

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-G-23-05
CORPORATION’S FILING OF THE FIXED)
COST ADJUSTMENT MECHANISM) NOTICE OF APPLICATION
ANNUAL RATE ADJUSTMENT)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 35895

On July 31, 2023, Avista Corporation (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for authorization to adjust the Fixed Cost Adjustment (“FCA”) rates for natural gas service from November 1, 2023, through October 31, 2024. The Company noted the current FCA rates as well as the proposed changes as illustrated in Table No. 1 below:

Table No. 1

	Current Rate (Per Therm)	Proposed Rate (Per Therm)	Propose Rate Change
Residential Group (Schedule 101)	Rebate of 1.020¢	Rebate of 1.219¢	-0.2% decrease
Non-Residential Group (Schedules 111 and 112)	Surcharge of 0.381¢	Rebate of 0.632¢	-1.2% decrease

The Company requested that the adjustment have a November 1, 2023, effective date and that the Commission process the request under Modified Procedure.

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 costs¹ of providing service, thus decoupling the utility’s revenues from its customers’ energy usage. This decoupling removes a utility’s incentive to increase sales to increase revenue and profits and encourages energy conservation.

¹ “Fixed costs” are a utility’s costs to provide service, such as infrastructure and customer service, which do not vary with energy use, output, or production, and remain relatively stable between rate cases.

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.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company's proposed rate adjustment for its Residential and Non-Residential natural gas customer groups is based on the amount of deferred revenue for the 12 months ending June 30, 2023. The Company mostly attributes the proposed changes to higher monthly use-per customer than is embedded in rates because of colder than average weather and participation in Demand Side Management programs.

YOU ARE FURTHER NOTIFIED that the Company recorded \$820,233 of deferred revenue in the rebate direction for its Residential natural gas customers for the 12-month period ending on June 30, 2023. The Company stated that the proposed rate of 1.219¢ per therm is designed to return \$859,547 to the Company's Schedule 101 customers. The Company represented that the deferral balance for the 12 months ending June 30, 2023, plus interest through October 31, 2024, plus the prior year's FCA residual balance, plus a revenue related expense adjustment would be transferred into a regulatory liability balancing account, and the balance of that account would be reduced monthly by the revenue collected under Schedule 101 customers under the tariff.

YOU ARE FURTHER NOTIFIED that the Company recorded \$181,388 of deferred revenue in the rebate direction for its Non-Residential natural gas customers for the 12-month period ending on June 30, 2023. The Company stated that the proposed rate of 0.632¢ per therm will result in a rebate of \$174,563 for the Company's Schedules 111 and 112 commercial and industrial customers. Like the Residential customers, the Company represented that the deferral balance for the 12 months ending June 30, 2023, plus interest through October 31, 2024, plus the prior year's FCA residual balance, plus a revenue related expense adjustment, would be transferred

into a regulatory liability balancing account, and the balance of that account would be reduced monthly by the revenue collected under Schedule 111 and 112 customers under the tariff.

YOU ARE FURTHER NOTIFIED that the Company submitted its Residential and Non-Residential rate calculations, support for its deferrals, and its proposed FCA tariff Schedule 175 with its Application and supplemental materials.

YOU ARE FURTHER NOTIFIED that the Company's Application and all submitted documentation is available for public inspection during regular business hours at the Commission's office. The Application and all submitted documentation is also available on the Commission's website 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.

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 4, 2023, to file written comments.** Comments must be filed through the Commission's website or by e-mail unless computer access 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 Commission

Secretary and 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:

David J. Meyer (MSC-10)
Patrick Ehrbar (MSC-27)
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Spokane, WA 99220-3727
david.meyer@avistacorp.com
patrick.ehrbar@avistacorp.com
dockets@avistacorp.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments by October 11, 2023.

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

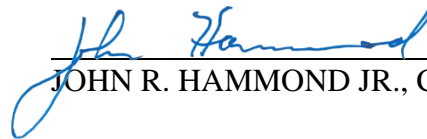
IT IS HEREBY ORDERED that this case be processed by Modified Procedure, Rule 201-204. Persons shall have until October 4, 2023, to file written comments, and the Company shall have until October 11, 2023, to file a reply.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, 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 18th day of August 2023.



ERIC ANDERSON, PRESIDENT

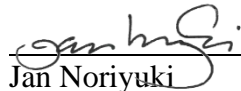


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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