BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA CORPORATION'S FIXED COST ADJUSTMENT MECHANISM (FCA) ANNUAL RATE ADJUSTMENT	)))))	**CASE NO. AVU-G-25-05** **ORDER NO. 36822**

On July 31, 2025, Avista Corporation ("Company") applied to the Idaho Public Utilities Commission ("Commission") for authorization of an adjustment to its Fixed Cost Adjustment ("FCA") rates for natural gas service from November 1, 2025, through October 31, 2026. The Company requested a November 1, 2025 effective date.

On August 20, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing a deadline for public and Commission Staff ("Staff") comments, and a deadline for the Company to file reply comments. Order No. 36729. No public comments were received. Having reviewed the record in this case, the Commission issues this Order authorizing FCA rates included in the Company's Application and approving Schedule 175 with Staff's proposed modifications.

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 costs[1] 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 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.

[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 APPLICATION

The Company proposed to adjust the FCA for Residential customers ("Schedule 101") from the existing surcharge rate of 1.506¢ per therm to 1.737¢ per therm. Application at 1. This change would represent an increase of approximately $0.2 million, or 0.2%, for Schedule 101 customers. *Id.* at 2.

For Non-Residential customers ("Schedules 111 and 112"), the Company proposed to revise the current surcharge rate from 1.006¢ per therm to 0.677¢ per therm, reflecting a decrease of approximately $0.1 million, or 0.6%, for customers under Schedules 111 and 112. *Id.*

The Company indicated that the FCA deferral for both Residential and Non-Residential customers resulted from reduced monthly use per customer, primarily due to the Company's Demand Side Management Programs. *Id.* at 6.

The Company stated that it recorded $1,195,606 of deferred revenue in the surcharge direction for Schedule 101 natural gas customers for the 12-month period ending on June 30, 2025. *Id.* at 6. The Company stated that the proposed surcharge rate of 1.737¢ per therm was expected to recover $1,319,245 from the Company's Schedule 101 customers. *Id.*

The Company stated that it recorded $176,144 of deferred revenue in the surcharge direction for its Schedule 111 and 112 natural gas customers in the same 12-month period. *Id.* at 7. The Company stated that the proposed rate of 0.677¢ per therm was expected to recover $191,431 from commercial and industrial customers under Schedules 111 and 112. *Id.*

STAFF COMMENTS

Staff reviewed the Company's Application, supporting workpapers, and the proposed FCA Schedule 175, and believed that the Company's FCA natural gas deferral balances and corresponding rates were accurately calculated. Staff Comments at 3. Staff recommended that the Commission approve the Company's Application and proposed FCA Schedule 175, with one exception, effective November 1, 2025. *Id.*

Staff believed that the non-residential rate presented in Schedule 175 contained a typographical error. *Id.* Staff believed that the Application and supporting workpapers reflected a rate of 0.677¢ per therm, rather than 0.670¢ per therm. *Id.* at 4. Staff recommended that the Company submit a corrected Schedule 175 reflecting a residential group surcharge rate of 1.737¢ per therm and a corrected non-residential group surcharge rate of 0.677¢ per therm, effective November 1, 2025. *Id.* at 4-5.

COMMISSION DISCUSSION AND FINDINGS

The Commission has jurisdiction over the Company and this matter pursuant to *Idaho Code* §§ 61-501, 61-502 and 61-503. The Commission has the express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and may fix the same by order. *Idaho Code* §§ 61-502, 61-503.

The Commission has reviewed the record and finds it fair, just, and reasonable to approve the Company's Application with the proposed FCA Residential surcharge rate of 1.737¢ per therm, and the proposed FCA Non-Residential surcharge rate of 0.677¢ per therm, effective November 1, 2025. Accordingly, we find it reasonable to approve Schedule 175, with Staff's proposed change to correct the typographical error in the Non-Residential rate. The Company shall submit the updated Schedule 175 as a compliance filing in this case. The Commission also finds the Company correctly calculated its deferrals for July 1, 2024, through June 30, 2025.

ORDER

IT IS HEREBY ORDERED that the Company's request for a FCA Residential surcharge rate of 1.737¢ per therm, and a FCA Non-Residential surcharge rate of 0.677¢ per therm, is approved effective November 1, 2025.

IT IS FURTHER ORDERED that the Company's proposed Schedule 175 - Fixed Cost Adjustment Mechanism - Natural Gas is approved with Staff's proposed modification.

IT IS FURTHER ORDERED that the Company shall submit the updated Schedule 175 as a compliance filing in this case.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter decided in this Order. Within seven (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 30th day of October 2025.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYNE HARDIE, COMMISSIONER

ATTEST:

Laura Calderon Robles
Interim Commission Secretary

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