

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of the

AVISTA CORPORATION d/b/a AVISTA  
UTILITIES,

Petitioner,

For an Order Authorizing Recording of  
incremental costs of the Chelan PPA above  
the current MWh threshold in FERC  
Account 555, Power Supply Expense.

DOCKET UE-230681

ORDER 01

GRANTING ACCOUNTING  
PETITION

**BACKGROUND**

- 1 On December 1, 2023 Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) an Amended Petition (Petition) for an Accounting Order in Docket UE-230681 to request to record the incremental cost of the Chelan power purchase agreement (PPA) above the \$40.87/MWh threshold in Federal Energy Regulatory Commission (FERC) Account 555, Power Supply Expense, in accordance with RCW 80.28.410.
- 2 In Avista's 2006 Order 03 under Docket UE-060181, for continuation of the Company's Energy Recovery Mechanism (ERM), with Certain Modifications, excluded costs of new Power Supply Contracts in excess of the average embedded cost of power supply from inclusion in power supply costs until such time as the contract is incorporated in base rates pursuant to a general rate case.
- 3 RCW 80.28.410 allows electrical companies to defer for later consideration costs associated with power purchase agreements from the effective date of the agreement until the effective date of a general rate case or other proceeding incorporates costs into base rates as long as the costs are incurred in connection with the Company's clean energy action plan.
- 4 Avista's 2020 Integrated Resource Plan identified the need for additional renewable resources in order to meet the Company's clean energy goals and the Clean Energy

Transformation Act requirements of carbon neutrality by 2027 and 100 percent clean electricity by 2045.

5 On June 26, 2020, Avista issued a Request for Proposals (RFP) which resulted in bids from over 20 interested parties for over 40 renewable projects located throughout the Pacific Northwest.

6 The Company closed out the 2020 RFP with several new contracts with Chelan. One of which is effective January 1, 2024, and priced at \$45.67 per MWh, while the allowable amount to be included in the ERM is currently only \$40.87 per MWh.

7 Commission Staff (Staff) recommends that the Commission grant the request. Staff believes recording of incremental costs of the Chelan PPA above the current MWh threshold is reasonable given the current language of RCW 80.28.410 allowing utilities to account for and defer for recovery costs of contracts secured in connection with its clean energy action plan.

8 Staff approached other interested parties for comments on this accounting petition. No comment was raised.

### DISCUSSION

9 We grant Avista's Petition. We agree that RCW 80.28.410 allows for utilities to account for and defer costs of contracts secured in connection with its clean energy action plan. We believe that recording of the incremental costs of the Chelan PPA above the current MWh threshold is appropriate.

10 We find it appropriate for the Company to record the incremental costs in FERC account 555.

11 We therefore grant the Petition that the Company must: record and defer the incremental cost of the Chelan PPA above the \$40.87/MWH threshold in Federal Energy Regulatory Commission Account 555, Power Supply Expense, in accordance with RCW 80.28.410, beginning January 1, 2024, and ending on the effective date of the Company's next general rate case.

## FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric and natural gas companies.
- 13 (2) Avista is a public service company regulated by the Commission, providing service as an electric and natural gas company.
- 14 (3) The Commission has jurisdiction over the subject matter of this proceeding and over Avista.
- 15 (4) WAC 480-07-370(3) allows companies to file petitions including that for which Avista seeks approval.
- 16 (5) Staff has reviewed the Petition in Docket UE-230681 including related work papers.
- 17 (6) Staff recommends the Commission grant the Petition.
- 18 (7) This matter came before the Commission at its regularly scheduled meeting on February 22, 2024.
- 19 (8) After reviewing Avista's Petition filed in Docket UE-230681 on December 1, 2023, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition should be granted.

## ORDER

### THE COMMISSION ORDERS:

- 20 (1) Avista Corporation d/b/a Avista Utilities' Petition for an Order Authorizing Accounting Petition is granted, that the Company must record and defer the incremental cost of the Chelan PPA above the \$40.87/MWh threshold in FERC Account 555, Power Supply Expense, in accordance with RCW 80.28.410, beginning January 1, 2024, and ending on the effective date of the Company's next general rate case.

- 21 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 22 (3) The Commission retains jurisdiction over the subject matter and Avista Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.
- 23 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective February 22, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Jeff Killip  
Executive Director and Secretary