

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-21-10
CORPORATION’S ANNUAL APPLICATION)
TO ADJUST RESIDENTIAL AND SMALL) ORDER NO. 35181
FARM ENERGY RATES)
)
)

On July 30, 2021, Avista Corporation dba Avista Utilities (“Company” or “Avista”) applied to the Idaho Public Utilities Commission (“Commission”) for authority to implement a new Schedule 59 – Residential and Small Farm Energy Rate Adjustment – Idaho – credit for schedules 1, 12, 22, 32, and 48, for October 1, 2021 through September 30, 2022. Application at 1, 4. The Company requested that the Application be processed under Modified Procedure, and that the proposed rates take effect October 1, 2021. *Id.* at 1, 4-5.

On August 18, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure setting public comment and Company reply deadlines. Order No. 35136.

On August 31, 2021, in a supplemental response to the Commission Staff’s Production Request No. 4 (“Avista Response”), Avista notified Staff that the Bonneville Power Administration (“BPA”) made an error in the calculation of the rate adjustment credit and provided corrected information discussed below. Staff Comments at 2. The Commission Staff (“Staff”) timely filed comments. The Company did not file a reply. No other comments were received.

Having reviewed the record, we now approve the Company’s Application as supplemented, and as discussed below.

BACKGROUND

This Application results from the BPA’s Residential Exchange Program (“REP”). The REP was established by Section 5(c) of the Northwest Electric Power Planning and Conservation Act. 16 U.S.C. § 839c(c). That section makes low-cost power from the federal Columbia River power system available to investor-owned utilities in the Northwest. *See Assoc. of Pub. Agency Customers v. Bonneville Power Admin. (APAC v. BPA)*, 733 F.3d 939, 945 (9th Cir. 2013). The statute permits utilities to “exchange power they have purchased or generated for lower-cost power generated by BPA.” *Portland General Elec. Co. v. Bonneville Power Admin. (PGE v. BPA)*, 501 F.3d 1009, 1015 (9th Cir. 2007). The exchange is a paper transaction—a utility may offer to sell

power to BPA at the utility's average system cost ("ASC") for producing power, which BPA compares to a Priority Firm ("PF") Exchange Rate that BPA calculates for purposes of the exchange. *See id.*, *APAC v. BPA*, 733 F.3d at 945-46. If BPA's PF Exchange Rate is lower than the utility's ASC, then the utility is entitled to a benefit from BPA. *APAC v. BPA*, 733 F.3d at 946. Generally, the utility benefit is the difference between BPA's PF Exchange Rate and the utility's ASC, multiplied by the utility's residential load. *Id.* at 945. The utility must pass the benefit on to its qualifying residential and small farm customers. *See id.* (citing 16 U.S.C. § 839c(c)(3)). The rate credit reflects Idaho's share of BPA benefits through the REP, as offset by any over-refunded balance from the prior year, starting in October 2021. Application at 3.

THE APPLICATION

The Company in their Application asked for authority to implement a 0.319 cents per kilowatt-hour ("kWh") Residential and Small Farm Energy Rate Adjustment credit for rate schedules 1, 12, 22, 32, and 48. Application at 1, 4. The Company said this proposed rate credit would increase qualifying customers' rates by \$0.1 million, with the average monthly bill for a residential customer increasing from \$85.63 to \$85.78. *Id.*

On August 31, 2021, in Avista's Response to Staff's Production Request No. 4, it notified Staff that BPA made an error in the calculation of the rate adjustment credit of 0.319 cents per kWh, and that the correct rate should be 0.370 cents per kWh. Staff Comments at 2. The rate credit of 0.370 cents per kWh would pass through approximately \$4.7 million, which represents the Idaho portion of the annual level of BPA benefits and the over-refunded balance from the prior year, starting in October 2021. *Id.* The supplemented rate would result in a monthly bill decrease from \$85.63 to \$85.33 for an average residential customer using 892 kWh per month. *Id.* This is a decrease of \$0.30, or 0.4%. Avista provided updated tariffs reflecting the corrected rates. *Id.*

STAFF COMMENTS

Staff reviewed Avista's corrected methodology and calculations of the proposed Residential and Small Farm credit rate and confirmed the approach is consistent with Schedule 59 – Residential and Farm Energy Rate Adjustment – Idaho. Staff Comments at 3. Staff recommended the proposed rate of 0.370 cents per kWh be approved. *Id.*

Staff explained the calculation of the BPA benefit. *Id.* The calculation of the BPA benefit for residential and small farm customers has two inputs. *Id.* The first input is the usage by Avista's residential and small farm customers over the previous two years, in this case 2017 and

2018, which is then averaged to create an annualized usage. *Id.* The second input is the difference between two variables calculated by BPA: Avista’s ASC rate and the PF Exchange Rate. *Id.* These variables are calculated by BPA every two years. *Id.* The difference between these two rates is multiplied by the annualized usage to calculate the BPA benefit to be passed on to qualifying customers for each of the next two years. *Id.* Avista’s BPA credit is allocated between Washington and Idaho based on the actual usage of qualifying customers in each jurisdiction. *Id.*

Staff also discussed the aggregate effect of the Company’s Fixed Cost Adjustment (“FCA”) and the Power Cost Adjustment (“PCA”) filings, that are also proposed to be effective October 1, 2021. *Id.* The aggregate effect is shown in Table No. 1 below. *Id.* at 3, 4.

Table No. 1: Summary of Overall Impact to Idaho Electric Customers

Filing	2020	2021	Net Effect	% Change
PCA	459,391	7,646,804	7,187,413	2.8%
BPA*	-4,188,620	-4,711,060	-522,440	-0.4%
FCA	458,638	-274,078	-732,716	-0.3%
Total	-3,270,591	2,661,666	5,932,257	2.1%

*Includes the correction in the rate adjustment credit from BPA

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503. The Commission has reviewed the record, including the Application and comments.

We find that the proposed rate credit of 0.370 cents per kWh is just and reasonable. We therefore approve the Application and the proposed Schedule 59—Residential and Small Farm Energy Rate Adjustment – Idaho – credit for schedules 1, 12, 22, 32, and 48, to be effective October 1, 2021.

ORDER

IT IS HEREBY ORDERED that the Company’s Application to implement a new Residential and Small Farm Energy Adjustment credit rate is approved. The Company is authorized to implement its proposed credit rate of 0.370 cents per kWh through its proposed tariff

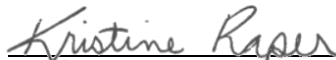
Schedule 59—Residential and Farm Energy Rate Adjustment – Idaho – effective October 1, 2021 through September 30, 2022.

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 regarding any matter decided in 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 30th day of September 2021.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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