

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF COMMISSION</b>	)	<b>CASE NO. AVU-E-19-14</b>
<b>STAFF'S APPLICATION TO UPDATE</b>	)	
<b>AVISTA CORPORATION'S AVOIDED COST</b>	)	<b>NOTICE OF APPLICATION</b>
<b>RATES TO INCORPORATE NEW COST OF</b>	)	
<b>DEBT</b>	)	<b>NOTICE OF</b>
	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 34523</b>
	)	
	)	

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Pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA") and the implementing regulations of the Federal Energy Regulatory Commission ("FERC"), the Idaho Public Utilities Commission ("Commission") uses the Surrogate Avoided Resource ("SAR") methodology to calculate published avoided cost rates. The Commission has used the SAR method since Idaho began implementing PURPA in the early 1980's. Order No. 32697 at 7. QFs in Idaho that are ineligible for published avoided cost rates may individually negotiate PURPA contracts with the utilities using the Integrated Resource Plan ("IRP") pricing method. *See id.* at 17.

On November 29, 2019, the Commission issued Order No. 34499, the final Order in the recent general rate case for Avista Corporation ("Avista" or "Company"), Case No. AVU-E-19-04. The conclusion of Avista's general rate case triggers recalculation of the Company's published avoided cost rates to reflect the change of cost of debt from 5.72% to 5.20%. As a result, the Company's weighted cost of capital, which depends on debt and equity, has changed from 7.61% to 7.35%. Weighted cost of capital impacts avoided cost rates in the SAR model.

Past practice has been to incorporate changes to a utility's SAR model immediately following a general rate case. On December 26, 2019, Commission Staff sent a letter to Avista explaining the proposed update to Avista's avoided cost rates. Staff included a copy of the proposed published avoided cost rates, and notified Avista that Staff would recommend to the Commission a comment deadline of January 20, 2020. Staff's letter to Avista serves as an Application in this docket. *See* Commission Rules 51 and 52.

The Commission now issues this Notice of Application and Notice of Modified Procedure setting comment and reply deadlines.

NOTICE OF APPLICATION  
NOTICE OF MODIFIED PROCEDURE  
ORDER NO. 34523

## NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Staff proposes to update the weighted cost of capital for Avista's SAR model, which will update the published avoided cost rates for Avista. Avista's new weighted cost of capital is 7.35%. *See* Case No. AVU-E-19-04, Order No. 34499.

YOU ARE FURTHER NOTIFIED that a copy of the proposed updated rates was sent to Avista for verification. The proposed updated rates are attached to the Application and are available for public review.

YOU ARE FURTHER NOTIFIED that the Application is available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, then select "Electric Cases" and click on the case number as shown on the front of this document.

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* §§ 61-501 through 61-503.

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.*

## 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 that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201 through .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 opposition with the Commission by January 20, 2020.** 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 shall be mailed to the Commission and the Company at the addresses reflected below:

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**For the Idaho Public Utilities  
Commission**

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

Street Address for Express Mail:

11331 W. Chinden Blvd.  
Building 8, Suite 201-A  
Boise, Idaho 83714

**For Avista:**

Michael Andrea  
Clint Kalich  
Avista Utilities  
1411 E. Mission  
PO Box 3727

Spokane, WA 99220-3727

E-Mail: [michael.andrea@avistacorp.com](mailto:michael.andrea@avistacorp.com)  
[clint.kalich@avistacorp.com](mailto:clint.kalich@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](http://www.puc.idaho.gov). Click the "Consumers" tab then click the "Case Comment or Question Form" and complete the comment form using the case number as it appears on the front of this document.

**YOU ARE FURTHER NOTIFIED** that Staff may file reply comments, if necessary, **by January 27, 2020.**

**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.

**ORDER**

**IT IS HEREBY ORDERED** that Staff's Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by January 20, 2020. Staff may file reply comments by January 27, 2020.

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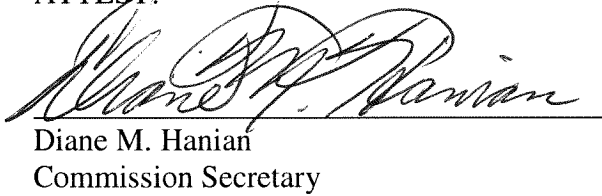
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup>  
day of January 2020.

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Diane M. Hanian  
Commission Secretary

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