

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION) **CASE NO. AVU-E-19-14**
STAFF’S APPLICATION TO UPDATE)
AVISTA CORPORATION’S AVOIDED COST)
RATES TO INCORPORATE NEW COST OF) **ORDER NO. 34547**
DEBT)
_____)

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. Avista’s general rate case impacted the Company’s weighted cost of capital and triggered recalculation of the Company’s published avoided cost rates in the Surrogate Avoided Resource (“SAR”) model.

On December 26, 2019, Commission Staff applied for Commission approval of its proposed update to the weighted cost of capital for Avista’s SAR model, which will update the published avoided cost rates for the Company.

On January 8, 2020, the Commission issued a Notice of Application and Notice of Modified Procedure, setting a January 20, 2020 comment deadline and a January 27, 2020 reply comment deadline. On January 2, 2020, the Commission received a letter from Avista, stating it had reviewed Staff’s proposed update to the Company’s published avoided cost rates and agreed they were calculated correctly. No additional comments were received. Staff did not file reply comments.

Having reviewed the record, we approve Staff’s Application.

BACKGROUND

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”) has approved the SAR methodology for calculation of the published avoided cost rates at which PURPA qualifying cogeneration and small power production facilities (“QFs”) are paid by Avista, Idaho Power Company, and PacifiCorp. Avoided cost rates are the purchase price paid to QFs for purchases of QF capacity and energy.

THE APPLICATION

The conclusion of Avista's general rate case triggered 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, Staff stated 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. Staff noted past practice has been to incorporate changes to a utility's SAR model immediately following a general rate case.

Staff sent a letter to Avista explaining the proposed update to Avista's avoided cost rates and included a copy of the proposed published avoided cost rates. Staff's letter served as an Application in this docket. *See* Order No. 34523.

THE COMMENTS

The only comment received was a letter from Avista stating it had reviewed Staff's proposed update to the Company's published avoided cost rates and agreed they were calculated correctly.

DISCUSSION

The Idaho Public Utilities Commission has jurisdiction over Avista and the matter considered in this case pursuant to the authority and power granted it under Title 61 of the Idaho Code and PURPA. The Commission has authority under PURPA and the implementing regulations of the FERC to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.


Pursuant to its authority, the Commission has reviewed and considered the filings of record. We find the rates disseminated by Staff, which account for Avista's new weighted cost of capital, were correctly calculated pursuant to Commission-approved methodology. We find the updated published avoided cost rates are fair, just, and reasonable.

ORDER

IT IS HEREBY ORDERED that the updated published avoided cost rates, attached to this Order, for Avista are approved, effective February 7, 2020.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of February 2020.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

I:\Legal\ELECTRIC\AVU-E-19-14\Orders\AVUE1914_final.docx

AVISTA AVOIDED COST RATES FOR WIND PROJECTS February 7, 2020 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2020	2021	2022	2023	2024	2025		
1	28.78	29.07	30.48	32.84	35.76	38.62	2020	28.78
2	28.92	29.75	31.62	34.25	37.14	40.98	2021	29.07
3	29.40	30.71	32.90	35.61	39.12	42.08	2022	30.48
4	30.17	31.84	34.19	37.38	40.33	43.06	2023	32.84
5	31.14	33.01	35.80	38.61	41.39	43.81	2024	35.76
6	32.18	34.47	37.00	39.70	42.22	44.51	2025	38.62
7	33.47	35.62	38.09	40.58	42.98	45.12	2026	43.52
8	34.53	36.66	38.98	41.37	43.64	45.83	2027	44.51
9	35.52	37.55	39.79	42.08	44.37	46.52	2028	46.48
10	36.36	38.35	40.51	42.81	45.07	47.20	2029	47.41
11	37.14	39.07	41.26	43.53	45.76	47.86	2030	48.82
12	37.84	39.80	41.97	44.21	46.42	48.51	2031	49.91
13	38.55	40.50	42.65	44.87	47.06	49.13	2032	52.43
14	39.23	41.18	43.31	45.52	47.68	49.72	2033	54.27
15	39.88	41.82	43.95	46.13	48.26	50.29	2034	56.07
16	40.50	42.45	44.55	46.71	48.83	50.87	2035	57.79
17	41.11	43.04	45.12	47.27	49.40	51.42	2036	59.79
18	41.68	43.60	45.67	47.83	49.94	51.95	2037	61.23
19	42.23	44.14	46.22	48.35	50.45	52.48	2038	62.80
20	42.75	44.67	46.74	48.86	50.97	53.02	2039	64.49
							2040	66.95
							2041	68.30
							2042	69.88
							2043	72.52
							2044	75.66
							2045	78.53

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2019, released January 2019. See Annual Energy Outlook 2019, Table 3.8 Energy Prices by Sector-Mountain at https://www.eia.gov/outlooks/aeo/tables_ref.php

AVISTA AVOIDED COST RATES FOR SOLAR PROJECTS February 7, 2020 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2020	2021	2022	2023	2024	2025		
1	28.78	29.07	30.48	32.84	35.76	38.62	2020	28.78
2	28.92	29.75	31.62	34.25	37.14	41.64	2021	29.07
3	29.40	30.71	32.90	35.61	39.54	42.96	2022	30.48
4	30.17	31.84	34.19	37.68	40.96	44.06	2023	32.84
5	31.14	33.01	36.03	39.10	42.16	49.58	2024	35.76
6	32.18	34.66	37.40	40.32	46.85	53.49	2025	38.62
7	33.63	35.94	38.60	44.40	50.39	53.25	2026	44.88
8	34.81	37.09	42.20	47.62	50.49	53.32	2027	45.90
9	35.89	40.29	45.13	47.93	50.77	53.52	2028	47.89
10	38.74	42.97	45.58	48.35	51.13	53.81	2029	76.01
11	41.17	43.49	46.09	48.82	51.53	54.16	2030	77.84
12	41.73	44.06	46.63	49.30	51.96	54.55	2031	51.38
13	42.32	44.63	47.16	49.79	52.42	54.95	2032	53.92
14	42.91	45.19	47.69	50.29	52.87	55.36	2033	55.79
15	43.48	45.74	48.22	50.77	53.31	55.78	2034	57.61
16	44.03	46.28	48.73	51.25	53.76	57.34	2035	59.35
17	44.57	46.80	49.22	51.72	55.23	57.74	2036	61.37
18	45.09	47.31	49.70	53.10	55.65	58.13	2037	62.84
19	45.59	47.79	51.01	53.54	56.06	58.55	2038	64.43
20	46.07	49.03	51.46	53.96	56.49	58.99	2039	66.14
							2040	100.55
							2041	70.00
							2042	71.61
							2043	74.27
							2044	77.44
							2045	80.33

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2019, released January 2019. See Annual Energy Outlook 2019, Table 3.8 Energy Prices by Sector-Mountain at https://www.eia.gov/outlooks/aeo/tables_ref.php

AVISTA AVOIDED COST RATES FOR NON-SEASONAL HYDRO PROJECTS February 7, 2020 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2020	2021	2022	2023	2024	2025		
1	28.78	29.07	30.48	32.84	35.76	38.62	2020	28.78
2	28.92	29.75	31.62	34.25	37.14	44.69	2021	29.07
3	29.40	30.71	32.90	35.61	41.50	47.05	2022	30.48
4	30.17	31.84	34.19	39.10	43.92	48.69	2023	32.84
5	31.14	33.01	37.12	41.38	45.73	52.93	2024	35.76
6	32.18	35.53	39.23	43.18	49.54	55.99	2025	38.62
7	34.35	37.45	40.96	46.62	52.45	56.24	2026	51.19
8	36.08	39.08	44.06	49.35	53.00	56.68	2027	52.30
9	37.58	41.89	46.61	50.08	53.64	57.18	2028	54.39
10	40.12	44.25	47.43	50.84	54.29	57.72	2029	73.23
11	42.29	45.11	48.27	51.58	54.94	58.27	2030	75.02
12	43.16	45.97	49.06	52.30	55.58	58.84	2031	58.18
13	44.02	46.79	49.82	52.99	56.21	59.39	2032	60.81
14	44.83	47.56	50.54	53.67	56.82	59.93	2033	62.78
15	45.60	48.30	51.25	54.31	57.41	60.47	2034	64.71
16	46.33	49.01	51.91	54.93	57.98	61.75	2035	66.55
17	47.03	49.68	52.54	55.52	59.21	62.26	2036	68.67
18	47.69	50.31	53.14	56.71	59.74	62.75	2037	70.25
19	48.32	50.92	54.28	57.25	60.25	63.26	2038	71.95
20	48.92	52.00	54.84	57.78	60.77	63.78	2039	73.78
							2040	97.28
							2041	77.87
							2042	79.59
							2043	82.37
							2044	85.66
							2045	88.67

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2019, released January 2019. See Annual Energy Outlook 2019, Table 3.8 Energy Prices by Sector-Mountain at https://www.eia.gov/outlooks/aeo/tables_ref.php

AVISTA AVOIDED COST RATES FOR SEASONAL HYDRO PROJECTS February 7, 2020 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2020	2021	2022	2023	2024	2025		
1	28.78	29.07	30.48	32.84	35.76	38.62	2020	28.78
2	28.92	29.75	31.62	34.25	37.14	39.55	2021	29.07
3	29.40	30.71	32.90	35.61	38.20	40.15	2022	30.48
4	30.17	31.84	34.19	36.71	38.94	40.89	2023	32.84
5	31.14	33.01	35.28	37.54	39.71	49.83	2024	35.76
6	32.18	34.06	36.15	38.35	47.05	56.06	2025	38.62
7	33.13	34.91	36.98	44.57	52.51	54.99	2026	40.55
8	33.94	35.73	42.34	49.40	51.95	54.43	2027	41.50
9	34.72	40.41	46.65	49.18	51.72	54.15	2028	43.42
10	38.85	44.28	46.66	49.18	51.67	54.05	2029	92.69
11	42.32	44.43	46.81	49.29	51.74	54.07	2030	94.76
12	42.56	44.70	47.04	49.48	51.88	54.20	2031	46.72
13	42.89	45.00	47.32	49.72	52.10	54.37	2032	49.19
14	43.24	45.34	47.63	50.01	52.34	54.58	2033	50.99
15	43.60	45.69	47.96	50.30	52.61	54.82	2034	52.74
16	43.98	46.06	48.30	50.62	52.90	57.10	2035	54.41
17	44.37	46.43	48.65	50.94	55.01	57.33	2036	56.35
18	44.75	46.79	49.00	52.91	55.29	57.58	2037	57.75
19	45.12	47.15	50.83	53.21	55.57	57.87	2038	59.26
20	45.49	48.87	51.16	53.51	55.87	58.20	2039	60.90
							2040	120.14
							2041	64.61
							2042	66.13
							2043	68.72
							2044	71.80
							2045	74.61

Note: A "seasonal hydro project" is defined as a generation facility which produces at least 55% of its annual generation during the months of June, July, and August. Order 32802.

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2019, released January 2019. See Annual Energy Outlook 2019, Table 3.8 Energy Prices by Sector-Mountain at https://www.eia.gov/outlooks/aeo/tables_ref.php

AVISTA AVOIDED COST RATES FOR OTHER PROJECTS February 7, 2020 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2020	2021	2022	2023	2024	2025		
1	28.78	29.07	30.48	32.84	35.76	38.62	2020	28.78
2	28.92	29.75	31.62	34.25	37.14	49.42	2021	29.07
3	29.40	30.71	32.90	35.61	44.54	53.40	2022	30.48
4	30.17	31.84	34.19	41.30	48.51	55.89	2023	32.84
5	31.14	33.01	38.82	44.92	51.27	57.58	2024	35.76
6	32.18	36.89	42.07	47.63	53.27	58.94	2025	38.62
7	35.47	39.79	44.63	49.70	54.88	60.06	2026	61.02
8	38.05	42.17	46.66	51.40	56.22	61.17	2027	62.27
9	40.23	44.11	48.36	52.83	57.48	62.19	2028	64.50
10	42.04	45.76	49.82	54.16	58.63	63.16	2029	65.70
11	43.62	47.19	51.17	55.37	59.70	64.07	2030	67.37
12	44.99	48.53	52.40	56.49	60.68	64.94	2031	68.74
13	46.28	49.75	53.53	57.52	61.62	65.76	2032	71.54
14	47.47	50.87	54.58	58.49	62.50	66.53	2033	73.66
15	48.56	51.91	55.57	59.40	63.32	67.27	2034	75.75
16	49.58	52.89	56.48	60.24	64.09	68.01	2035	77.76
17	50.54	53.80	57.33	61.04	64.86	68.71	2036	80.05
18	51.42	54.65	58.14	61.82	65.58	69.37	2037	81.79
19	52.26	55.45	58.92	62.55	66.26	70.03	2038	83.66
20	53.04	56.22	59.65	63.24	66.93	70.70	2039	85.66
							2040	88.43
							2041	90.10
							2042	92.01
							2043	94.97
							2044	98.45
							2045	101.65

Note: "Other projects" refers to projects other than wind, solar, non-seasonal hydro, and seasonal hydro projects. These "Other projects" may include (but are not limited to): cogeneration, biomass, biogas, landfill gas, or geothermal projects.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2019, released January 2019. See Annual Energy Outlook 2019, Table 3.8 Energy Prices by Sector-Mountain at https://www.eia.gov/outlooks/aeo/tables_ref.php