

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-22-11
CORPORATION’S ANNUAL POWER COST)
ADJUSTMENT (PCA) APPLICATION.) ORDER NO. 35543
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On July 29, 2022, Avista Corporation (“Company”), filed its annual Power Cost Adjustment (“PCA”) Application requesting to adjust the PCA surcharge rate for the period of October 1, 2022 to September 30, 2023. The Company included a copy of the proposed tariff Schedule 66, Temporary Power Cost Adjustment-Idaho (“Schedule 66”), with the proposed PCA rate. The Company represented that residential customers using an average of 892 kilowatt-hours per month would see their monthly bills decrease from \$86.29 to \$85.39, a decrease of \$0.90 per month, or 1%, if the Application is approved. The Company requested that this matter be processed by modified procedure, and that the proposed rates take effect on October 1, 2022.

On August 11, 2022, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 35496. Commission Staff submitted comments to which the Company replied. No other public comments were submitted.

Having reviewed the record, the Commission now issues this Order approving the Company’s Application.

BACKGROUND

The Company’s PCA is an annual adjustment mechanism that tracks changes in the Company’s “hydroelectric generation, secondary prices, thermal fuel costs, and other changes in power contract revenues and expenses.” Application at 2.

The present surcharge of 0.251¢ per kilowatt-hour (“kWh”) became effective October 1, 2021, and was primarily associated with power supply costs that were higher than those included in retail rates, due to higher wholesale electric and natural gas prices. Case No. AVU-E-21-09, Order No. 35184. The surcharge rate ends on September 30, 2022. *Id.*

THE APPLICATION

The Company requested the Commission approve a PCA surcharge rate of 0.150¢ per kWh. The Company’s request is a decrease from the 0.251¢ per kWh currently being collected as approved in Order No. 35135. If approved, the new PCA surcharge would represent an overall

decrease of \$3.1 million or 1.2% in Company revenues when accounting for the expiration of the existing surcharge.

The Company submitted written testimony from Company witnesses who explained the factors contributing to the power cost deferrals included in the proposed PCA adjustment. The Company also represented that it has filed monthly reports with its actual PCA deferral entries to date, and provided updated tariffs in Exhibit A.

STAFF COMMENTS

Staff reviewed the Company's Application, Exhibits, written testimony, audit findings, and responses to production requests. Staff audited the Company's Net Power Costs ("NPC") data and analyzed the natural gas purchases, market purchases, transmission revenue, and expenses and other deferral items. Staff concluded that the Company's various power cost transactions were reasonable, prudently incurred, and complied with previous Commission orders and the Company's risk management principles.

Staff recommended that the Commission: (1) approve the Company's request to revise its tariff Schedule 66, as filed, reducing the Company's annual revenue by \$3.1 million, effective as of October 1, 2022; (2) authorize the Company to recover Energy Imbalance Market ("EIM") incremental expenses in the PCA, up to the benefits realized from the EIM, until its next general rate case where these costs can be reviewed and included in base rates; (3) order the Company to provide Staff an explanation of the Company's method for measuring EIM benefits and how it differs from the California Independent System Operator's ("CAISO") method; and (4) accept late-filed comments from customers.

COMPANY COMMENTS

The Company generally agreed with Staff's comments, but wanted to clarify the Company's position on the EIM methodology on operations and maintenance ("O&M") expenses and EIM benefits. The Company asserted that it currently has authority under Order No. 35156 to reflect Idaho's share of incremental EIM and O&M expenses through the PCA, up to Idaho's share of EIM benefits that flow through the PCA, effective as of the March 1, 2022 "go live" date. While Staff proposed that the Commission use the next general rate case to authorize EIM incremental expenses, the Company would prefer to continue using the approved method of addressing this matter in the PCA.

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 may fix the same by order. *Idaho Code* §§ 61-502 and 61-503. The Company is an electrical corporation under *Idaho Code* § 61-119 and a public utility under *Idaho Code* § 61-129.

Having reviewed the record, including the Application, Company testimony, Staff's comments, and the Company's reply, the Commission finds the Company's various power cost transactions were reasonable, prudently incurred, and complied with previous Commission orders and the Company's risk management principles. The Commission approves the Company's request to revise its tariff Schedule 66, as filed, reducing the Company's annual revenue by \$3.1 million, effective as of October 1, 2022.

The Commission also finds it just and reasonable to authorize the Company to continue to recover EIM incremental expenses in the PCA, up to the benefits realized from the EIM. Staff verified the Company's calculations of these expenses, but the Commission will require the Company to further explain its methodology for measuring EIM benefits, and how that method differs from CAISO's method. The Commission acknowledges that it gave the Company authority in Order No. 35156 to reflect Idaho's share of incremental EIM and O&M expenses through the PCA, up to Idaho's share of EIM benefits that flow through the PCA, effective as of the March 1, 2022 "go live" date. In consideration of the Company's comments and Commission precedent, we will continue the current method of addressing this matter in the PCA process.

ORDER

IT IS HEREBY ORDERED that the Company's Application to revise its tariff Schedule 66, effective as of October 1, 2022, is approved.

IT IS FURTHER ORDERED that the Company's requested PCA surcharge rate of 0.150¢ per kWh, effective from October 1, 2022 to September 30, 2023, is approved.

IT IS FURTHER ORDERED that the Company's request to recover its EIM incremental expenses in the PCA, up to the benefits realized from the EIM, is approved.

IT IS FURTHER ORDERED that the Company's request to continue the current method of addressing EIM incremental expenses in the PCA process is approved.

IT IS FURTHER ORDERED that the Company is directed to explain how its methodology for measuring EIM benefits, and how that method differs from CAISO's method, in a compliance filing fifteen (15) days from the date of this Order.

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. *Idaho Code* § 61-626.

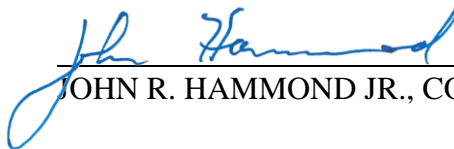
DONE by Order of the Public Utilities Commission at Boise, Idaho this 29th day of September 2022.



ERIC ANDERSON, PRESIDENT

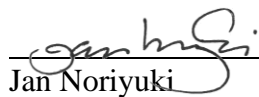


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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