

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. AVISTA CORPORATION d/b/a AVISTA UTILITIES, Respondent.	DOCKETS UE-220053, UG-220054, UE-210854 (<i>Consolidated</i>) ORDER 13/07 CONFIRMING COMPLIANCE WITH FINAL ORDER 10/04; FINDING PRUDENCE AND RATES NO LONGER PROVISIONAL
In the Matter of the Electric Service Reliability Reporting Plan of AVISTA CORPORATION d/b/a AVISTA UTILITIES.	

BACKGROUND

- 1 On December 12, 2022, the Washington Utilities and Transportation Commission (Commission) entered Final Order 10/04 in the above-referenced docket. Final Order 10/04, among other things, required Avista Corporation (Avista) to make an annual filing detailing the property provisionally included in rates placed into service during each year of the rate plan approved by the order. Additionally, in the annual filing, Final Order 10/04 required Avista to report on Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding options and offsetting benefits for all capital projects. This filing starts a retrospective review wherein parties may challenge the inclusion of that property into the rates charged for the company’s service, with any disallowances returned to ratepayers through refunds.¹

¹ The Commission has approved compliance filings for capital projects reviews through acknowledgment letters. See e.g. *Washington Utilities and Transportation Commission (WUTC)*

- 2 On March 31, 2025, Avista submitted its 2024 Washington Annual Provisional Capital Report (Report). Commission staff (Staff) subsequently reviewed this compliance filing, conducted informal discovery, and met with Avista to discuss several of the capital projects deemed most significant. Staff acknowledge that the report, accompanying workpapers, and follow-up discussions show the provisional plant identified in the report to be known and measurable, used and useful, and prudent.
- 3 Staff notes that Avista's 2024 average of monthly average net rate base was higher than authorized and that the Company invested more in capital projects than authorized in Final Order 10/04, therefore no customer refunds should be required. Staff further notes that Avista is actively pursuing grant opportunities that could result in future benefits, but that Avista has not realized the off-setting benefits related to the IJJA or IRA for 2024.
- 4 On August 21, 2025, Public Counsel submitted comments to this docket stating it appears Avista is over-spending on growth-related investments to offset underspending on non-growth assets. Specifically, Public Counsel asserts that when excluding investment in growth projects, which the Company is compensated for through load growth, Avista under-invested by \$13.7 million, or 3.1 percent, and has already been compensated for its investment in growth projects from the increase in revenues these projects produced through new load. Accordingly, Public Counsel recommends that customers be refunded the \$13.7 million in Avista's under-investments.
- 5 Public Counsel also expressed concern regarding the procedural review process noting that in Avista's most recent general rate case (GRC) that it filed in 2024 the provisional capital projects review period was extended from four to six months. Public Counsel believes that this change should apply to the provisional review process as applied to the 2022 GRC rate plan for 2023 and 2024 rates and recommends that if any party requests additional time for the review, that such request be granted.
- 6 This item came before the Commission for discussion at its regularly scheduled open meeting on August 28, 2025. Staff, Avista, Public Counsel, and The Energy Project (TEP) provided comments.
- 7 Staff reiterated its recommendation that no refund to customers is required because the additional provisional plant identified in the Company's compliance filing is known and

measurable, used and useful, and prudent. Staff also recommended that the Commission find the rates set in the 2022 GRC for 2024 as no longer provisional and find that no refund is warranted. Staff also highlighted that Commission orders are prospective in nature, based on what is presented before the tribunal, and cautioned against making any changes to prior orders to avoid retroactive decision making.

- 8 Public Counsel stated during the open meeting that the Commission’s Final Order in Avista’s 2024 GRC should extend the review period for the provisional capital projects review in Avista’s 2022 GRC from four (4) to six (6) months. Public Counsel argued that the four-month review for the compliance filing here is much shorter than the eleven (11) month review period for a general rate case, which is a better format for the Commission to make prudence determinations. Public Counsel also argued that the Commission should analyze each project individually on a project-by project rather than on a portfolio basis, reasoning that since the Commission determined in Final Order 08 in Dockets UE-240006 & UG-240007 (*Consolidated*) that a six-month review process was appropriate, that it intended the review process here to be extended to six months.²
- 9 TEP commented at the open meeting that the Multiyear Rate Plan (MYRP) statute has led to utilities gaining a financial benefit from the portfolio review process, allowing them to collect revenue to cover expenses in the same year that they occur, and that this eliminates regulatory lag. In contrast, TEP comments that ratepayers have not realized the benefits of cost containment intended in the multiyear rate plan statute. TEP notes that in a four-month review period it is difficult for parties to retain experts for the provisional capital review due to limited resources. TEP notes that data reporting in performance metrics is beneficial for customers, but customers are not realizing benefits of cost containment that should result from the reduced financial risk to companies.

DISCUSSION

- 10 **Capital Projects Review Time Period.** Avista’s 2022 GRC was the first GRC that it filed after the adoption of the MYRP statute in 2021.³ In Final Order 10/04, the

² *WUTC v. Avista Corp., d/b/a Avista Utils.*, Dockets UE-240006 & UG-240007 (*Consolidated*), Final Order 08 at 67 ¶ 261 (December 20, 2024).

³ See Engrossed Substitute S. B. 5295, 67th Leg., 2021 Reg. Sess., § 2(7) (Wash. 2021); RCW 80.28.425; *Washington Utilities and Transportation Commission (WUTC) v. Avista Corp., d/b/a Avista Utils.*, Dockets UE-220053, UG-220054, & UE-210854 (*Consolidated*), Final Order 10/04 (Dec. 12, 2022).

Commission approved subject to conditions the settlement resolving Avista's 2022 GRC and found that the settlement was lawful, supported by the record, and consistent with the public interest.⁴

- 11 The settlement terms addressing the annual capital projects review process extended the company's initial proposal for the review period from three to four months "to allow parties to review and respond to Avista's annual capital report filing."⁵ In that docket, Public Counsel supported the terms regarding capital project review and believed they were in the public interest.⁶ Avista proposed the capital review process in its initial filing in its 2022 GRC based on the Commission's approval of an earlier settlement in the general rate proceeding for Northwest Natural Gas in Docket UG-200994, *et al.* The settlement terms on the capital projects review were included to provide assurance that the provisional capital included prior to the rate effective period (for 2022 capital) and during Rate Year 1 (2023 capital) and Rate Year 2 (2024 capital) would be in service for customers during the rate effective periods and subject to refund.⁷
- 12 In Final Order 08 of Avista's 2024 GRC, the Commission approved a similar capital projects review process for provisional recovery in rates of rate-effective property, subject to refund, except that it approved a six-month period for the annual capital projects review.⁸ As it stated at the August 28, 2025, open meeting, Public Counsel now believes this determination should control the review period for the capital projects for rate year two of MYRP approved in Avista's 2022 GRC.
- 13 There are no Commission rules or statutes specifying a period or a method to determine review periods for capital projects for each year of a multiyear rate plan.⁹ In addition, each capital project review involves unique time periods, expenses, and associated

⁴ *WUTC v. Avista Corp., d/b/a Avista Utils.*, Dockets UE-220053, UG-220054, & UE-210854 (*Consolidated*), Final Order 10/04 (Dec. 12, 2022); WAC 480-07-730; WAC 480-07-740; WAC 480-07-750.

⁵ Final Order 10/04 at 28 ¶ 79, Appendix A at 10 ¶ 20 and Elizabeth Andrews, Exh. EMA-1T at 45:10-48:2.

⁶ *Id.* at 28, ¶ 79 (citing Brief of Public Counsel at 43-44, ¶ 96).

⁷ *See id.* (citing Andrews, Exh. EMA-1T at 46:1-4).

⁸ *WUTC v. Avista Corp., d/b/a Avista Utils.*, Dockets UE-240006 & UG-240007 (*Consolidated*), Final Order 08 at 67 ¶ 261 (December 20, 2024).

⁹ *See* RCW 80.28.425(10).

circumstances. Given the differences in projects and circumstances that may be considered in these reviews in separate rate cases, the Commission has the discretion and flexibility to be able to consider and determine different time periods in separate rate cases as appropriate.¹⁰

- 14 Discussion at the open meeting on August 28, 2025, addressed the iterative process of successive rate cases, specifically those few rate cases following and interpreting adoption of the multiyear rate plan statute, and that the set of facts and circumstances varies in each rate case. Therefore, it is reasonable and appropriate that the Commission found the four-month capital projects review process acceptable in the 2022 GRC, and a six-month review period for the 2024 GRC. Parties are free to make arguments and provide support in rate proceedings for a different review period or approach in justifying provisional capital review projects.
- 15 For Avista's 2022 GRC, the parties agreed to a four-month provisional review process for the capital projects and the Commission approved it. The Commission's approval in a rate case regarding provisional capital review does not preclude the ability of parties to negotiate or argue for a greater amount of time or to request additional time to review capital projects in future reviews or rate cases. However, the Commission is wary of retroactively changing the review period for the capital projects for rate year two of the multiyear rate plan, especially when its approval was based on terms to which the parties previously stipulated, and the 2024 GRC was fully adjudicated, ultimately resulting in iterative changes.
- 16 Accordingly, the Commission finds that the four-month period for capital projects approved in Order 10/04 applies to the capital projects review for this Docket, and that the six-month capital projects review approved in Avista's 2024 GRC applies to the capital review of the projects discussed in that separate Docket.
- 17 **Compliance with Final Order 10/04 and Determinations on Provisional Rates and Prudence of Capital Project Costs.** Based on Staff's in-depth analysis of each of Avista's business cases and intent to provide flexibility rather than to be overly prescriptive,¹¹ we find that the Report filed by Avista on March 31, 2025, complies with Order 10/04, that the rates for 2024 are no longer provisional, no refund is warranted, and

¹⁰ *Id.* See generally RCW 80.01.040, RCW 80.04.160 and RCW 80.28.020.

¹¹ Docket U-190531, Policy Statement ¶ 20 (Jan. 31, 2020).

that the 2024 transfers to plant are prudent. We note that finding additional transfers to plant prudent that are beyond the rate base approved in the 2022 GRC does not increase rates beyond what the Commission approved in that case but does reset the rate base baseline going forward.

- 18 While the Commission finds the additional transfers to plant reviewed in this Report beyond the provisional rates approved in the 2022 GRC are prudent, the Commission notes that the more extensive review afforded by general rate cases may be a better format for prudence reviews where there are larger divergences between projected and final project costs in rates.

FINDINGS AND CONCLUSIONS

- 19 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including electric companies.
- 20 (2) Avista Corporation d/b/a/ Avista Utilities is an electric, gas, and public service company subject to Commission Jurisdiction.
- 21 (3) Avista Corporation d/b/a/ Avista Utilities submitted an annual filing detailing the property provisionally included in rates placed into service during each year of the rate plan approved by Final Order 10/04 of its 2022 general rate case.
- 22 (4) This matter came before the regularly scheduled open meeting on August 28, 2025.
- 23 (5) After reviewing Avista's annual filing, the Commission finds that the four-month review period for capital review projects in this Docket is appropriate, and that the Report and additional transfers to plant filed by Avista on March 31, 2025, comply with Order 10/04, are used and useful, and prudent. We further find that rates for 2024 are no longer provisional and no refund is required.

ORDER

THE COMMISSION ORDERS:


- 24 (1) Compliance of Avista Corporation d/b/a/ Avista Utilities 2024 Washington
Annual Provisional Capital Report with Final Order 10/04 in its 2022 general rate
case is CONFIRMED.
- 25 (2) Additional costs for capital projects for transfer to plant beyond the rate base
approved in the 2022 GRC are prudent.
- 26 (3) Rates for 2024 set in Avista Corporation d/b/a Avista Utilities 2022 general rate
case are no longer provisional and no refund is required.
- 27 (4) The Commission retains jurisdiction over this matter and Avista Corporation
d/b/a/ Avista Utilities to effectuate the terms of this Order.

DATED at Lacey, Washington, and effective September 4, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



BRIAN RYBARIK, Chairman



ANN E. RENDAHL, Commissioner



MILT DOUMIT, Commissioner