

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-20-06
CORPORATION’S ANNUAL FIXED COST)
ADJUSTMENT MECHANISM FILING) NOTICE OF APPLICATION
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 34732**

On June 30, 2020, 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, 2020, through September 30, 2021, and to approve its corresponding modifications to Schedule 75, “Fixed Cost Adjustment Mechanism – Electric.” The Company requests that the Commission authorize FCA deferrals for the period of January 1, 2019, through December 31, 2019, and approve separate per kilowatt-hour (“kWh”) FCA surcharge rates for its residential group and non-residential group customers. *Application* at 1. The Company proposes to reduce its present FCA surcharge rates for residential customers and non-residential customers. *Id.* at 1-2. The Company’s Application, if approved, would decrease revenue from residential customers by \$1.6 million and decrease revenue from non-residential customers by \$1.4 million. *Id.* at 2. Residential customers using an average of 898 kWh per month would see their monthly bills decrease by \$1.17 per month or 1.4%. *Id.* at 12. The Company asks that its Application be processed by Modified Procedure and requests an effective date of October 1, 2020. *Id.* at 2.

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 the FCA is a rate adjustment mechanism designed to break the link between the 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

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.

energy sales as a means of increasing revenue and profits and to encourage energy conservation. *Id.* at 3-4.

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. Order No. 33437 also set forth how the FCA mechanism works, including: treatment of existing versus new customers, quarterly reporting, annual filings, interest, accounting, and a 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 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 5.

YOU ARE FURTHER NOTIFIED that the Commission approved the extension of the FCA from January 1, 2020 through March 31, 2025, by Order No. 34502 at 4. As part of the extension, the Commission approved the modification of the deferral period to a July to June basis by using a one-time 18-month deferral period, January 1, 2020, through June 30, 2021. *Id.* The effective date of electric FCA rate adjustments is still October 1, however, the annual rate adjustment filings will be made by July 31 of each year, beginning with next year's filing. *Id.; see also Application* at 6. Other modifications to the FCA include an annual revenue-per-customer true-up to the deferral calculation and quarterly reports due by 60-days after the end of each quarter. *Id.; see also Application* at 6. The Company has included revisions to the Term provision stated on tariff Sheet 75, the Calculation of Monthly FCA Deferral mechanism description stated on tariff Sheet 75B, and the Annual Electric FCA Rate Adjustment provision on tariff Sheet 75C to reflect these approved modifications to the mechanism going forward in compliance with the Commission Order. *Application* at 6.

YOU ARE FURTHER NOTIFIED that Avista proposes to decrease FCA rates for its electric residential customer group and its non-residential electric customer groups based on the deferred revenue recorded for January 1, 2019, through December 31, 2019. The Company

attributes these proposed changes mostly due to warmer than usual weather in February and March 2019 and savings from energy efficiency programs in 2019. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED for its residential customer group, Avista recorded \$337,502 in the surcharge deferred revenue in 2019 and -\$9,294 in 2018 FCA carryover and other adjustments for accumulated interest and revenue related expense. *Id.* at 8. The Company's proposed surcharge rate of 0.028 cents per kWh is designed to recover \$333,905 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 9.

YOU ARE FURTHER NOTIFIED that for its non-residential customer groups, Avista recorded \$109,351 in FCA surcharge deferred revenue in 2019 and \$7,242 in 2018 FCA carryover and other adjustments for accumulated interest and revenue related expense. *Id.* at 9. The Company proposes a surcharge of 0.011 cents per kWh to recover \$116,684 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 10.

YOU ARE FURTHER NOTIFIED that the Application, Exhibit A (the Company's proposed tariffs), Exhibit B (FCA rate calculations), Exhibit C (2019 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. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "ELECTRIC" tab, then select "Open 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, 61-502 and 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 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 persons desiring to state a position on this Application may file a written comment explaining why the person supports or opposes the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until September 9, 2020, to file written comments.** Comments must be filed by e-mail unless e-mail is unavailable. To comment by e-mail, please access the Commission’s home page at www.puc.idaho.gov. Click the “Consumers” tab and then “Case Comment Form” and complete the form using the case number as it appears on the front of this document. Comments filed by e-mail must also be e-mailed to the Company at the e-mail addresses listed below. If e-mail is unavailable, then comments may be mailed to the Commission and Company at these addresses:

For the Idaho Public Utilities Commission:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

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

For Avista Corporation:

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YOU ARE FURTHER NOTIFIED that Avista **must file any reply comments by September 16, 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

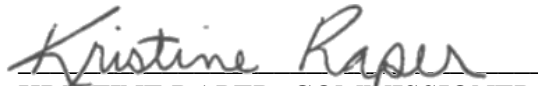
IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201 - .204). Persons shall have until September 9, 2020, to file written comments, and the Company shall have until September 16, 2020, to file any reply comments.

IT IS FURTHER ORDERED that parties continue to comply with Order No. 34602, issued March 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Commission Rule of Procedure 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 20th day of July 2020.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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