BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION STAFF'S APPLICATION TO UPDATE INPUTS TO THE SURROGATE AVOIDED RESOURCE ("SAR") MODEL AND SAR-BASED AVOIDED COST RATES	)	**CASE NO. AVU-E-26-04** **ORDER NO. 37110**

On May 5, 2026, Commission Staff ("Staff") applied to the Idaho Public Utilities Commission ("Commission") requesting the Commission issue an order updating inputs to the Surrogate Avoided Resource ("SAR") Model of Avista Corporation, doing business as Avista Utilities ("Company"), approving the resulting SAR-based avoided cost rates, and establishing a new processing timeline for the annual update ("Application").

On June 12, 2026, the Commission issued a Notice of Application and a Notice of Modified Procedure setting written comment deadlines. Order No. 37067. The Company filed comments. The Commission did not receive any other public comments nor Staff reply comments.

Having reviewed the record in this case, we now issue this Final Order updating the inputs to the SAR Model and SAR-Based avoided cost rates for the Company and establishing a new timeline for future updates.

BACKGROUND

The Commission calculates and publishes SAR rates for qualifying facilities that are under the applicable resource type project eligibility cap.[1] In Order No. 32697, the Commission found that the final release of U.S. Energy Information Administration's ("EIA") Annual Energy Outlook automatically triggers a re-calculation of published avoided cost rates. In Order No. 32802, the Commission clarified that an update should occur on June 1 or within 30 days of the final release of the Annual Energy Outlook, whichever is later. Following the issuance of Order Nos. 32697 and 32802, Staff annually updated natural gas price inputs into the SAR Model and a Staff attorney sent a letter to the Company requesting the Company verify that Staff had correctly updated and calculated the published avoided cost rates. The letter was filed with the Commission and served to open the docket for the annual updates. Historically, Notices of Application were not issued for

[1] For projects that exceed the eligibility cap for SAR rates the Commission uses Integrated Resource Plan rates.

these cases because "this annual update is a simple arithmetic re-calculation to an established methodology that is accomplished administratively as a matter of course." Order No. 34350 at 1 citing Order Nos. 33305, 33538, and 33773.

In 2020, the Commission approved a more formal process to update inputs to the SAR Model. Order No. 34628. The Commission stated, "[s]ubsequent annual SAR updates will be initiated with an Application to the Commission. Despite the change in procedure to allow for better tracking and transparency, this update is still intended to be a simple arithmetic calculation to an established methodology." *Id.* at 1.

THE APPLICATION

Staff requested that the Commission approve the proposed annual update to SAR-based avoided cost rates for qualifying facilities under the Public Utility Regulatory Policies Act of 1978 ("PURPA") based on inputs to the SAR Model using the natural gas price forecast from the Mountain Region Reference Case in the EIA's Annual Energy Outlook. Application at 1.

The EIA published its Annual Energy Outlook on April 8, 2026. *Id.* at 2. Staff stated that it used the published natural gas price forecast through 2050 to update the SAR Model. *Id.* Because the SAR Model is designed to calculate 30 years of avoided cost rates while the Annual Energy Outlook currently forecasts only 25 years, Staff's proposed SAR Model extrapolates the EIA's data to create values for the unforecasted years. *Id.* Staff attached its proposed SAR Model and the resulting avoided cost rates to the Application. *Id.* at 2–3.

Staff also requested that the Commission establish a new processing timeline for the annual update to the SAR Model, as progressively delayed EIA publishing dates make it difficult to adhere to the Commission's previously established timeline for the update. *Id.* at 3. Staff recommended that the new timeline, which would apply to updates for all Commission-regulated electric utilities, require Staff to initiate the annual update case within one month of the EIA's Annual Energy Outlook publishing date, with an effective date within three months following the publishing date. *Id.*

COMPANY COMMENTS

The Company filed comments expressing support for Staff's proposed published avoided cost rates and new processing timeline for annual SAR update cases.

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. 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 of 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 qualifying facilities, and to implement FERC rules.

Having reviewed the record, we find that Staff correctly calculated the annual updates using the Commission-approved method, and we find that the updated published avoided cost rates are fair, just, and reasonable. Future update cases shall be initiated within one month of the EIA's Annual Energy Outlook publishing date, with an effective date within three months following the publishing date.

ORDER

IT IS HEREBY ORDERED that the updated SAR Model and SAR-Based avoided cost rates contained in the Application for the Company are approved, effective as of the date of this order. Future update cases shall be initiated within one month of the EIA's Annual Energy Outlook publishing date, with an effective date within three months following the publishing date.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon 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.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of August 2026.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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