

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: JOHNATHAN FARLEY

DATE: DECEMBER 4, 2018

SUBJECT: TARIFF REVISIONS FILED IN COMPLIANCE WITH ORDER NO. 33593, CASE NOS. AVU-E-17-01 AND AVU-G-17-01, APPLICATIONS FOR APPROVAL TO INCREASE RATES AND CHARGES

On November 13, 2018, Avista filed revisions to its Tariff as a compliance filing in Case Nos. AVU-E-17-01 and AVU-G-17-01. However, Staff found that the Company also included changes that should have been addressed in compliance filings for other cases, namely GNR-U-18-01 and AVU-G-18-04. These cases and the proposed revisions are discussed in more detail below.

BACKGROUND

Case Nos. AVU-E. 17-01 and AVU-G-17-01

On June 9, 2017, Avista Corporation dba Avista filed an Application seeking authority to increase its rates for electric and natural gas service in Idaho. On December 28, 2017, the Commission issued Order No. 33953 that approved a Settlement Agreement and authorized rate increases for 2018 and 2019. Electric base revenues were approved to increase by \$12.9 million (about 5.1% billed), effective January 1, 2018, and \$4.5 million (about 1.7% billed), effective January 1, 2019. Natural gas base revenues were approved to increase by \$1.2 million (about 1.9% billed), effective January 1, 2018, and \$1.1 million (about 1.8% billed), effective January 1, 2019. The Company filed conforming tariffs on December 28, 2017, increasing rates for 2018.

On November 9, 2018, Avista submitted a compliance filing to revise its 2019 electric and natural gas rates in accordance with Commission Order No. 33953.

Case No. GNR-U-18-01

On January 16, 2018, the Commission initiated a case to investigate the impact of Federal tax code revisions on utility costs and ratemaking. In Order No. 34070, the Commission approved a Settlement Agreement in this case and authorized the addition of two new rate schedules (Schedule 72 for electric and Schedule 172 for natural gas) that reflect the amount by which Avista's energy rates decrease as a result of the Federal tax revisions. Schedules 72 and 172 were filed in Case No. GNR-U-18-01 and approved to be effective June 1, 2018.

As written, Avista's rate schedules refer to other rate schedules. For example, see attachment. However, the Company did not file conforming tariff sheets in Case No. GNR-U-18-01 for Schedules 1, 11, 21, 25A, 25P, 31, 41A, 42A, 42B, 44A, 45, 46A, 47A, 49A, 72, 101, 111, 112, 131, 132, and 146, to reference either Schedules 72 or 172. The Company has filed the appropriate revisions to these schedules in this compliance filing. Because the Company has added new Schedules to their tariff, they must file an updated index as well.

Case No. AVU-G-18-04

On August 27, 2018, the Company's submitted an Application to change its natural gas rates and charges as part of its annual Purchased Gas Cost Adjustment (PGA) filing. On October 31, 2018, the Commission issued Order No. 34187, approving the Company's proposed tariff Schedules 150 and 155. It further ordered the Company to "...establish an amortization rate of \$0.09145 per therm for Schedule 101 and 111 customers, and an amortization rate rebate of \$0.00265 per therm for Schedule 146 customers." See Order at 3. The Company did not file revised tariffs in AVU-E-18-04, but has included the requisite revisions in this compliance filing.

Upon review of the Company's natural gas tariffs, Staff found that Schedules 101, 111, 112, 131, 132 and 146 include base rates as well as rates that are reflected in other schedules. If the Company fails to make timely compliance filings when any of these ancillary rates change, Avista's natural gas schedules do not reflect the correct rates for customers. After discussion with Staff, the Company agreed to amend their proposed natural gas schedules to mirror the format of the Company's electric schedules. The Company's filed replacement sheets on November 27, 2018 that eliminate the interdependency issues identified in their original filing while still conforming to the Commission's order.

STAFF ANALYSIS AND RECOMMENDATIONS

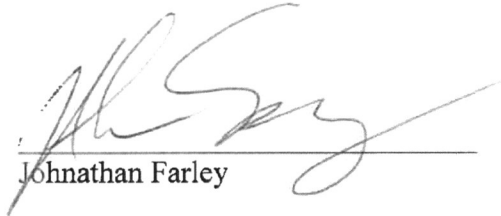
Staff has reviewed the proposed tariff sheets and believes they comply with the final orders issued in Case Nos. AVU-E-17-01, AVU-G-17-01, GNR-U-18-01 and AVU-G-18-04.

Staff has two recommendations:

- 1) Staff recommends the Commission accept Avista's proposed tariff revisions in compliance with Order Nos. 33953, 34070, and 34187.
- 2) Staff recommends the Commission order the Company to file an updated tariff index to reflect the addition of Schedules 72 and 172.

COMMISSION DECISION

- 1) Does the Commission accept Avista's proposed tariff revisions in compliance with Order Nos. 33953, 34070, and 34187?
- 2) Does the Commission wish to order Avista to file an updated tariff index to reflect the addition of Schedules 72 and 172?



Johnathan Farley

Udmemos/Avista Compliance Filing Multiple Cases

I.P.U.C. No.27

AVISTA CORPORATION
 d/b/a Avista Utilities

SCHEDULE 101

GENERAL SERVICE - FIRM - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

APPLICABLE:

To firm gas service for any purpose when all such service used on the premises is supplied at one point of delivery through a single meter.

MONTHLY RATE:

Per Meter
Per Month

Basic charge

\$6.00

Charge Per Therm:

Base Rate

48.363¢

OTHER CHARGES:

Schedule 150 - Purchase Gas Cost Adjustment	32.449¢
Schedule 155 - Gas Rate Adjustment	(08.862¢)
Schedule 175 - Fixed Cost Adjustment	02.466¢
Schedule 191 - Energy Efficiency Rider Adjustment	01.818¢
Schedule 158 - Tax Adjustment	Check Municipal Fee

Total Billing Rate *

76.234¢

Minimum Charge: \$6.00

* The rates shown above as "Other Charges" may not always reflect the actual rate as this base tariff sheet cannot be updated when suspended as part of a general rate filing. The Total Billing Rate shown above does not include municipal fees, and is therefore subject to the provisions of Tax Adjustment Schedule 158. See the corresponding rate schedules under Other Charges for the actual rates in effect.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

Issued December 28, 2017

Effective January 1, 2018

Issued by Avista Utilities

By

Patrick D. Ehrbar

Patrick Ehrbar

, Director of Rates