

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-24-08
CORPORATION’S FIXED COST)
ADJUSTMENT MECHANISM (FCA)) NOTICE OF APPLICATION
ANNUAL RATE ADJUSTMENT)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 36299

On July 31, 2024, Avista Corporation (“Company”) applied for (1) approval of Fixed Cost Adjustment (“FCA”) deferrals for July 1, 2023, through June 30, 2024; (2) authorization to adjust its FCA rates for electric service from October 1, 2024, through September 30, 2025; and (3) approval of its proposed corresponding modifications to tariff Sheet 75.

The Company proposes changing the FCA rate for the Residential Group (Schedule 1) from a present rebate rate of 0.540¢ to a rebate rate of 0.129¢ per kilowatt-hour (“kWh”) and changing the rate for the Non-Residential Group (Schedules 11, 12, 21, 22, 31 and 32) from a present rebate rate of 0.048¢ to a proposed surcharge rate of 0.004¢ per kWh. According to the Company, the Residential Group rate change represents a \$5.6 million, or 3.8%, increase to Schedule 1 customers, and the Non-Residential group rate change represents a \$0.6 million, or .5% increase, to the remaining schedules. If approved, the monthly bill of residential customers using an average of 927 kWh per month would increase by \$3.81. The Company requests that the proposed FCA rates have an October 1, 2024, effective date and that the Commission process the request under Modified Procedure.

With this Order the Commission issues notice of the Company’s Application and establishes public comment and Company reply deadlines.

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

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.

utility's 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. On June 15, 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. On December 13, 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 proposes a rate rebate for its Residential and a surcharge for Non-Residential electric customer groups based on the difference between actual FCA-related revenue collected and the amount of FCA-related revenue authorized in the Company's last general rate case for each group between July 2023 and June 2024. The Company mostly attributes the proposed changes to different actual monthly use-per-customer than that predicted during the 12 months ending June 30, 2024, driven by fluctuating heating and cooling costs and energy efficiency savings from Demand Side Management programs.

YOU ARE FURTHER NOTIFIED that the Company represents that it recorded \$1,814,109 in the rebate direction in deferred revenue for the electric Residential customer group for the 12 months ending June 30, 2024. The Company stated that the proposed rate of 0.129¢ per kWh is designed to rebate \$1,757,929 to the Company's Residential electric customers served under rate Schedule 1. The Company represented that the deferral balance for the 12 months ending June 30, 2024, plus interest through September, 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 \$37,939 in the surcharge direction in deferred revenue for the electric Non-Residential Group for the 12 months ending June 30, 2024. The Company stated that the proposed surcharge rate of 0.004¢ per kWh is designed to recover \$45,797 from 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, would be transferred into a regulatory asset 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 Application and Attachments are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's website at www.puc.idaho.gov. Click on the "ELECTRIC" icon, select "Open Cases," then 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, and that all proceedings in this matter will be conducted pursuant to 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 201-204 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 they support or oppose the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until September 10, 2024, 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 website 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, persons must e-mail the comments to the Commission Secretary and all parties at the e-mail addresses listed below. Persons submitting a comment by e-mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by e-mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

If computer access is unavailable, then comments may be mailed to the Commission and the Parties at the addresses below. Persons submitting a comment by mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

For the Idaho PUC:

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YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by September 17, 2024.**

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

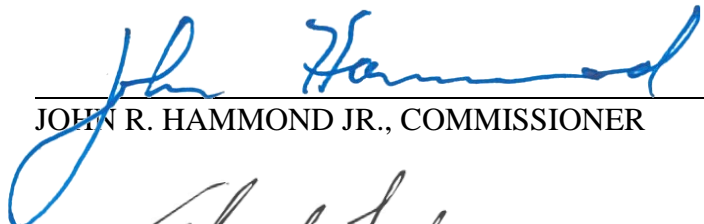
IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure, Rules 201-204. Persons interested in submitting written comments must do so by September 10, 2024. The Company must file any reply comments by September 17, 2024.

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 21st day of August 2024.



ERIC ANDERSON, PRESIDENT

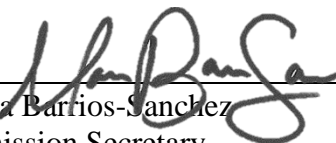


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary