

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S) CASE NO. AVU-G-21-06
APPLICATION TO IMPLEMENT FCA)
RATES FOR NATURAL GAS SERVICE) NOTICE OF APPLICATION
FROM NOVEMBER 1, 2021 THROUGH)
OCTOBER 31, 2022) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 35145

On July 30, 2021, Avista Corporation dba Avista Utilities (“Company”) applied to the Commission for authorization to implement Fixed Cost Adjustment (“FCA”) rates for natural gas service effective from November 1, 2021, through October 31, 2022, and approve its corresponding modifications to Schedule 175 “Fixed Cost Adjustment Mechanism – Natural Gas.” The Company also asks that the Commission approve as prudently incurred the level of natural gas FCA revenue deferred during the 18 month deferral period ended June 30, 2021.¹ The Company separately applied to implement FCA rates for electric service in Case No. AVU-E-21-08. The Company proposes per therm FCA rebate rates for its residential and non-residential gas customers. The Company’s Application, if approved, would increase overall natural gas revenues by about \$250,000. The monthly bill of an average residential gas customer would increase by about \$0.18, or 0.4%. The Company asks that its Application be processed by Modified Procedure and requests an effective date of November 1, 2021.

With this Order, the Commission issues a Notice of Application and Notice of Modified Procedure establishing a public comment period and Company reply deadline.

BACKGROUND

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 costs² of providing service, thus decoupling the utility’s revenues from its customers’ energy usage. Order No. 33437 at 3. This decoupling removes a utility’s incentive to increase sales to increase revenue and profits and

¹ In Order No. 34502, the Commission authorized the Company to modify its electric and natural gas deferral periods one-time to run from January 1, 2020, through June 30, 2021.

² “Fixed costs” are a utility’s costs to provide service that do not vary with energy use, output, or production, and remain relatively stable between rate cases – for example, infrastructure and customer service.

encourages energy conservation. *Id.* at 3-4. The Commission originally approved the Company's FCA as a three-year pilot program, and part of the approved settlement of its 2015 rate case. *See* Case Nos. AVU-E-15-05; AVU-G-15-01; Application at 3; and Order No. 33437 at 10. In the order approving the FCA program, the Commission noted that 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 it is functioning as intended. Application at 3-4. The settlement stipulation in those cases and Schedule 175 also set forth how the FCA mechanism works, including treatment of existing versus new customers, quarterly reporting requirements, annual filings, interest, accounting, and a 3% rate increase cap. *Id.* at 4.

On June 15, 2018, the Commission approved an addendum to the settlement stipulation approved in AVU-E-15-05 and AVU-G-15-01, which extended the term of the Company's FCA pilot for an additional year. *See* Order No. 34085. On December 13, 2019, the Commission authorized the Company to: (1) extend its FCA mechanism for both gas and electric through March 31, 2025; (2) alter the first deferral period of the FCA extension by using a one-time, 18-month deferral period from January 1, 2020 through June 30, 2021; and (3) alter its quarterly FCA reporting requirement to 60-days after the end of each quarter. Order No. 34502; Case Nos. AVU-E-19-06 and AVU-G-19-03.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that in its filing, the Company proposes a rate rebate for its residential and non-residential gas customer groups based on the amount of deferred revenue recorded for each group between January 1, 2020, and June 30, 2021. The Company mostly attributes the proposed changes to drivers including warmer than normal weather during 18 months ended June 30, 2021, energy efficiency, and "other" drivers.

YOU ARE FURTHER NOTIFIED that the Company recorded \$324,456 in the rebate direction in deferred revenue for its residential natural gas customer group for the 18 months ended June 30, 2021. After considering the prior year residual balance of \$6,663 and other adjustments, the Company proposes a rebate of \$334,866, at a proposed rate of 0.493 cents per therm, to the Company's residential natural gas customers served under rate Schedule 101. *See* Exhibit B. If approved by the Commission, the Company would record this amount in a regulatory liability

balancing account and reduce the account balance each month by the rebate received by customers under the tariff.

YOU ARE FURTHER NOTIFIED that for its non-residential natural gas customer groups, the Company recorded \$130,431 in the rebate direction in deferred revenue for the 18 months ended June 30, 2020. After considering the prior year residual balance of \$918 and other adjustments, the Company proposes to rebate \$132,916, at a proposed rate of 0.490 cents per therm, to the Company's commercial and industrial natural gas customers served under rate Schedules 111 and 112. *See* Exhibit B. If approved by the Commission, the Company would record this amount in a regulatory liability balancing account and reduce the account balance each month by the rebate received by customers under the tariff.

YOU ARE FURTHER NOTIFIED that with its Application, the Company submitted its residential and non-residential rate calculations, support for its deferrals, and its proposed FCA Schedule 175.

YOU ARE FURTHER NOTIFIED that the Company's Application and Exhibits, including the proposed tariff sheets, are available for public inspection during regular business hours at the Commission's office. The Application is also available on the Commission's web site at www.puc.idaho.gov. Click on the "NATURAL GAS" tab in the left-hand column of the home page, then select "Open Cases" and then locate and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted under the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and it will review the case through written submissions under the Commission's Rules of Modified Procedure Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The

Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this Application may file a written comment explaining why the person supports or opposes the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until October 6, 2021, to file written comments.** Comments must be filed by e-mail unless e-mail is unavailable. To comment electronically, please access the Commission's home page at www.puc.idaho.gov. Click the "Case Comment Form" and complete the form using the case number as it appears on the front of this document. To file by e-mail, the customer must e-mail the comments to the e-mail addresses listed below. In addition to submitting the comments to the Commission Secretary, the customer must also e-mail the Company at the e-mail addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission and Company at these addresses:

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For Avista Corporation:

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YOU ARE FURTHER NOTIFIED that **the Company must file any reply comments by October 13, 2021.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

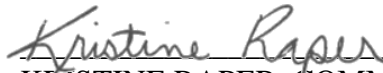
IT IS HEREBY ORDERED that this case be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201 - .204). Persons shall have until October 6, 2021, to file written comments, and the Company shall have until October 13, 2021, to file a reply, if any.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 35058, issued June 3, 2021. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

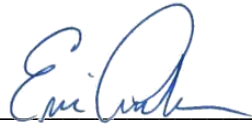
DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of August 2021.



PAUL KJELLANDER, PRESIDENT

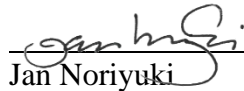


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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