



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

July 31, 2023

State of Idaho
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Bldg 8 Suite 201-A
Boise, ID 83714

Re: **Case No. AVU-E-23-__**
Electric Fixed Cost Adjustment Annual Rate Filing of Avista Corporation

Dear Commission Secretary:

Enclosed for electronic filing with the Commission is Avista's electric Fixed Cost Adjustment (FCA) annual rate adjustment filing. This filing consists of Avista's Application, Exhibit A (the Company's proposed tariffs), Exhibit B (rate calculations), Exhibit C (12 months ending June 30, 2022 deferral), and Exhibit D (customer communications) in support of the Application. The Company request that the proposed tariff sheets be made effective October 1, 2023

Electronic versions of the Company's filing were emailed to the Commission, and the Service List, on July 31, 2023.

Please direct any questions on this matter to me at (509) 495-8620 or Joel Anderson at (509) 495-2811.

Sincerely,

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
dba Avista Utilities

SCHEDULE 75

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment (“FCA”) rate mechanism that separates the recovery of the Company’s Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

TERM:

The FCA mechanism will remain in effect through March 31, 2025.

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25, Extra Large General Service to Clearwater Paper Schedule 25P, or to Street and Area Light Schedules 41 through 49.

Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 1

Group 2 – Schedules 11, 12, 21, 22, 31, 32

Note – the recovery of incremental revenue related to fixed production and transmission costs will be excluded for new natural gas customers added after the FCA Base test year.

MONTHLY RATE:

Group 1 – (\$0.00540) per kWh

Group 2 – (\$0.00048) per kWh

Issued July 31, 2023

Effective October 1, 2023

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 75

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment (“FCA”) rate mechanism that separates the recovery of the Company’s Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

TERM:

The FCA mechanism will remain in effect through March 31, 2025.

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25, Extra Large General Service to Clearwater Paper Schedule 25P, or to Street and Area Light Schedules 41 through 49.

Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 1

Group 2 – Schedules 11, 12, 21, 22, 31, 32

Note – the recovery of incremental revenue related to fixed production and transmission costs will be excluded for new natural gas customers added after the FCA Base test year.

MONTHLY RATE:

Group 1 – ~~(\$0.00405)~~ per kWh

Group 2 – ~~(\$0.00034)~~ per kWh

Issued July 29, 2022

Effective October 1, 2022

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 75

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment (“FCA”) rate mechanism that separates the recovery of the Company’s Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

TERM:

The FCA mechanism will remain in effect through March 31, 2025.

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25, Extra Large General Service to Clearwater Paper Schedule 25P, or to Street and Area Light Schedules 41 through 49.

Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 1

Group 2 – Schedules 11, 12, 21, 22, 31, 32

Note – the recovery of incremental revenue related to fixed production and transmission costs will be excluded for new natural gas customers added after the FCA Base test year.

MONTHLY RATE:

Group 1 – (\$0.00540)-per kWh

Group 2 – (\$0.00048)-per kWh

Issued July 31, 2023

Effective October 1, 2023

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs

