

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION d/b/a  
AVISTA UTILITIES,

Schedule 62 Tariff Revisions and Request  
for Exemption from WAC 480-106-  
040(1)(b)

DOCKET UE-220783

ORDER 01

GRANTING EXEMPTION FROM  
WAC 480-106-040(1)(b);  
ALLOWING TARIFF TO GO INTO  
EFFECT BY OPERATION OF LAW

**BACKGROUND**

- 1* On October 26, 2022, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to Tariff WN U-28, Schedule 62, Small Power Production and Cogeneration, which governs the avoided cost rates paid to qualifying facilities (QFs) with a nameplate rating of five (5) megawatts or less within the meaning of the Public Utility Regulatory Policies Act of 1978 (PURPA).
- 2* Avista also filed a petition requesting an exemption from WAC 480-106-040(1)(b) (Petition), which requires utilities to file a schedule of estimated avoided costs that includes specific items based on the utility's most recently acknowledged Integrated Resource Plan (IRP). The Commission most recently acknowledged Avista's 2017 IRP. For purposes of estimating the avoided cost of capacity in this 2022 tariff revision, Avista requests to use a combination of information from two more recent sources, the Company's: (1) most recently filed IRP, which was submitted to the Commission on April 1, 2021, in Docket UE-200301 (2021 IRP) but has not been acknowledged, and (2) 2022 All-source Request for Proposals (RFP).<sup>1</sup> Commission staff (Staff) asserts both sources proposed by the Company are allowed by rule.<sup>2</sup>

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<sup>1</sup> The Commission approved Avista's 2022 Draft All-source RFP via Docket UE-210832, [Order 02](#) on February 10, 2022.

<sup>2</sup> Per [WAC 480-106-003](#).

- 3 Of the annual avoided cost tariff revisions required from Washington’s three electric investor-owned utilities (IOUs),<sup>3</sup> Avista’s avoided cost methodology has changed the most compared to its 2021 filing.<sup>4</sup> However, these changes were made in response to feedback from interested parties in Avista’s 2021 avoided cost docket.<sup>5</sup>
- 4 Following resolution of Avista’s 2021 Schedule 62 filing, the Company participated in collaborative discussions with both the Northwest & Intermountain Power Producers Coalition/Renewable Energy Coalition (NIPPC/REC) and Staff. The objective of these meetings, which commenced in June 2022 and lasted through Avista’s October 26 filing in this Docket, was to understand the methodology for calculating the Company’s avoided costs.<sup>6</sup> With Staff’s facilitation, Avista and NIPPC/REC were able to reach a mutually agreeable understanding regarding the Company’s proposed 2022 methodology, which lays out a seven-step framework for calculating the QF payment,<sup>7</sup> as established in rates and consistent with Commission rule.<sup>8</sup>
- 5 Staff believes Avista’s incorporation of a “clean energy premium value,” as laid out in step four of its 2022 avoided cost methodology, resolves a key point of contention associated with the Company’s 2021 filing. By adding a clean energy premium to its QF payment, Avista will now effectively pay for and receive from QFs the environmental attributes (*e.g.*, renewable energy credits) of the QF’s production. While Washington avoided cost rules make such environmental attributes transfers *optional* at the discretion of the IOU,<sup>9</sup> in Avista’s 2021 avoided cost docket both NIPPC/REC and Staff recommended Avista include such a clean energy premium, as determined in the Company’s 2021 IRP, in its QF payment.<sup>10</sup> While the Commission acknowledged Staff’s and NIPPC/REC’s position, it ultimately declined to order Avista make such a revision to its Schedule 62 due to the wording of the avoided cost rules.<sup>11</sup> Now Avista has voluntarily updated its avoided cost methodology to a more robust framework that better

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<sup>3</sup> Due by November 1 of each year per [WAC 480-106-040](#)(1).

<sup>4</sup> For comparison, *see* [UE-220786](#) for Puget Sound Energy and [UE-220804](#) for PacifiCorp.

<sup>5</sup> *See* [UE-210815](#).

<sup>6</sup> [Avista Schedule 62 2022 tariff revision cover letter](#), p. 2, October 26, 2022 (UE-220783).

<sup>7</sup> *Id.*, pp. 5-6.

<sup>8</sup> Per [WAC 480-106-030](#)(1).

<sup>9</sup> Per [WAC 480-106-050](#)(4)(c).

<sup>10</sup> UE-210815, [Order 01](#), ¶¶ 6, 8.

<sup>11</sup> *Id.* at ¶¶ 17, 18.

accounts for the planning implications of the Clean Energy Transformation Act (CETA).<sup>12</sup>

6 Staff reviewed Avista's Petition and recommends granting the Company's request for exemption and allowing the tariff filing to go into effect by operation of law.

### DISCUSSION

7 We grant Avista's request for an exemption from WAC 480-106-040(1)(b). Under WAC 480-106-003, the Commission may grant an exemption from the provisions of any rule in WAC 480-106 if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.

8 Similarly, we appreciate the collaboration Avista undertook with relevant interested parties (*i.e.*, NIPPC/REC and Staff) during the intervening time between the Company's annual avoided cost tariff revisions in 2021 and 2022. Such work represented a good faith effort by parties to build upon the public record established in Docket UE-210815 and move towards a more comprehensive methodology that better reflects Washington's post-CETA planning environment. Accordingly, we find that granting the Company's request for an exemption is in the public interest and consistent with both the purposes underlying the rule and applicable statutes. We further agree the tariff filing should be allowed to go into effect by operation of law.

### FINDINGS AND CONCLUSIONS

9 (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 companies.

10 (2) Avista is engaged in the business of providing electric services within the state of Washington and is a public service company subject to Commission jurisdiction.

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<sup>12</sup> This is particularly noteworthy as the Commission's Purchases of Electricity from QF rules took effect July 13, 2019, per [WAC 480-106-002\(1\)](#), nearly 18 months *before* the Commission's CETA planning rulemaking concluded (*see* [UE-191023](#)).

- 11 (3) Avista is subject to WAC 480-106-040(1)(b), which requires electric companies to calculate the avoided cost of capacity based on its most recently acknowledged IRP.
- 12 (4) Under WAC 480-106-003, the Commission may grant an exemption from the provisions of any rule in WAC 480-106 if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes. See also WAC 480-07-110.
- 13 (5) This matter came before the Commission at its regularly scheduled meeting on December 22, 2022.
- 14 (6) After review of the tariff revision and request for exemption filed in Docket UE-220783 by Avista on October 26, 2022, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted. The tariff should be allowed to go into effect by operation of law.

**ORDER**

**THE COMMISSION ORDERS:**

- 15 (1) Avista Corporation d/b/a Avista Utilities' request for an exemption from WAC 480-106-040(1)(b) is granted. The tariff filed on October 26, 2022, is allowed to go into effect by operation of law.
- 16 (2) The Commission retains jurisdiction over the subject matter and Avista Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.
- 17 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 December 22, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL  
Executive Director and Secretary