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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
AVISTA CORPORATION DBA AVISTA) CASE NO. AVU-E-15-05
UTILITIES FOR AUTHORITY TO INCREASE) AVU-G-15-01
ITS RATES AND CHARGES FOR ELECTRIC)
AND NATURAL GAS SERVICE IN IDAHO)
COMMENTS OF THE
COMMISSION STAFF TO AN
ADDENDUM TO STIPULATION
_____)**

The Staff of the Idaho Public Utilities Commission submits the following comments in the above captioned matter.

BACKGROUND

On April 10, 2018, Avista filed a Motion to approve an addendum to the approved stipulation in the above-captioned matter.

On December 18, 2015, the Idaho Public Utilities Commission approved a Settlement Stipulation in Avista's 2015 general rate case. Therein, the Commission approved an electric and natural gas Fixed Cost Adjustment ("FCA") Mechanism that went into effect on January 1, 2016. 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 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 contained a provision that the Company “may seek to extend the term of the mechanism prior to its expiration.” Stipulation at 10. With the agreement of all the parties¹ participating in the underlying rate case, the Company now seeks to extend the FCA mechanism one year.

The Company stated that it is requesting the extension to better sync the Idaho Commission’s review of the mechanism with a review being conducted by an independent third-party of the Company’s decoupling mechanism in Washington State. The parties have agreed that Idaho Parties and this Commission will benefit from the results of the third-party study, and likewise agree to extend the terms of the approved settlement by one year.

The Addendum to the Stipulation proposes the following:

The approved Stipulation as described in paragraph 13, sub-section a, is as follows:

FCA Mechanisms Term. The Parties agree to 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. Avista may seek to extend the term of the mechanism prior to its expiration.

The Parties agree to amend the Stipulation language as follows:

FCA Mechanisms Term. The Parties agree to an initial FCA term of 4 years, with a review of how the mechanisms have functioned conducted by Avista, Staff, and other interested parties following the end of the *third* full-year. Avista may seek to extend the term of the mechanism prior to its expiration.

Proposed Addendum to the Stipulation at 2 (emphasis supplied).

The Commission will review the proposed settlement consistent with Commission Rules 271-280.

The Commission is not bound by the agreement of the signing parties. The Commission will independently review the proposed settlement to decide whether to approve it, reject it, or state conditions under which to accept it. The proposed settlement’s proponents ultimately bear

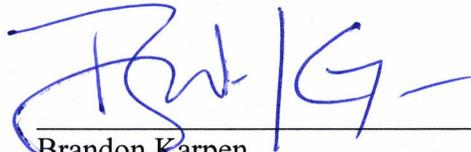
¹ Although Clearwater Paper was a party to the underlying rate case, Clearwater Paper does not participate in the FCA mechanism, and takes no position here.

the burden to prove that it is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

STAFF RECOMMENDATIONS

Staff recommends that the Commission approve the addendum to the stipulation approved in Case Nos. AVU-E-15-05 and AVU-G-15-01. Extending the FCA pilot program by one year 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 will work with Avista and interested parties in 2019, following the third full year of the pilot, to determine if the mechanism is functioning as anticipated and to recommend any changes to the mechanism, up to and including termination.

Respectfully submitted this 11th day of May 2018.



Brandon Karpen
Deputy Attorney General

Technical Staff: Donn English

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 11TH DAY OF MAY 2018, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF TO AN ADDENDUM TO STIPULATION**, IN CASE NOS. AVU-E-15-05/AVU-G-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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