

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION)	CASE NO. AVU-E-25-14
STAFF’S APPLICATION TO UPDATE)	
AVISTA CORPORATION’S COST OF)	
CAPITAL INPUTS TO THE “SURROGATE)	ORDER NO. 36871
AVOIDED RESOURCE” METHODOLOGY)	
)	

On September 19, 2025, the Commission Staff (“Staff”) applied to the Idaho Public Utilities Commission (“Commission”) requesting an order updating the Surrogate Avoided Resource (“SAR”) Model and approval of Staff’s proposed SAR Model avoided cost rates for Avista Corporation (“Company”). Under the Public Utility Regulatory Policies Act of 1978 (“PURPA”), the Commission calculates published avoided cost rates for eligible qualifying facilities (“QFs”) using the SAR Model for all three major public electric utilities in Idaho.

On October 10, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing a twenty-one (21) day deadline for public and Company comments, followed by a seven (7) day deadline for Staff to file reply comments. Order No. 36798.

Having reviewed the record, we now approve Staff’s Application.

BACKGROUND

The Commission calculates and publishes SAR Model rates for QFs that are under the applicable resource type project eligibility cap. The SAR Model uses each utility’s approved cost of capital from their last general rate case.

On August 29, 2025, the Commission issued Order No. 36741 in the Company’s most recent general rate case, Case No. AVU-E-25-01. That Order triggered a needed update of the Company’s cost of capital inputs in the SAR Model. The Company’s cost of debt is 4.95%, and its cost of common equity is 9.60%. As a result, the weighted cost of capital, which depends on the cost of debt and the cost of common equity, is 7.28%.

Weighted cost of capital affects avoided cost rates in the SAR Model in two ways: (1) it represents the avoided cost to a utility to finance construction of new facilities; and (2) it is used as a discount rate in the process of levelizing avoided cost rates. When the weighted cost of capital changes it impacts levelized avoided cost rates in opposite directions.

THE APPLICATION

Staff represented that it updated the Company's cost of capital inputs in the SAR Model to reflect the capital structure and cost of capital, for total debt and common equity, approved in Order No. 36741, Case No. AVU-E-25-01. Application at 1-2. Staff included an updated SAR Model, updated Avoided Cost Rates for New Contracts, and Avoided Cost Rates for Renewal Contracts as Attachments to the Application. *Id.* at 2.

COMPANY COMMENTS

The Company stated that it reviewed the new published avoided cost rates and supported Staff's changes to the SAR Model and inputs as described in Staff's Application and agreed that the rates were correct. Company Comments at 1.

COMMISSION FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501 through 503. The Commission has the power to "supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law]." *Idaho Code* § 61-501. The Commission also has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission ("FERC") 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.

Having reviewed the record, we find that Staff correctly calculated the SAR Model avoided cost rate updates using the Commission-approved method. We find the updated published avoided cost rates are fair, just, and reasonable.

ORDER

IT IS HEREBY ORDERED that the updated published avoided cost rates contained in Staff's Application are approved. *See* Attachments A & B and Cost Model.

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. *See Idaho Code § 61-626.*

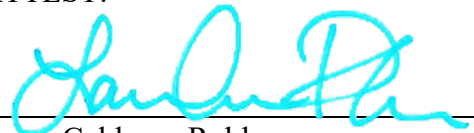
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12th day of December 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Laura Calderon Robles
Interim Commission Secretary

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