

RECEIVED

2020 SEP 15 PM 12:11

IDAHO PUBLIC UTILITIES COMMISSION

DAYN HARDIE  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0312  
IDAHO BAR NO. 9917

Street Address for Express Mail:  
11331 W CHINDEN BLVD, BLDG 8, SUITE 201-A  
BOISE, ID 83714

Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF AVISTA</b>	)	
<b>CORPORATION'S ANNUAL APPLICATION</b>	)	<b>CASE NO. AVU-E-20-08</b>
<b>TO ADJUST RESIDENTIAL AND SMALL</b>	)	
<b>FARM ENERGY RATES</b>	)	
	)	<b>COMMENTS OF THE</b>
	)	<b>COMMISSION STAFF</b>

**STAFF OF** the Idaho Public Utilities Commission, by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

**BACKGROUND**

On July 31, 2020, Avista Corporation dba Avista Utilities applied to the Commission for authority to revise its Residential and Farm Energy Rate Adjustment—Schedule 59—to implement a 0.336 cents per kilowatt-hour (“kWh”) credit rate for rate schedules 1, 12, 22, 32, and 48. Avista requested that the Application be processed under Modified Procedure, and that the proposed rates take effect October 1, 2020.

The current Residential and Small Farm Energy Adjustment credit rate is 0.387 cents per kWh and was designed to pass about \$4.8 million in BPA benefits to customers through a credit to energy rates. The proposed credit of 0.336 cents per kWh would pass about \$4.2 million to customers.

Customers who receive this year's proposed credit would see energy rates increase by about \$0.6 million. The rate increase reflects that this year's \$4.2 million credit is about \$0.6 million less than last year's \$4.8 million credit. In other words, this year's rate increase would reflect that the Company over-refunded about \$0.6 million to customers through last year's credit. For residential customers using an average of 898 kilowatt-hours per month, there would be a monthly bill increase of \$0.46 from \$86.27 to \$86.73.

## **STAFF ANALYSIS**

Staff recommends the Commission approve the Company's proposed revision to Schedule 59 to implement a credit rate of 0.336 cents per kilowatt-hour.

The Residential and Small Farm Energy Adjustment credit rate derives from an agreement between the Company and the Bonneville Power Administration ("BPA") regarding the Residential Exchange Program ("REP"). The REP provides a share of the benefits of the federal Columbia River power system to the residential and small-farm customers of the six investor-owned utilities of the Pacific Northwest, including Avista.

The calculation of the BPA benefit for residential and small farm customers has two components. The first component is the annualized electricity usage by the residential and small farm customers calculated over the two previous years—2017 and 2018. The second component is the difference between two variables calculated by BPA every two years: Avista's Average System Cost (ASC) rate and the Priority Firm Exchange rate. The difference between these two rates is then multiplied by the annualized electricity usage to generate the BPA benefit to be passed on to qualifying customers for each of the next two years. The BPA credit is allocated between Washington and Idaho based on the actual usage in each jurisdiction.

Avista's Residential and Small Farm Energy Adjustment credit rate is calculated by taking the projected remaining balance of the BPA benefit from the previous year and adding the BPA benefit for the next year. The 2019-2020 BPA benefit was over-refunded by \$0.6 million because customers used more electricity than what was forecasted in AVU-E-19-08. Therefore the 2020-2021 benefit is reduced by \$0.6 million. The total is then divided by the projected annual kWh sales to residential and small farm customers to derive the rate.



Staff reviewed the methodology and calculation of the proposed Residential and Small Farm Energy Adjustment credit rate and confirmed the approach is consistent with the terms and conditions of Schedule 59.

**Overall Impact of Three Filings Effective October 1, 2020**

The Company has made two other rate adjustment filings, also effective October 1, 2020. Avista's proposed Power Cost Adjustment (PCA) filing (AVU-E-20-07), if approved, will increase electric revenues by about \$2.2 million (0.9% increase) and its proposed Fixed Cost Adjustment (FCA) filing (AVU-E-20-06), if approved, will decrease electric revenues by \$3.0 million (1.2% decrease). The \$0.6 million increase in electric revenues from the proposed Residential and Small Farm Energy Rate Adjustment represents a 0.2% revenue increase. The net effect of Avista's three filings (PCA, FCA, and BPA) is to decrease electric revenues by \$0.2 million (0.1% decrease). The net effect of the three filings on the average residential electric customer's monthly bill is a decrease of 6 cents (0.1% decrease). Table No. 3 below summarizes the impact to electric revenues of the three filings.

**Table No. 3: Summary of Overall Impact to Electric Customers**

Filing	2019	2020	Net Effect	% Change
PCA	\$ (1,735,996)	\$ 459,391	\$ 2,195,387	0.90%
FCA	3,422,280	450,589	(2,971,691)	-1.20%
BPA	(4,769,359)	(4,188,620)	580,739	0.20%
<b>Total</b>	<b>(3,083,075)</b>	<b>(3,278,640)</b>	<b>(195,565)</b>	<b>-0.10%</b>

**CUSTOMER NOTICE AND PRESS RELEASE**

The Company's press release and customer notice were included with its Application. Each document addresses two cases: this case (AVU-E-20-08) and the Power Cost Adjustment (AVU-E-20-07). Staff reviewed the documents and determined both meet the requirements of Rule 125 of the Commission's Rules of Procedure. See IDAPA 31.01.01.125. The notice was included in bills mailed to customers beginning August 3 and ending September 1, 2020. The Commission set a comment deadline of September 15, 2020. Some customers in the last billing

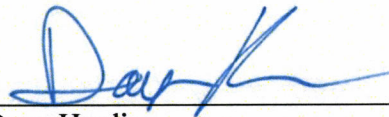
cycle may not have adequate time to submit comments before the deadline. Customers must have the opportunity to file comments and have those comments considered by the Commission. Staff recommends that the Commission accept late filed comments from customers. As of September 14, 2020, no customer comments had been filed.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission:

1. Approve the Company's proposed revision to its Residential and Farm Energy Rate-Schedule 59 to implement an Energy Rate Adjustment credit of 0.336 cents per kilowatt-hour, effective October 1, 2020 through September 30, 2021; and
2. Accept late filed comments from customers.

Respectfully submitted this 15<sup>th</sup> day of September 2020.



---

Dayn Hardie  
Deputy Attorney General

Technical Staff: Bentley Erdwurm  
Johan Kalala-Kasanda  
Curtis Thaden

i:umisc/comments/avue20.8dhbejkct comments



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15<sup>th</sup> DAY OF SEPTEMBER 2020, SERVED THE FOREGOING COMMENTS OF THE COMMISSION STAFF, IN CASE NO. AVU-E-20-08, BY E-MAILING A COPY THEREOF TO THE FOLLOWING:

PATRICK EHRBAR  
DIR OF REGULATORY AFFAIRS  
AVISTA CORPORATION  
PO BOX 3727  
SPOKANE WA 99220-3727  
E-MAIL: [patrick.ehrbar@avistacorp.com](mailto:patrick.ehrbar@avistacorp.com)  
[avistadockets@avistacorp.com](mailto:avistadockets@avistacorp.com)

DAVID J MEYER  
VP & CHIEF COUNSEL  
AVISTA CORPORATION  
PO BOX 3727  
SPOKANE WA 99220-3727  
E-MAIL: [david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)

/s/ Reyna Quintero  
SECRETARY