

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA	)	CASE NO. AVU-E-26-06
CORPORATION'S ELECTRIC FIXED COST	)	
ADJUSTMENT ANNUAL RATE FILING	)	
	)	ORDER NO. 37184
	)	

On July 31, 2026, Avista Corporation (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting approval of the level of electric Fixed Cost Adjustment Mechanism (“FCA”) revenue deferred during the 12-month period from July 2025 through June 2026 and authorization of FCA rates for electric service from October 1, 2026, through September 30, 2027 (“Application”). The Application proposed an increase to the surcharge rate for the residential customers and a change from a surcharge rate to a rebate rate for non-residential customers. *Id.* at 1–2.

On August 18, 2026, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing deadlines for public comments and Company reply comments. Order No. 37141. Commission Staff (“Staff”) filed comments to which the Company did not reply. One public comment was received.

Based on our review of the record, the Commission now issues this Final Order approving the Company’s Application, as filed.

BACKGROUND

The FCA is a rate adjustment mechanism designed to separate the amount of energy a utility sells and the revenue it collects to recover fixed costs, such as infrastructure and customer service costs. These costs do not vary with energy use, output, or production and remain relatively stable between rate cases. By separating utility revenues from customer energy usage, the FCA removes the utility’s incentive to increase sales to increase revenue and profits, thereby encouraging 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 30, 2025, the Commission approved the Company's deferrals for residential and non-residential customers for the period of July 1, 2024, through June 30, 2025, and the Company's proposed tariff modifications to Schedule 75 of a per kilowatt-hour ("kWh") FCA surcharge rate of 0.018¢ for residential customers, and a per kWh FCA surcharge rate of 0.058¢ for non-residential customers, both with an effective date of October 1, 2025. Order No. 36784 at 4.

THE APPLICATION

The Company proposed increasing the FCA surcharge rate for residential customers from 0.018¢ per kWh to 0.405¢ per kWh. Application at 1–2. The proposed increase would raise charges for customers served under Schedule 1 by approximately \$5.3 million, or 3%, effective October 1, 2026. *Id.* at 2. For non-residential customers, the Company proposed reducing the FCA surcharge rate from 0.058¢ per kWh to a rebate rate of 0.055¢ per kWh. *Id.* The proposed reduction would decrease charges for customers served under Schedules 11, 12, 21, 22, 31, and 32 by approximately \$1.3 million, or 1%, effective October 1, 2026. *Id.*

The Company attributed the proposed increase in the residential surcharge to lower monthly usage per customer than the usage level incorporated into retail rates for the test year ending June 30, 2024. *Id.* at 5–6. The Company explained that a warmer-than-average winter and increased participation in its Demand Side Management programs contributed to the lower usage. *Id.* at 6. For non-residential customers, the Company attributed the proposed rebate to higher monthly usage per customer during the test year ending June 30, 2024. *Id.*

For the 12-month period ending June 30, 2026, the Company recorded \$6,679,323 in deferred revenue in the surcharge direction for residential customers. *Id.* The Company designed the proposed residential surcharge rate of 0.405¢ per kWh to recover \$5,497,117 from customers served under Schedule 1, subject to the 3% Annual Rate Increase Test. *Id.* During the same period, the Company recorded \$610,995 in deferred revenue in the rebate direction for non-residential customers. *Id.* at 7. The Company designed the proposed rebate rate of 0.055¢ per kWh to return \$617,918 to commercial and industrial customers served under Schedules 11, 12, 21, 22, 31, and 32. *Id.*

The Company estimated that a residential customer using an average of 939 kWh per month would see a \$3.63 increase in the monthly bill, or approximately 3%. *Id.* at 10.

STAFF COMMENTS

Staff reviewed the Company's Application, FCA calculations, supporting workpapers, production responses, deferral balances, customer counts, and related revenue and interest calculations. Staff Comments at 2. The Company proposed increasing the residential FCA surcharge from 0.018¢ per kWh to 0.405¢ per kWh and replacing the 0.058¢ per kWh non-residential surcharge with a 0.055¢ per kWh rebate. *Id.* at 3. The residential rate would increase revenues by approximately \$5.3 million, or 3.0%, while the non-residential rebate would reduce revenues by approximately \$1.3 million, or 1.0%. *Id.*

The Company's residential FCA calculation produced an annual revenue increase of approximately \$6.7 million, or 3.9%. However, the Commission's 3% annual limitation reduced the increase to approximately \$5.2 million and carried approximately \$1.5 million forward for potential recovery in a future FCA period. *Id.* at 3. The limitation did not apply to the non-residential rebate. *Id.* Staff reviewed the calculations and believed that the Company had reasonably applied the limitation. *Id.*

Staff attributed the FCA deferrals primarily to differences between actual and test-year customer usage, weather conditions, and energy-efficiency savings. *Id.* at 4. Residential usage fell below the 2024 test-year level, while non-residential usage slightly exceeded that level. *Id.* Staff noted that residential usage responded more significantly to weather fluctuations. *Id.*

The Company also proposed PCA and ResEx rate adjustments. *Id.* Staff calculated that together with the FCA adjustment, the three filings would increase electric revenues by approximately \$18.3 million, or 5.3%, and increase the average residential customer's monthly bill by approximately \$7.76, or 6.5%. *Id.*

Staff reviewed the Company's customer notice and press release and believed that they complied with Commission Rule 125. *Id.* at 5. The Company distributed the notices between August 4 and September 1, 2026. *Id.* As of the September 8, 2026, comment deadline, one customer had opposed the Application. *Id.* Staff recommended that the Commission consider any late-filed comments because some customers may not have received the notice or had sufficient time to respond. *Id.*

Based on its review, Staff recommended that the Commission approve Tariff Schedule 75 as filed, with a residential surcharge of 0.405¢ per kWh and a non-residential rebate of 0.055¢ per kWh for service from October 1, 2026, through September 30, 2027, and consider any late-filed customer comments. *Id.*

PUBLIC COMMENTS

One public comment was filed in opposition to the Application. The customer was opposed to a 6.4% increase after the Company was granted a 17% increase 4-5 years ago. Customer Comment at 1.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Filing and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Company's Application, all submitted materials, Staff comments, and public comments. Based on our review of the record, we find it fair, just, and reasonable to approve the Company's Application, as filed.

In the Application, the Company proposes to continue the FCA mechanism and modify the rates in Schedule 75 for the period October 1, 2026, through September 30, 2027. The Company proposes increasing the residential FCA surcharge from 0.018¢ per kWh to 0.405¢ per kWh. The Company also proposes replacing the existing non-residential surcharge of 0.058¢ per kWh with a rebate of 0.055¢ per kWh.

The proposed residential adjustment results primarily from residential usage during the test year ending June 30, 2024, being lower than the usage level incorporated into retail rates. The Company attributed the difference to, among other factors, warmer-than-average winter weather and increased participation in its Demand Side Management programs. For non-residential customers, the Company attributed the proposed rebate to usage during the test year exceeding the level incorporated into rates.

For the twelve-month period ending June 30, 2026, the Company recorded approximately \$6.68 million in deferred residential revenue in the surcharge direction. The Company calculated

a residential FCA adjustment that would otherwise produce an annual revenue increase of approximately \$6.7 million, or 3.9%. The Commission's 3% Annual Rate Increase Test limits the amount that may be recovered through the residential FCA adjustment during the current period. Applying that limitation, the Company designed the proposed 0.405¢ per kWh surcharge to recover approximately \$5.50 million from Schedule 1 customers, with approximately \$1.5 million carried forward for potential recovery in a future FCA period.

For non-residential customers, the Company recorded approximately \$611,000 in deferred revenue in the rebate direction. The proposed 0.055¢ per kWh rebate is designed to return approximately \$618,000 to customers served under Schedules 11, 12, 21, 22, 31, and 32.

The Commission finds that the proposed FCA rates are supported by the record. The residential surcharge reflects the difference between actual customer usage and the usage level incorporated into the Company's rates, while the non-residential rebate reflects the corresponding difference for non-residential customers. The record also demonstrates that the residential adjustment has been appropriately limited pursuant to the Commission's 3% Annual Rate Increase Test, with the amount exceeding the limitation carried forward rather than recovered through the current FCA rate.

Accordingly, the Commission approves the Company's proposed modifications to Schedule 75. Effective October 1, 2026, through September 30, 2027, the FCA surcharge for residential customers served under Schedule 1 shall be 0.405¢ per kWh, and the FCA rebate for non-residential customers served under Schedules 11, 12, 21, 22, 31, and 32 shall be 0.055¢ per kWh.

ORDER

IT IS HEREBY ORDERED that the Company's FCA deferrals for residential customers and non-residential customers for the period of July 1, 2025, through June 30, 2026, are approved as filed.

IT IS FURTHER ORDERED that the Company's proposed tariff modifications to Schedule 75 of a per kWh FCA surcharge rate of 0.405¢ for residential customers, and a per kWh FCA rebate rate of 0.055¢ for the non-residential customers, both with an effective date of October 1, 2026, are approved as filed.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided in

this Order. Within 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 24th day of September 2026.



EDWARD LODGE, PRESIDENT



JOHN R. HAMMOND JR., COMMISSIONER



DAYN HARDIE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary
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