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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF AVISTA</b>	)	
<b>CORPORATION'S FIXED COST</b>	)	<b>CASE NO. AVU-E-25-08</b>
<b>ADJUSTMENT (FCA) MECHANISM</b>	)	
<b>ANNUAL RATE ADJUSTMENT FILING</b>	)	
	)	<b>COMMENTS OF THE</b>
	)	<b>COMMISSION STAFF</b>
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**COMMISSION STAFF ("STAFF")** OF the Idaho Public Utilities Commission ("Commission"), by and through its attorney of record, Jeffrey R. Loll, Deputy Attorney General, submits the following comments.

**BACKGROUND**

On July 31, 2025, Avista Corporation ("Company") applied to the Commission requesting approval of fixed cost adjustment ("FCA") deferrals for the period of July 1, 2024, through June 30, 2025, a per kilowatt-hour ("kWh") FCA surcharge of 0.018¢ for the residential group (Schedule 1 customers), and a per kWh FCA surcharge of 0.058¢ for the non-residential group (Schedule 11, 12, 21, 22, 31 and 32 customers) to be effective October 1, 2025 ("Application"). If the new FCA rates are approved as filed, an average residential customer

using 939 kWh of electricity a month would expect their monthly bill to increase by \$1.38, or about 1.3%.

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 costs—such as infrastructure and customer service, which do not vary with energy use, output, or production, and remain relatively stable between rate cases—thus decoupling the utility’s revenues from its customers’ energy usage. This decoupling removes a 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. On September 27, 2024, the Commission granted the Company authorization to adjust its FCA rates for electric service from October 1, 2024, through September 30, 2025. Order No. 36335 at 5.

The Company represents that the FCA rate for the residential group is proposed to change from a present rebate rate of 0.129¢ to a proposed surcharge rate of 0.018¢ per kWh, representing a \$2 million, or 1.2% increase to Schedule 1 customers. Application at 1–2. The Company states that the proposed surcharge for the residential group is designed to recover \$242,209 from customers. *Id.* at 6.

The Company represents that the FCA rate for the non-residential group is proposed to change from a present surcharge rate of 0.004¢ to a proposed surcharge rate of 0.058¢ per kWh representing a \$0.6 million, or 0.5%, increase to the non-residential group customers. *Id.* at 1–2. The Company states that the proposed surcharge for the non-residential group is designed to recover \$649,636 from customers. *Id.* at 7.

## STAFF ANALYSIS

Staff reviewed the Company's Application and calculations of its residential and non-residential FCA rates, along with the Company's workpapers and responses to production requests. After an examination of all documents, Staff recommends that the Commission approve the Company's proposed Tariff Schedule 75 surcharge for the residential customer group and surcharge for the non-residential customer group.

Staff reviewed the FCA deferral balances and associated rates for both residential and non-residential groups to confirm they have been calculated correctly by the Company. Staff reviewed the amortization from the prior deferral balance, the kWh sales for the FCA year, new and existing customer counts, the revenue from fixed cost collections, the interest calculations, and the submitted revenue reports. Staff verified the authorized amounts used to calculate the deferral were the same used to determine base rates authorized during the deferral period.

In its Application, the Company proposed a rate surcharge for both its residential electric customers and its non-residential electric customer groups based on the amount of deferred revenue recorded for each group between July 1, 2024, and June 30, 2025. For the residential customers, the Company proposed to change from a present rebate rate of 0.129¢ to a proposed surcharge rate of 0.018¢ per kilowatt-hour. For the non-residential group, the Company proposed to change from a present surcharge rate of 0.004¢ to a proposed surcharge rate of 0.058¢ per kilowatt-hour. The residential customer group rate change represents a \$2 million, or 1.2%, increase to Schedule 1 customers, and the non-residential customer group rate change represents a \$0.6 million, or 0.5% increase. *Id* at 6. The combined effect of expiring FCA rates and the proposed 2025 rates are shown in Table No. 1 below:

**Table No. 1: Present and Proposed Changes**

	Expiring Present FCA Revenue	Proposed FCA Revenue	Change in FCA Revenue
Residential	(\$1,735,832)	\$242,209	\$1,978,041
Non-Residential	\$44,802	\$649,636	\$604,834

## **Energy Consumption Drivers**

The proposed FCA deferrals for residential electric customers are the result of lower monthly use-per-customer than the use-per-customer that was embedded in the 2022 test year. The FCA deferrals for non-residential electric customers were also due to slightly lower monthly use-per-customer than the use-per-customer that was embedded in the 2022 test year. *Id* at 6.

Weather is a significant factor in the FCA. During the FCA deferral period, the Company's service territory experienced warmer than normal conditions and fluctuating heating and cooling periods. This caused residential and non-residential customers to use differing amounts of electricity than during normal weather. Residential energy usage is more sensitive to weather fluctuations than non-residential energy usage, thus the greater change for the residential customer group. *Id.* at 6.

Also, since the 2022 test year used to set 2024 rates, Idaho customers have achieved energy efficiency savings from participating in the Company's Demand Side Management programs. *Id.* at 6.

## **Overall Impact of Four Filings (PCA, ResEx, EE Rider, and FCA) Effective October 1, 2025**

The Company proposed four electric rate adjustments effective October 1, 2025. If approved as filed, the proposed FCA filing, AVU-E-25-08, will increase electric revenues by about \$2.6 million (0.6% increase). The Company's Power Cost Adjustment ("PCA"), AVU-E-25-07, if approved, will decrease the Company's electric revenues by \$1.8 million (0.6% decrease). The third proposed filing, Bonneville Power Administration Residential Exchange Program ("ResEx"), AVU-E-25-09, if approved, will increase electric revenues by \$1.9 million (0.6% increase). The final proposed filing, Schedule 91, Energy Efficiency Rider Adjustment ("EE Rider"), AVU-E-25-10, if approved, will increase electric revenues for participants by \$3.6 million (1.2% increase). Avista Customer Notice at 1.

The net effect of Company's four filings (PCA, FCA, ResEx, and EE Rider) will increase electric revenues by about \$6.3 million (2.0% increase). The average residential electric customer's monthly bill may increase by \$3.43 or 3.3%. *Id.* Table No. 2 summarizes the overall impact to electric revenues of the four filings:

**Table No. 2: Summary of Overall Impact to Electric Revenues**

<b>Filing</b>	<b>Change in Revenues</b>	<b>% Change</b>
FCA	\$2.6 million	0.8%
PCA	(\$1.8 million)	-0.6%
ResEx Credit	\$1.9 million	0.6%
EE Rider	\$3.6 million	1.2%
<b>Total</b>	<b>\$6.3 million</b>	<b>2.0%</b>

## **CUSTOMER NOTICE AND PRESS RELEASE**

The Company's press release and customer notice were included with its Application. Staff reviewed the documents and determined both meet the requirements of Rule 125 of the Commission's Rules of Procedure.<sup>1</sup> See IDAPA 31.01.01 .125. The notice was included with bills mailed to customers beginning August 1, 2025, and ending August 29, 2025.

The Commission set a comment deadline of September 10, 2025. Some customers in the last billing cycles may not have received or had adequate time to submit comments before the deadline. Customers should have the opportunity to file comments and have those comments considered by the Commission. Staff recommends that the Commission consider late filed comments from customers. As of September 10, 2025, no customer comments had been filed.

## **STAFF RECOMMENDATION**

Staff recommends that the Commission approve the Company's FCA filing. Specifically, Staff recommends that the Commission approve the Company's proposed Tariff Schedule 75 with a residential surcharge rate of 0.018¢ per kWh and non-residential surcharges rate of 0.058¢ per kWh for electric service from October 1, 2025, through September 30, 2026.

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<sup>1</sup> The press release and customer notice addressed the following cases. **Electric:** AVU-E-25-07 Power Cost Adjustment (PCA), AVU-E-25-08 Fixed Cost Adjustment (FCA), AVU-E-25-09 Bonneville Power Administration Residential Exchange (ResEx), and AVU-E-25-10 Energy Efficiency. **Natural Gas:** AVU-G-25-05 Fixed Cost Adjustment (FCA), AVU-G-25-06 Energy Efficiency, and AVU-G-25-07 Purchased Gas Cost (PGA).

Respectfully submitted this 10th day of September 2025.

A handwritten signature in dark ink, appearing to read "Jeffrey R. Loll", is positioned above a horizontal line.

Jeffrey R. Loll  
Deputy Attorney General

Technical Staff: Laura Conilogue, Michael Ott, Curtis Thaden

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 10<sup>th</sup> DAY OF SEPTEMBER 2025, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-25-08, BY E-MAILING A COPY THEREOF TO THE FOLLOWING:

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PATRICIA JORDAN, SECRETARY