

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ANNUAL)	CASE NO. AVU-E-18-11
COMPLIANCE FILING OF AVISTA TO)	
UPDATE INPUTS IN THE INCREMENTAL)	NOTICE OF APPLICATION
COST INTEGRATED RESOURCE PLAN)	
AVOIDED COST MODEL)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 34188

On October 25, 2018, Avista Corporation (“Company”) filed its annual update to certain components of its Integrated Resource Plan (“IRP”) methodology for calculating avoided cost rates for qualifying facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Specifically, the Company proposes updates to its load forecast, natural gas forecast, and contract information components of its IRP avoided cost methodology. Application at 1. With this Order, the Commission provides notice of the Company’s Application and notice that interested persons may file written comments about the Application.

BACKGROUND

Under PURPA, state utilities are given broad discretion to determine the avoided cost rates that utilities must pay for the energy or capacity generated by QFs. *See Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 627, 917 P.2d 781, 784 (1996). The Commission has established two methods of calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (“SAR”) methodology, and (2) the IRP methodology. *See* Order No. 32697 at 7-8. The Commission uses the SAR methodology to establish what is commonly referred to as “published” avoided cost rates. *Id.* Published rates are available for wind and solar QFs with a design capacity of up to 100 kW and for QFs of all other resource types with a design capacity of up to 10 average megawatts. For QFs with a design capacity above the published rate eligibility caps, avoided cost rates are “individually negotiated by the QF and the utility using the [IRP methodology].” *Id.* at 2.

The IRP methodology “takes into account many different variables and produces a result based on each individual utility’s need for energy. More specifically, the IRP method assesses the value of each QF project in terms of its capability to deliver resources in relation to

the timing and magnitude of the utility's need of such resources." *Id.* at 17. The Commission has directed electric utilities to submit annual updates to specific variables used in the IRP methodology. "We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. . . . In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance." *Id.* at 22.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the proposed updates are submitted to comply with avoided cost methodology established in Order Nos. 32697 and 32802. Application at 1.

YOU ARE FURTHER NOTIFIED that the Application proposes to update the Company's load forecast to escalate at 0.43 percent annual average growth rate and the peak forecast rate to escalate at 0.33 percent annual average growth rate. *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Application proposes to update the Company's natural gas forecast using a blend of two national price forecasts and forward market prices. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Application proposes to include three PURPA contracts, a Power Purchase Agreement, and an energy exchange in its updated forecasts. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that the Company requests the Commission issue an Order accepting its updated forecasts and contract information for purposes of setting the Company's IRP methodology avoided cost rates. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests the Application to be processed by Modified Procedure. *Id.*

YOU ARE FURTHER NOTIFIED that the Application is available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, then select "Electric Cases" 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 and specifically *Idaho Code* §§ 61-502 and 61-503.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to 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 Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201 through .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 any person desiring to state a position on this Application **may file a written comment in support or opposition with the Commission by no later than November 28, 2018.** The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Company at the addresses reflected below:

**For the Idaho Public Utilities
Commission**

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

For Avista Corporation

David J. Meyer, Esq.
Vice President and Chief Counsel for
Regulatory and Governmental Affairs
Avista Corporation
P.O. Box 3727
1411 E. Mission Ave., MSC-13
Spokane, WA 99220-3727
david.meyer@avistacorp.com

Linda Gervais
Sr. Manager, Regulatory Policy
Avista Corporation
P.O. Box 3727
1411 E. Mission Ave., MSC-27
Spokane, WA 99220-3727
linda.gervais@avistacorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Consumers" tab then click the "Case Comment or Question Form" and complete the comment form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, **by no later than December 5, 2018.**

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 the Application of the Company be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by November 28, 2018. The Company may file reply comments by no later than December 5, 2018.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *8th* day of November, 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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