

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FIXED COST) CASE NO. AVU-E-23-09
ADJUSTMENT MECHANISM (FCA))
ANNUAL RATE ADJUSTMENT FILING) NOTICE OF APPLICATION
OF AVISTA CORPORATION)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 35897

On July 31, 2023, Avista Corporation (“Company” or “Avista”) applied to the Commission for an order (1) approving FCA deferrals for July 1, 2022, through June 30, 2023; (2) authorizing an adjustment to its Fixed Cost Adjustment (“FCA”) rates for electric service from October 1, 2023, through September 30, 2024; and (3) approving its proposed corresponding modifications to tariff Sheet 75.

The FCA rate for the Residential Group (Schedule 1) is proposed to change from a present rebate rate of 0.405¢ per kilowatt-hour (“kWh”) to a proposed rebate rate of 0.540¢ per kWh. The FCA rate for the Non-Residential Group (Schedules 11, 12, 21, 22, 31 and 32) is proposed to change from a present surcharge rate of 0.034¢ per kWh to a proposed rebate rate of 0.048¢ per kWh. The Schedule 1 rate change represents a \$1.7 million, or 1.4%, decrease to Residential customers, and the Non-Residential group rate change represents a \$0.2 million, or .2% decrease, for Schedules 11, 12, 21, 22, 31, and 32. If approved, the monthly bill of an average residential customer would decrease by \$1.25. The Company requests that this matter be processed by Modified Procedure, and that the proposed rates take effect on October 1, 2023.

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 costs¹ of providing service, thus decoupling the utility’s revenues from its customers’ energy usage. This decoupling removes a utility’s

¹ “Fixed costs” are a utility’s costs to provide service, such as infrastructure and customer service, which do not vary with energy use, output, or production, and remain relatively stable between rate cases.

incentive to increase sales to increase revenue and profits and encourages energy conservation. The Commission originally approved a three-year pilot program of the Company's FCA as part of the approved settlement of the Company's 2015 rate case. Order No. 33437 at 10. 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 the program was functioning as intended. In 2018, the Commission approved an addendum to the settlement that extended the term of the Company's FCA pilot for an additional year. Order No. 34085. In 2019, the Commission authorized the Company to extend its FCA mechanism for both gas and electric customers through March 31, 2025. Order No. 34502.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company proposed a rate rebate for its Residential and Non-Residential electric customer groups based on the amount of deferred revenue recorded for each group between July 1, 2022 and June 30, 2023. The Company mostly attributes the proposed changes to drivers including (1) lower monthly use-per-customer than that embedded in the FCA base due to cooler than normal temperatures; and (2) energy savings stemming from customer participation in the Company's Demand Side Management Programs.

YOU ARE FURTHER NOTIFIED that the Company represented that it recorded \$7,180,059 in the rebate direction in deferred revenue for the electric Residential customer group for the 12 months ending June 30, 2023. The Company stated that the proposed rate of 0.540¢ per kWh is designed to return \$6,955,562 to the Company's Residential electric customers served under rate Schedule 1. The Company represented that the deferral balance for the FCA deferral period, plus interest through September 2024, revenue related expense adjustment, and any outstanding balance approved for recovery in the prior year FCA rate filing would be transferred into a regulatory liability balancing account, and the balance in the account would be reduced each month by the revenue collected under the tariff.

YOU ARE FURTHER NOTIFIED that the Company represented that it recorded \$555,724 in the rebate direction in deferred revenue for the electric Non-Residential Group for the 12 months ending June 30, 2023. The Company stated that the proposed rebate rate of 0.048¢ per kWh is designed to return \$523,679 to commercial and industrial customers served under rate Schedules 11, 12, 21, 22, 31, and 32. The Company represented that the deferral balance, plus interest through September 2024, plus revenue related expense adjustment, would be transferred into a regulatory

liability balancing account, and the balance in the account would be reduced each month by the revenue collected under the tariff.

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

YOU ARE FURTHER NOTIFIED that the Company's Application and all submitted documentation is available for public inspection during regular business hours at the Commission's office. The Application is also available on the Commission's website at 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 7, 2023, 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. Click the "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

Street Address for Express Mail:

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

For Avista Corporation:

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

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by September 14, 2023**.

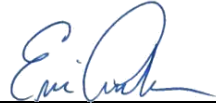
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this case be processed by Modified Procedure. Persons shall have until **September 7, 2023**, to file written comments, and the Company shall have until **September 14, 2023**, to file a reply, if any.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, 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 18th day of August 2023.



ERIC ANDERSON, PRESIDENT

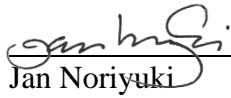


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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