

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
DAVID.MEYER@AVISTACORP.COM

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-25-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-25-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	
AND NATUAL GAS CUSTOMERS IN THE)	
STATE OF IDAHO)	
_____)	

APPLICATION OF AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

Application is hereby made to the Idaho Public Utilities Commission for an Order granting Avista Corporation (Applicant, Company, or Avista) the authority to increase its rates and charges for electric and natural gas service to electric and natural gas customers in the State of Idaho, to be effective on September 1, 2025 and September 1, 2026. A September 1, 2025 effective date is consistent with 1.C. 61-622(4), that provides that the Commission may extend the suspension period for an initial period “not exceeding five (5) months.” Avista would ask that any suspension order issuing from the Commission identify September 1, 2025 as the end of the suspension period.

In this filing Avista is requesting a Two-Year Rate Plan with a Rate Year 1 electric base rate relief of \$43.0 million (14.4 percent billed) and natural gas base rate relief of \$8.8 million (10.3 percent billed), effective September 1, 2025. The Company is also requesting a Rate Year 2 electric base rate relief of \$17.7 million (5.2 percent billed) and natural gas base rate relief of \$1.0 million (1.0 percent billed), effective September 1, 2026.

In support of this Application, Applicant states as follows:

I.

The name of the Applicant is Avista Corporation, dba Avista Utilities, a Washington corporation whose principal business office is 1411 East Mission Avenue, Spokane, Washington, which is qualified to do business in the State of Idaho. Avista maintains district offices in Sandpoint, Coeur d'Alene, Moscow, and Lewiston, Idaho. Communications in reference to this Application should be addressed to the following:

1 David J. Meyer, Esq.
2 Vice President and Chief Counsel for
3 Regulatory & Governmental Affairs
4 Avista Corporation
5 P.O. Box 3727
6 1411 E. Mission Ave
7 Spokane, WA 99220-3727
8 Phone: (509) 495-4316
9 David.Meyer@avistacorp.com

10
11 Patrick D. Ehrbar
12 Director of Regulatory Affairs
13 Avista Utilities
14 P.O. Box 3727
15 1411 E. Mission Ave
16 Spokane, WA 99220-3727
17 Phone: (509) 495-8620
18 pat.ehrbar@avistacorp.com

19
20 Electronically - AvistaDockets@Avistacorp.com

21
22 **II.**

23 Avista is a public utility primarily engaged in the generation, transmission and
24 distribution of electric power and the distribution of natural gas in certain portions of
25 eastern and central Washington, northern Idaho, as well as distribution of natural gas in
26 northeast and southwest Oregon. The Company is subject to the jurisdiction of this
27 Commission, the Washington Utilities and Transportation Commission, the Public Utility
28 Commission of Oregon, the Montana Public Service Commission, and the Federal Energy
29 Regulatory Commission.

30
31 **III.**

32 Applicant's existing base rates and charges for electric service were approved as
33 a result of the Commission's Order No. 35909, dated August 31, 2023, in Case No. AVU-

1 E-23-01. The existing rates and charges for electric service on file with the Commission
2 (designated as Applicant's Tariff No. 28) are incorporated herein as though fully attached
3 hereto.

4 Applicant's existing base rates and charges for natural gas service were approved
5 as a result of the Commission's Order No. 35909, dated August 31, 2023, in Case No.
6 AVU-G-23-01. The existing rates and charges for natural gas service on file with the
7 Commission (designated as Applicant's Tariff No. 27) are incorporated herein as though
8 fully attached hereto.

9 **IV.**

10 The electric rates and charges which Applicant desires to have the Commission
11 approve are filed herewith as Exhibit A. Also included in Exhibit A are copies of the
12 tariff schedules showing the proposed changes by striking over the existing rates and
13 underlining the proposed rates. Company witness Mr. Miller fully describes in his
14 testimony and exhibits the proposed changes.

15
16 **V.**

17 The circumstances and conditions relied upon, and justification for, the approval
18 of the proposed increase in rates for electric service are as follows:

19 Applicant's present electric and natural gas rates will not produce sufficient
20 revenue to provide operating income required to allow the Applicant the opportunity to
21 earn the 7.68% rate of return being requested and supported in this Application.

1 The Applicant's last electric and natural gas general rate case changes (Case No.
2 AVU-E-23-01 and AVU-G-23-01) in Idaho were effective in September 2023 and
3 September 2024.

4 The primary factors driving the Company's electric and natural gas revenue
5 requirements in Rate Year 1 and Rate Year 2 are an increase in net plant investment
6 (including return on investment, depreciation and taxes, and offset by the tax benefit of
7 interest) from that currently authorized. For Rate Year 1 and Rate Year 2, electric net
8 power supply expenses also contribute significantly to the incremental electric revenue
9 requirement in each year. Other changes impacting the Company's revenue requirement
10 requests relate to increases in distribution, operation and maintenance (O&M), and
11 administrative and general (A&G) expenses for both electric and natural gas operations,
12 compared to current authorized levels.

13 Applicant's evidence in support of its need for increased electric and natural gas
14 rates is based on a 12-month ended June 30, 2024 test year. Applicant's rate base evidence
15 is presented on an average-monthly-average basis for each respective Rate Year.
16 Documentation showing how the test year data was adjusted is provided in the testimony
17 and exhibits of Company witness Ms. Schultz.

18 Applicant provides utility service in States other than Idaho. A jurisdictional
19 separation of all investments, revenues and expenses allocated or assigned in whole or in
20 part to the Idaho utility business regulated by this Commission is described in the
21 testimony and exhibits of Ms. Schultz.

22

1 **VI.**

2 Applicant's evidence will show that an overall rate of return of 7.68% is fair, just
3 and reasonable. The Company's exhibits and testimony support an increase in retail
4 electric and natural gas revenue of \$43.0 million and \$8.8 million, respectively, for Rate
5 Year 1 (September 2025 through August 2026) and \$17.7 million and \$1.0 million,
6 respectively, for Rate Year 2 (September 2026 through August 2027). Simultaneous with
7 the filing of this Application, Applicant has filed its prepared direct testimony and
8 exhibits in support of its revised rates, as well as workpapers showing how test year data
9 were adjusted.

10 **VII.**

11 A complete justification of the proposed increases in electric and natural gas rates
12 is provided in the testimony and exhibits of Company witnesses. These witnesses and a
13 brief summary of their testimony are as follows.

14 Ms. Heather L. Rosentrater, President, and Chief Executive Officer of Avista,
15 presents the Company's policy testimony and provides an overview of Avista
16 Corporation. She will provide an overview of the Company's proposal in this filing for
17 a Two-Year Rate Plan. She will start by discussing the overall economic conditions facing
18 Avista, and how those have impacted our operations, our cost management, and this
19 general rate case. She will then summarize the Company's proposal in this filing, and
20 address our continuing capital investment, which continues to be the primary driver
21 behind the Company's most recent general rate cases. She discusses our continued focus
22 on communicating with customers, our overall customer satisfaction, and our customer

1 support programs. Finally, she introduces the other Company witnesses who support this
2 general rate case filing.

3 Mr. Kevin Christie, Senior Vice President, Chief Financial Officer, Treasurer and
4 Regulatory Affairs Officer, will provide a financial overview of Avista Corporation as
5 well as explain our credit ratings and the Company's proposed capital structure and
6 overall rate of return in this case. In brief, he provides information that shows:

- 7 1. Avista's plans call for a continuation of utility capital investments in
8 generation, transmission, electric and natural gas distribution systems, and
9 technology to preserve and enhance service reliability for our customers,
10 including the continued replacement of aging infrastructure. Capital
11 expenditures, on a system basis, of \$515 million (for 2024), \$525 million (for
12 2025), \$575 million (for 2026), and \$600 million (for 2027) are planned.
13 Avista needs adequate cash flow from operations to fund these requirements,
14 together with access to capital from external sources under reasonable terms,
15 on a sustainable basis.
- 16 2. We are proposing an overall rate of return of 7.68 percent, which includes a
17 50 percent common equity ratio, a 10.40 percent return on equity, and a cost
18 of debt of 4.95 percent. We believe our proposed overall rate of return of 7.68
19 percent and the proposed capital structure provide a reasonable balance
20 between affordability and reliability.
- 21 3. Avista's corporate credit rating from Standard & Poor's (S&P) is currently
22 BBB with a negative outlook and Baa2 with a stable outlook from Moody's
23 Investors Service. Avista must operate at a level that will support a solid
24 investment grade corporate credit rating in order to access capital markets at
25 reasonable rates. A supportive regulatory environment is an important
26 consideration by the rating agencies when reviewing Avista. Maintaining
27 solid credit metrics and credit ratings will also help support a stock price
28 necessary to issue equity under reasonable terms to fund capital requirements.

29 Dr. John Thompson, with Financial Concepts and Applications (FINCAP), Inc.,
30 has been retained to present testimony with respect to the Company's cost of common
31 equity. He concludes that:

- 32 • To reflect the risks and prospects associated with Avista's jurisdictional utility

1 operations, his analyses focus on a proxy group of firms in Value Line's
2 "Electric Utility" industry.

- 3
- 4 • Because investors' required return on equity is unobservable and no single
5 method should be viewed in isolation, he applied the DCF, CAPM and risk
6 premium methods to estimate a just and reasonable ROE.
- 7 • Based on the results of these analyses and giving less weight to extremes at
8 the high and low ends of the range, he concludes that the cost of equity for the
9 proxy group of utilities is in the **10.2 percent to 11.2 percent** range, or **10.27**
10 **percent to 11.27 percent** after incorporating an adjustment to account for the
11 impact of common equity flotation costs.
- 12
- 13 • As also reflected in the testimony of Kevin Christie, Avista is requesting a fair
14 ROE of **10.4 percent**, which is below the **10.77 percent** midpoint of his
15 recommended range. An ROE at the midpoint of his recommended range is
16 fully justified for Avista given the results of his proxy group financial
17 analyses. Based on the results outlined above, he concludes that the 10.4%
18 ROE requested by the Company represents a conservative estimate of
19 investors' current requirements.
- 20

21 Ms. Kaylene Schultz, Manager of Regulatory Affairs, describes accounting and
22 financial data in support of the Company's Two-Year Rate Plan for the period September
23 1, 2025, through August 31, 2027. She explains pro formed operating results, including
24 expense and rate base adjustments made to actual operating results and rate base. In
25 addition, she incorporates the Idaho-share of the proposed adjustments of other witnesses
26 in this case.

27 Ms. Elizabeth Andrews, Senior Manager of Revenue Requirements, describes
28 various adjustments included in the electric and natural gas revenue requirement studies
29 prepared for the Company's proposed Two-Year Rate Plan. These adjustments include
30 the following: 1) Pro Forma Wildfire Plan Expenses, 2) Pro Forma Insurance Expense,
31 3) Pro Forma Miscellaneous Operations and Maintenance (O&M) Expense, 4) Pro Forma
32 Colstrip and Coyote Springs (CS2) Maintenance, 5) Pro Forma Colstrip Regulatory Asset

1 Additions and Amortization Expense, and finally, 6) Pro Forma Colstrip Assets and
2 Depreciation Removal. In addition, she discusses the Company's requests to update its
3 Wildfire and Insurance Balancing Account baselines to match pro formed wildfire plan
4 and insurance expenses.

5 Mr. Scott Kinney, Vice President of Power Supply, provides an overview of
6 Avista's electric and natural gas resource planning and power and natural gas supply
7 operations. This overview includes summaries of the Company's current and future
8 resource plans, as well as an overview of the Company's Energy Resources Risk Policy.
9 He will address the Colstrip Units 3 and 4 plant additions included in this filing, as well
10 as the decision to transfer plant ownership of Colstrip Units 3 and 4 to NorthWestern
11 Energy at the end of 2025 and no longer serve Avista customers with this facility. His
12 testimony will also discuss the Power Purchase Agreements (PPA) from Lancaster,
13 Columbia Basin Hydro and Clearwater Wind. He will discuss the Company's current
14 participation status in the Western Resource Adequacy Program and the Northern Plains
15 Connector Transmission Project. Finally, he discusses the need to move to a single 95%
16 customer / 5% Company (95/5) sharing level applied to the entire difference between
17 actual and authorized power supply costs in the Company's Power Cost Adjustment
18 mechanism.

19 Mr. David Howell, Director of Generation Production and Substation Support,
20 provides an overview of the Company's planned investments in our generating facilities
21 and explains the factors driving our continuing investment in these assets. Additionally, he
22 will describe our environmental affairs projects that support compliance with, and

1 management of, the licenses issued by the Federal Energy Regulatory Commission
2 authorizing the Company to operate its hydroelectric facilities.

3 Mr. Clint Kalich, Senior Manager of Resource Planning & Power Supply
4 Analyses, includes documentation of the rationale for key inputs and assumptions driving
5 power supply cost values including loads, natural gas and electricity prices, and a
6 comparison to current levels of authorized power supply expense. He will provide an
7 overview of contract changes since our last filing. Finally, he will identify and explain
8 the proposed pro forma adjustments to test period power supply revenues and expenses,
9 including the Retail Revenue Credit used in the Power Cost Adjustment (PCA) over the
10 Two-Year Rate Plan, effective September 1, 2025 (Rate Year 1) and September 1, 2026
11 (Rate Year 2).

12 Mr. Kenneth Dillon, Senior Manager, FERC Policy and Transmission Services,
13 presents Avista's transmission revenues and expenses included in the Company's request
14 for rate relief over the Two-Year Rate Plan, supporting updated transmission revenues
15 effective September 1, 2025 (Rate Year 1) and September 1, 2026 (Rate Year 2).

16 Mr. Joshua DiLuciano, Vice President of Energy Delivery, will provide an
17 overview of the Company's electric and natural gas energy delivery facilities and explain
18 the factors driving our continuing investment in electric distribution infrastructure. He
19 explains how our efforts to maintain the asset health and performance of our electric
20 transmission system, including compliance with mandatory federal standards for
21 transmission planning and operations, is driving a continuing demand for new investment.
22 He will also describe why our investments in natural gas distribution are necessary in the

1 time frames completed, and why each capital investment in our operations facilities and
2 fleet operations is needed to support the efficient delivery of service to our customers
3 today, and into the future. Furthermore, he will address the electric and natural gas
4 distribution, transmission, general plant, and fleet related capital additions included in the
5 Company's Two-Year Rate Plan filed in this case, for the periods July 1, 2024, through
6 August 31, 2027.

7 Mr. Vern Malensky, Director of Electric Engineering, discusses the status of the
8 Company's Wildfire Resiliency Plan ("Wildfire Plan" or "Plan"), reiterates its goals and
9 objectives, and summarizes the technical and operational aspects of the Plan. Avista's
10 Wildfire Plan reflects the Company's 135-year operating history combined with Avista's
11 efforts to quantify and respond to the financial, safety-related, and service reliability risks
12 associated with wildfires.

13 Mr. Wayne Manuel, Vice President and Chief Information and Security Officer,
14 provides an overview of and discusses capital additions and expenses associated with the
15 Company's Information Service/Information Technology (IS/IT) programs, projects and
16 security included in the Company's filed case over its proposed Two-Year Rate Plan.
17 These costs are comprised of the capital investments for a range of IS/IT projects that
18 support systems used by the Company, as well as cyber and physical security projects
19 and costs. He will explain why our information technology and security investments are
20 necessary in the time frames indicated.

21 Ms. Tia Benjamin, Manager of Regulatory Affairs, describes the Company's
22 restated twelve-months ended June 30, 2024, net plant from average-of-monthly-averages

1 (AMA) to end-of-period (EOP) adjustment, as well as explains how pro forma capital
2 additions for the period of July 1, 2024 through August 31, 2027 are incorporated into the
3 Company's Two-Year Rate Plan and proposed electric and natural gas revenue
4 requirements sponsored by Ms. Schultz.

5 Mr. Marcus Garbarino, Manager of Regulatory Affairs, covers the Company's
6 electric revenue normalization adjustment to the test year results of operations, the
7 proposed Load Change Adjustment Rate to be used in the Power Cost Adjustment and
8 Fixed Cost Adjustment mechanisms, and the electric cost of service study performed for
9 this proceeding.

10 Mr. Joel Anderson, Regulatory Analyst, covers the Company's natural gas cost-
11 of-service study developed for this proceeding. Additionally, he is sponsoring the natural
12 gas revenue normalization adjustments to the test year results of operations.

13 Mr. Joseph Miller, Senior Manager of Rates and Tariffs, discusses the spread of
14 the proposed 2025 and 2026 electric and natural gas base revenue increases among the
15 Company's electric and natural gas general service schedules. His testimony will also
16 describe the changes to the rates within the Company's electric and natural gas service
17 schedules, and proposed changes to the electric residential basic charge.

18 19 **VIII.**

20 Avista has provided under separate cover an Attorney's Certificate and Claim of
21 Confidentiality Relating to Portions of Avista's Exhibits and Workpapers pursuant to
22 Idaho Code Section 9-340D and IDAPA 31.01.01.067 and 31.01.01.233.

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IX.

Notice to the public of the proposed rates and charges, pursuant to IDAPA 31.01.01.125, will be given to customers by distributing a customer notice, as a bill stuffer, to each customer over a billing cycle (During the months of February and March 2025), and by a news release, both of which are attached as Exhibit B.

X.

Portions of the Company’s Application and accompanying testimony and exhibits are based on computer models. Documentation and explanation on some of the models have already been provided to Commission Staff. Additional documentation and explanation are provided with testimony, exhibits and workpapers in this filing. Further information can be provided upon request.

XI.

The Applicant stands ready for immediate consideration of this Application.

WHEREFORE Applicant requests the Commission issue its Order finding the proposed rates and charges to be fair, just, reasonable and nondiscriminatory. The Applicant is also requesting that the Commission suspend the Applicant’s filing with a proposed effective date of September 1, 2025 (year 1), and September 1, 2026 (year 2). Under the Company’s proposal, the suspended tariffs for 2025 would go into effect on September 1, 2025, as stated on those tariff sheets, and for 2026 would go into effect on September 1, 2026.

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DATED at Spokane, Washington, this 30th day of January 2025.

AVISTA CORPORATION

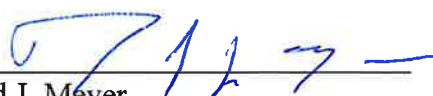
By: 
David J. Meyer
Vice President and Chief Counsel for
Regulatory & Governmental Affairs
Avista Corporation

EXHIBIT A

Tariff Pages

EXHIBIT B

Customer Notice

&

Press Release