

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF AVISTA’S ) CASE NO. AVU-E-21-08**  
**APPLICATION TO IMPLEMENT FCA )**  
**RATES FOR ELECTRIC SERVICE FROM ) NOTICE OF APPLICATION**  
**OCTOBER 1, 2021 THROUGH )**  
**SEPTEMBER 30, 2022 ) NOTICE OF**  
**) MODIFIED PROCEDURE**  
**)**  
**) ORDER NO. 35137**

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On July 30, 2021, Avista Corporation dba Avista Utilities (“Company”) applied to the Commission for authorization to implement Fixed Cost Adjustment (“FCA”) rates for electric service effective from October 1, 2021 through September 30, 2022, and approve its corresponding modifications to Schedule 75 “Fixed Cost Adjustment Mechanism – Electric.” The Company also asks that the Commission approve as prudently incurred the level of electric FCA revenue deferred during the 18-month deferral period ended June 30, 2021.<sup>1</sup> The Company separately applied to implement FCA rates for natural gas service in Case No. AVU-G-21-06. The Company proposes per kilowatt-hour (“kWh”) FCA rebate rates for its residential electric customers and surcharge rates for its non-residential electric customers. The Company’s Application, if approved, would decrease overall electric revenues by about \$0.8 million. The monthly bill of an average residential electric customer would decrease by about \$1.94, or 2.3%.<sup>2</sup> The Company asks that its Application be processed by Modified Procedure and requests an effective date of October 1, 2021.

With this Order, the Commission issues a Notice of Application and Notice of Modified Procedure establishing a public comment period and Company reply deadline.

**BACKGROUND**

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 costs<sup>3</sup> of providing service, thus

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<sup>1</sup> In Order No. 34502, the Commission authorized the Company to modify its electric and natural gas deferral periods one-time to run from January 1, 2020, through June 30, 2021.

<sup>2</sup> The Company’s Application states Schedule 1 customers’ rates will decrease by 2.2% on page 2 and 2.3% on page 12.

<sup>3</sup> “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.

decoupling the utility's revenues from its customers' energy usage. Order No. 33437 at 3. This decoupling removes a utility's incentive to increase sales to increase revenue and profits and encourages energy conservation. The Commission originally approved the Company's FCA as a three-year pilot program, and part of the approved settlement of its 2015 rate case. *See* Case Nos. AVU-E-15-05; AVU-G-15-01; Application at 3; and Order No. 33437 at 10. In the Order approving the FCA program, the Commission noted that the parties to the Company's rate case agreed to review the program's effectiveness at the end of its second full year, to ensure it is functioning as intended. The settlement stipulation in those cases and Schedule 75 also set forth how the FCA mechanism works, including treatment of existing versus new customers, quarterly reporting requirements, annual filings, interest, accounting, and a 3% rate increase cap.

On June 15, 2018, the Commission approved an addendum to the settlement stipulation approved in Case Nos. AVU-E-15-05 and AVU-G-15-01, which extended the term of the Company's FCA pilot for an additional year. Order No. 34085. On December 13, 2019, the Commission authorized the Company to: (1) extend its FCA mechanism for both gas and electric customers through March 31, 2025; (2) alter the first deferral period of the FCA extension by using a one-time, 18-month deferral period from January 1, 2020, through June 30, 2021; and (3) alter its quarterly FCA reporting requirement to 60-days after the end of each quarter. Order No. 34502; Case Nos. AVU-E-19-06 and AVU-G-19-03.

### **NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that in its filing, the Company proposes a rate rebate for its residential electric customers and a rate surcharge for its non-residential electric customer groups based on the amount of deferred revenue recorded for each group between January 1, 2020, and June 30, 2021. The Company mostly attributes the proposed changes to drivers including warmer than normal weather during the 18 months ended June 30, 2021, energy efficiency, and "other" drivers.

YOU ARE FURTHER NOTIFIED that the Company recorded \$2,260,697, in the rebate direction in deferred revenue for its electric residential customer group for the 18 months ended June 30, 2021. After considering the prior year residual balance of \$35,117, the Company proposes to return \$2,323,407, at a proposed rate of 0.189 cents per kWh, to the Company's residential electric customers served under rate Schedule 1. *See* Exhibit B. If approved by the

Commission, the Company would record this amount in a regulatory liability balancing account and reduce the account balance each month by the amount returned to customers under the tariff.

YOU ARE FURTHER NOTIFIED that for its electric non-residential customer groups, the Company recorded \$2,011,841, in the surcharge direction in deferred revenue for the 18 months ended June 30, 2020. After considering the prior year residual balance of \$18,516, the Company proposes to recover \$2,049,329, at a proposed rate of 0.197 cents per kWh, from the Company's commercial and industrial electric customers served under rate Schedules 11, 12, 21, 22, 31 and 32. *See 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 amount collected from customers under the tariff.

YOU ARE FURTHER NOTIFIED that with its Application, the Company submitted its residential and non-residential rate calculations, support for its deferrals, and its proposed FCA Schedule 75.

YOU ARE FURTHER NOTIFIED that the Company's Application and Exhibits, including the proposed tariff sheets, are available for public inspection during regular business hours at the Commission's office. The Application is also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "ELECTRIC" tab in the left-hand column of the home page, then select "Open Cases" and then locate 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.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted under 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 it will review the case through written submissions under the Commission's Rules of Modified Procedure 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 8, 2021, to file written comments.** Comments must be filed through the Commission’s website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission’s home page at [www.puc.idaho.gov](http://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. To file by e-mail, the customer must e-mail the comments to the Commission Secretary and the Company at the e-mail addresses listed below. If computer access 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  
[secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

Street Address for Express Mail:

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

**For Avista Corporation:**

David J. Meyer, Esq. (MSC-10)  
Patrick Ehrbar (MSC-27)  
P.O. Box 3727  
1411 E. Mission Ave  
Spokane, WA 99220-3727  
[david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)  
[patrick.ehrbar@avistacorp.com](mailto:patrick.ehrbar@avistacorp.com)  
[dockets@avistacorp.com](mailto:dockets@avistacorp.com)

YOU ARE FURTHER NOTIFIED that **the Company must file any reply comments by September 15, 2021.**

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 by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201 - .204). Persons shall have until September 8, 2021, to file written comments, and the Company shall have until September 15, 2021, to file a reply, if any.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 35058, issued June 3, 2021. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 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.

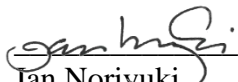
DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 18<sup>th</sup> day of August 2021.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jan Noriyuki  
Commission Secretary

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