



Avista Corp.

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July 31, 2023

Commission Secretary
State of Idaho
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Building 8, Suite 201-A
Boise, Idaho 83702-5983

RE: Case No. AVU-E-23-__
Power Cost Adjustment (PCA) Annual Rate Adjustment Filing of Avista Corporation

Dear Commission Secretary:

Attached for electronic filing with the Commission is the annual Power Cost Adjustment Rate Filing.¹

The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2022 through June 30, 2023, and approving a PCA surcharge of 0.499¢ per kilowatt-hour to be effective October 1, 2023. Under the Company's proposal, the PCA surcharge rate for all customers, including residential customers, would increase from an existing surcharge rate of 0.150¢ per kilowatt-hour to a proposed surcharge rate of 0.499¢ per kilowatt-hour, or an increase in the rate of 0.349¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage change varies by rate schedule. The overall increase is approximately \$11.0 million or 4.3%. Residential customers using an average of 927 kilowatt-hours per month would see their monthly bills increase from \$85.40 to \$88.63, an increase of \$3.23 per month, or 3.8%.

Certain supporting documents are CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 74-101 through 74-126 of the

¹ Case No. GNR-U-20-01, Order No. 35375

Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

As such, Avista is submitting a separate electronic filing containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Rule 067.02.b.

Please direct any questions regarding this filing to Annette Brandon at (509) 495-4324 or Kaylene Schultz at (509) 495-2482.

Sincerely,

/s/ Patrick Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures



**Important Notice for Idaho Electric and Natural Gas Customers
(August 2023)**

DRAFT

Avista has made annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that if approved, are designed to increase overall electric revenues by approximately \$6.1 million or 2.4% effective Oct. 1, 2023 and decrease overall natural gas revenue by approximately \$0.4 million or 0.4% effective Nov. 1, 2023. These annual filings have no impact on Avista's earnings.

Electric Adjustment Filings

Four annual electric adjustments were filed, that if approved, are designed to change overall electric revenues effective Oct. 1, 2023 as follows:

1. Power Cost Adjustment (PCA): an increase of approximately \$10.9 million or 4.3%
2. Fixed Cost Adjustment (FCA): a decrease of approximately \$1.9 million or 0.7%
3. Electric Energy Efficiency: a decrease of approximately \$3.1 million or 1.2%
4. Bonneville Power Administration Residential Exchange (ResEx) Program: an increase of approximately \$0.2 million or 0.1%

Natural Gas Adjustment Filing

The natural gas adjustment request is the annual natural gas FCA. If approved, Avista's request is designed to decrease overall natural gas revenues by approximately \$0.4 million or 0.4% effective Nov. 1, 2023.

Customer Bills Resulting from these Filings

If the electric PCA (AVU-E-23-08), FCA (AVU-E-23-09), Energy Efficiency (AVU-E-23-10) and ResEx (AVU-23-11) filings are approved, residential electric customers in Idaho using an average of 927 kilowatt hours per month would see their monthly bills increase from \$85.40 to \$86.54, an increase of \$1.14 per month, or approximately 1.3%. The proposed electric rate change would be effective Oct. 1, 2023.

The requested electric rate change by rate schedule are as follows:

Residential Service - Schedule 1	1.4%
General Service - Schedules 11 & 12	2.9%
Large General Service - Schedules 21 & 22	2.2%
Extra Large General Service - Schedule 25	5.2%
Extra Large General Service - Schedule 25P	5.6%
Pumping Service - Schedules 31 & 32	2.4%
Street & Area Lights - Schedules 41-49	<u>-0.4%</u>
Overall	2.4%

If the natural gas FCA (AVU-G-23-05) filing is approved, residential natural gas customers in Idaho using an average of 64 therms per month would see their monthly bills decrease from \$73.42 to \$73.29, a decrease of \$0.13 per month, or approximately 0.2%. The proposed natural gas rate change would be effective Nov. 1, 2023.

The net effect, on a revenue basis, for the requested natural gas rate change by rate schedule are:

General Service - Schedule 101	-0.2%
Large General Service - Schedules 111 & 112	-1.2%
Interruptible Service - Schedules 131 & 132	0.0%
Transportation Service - Schedule 146	<u>0.0%</u>
Overall	-0.4%

Power Cost Adjustment (PCA)

The PCA is an annual rate adjustment made to reflect the difference between the actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. Over

the last year, power supply costs were higher than those included in retail rates due to higher wholesale electric and natural gas prices.

Fixed Cost Adjustment (FCA)

The electric and natural gas FCA is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Avista's actual revenue, based on kilowatt hour or therm sales, will vary, up or down, from the level included in a general rate case and approved by the Commission. This could be caused by changes in weather, energy conservation or other factors. Generally, under the FCA, Avista's revenues are adjusted each month based on the number of customers. The annual difference between revenues based on sales and the number of customers is surcharged or rebated to customers beginning in the following year.

The proposed FCA rate adjustments are primarily driven by variations in 2022 customer usage related to weather and savings from participating in efficiency programs. The FCA mechanisms do not apply to Avista's Electric Extra Large General and Street Lighting Service Schedules, nor to its Natural Gas Interruptible and Transportation Service Schedules.

Energy Efficiency Adjustment

The Energy Efficiency filing adjusts the level of funding for Avista's electric energy efficiency customer programs so that the level of customer funding aligns with the costs to deliver the programs. Each year, customers achieve significant energy savings and receive rebates and incentives through Avista's energy efficiency programs. The Commission approves the amount of funding for these important programs through a portion of energy rates. The rate reduction proposed reflects the lower level of funding needed to operate the programs in the coming year.

Residential Exchange Adjustment

The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. Due to fluctuations in usage, Avista rebated to customers a level of benefits that was slightly higher than the level of benefits received from BPA. Through this filing Avista is seeking to slightly decrease the level of benefits provided to qualifying customers in order to return the over-rebated balance.

Rate Application Procedure

The Company's applications are proposals, subject to public review and a Commission decision. Copies of the applications are available for public review at the offices of both the Commission and Avista, and on the Commission's website (www.puc.idaho.gov). Customers may file with the Commission written comments related to the Company's filings. Customers may also subscribe to the Commission's RSS feed (<http://www.puc.idaho.gov/rssfeeds/rss.htm>) to receive periodic updates via e-mail about the case. Copies of rate filings are also available on our website, www.myavista.com/rates.

If you would like to submit comments on the proposed rate change, you can do so by going to the Commission website puc.idaho.gov/Form/CaseComment or mailing comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

When filing comments reference the appropriate Case Number.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit www.myavista.com for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs, conservation tips, and energy efficiency rebates.

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 41-49 are to be increased by 0.499¢ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

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

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 31, 2023

Effective October 1, 2023

Issued by Avista Utilities
By

Patrick Ehrbar – Director of Regulatory Affairs

