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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF AVISTA )**  
**CORPORATION'S ANNUAL APPLICATION ) CASE NO. AVU-E-21-10**  
**TO ADJUST RESIDENTIAL AND SMALL )**  
**FARM ENERGY RATES )**  
**)**  
**) COMMENTS OF THE**  
**) COMMISSION STAFF**  
**)**

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**STAFF OF** the Idaho Public Utilities Commission, by and through its attorney of record, Erick Shaner, Deputy Attorney General, submits the following comments:

**BACKGROUND**

On July 30, 2021, Avista Corporation dba Avista Utilities (“Company”) applied to the Commission 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. The Company states 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. This is an increase of \$0.15 per month or 0.2% for customers using an average of 892 kilowatt-hours per month. *Id.* The Company requests that the Application be processed under Modified Procedure, and that the proposed rates take effect October 1, 2021. *Id.* at 4-5.

The current Residential and Small Farm Energy Adjustment Rate credit is 0.336 cents per kWh and was designed to pass about \$4.2 million in Bonneville Power Administration (“BPA”) benefits to customers through a credit to their energy rates. This was approved by the Commission in Order No. 34795. The proposed credit of 0.319 cents per kWh would pass about \$4.1 million to customers. *Id.*

Customers who receive this year’s proposed credit would see their energy rates increase by about \$0.1 million, or 0.1%. *Id.* The rate increase reflects that this year’s \$4.1 million credit is about \$0.2 million less than last year’s \$4.2 million credit. *Id.* In other words, this year’s rate increase would reflect that the Company over-refunded about \$0.06 million to customers through last year’s credit. *Id.* The Company explains the proposed rate credit would not affect its net income. *Id.* The Company indicates it will notify customers about the Application via a news release and a customer notice billing-insert explaining the rate credit. *Id.* at 4.

#### **STAFF ANALYSIS**

On August 31, 2021, in a supplemental response to Staff’s Production Request No. 4, Avista notified Staff that the 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. The proposed new rate credit of 0.370 cents per kWh is designed to 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. An average residential customer using 892 kWh per month would see their present monthly bill decrease from \$85.63 to \$85.33 cents. This is a decrease of \$0.30, or 0.4%. Avista provided updated tariffs reflecting the correct rates which are included as Attachment A.

Avista informed Staff that it received notification of the above-mentioned error from the BPA on August 26, 2021. The error was caused by an updated Priority Firm Exchange (“PFx”) rate due to an error in the exchange loads that was used to implement the Residential Exchange Program (“REP”). On August 12, 2021, a participating utility informed BPA that the exchange load reported to BPA for calendar year 2020 was incorrect. That utility had found an error which resulted in double counting of the Company’s residential exchange load. The error has since been corrected. BPA used the erroneous exchange load to set the PFX rates to allocate REP benefits for rate period which were used in Avista’s initial filing.

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. Staff recommends the Commission approve the Company's proposed revision to Schedule 59 to implement a credit rate of 0.370 cents per kilowatt-hour.

The Residential and Small Farm Energy Rate Adjustment credit results from Avista's agreement with the BPA regarding the REP. The REP allows residential and small-farm customers of six Pacific Northwest utilities, including Avista, to benefit from the federal Columbia River power system through a credit to their rates.

Two components are used for the calculation of the BPA benefit for residential and small farm customers. The first component is the annualized electricity usage by the residential and small farm customers calculated over the two previous years—2018 and 2019. The second component is the difference between two variables calculated by BPA every two years: Avista's Average System Cost rate and the PFX 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 Company allocates the BPA credit between Washington and Idaho based on the actual usage in each jurisdiction.

#### Overall Impact of Three Filings Effective October 1, 2021

The Company has made two other rate adjustment filings, also effective October 1, 2021. The Company's proposed Power Cost Adjustment ("PCA") filing (AVU-E-21-09), if approved, will increase Idaho electric revenues by approximately \$7.2 million or 2.8% increase and its proposed Fixed Cost Adjustment ("FCA") filing (AVU-E-21-08), if approved, will decrease electric revenues by approximately \$0.7 million or 0.3% decrease. With the correction to the proposed Residential and Small Farm Energy Rate Adjustment as discussed above, the Company will see an approximate \$0.5 million decrease in electric revenues. When combined and if approved, the net effect of the three requests (PCA, FCA and BPA) is an increase in the overall Company's electric revenue by approximately \$5.9 million, effective October 1, 2021, as shown in Table No. 1 below.

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

<b>Filing</b>	<b>2020</b>	<b>2021</b>	<b>Net Effect</b>	<b>% Change</b>
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	-0.2%
<b>Total</b>	<b>-3,270,591</b>	<b>2,661,666</b>	<b>5,932,257</b>	<b>2.1%</b>

\*Includes the correction in the rate adjustment credit from BPA

### **CUSTOMER NOTICE AND PRESS RELEASE**

The Company's press release and customer notice were included with its Application. Each document addresses the following cases: this case (AVU-E-21-10), the natural gas Fixed Cost Adjustment (AVU-G-21-06), the electric Fixed Cost Adjustment (AVU-E-21-08), the Power Cost Adjustment (AVU-E-21-09), and the Electric Energy Efficiency adjustment (AVE-E-21-11). 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 with bills mailed to customers beginning August 12, 2021, and ending September 9, 2021.

The Commission set a comment deadline of September 8, 2021. Some customers in the last billing cycles will not have received/and or had 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 7, 2021, no customer comments had been filed.

### **STAFF RECOMMENDATION**

Staff recommends that the Commission:

1. Approve the Company's proposed tariff revisions to its Residential and Farm Energy Rate-Schedule 59 as reflected in Attachment A. The new tariff will implement an Energy Rate Adjustment credit of 0.370 cents per kilowatt-hour, effective October 1, 2021, through September 30, 2022; and
2. Accept late filed comments from customers.

Respectfully submitted this <sup>8<sup>th</sup></sup> day of September 2021.



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Erick Shaner  
Deputy Attorney General

Technical Staff: Johan Kalala-Kasanda  
Kevin Keyt  
Curtis Thaden

i:umisc:comments/avue21.10esjkkkcy comments

AVISTA CORPORATION  
dba Avista Utilities

## SCHEDULE 59

### RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

#### APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

#### MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by 0.370¢ per kWh.

#### SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued: August 31, 2021

Effective: October 1, 2021

Issued by Avista Utilities  
By



Patrick Ehrbar – Director of Regulatory Affairs

Attachment A

Case No. AVU-E-21-10

Staff Comments

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AVISTA CORPORATION  
dba Avista Utilities

## SCHEDULE 59

### RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

#### APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

#### MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by ~~0.336¢~~ per kWh.

#### SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued: August 31, 2020

Effective: October 1, 2020

Issued by Avista Utilities  
By



Patrick Ehrbar – Director of Regulatory Affairs

Attachment A  
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Staff Comments  
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AVISTA CORPORATION  
dba Avista Utilities

## SCHEDULE 59

### RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

#### APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

#### MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by 0.370¢ per kWh.

#### SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued: August 31, 2021

Effective: October 1, 2021

Issued by Avista Utilities  
By



Patrick Ehrbar – Director of Regulatory Affairs  
Attachment A

Case No. AVU-E-21-10

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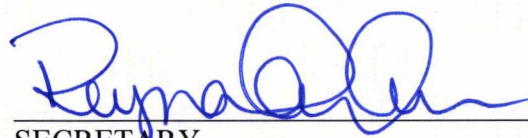


## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 8<sup>th</sup> DAY OF SEPTEMBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-21-10, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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A handwritten signature in blue ink, appearing to read "David J Meyer", is written over a horizontal line.

SECRETARY