. The Company proposes to increase non-residential rates by 0.145 cents per kWh in order to recover \$1,536,397 from customers in Schedules 11, 12, 21, 22, 31, and 32. *Id.*; Exhibit B. If approved by the Commission, the Company would record this amount in a regulatory asset balancing account, and reduce the account balance each month by the revenue collected under the tariff. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Application, Exhibit A (the Company’s proposed tariffs), Exhibit B (FCA rate calculations), Exhibit C (2018 FCA deferral), and Exhibit D (customer communications) have been filed with the Commission and are available for public inspection during regular business hours at the Commission’s office. The Application and attachments 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,” and then click on the case number as shown in the caption to 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 September 10, 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	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
Street Address for Express Mail: 472 W. Washington Street Boise, ID 83702-5918	Patrick Ehrbar Avista Utilities P.O. Box 3727 1411 E. Mission Ave, MSC-27 Spokane, WA 99220-3727 email: patrick.ehrbar@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 September 17, 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.*

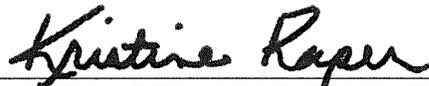
ORDER

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 September 10, 2019, to file written comments, and the Company shall have until September 17, 2019, to file a reply, if any.

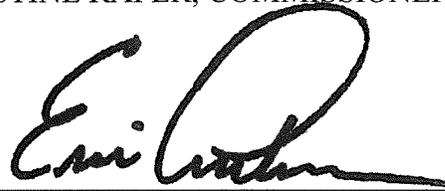
DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 5th
day of August 2019.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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