

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-G-24-01
CORPORATION’S ANNUAL FIXED COST)
ADJUSTMENT MECHANISM (FCA) RATE) NOTICE OF APPLICATION
ADJUSTMENT)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 36301

On July 31, 2024, Avista Corporation (“Company”) applied for authorization to adjust the Fixed Cost Adjustment (“FCA”) rates for natural gas service from November 1, 2024, through October 31, 2025. The Company stated the current FCA rates as well as the proposed changes as illustrated below:

	Current Rate (Per Therm)	Proposed Rate (Per Therm)	Proposed Rate Change
Residential Group (Schedule 101)	Rebate of 1.219¢	Surcharge of 1.506¢	2.3% increase
Non-Residential Group (Schedules 111 and 112)	Rebate of 0.632¢	Surcharge of 1.006 ¢	1.7% increase

The Company requested a November 1, 2024, effective date and that the Idaho Public Utilities Commission (“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. 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

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 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 difference between actual FCA-related revenue received from customers through volumetric rates, and the FCA-related revenue approved for recovery in the Company's last general rate case on a per customer basis [and] file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue account" for the 12 months ending June 30, 2024. Application at 3. The Company mostly attributes the proposed changes to the fact that "Idaho customers have achieved energy efficiency savings from participation in the Company's Demand Side Management programs." *Id.* at 6.

YOU ARE FURTHER NOTIFIED that the Company recorded \$1,085,515 of deferred revenue in the surcharge direction for its Residential natural gas customers for the 12-month period ending on June 30, 2024. The Company stated that the proposed surcharge rate of 1.506¢ per therm is designed to recover \$1,112,815 from the Company's Schedule 101 customers. The Company represented that the deferral balance for the 12 months ending June 30, 2024, plus interest through October 31, 2025, 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 \$299,626 of deferred revenue in the surcharge direction for its Non-Residential natural gas customers for the 12-month period ending on June 30, 2024. The Company stated that the proposed rate of 1.006¢ per therm

will result in the Company recovering \$277,795² under 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, 2024, plus interest through October 31, 2025, 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 that it will proceed under Modified Procedure pursuant to the Commission's Rules of Procedure 201-204, 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

² The Company's underlying method for calculating this number can be seen in a summary table on page seven of the Company's Application.

comments and explain why written comments alone are insufficient. **Persons interested in filing written comments must do so by October 10, 2024.** 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 website at <http://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, persons must e-mail the comments to the Commission Secretary and all parties at the e-mail addresses listed below. Persons submitting a comment by e-mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by e-mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

If computer access is unavailable, then comments may be mailed to the Commission and the Parties at the addresses below. Persons submitting a comment by mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
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secretary@puc.idaho.gov

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YOU ARE FURTHER NOTIFIED that the Company must file any reply comments by October 17, 2024.

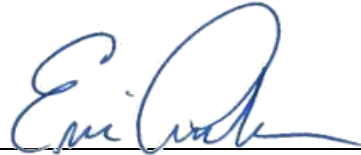
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and,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

ORDER

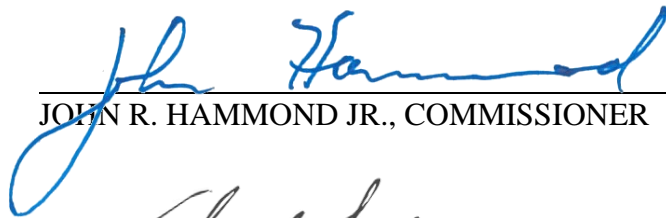
IT IS HEREBY ORDERED that this case be processed by Modified Procedure, Rule 201-204. Persons shall have until October 10, 2024, to file written comments, and the Company shall have until October 17, 2024, to file a reply.

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 27th day of August 2024.



ERIC ANDERSON, PRESIDENT

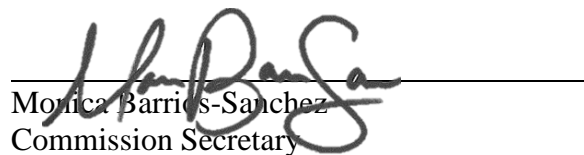


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary

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