

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF AVISTA CORPORATION DBA AVISTA</b>	)	<b>CASE NOS. AVU-E-15-05</b>
<b>UTILITIES FOR AUTHORITY TO</b>	)	<b>AVU-G-15-01</b>
<b>INCREASE ITS RATES AND CHARGES FOR</b>	)	
<b>ELECTRIC AND NATURAL GAS SERVICE</b>	)	<b>ORDER NO. 34085</b>
<b>IN IDAHO</b>	)	

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On April 10, 2018, Avista moved to approve an addendum to the settlement stipulation approved in the above-captioned matter (the “Stipulation”). Specifically, the Company requested the Commission approve a one-year extension of its electric and natural gas Fixed Cost Adjustment (“FCA”) mechanism. The 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 the fixed costs of providing service to customers.

The Commission previously approved “an initial FCA term of 3 years, with a review of how the mechanisms have functioned conducted by Avista, Staff, and other interested parties following the end of the second full-year.” Order No. 33437 at 5. The approved Stipulation provided that the Company “may seek to extend the term of the mechanism prior to its expiration.” Stipulation at 10. All effected parties<sup>1</sup> to the rate case support the proposed extension.

On April 25, 2018, the Commission issued notice of the proposed addendum to the settlement Stipulation, and ordered that the request be processed by modified procedure with a comment deadline of May 11, 2018. Staff filed the only comments and supported the extension request.

**STAFF COMMENTS**

Staff summarized the FCA mechanism’s terms, and recommended granting the requested extension. Staff noted that extending the pilot program “will provide Staff and interested parties additional information and recommendations from the third-party evaluation of Avista’s FCA mechanism in Washington along with an additional year of data.” Staff Comments at 3.

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<sup>1</sup> Clearwater Paper was a party to the underlying rate case, but does not participate in the FCA mechanism, and takes no position in this matter. The Community Action Partnership Association of Idaho, Idaho Conservation League, the Idaho Forest Group, and the Snake River Alliance are signatories to the motion in support of the extension of the FCA term.

## **DISCUSSION AND FINDINGS**

The Commission's process for considering settlement stipulations is set forth in Procedural Rules 271-277. IDAPA 31.01.01.271-277. When a settlement is presented to the Commission, the Commission will prescribe the procedures for considering it. In this case, the Commission accepted testimony on "the reasonableness of the settlement and whether acceptance of the settlement is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy." IDAPA 31.01.01.274 and .275. We note that the Commission is not bound by settlement agreements. Rather, the Commission "will independently review any settlement proposed to it to determine whether the settlement is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy." IDAPA 31.01.01.276.

In its request, the Company stated that it seeks the extension to better sync the Idaho Commission's review of the FCA mechanism with a simultaneous independent review of the Company's decoupling mechanism in Washington State. We find this request to be just, fair, reasonable, and in the public interest. Our review of the record reveals there is no evidence to suggest any harm will come in granting the extension. Rather, we believe interested parties and this Commission will benefit from the results of the third-party study when they evaluate the efficacy of the pilot program. We thus find it appropriate to approve the addendum to the Stipulation, and extend the Stipulation by one year.

## **ORDER**

IT IS HEREBY ORDERED that the motion to approve the addendum to the Stipulation is granted. The FCA pilot program's expiration date is extended by one year, from December 31, 2018, to December 31, 2019.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this <sup>15<sup>th</sup></sup> day  
of June 2018.



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PAUL KJELLANDER, PRESIDENT



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KRISTINE RAPER, COMMISSIONER



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ERIC ANDERSON, COMMISSIONER

ATTEST:



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Diane M. Hanian  
Commission Secretary