

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-24-10
CORPORATION’S ANNUAL COMPLIANCE)
FILING TO UPDATE THE LOAD AND GAS)
FORECASTS IN THE INCREMENTAL COST) ORDER NO. 36433
INTEGRATED RESOURCE PLAN AVOIDED)
COST MODEL TO BE USED FOR AVOIDED)
COST CALCULATIONS)
)

On September 13, 2024, Avista Corporation (“Company”) filed a compliance filing (“Filing”) requesting that the Idaho Public Utilities Commission (“Commission”) issue an order accepting its updated load forecast, natural gas price forecast, and contract information components used as inputs to calculate its incremental cost Integrated Resource Plan (“IRP”) avoided cost rates with an effective date of January 1, 2025. The Company requested processing of this matter via Modified Procedure.

On October 10, 2024, the Commission issued a Notice of Filing and Notice of Modified Procedure, setting public comment and Company reply deadlines. Order No. 36347. Commission Staff (“Staff”) filed comments to which the Company replied with a short statement expressing support for Staff’s recommendations.

Having reviewed the record in this case, the Commission approves the Company’s annual update.

BACKGROUND

Pursuant to the Public Utility Regulatory Policies Act (“PURPA”) and the Federal Energy Regulatory Commission’s (“FERC”) implementing regulations, this Commission has approved the IRP Method to calculate avoided cost rates for qualifying facilities (“QFs”) that are above the resource-specific project eligibility cap. QFs that are below the applicable project eligibility cap are eligible to receive published avoided cost rates calculated using the surrogate avoided resource method (“SAR Method”). See Order No. 32697 at 7-8. The avoided cost rate is the purchase price paid to QFs for the energy, or the energy and capacity, that the QF provides to the utility. 18 C.F.R. § 292.101(b)(6)(defining “avoided cost”). To ensure that avoided costs most accurately reflect the utility’s marginal cost of energy or capacity, the Commission has directed utilities to “update fuel

price forecasts and load forecasts annually – between IRP filings,” and to update the Commission about its “long-term contract commitments because of [their] potential effect . . . on a utility’s load and resource balance.” Order No. 32697 at 22.

THE FILING

According to the Company, its energy load forecast increases at a 0.93% annual average growth rate for years 2026 through 2045. The Company’s natural gas price forecast was developed using a combination of “the U.S. Energy Information Administration’s Annual Energy Outlook . . . and forward market prices as of December 15, 2023.” Filing at 3. Since its 2023 annual filing, the Company has signed one new long-term PURPA contract and another was being negotiated last year. The Company further represented that two PURPA contracts ended and an updated power purchase agreement with Clearwater Wind began in September 2024. Details of the contracts in workpapers were attached to the Company’s Filing.

STAFF COMMENTS

Staff recommended Commission approval of the load and gas forecasts for 2025 contained in the Company’s responses to production requests and similar forecasts for the years 2026 through 2045 contained in the Filing.¹ Staff’s analysis and rationale for approving each forecast and the Company’s contract updates is described below.

1. Load Forecast

Staff observed that, as in its last load and gas forecast compliance filing (Case No. AVU-E-23-13), the Company used the Traditional Supply and Demand Econometric Model Method (2025-2028) and the End-Use Forecasting Method (2029-2045) to develop its load forecasts in this case. Staff noted that the updated load forecast in this case is consistently higher than the one approved in Case No. AVU-E-23-13. Staff believed that the Company reasonably explained this increase as being driven by incremental large customer load, improved economic outlook, and increased use per customer.

2. Gas Forecast

Staff believed that the gas forecast provided, which is the same as that approved in Case No. AVU-E-23-13, is reasonable for two reasons. Specifically, Staff noted (1) that the proposed

¹ Staff noted that the Filing provided a load and gas forecast for the years 2026 through 2045. The Company provided forecasts for 2025 in response to production requests from Staff.

gas forecast is the latest available forecast; and (2) that the proposed Henry Hub forecast closely tracks Rocky Mountain Power's Henry Hub forecast over the next few years.

3. Contract Updates

Staff believed all the contract updates in the Filing were correct except for the name plate capacity for Clearwater Paper ("Clearwater"). According to Staff, that nameplate capacity should be 132.2 Megawatts ("MW") instead of the listed 60 MW. However, the Company clarified that Clearwater's generation varies and is correctly reflected in the IRP model. Staff indicated that using the hourly generation shape from the IRP model will accurately reflect Clearwater's expected generation.

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -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 -503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Pursuant to this authority, we have reviewed the record in this case including the Filing, Staff's comments, and the Company's reply comments. We find that the Filing largely complies with our directives in Order Nos. 32697 and 32802, except for the absence of load and gas forecasts for the year 2025. The load growth and natural gas price forecasts for 2026 through 2045 provided in the Filing are reasonable given the information available at this time. Additionally, we find the energy load growth and natural gas price forecasts provided in response to Staff's Production Request Nos. 1 & 4 propounded in this case to be reasonable.

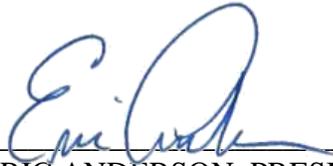
The contract information, apart from the nameplate capacity of Clearwater, was confirmed. Furthermore, the misstatement of Clearwater's nameplate capacity has little impact on our decision here as using its hourly generation shape from the IRP model will reflect its expected generation accurately. We, therefore, approve the Company's annual updates contained in the Filing and in response to Staff's Production Requests No. 1 & 4.

ORDER

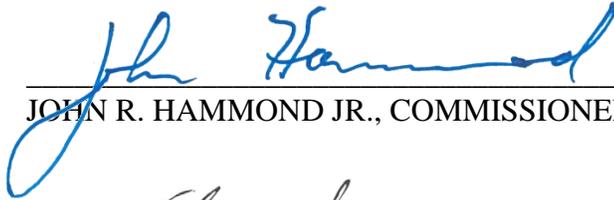
IT IS HEREBY ORDERED that the Company’s annual updates to its energy load, natural gas price forecasts, and contracts discussed above are reasonable and approved, effective January 1, 2025.

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 about 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 Idaho Public Utilities Commission at Boise, Idaho this 27th day of December 2024.



ERIC ANDERSON, PRESIDENT

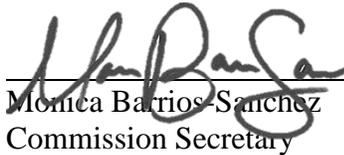


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary

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