

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,

Respondent.

DOCKETS UE-200900 and
UG-200901 (*Consolidated*)

ORDER 01

COMPLAINT AND ORDER
SUSPENDING TARIFF REVISIONS;
ORDER GRANTING PETITION FOR
EXEMPTION; ORDER OF
CONSOLIDATION

BACKGROUND

- 1 On October 30, 2020, Avista Corporation, d/b/a Avista Utilities, (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions in Docket UE-200900 to its currently effective electric service tariff, Tariff WN U-28, and in Docket UE-200901 to its natural gas service tariff, Tariff WN U-29, as listed in the appendix attached to this Order. The purpose of these filings was to increase rates and charges for electric and natural gas service provided to customers in the state of Washington.
- 2 In this filing, Avista proposes an overall increase in electric base revenues of \$44.2 million, or 8.3 percent, and an overall increase in natural gas base revenues of \$12.8 million, or 12.2 percent, effective October 1, 2021. The Company's proposal is based on a common equity ratio of 50.0 percent, a 9.9 percent return on equity, and the resulting overall rate of return of 7.43 percent. Avista proposes a Tax Customer Credit, through its Tax Accounting Petition filed with this case, which offsets the proposed increases from its tariff revisions on a billed revenue basis to 0.0 percent for both its electric and natural gas service.
- 3 Along with its October 30, 2020, filing, Avista includes a Petition for Limited Exemption from WAC 480-85-050 for its electric and natural gas general rate case filings (Petition).
- 4 At the Commission's regularly scheduled open meeting on November 24, 2020, Commission staff (Staff) recommended that the Commission consolidate Avista's electric

and natural gas general rate case filings, grant Avista's Petition, and suspend Avista's tariff revisions.

DISCUSSION AND DECISION

- 5 The Commission may, in its discretion, consolidate two or more proceedings in which the facts or principles of law are related. Here, the matters in the two dockets appear to involve related facts and principles of law. It is therefore appropriate that they be consolidated for hearing and determination pursuant to WAC 480-07-320.
- 6 The Commission may grant a petition for exemption from any of its rules in individual circumstances if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.¹ Avista petitions for limited exemptions from two Commission rules in chapter 480-85 WAC pertaining to the electric and natural gas cost of service studies filed by Avista with its general rate case filings. As it regards its electric general rate case filing, Avista petitions for limited exemption from WAC 480-85-050(2), which requires the data used in a cost of service study not be older than five years. Regarding its natural gas general rate case filing, Avista petitions for limited exemption from WAC 480-85-050(1), which requires the data used in a cost of service study to come only from advanced metering technology or from a load study. We find that Avista's Petition should be granted.
- 7 In 2019, Avista began the still ongoing process of implementing advanced metering infrastructure (AMI) for both its electric and natural gas customers.²
- 8 For its electric service, Avista last performed a load study in 2014. Avista's practice had been to perform a load study of its electric service every 5 years – a time period sufficient to meet the Commission's rule requiring data no older than five years.³ However, in 2018, Avista decided to defer its next load study until the process of implementing AMI for both its electric and natural gas Washington customers was complete.⁴ Avista's Petition requests that the Commission accept its use of 2014 electric load study data in its

¹ WAC 480-07-110.

² Petition at 2, ¶ 3.

³ Petition at 3, ¶ 5.

⁴ *Id.*

cost of service study despite that data being six months older than five years.⁵ For its natural gas service, Avista explains that it does not have any load study data and requests the Commission accept its use of billing data, which it has previously used for its natural gas cost of service studies filed in its general rate cases.⁶

- 9 Avista explains it “has been waiting to collect a year’s worth of customer energy usage data from its nearly completed installation of AMI” for use in a cost of service study instead of conducting a load study that would attribute additional costs to customers.⁷ The Company refers in its Petition to comments it filed in the Commission’s cost of service rulemaking, Dockets UE-170001 and UG-170003:

The Company does not believe that conducting an expensive new load study prior to the completion of its AMI meters project, likely by a third-party entity, would be a prudent use of resources for customers to incur given the imminent availability of the AMI data. The Company asks that there be flexibility in this type of situation as the Company completes its transition to full deployment of AMI meters.⁸

- 10 At the Commission’s November 24, 2020, regularly scheduled open meeting, Staff stated its support for the Company’s Petition and explained that it believed, under the circumstances, that using electric load data from Avista’s 2014 load study and using its natural gas billing data was acceptable for its general rate case filings.
- 11 We agree. Avista has nearly completed its implementation of AMI for both its electric and natural gas customers. Avista has, therefore, the imminent, impending ability to incorporate AMI data in its cost of service studies. That process for implementation had begun some time before the Commission completed its cost of service rulemaking that created the cost of service rules in Chapter 480-85 WAC. The Commission’s electric and natural gas cost of service rules went into effect quite recently, on August 7, 2020. Under the circumstances presented in this case and as it applies to Avista, it is consistent with

⁵ *Id.*

⁶ *Id.*; see e.g. *Wash. Utils. & Transp. Comm’n v. Avista Corp. d/b/a Avista Utils*, Dockets UE-190334, UG-190335, UE-190222 (*Consolidated*) (final order issued March 25, 2020).

⁷ Petition at 2, ¶ 4.

⁸ *Id.* at 3, ¶ 5 (quoting *In re Amending WAC 480-07-510 and Adopting Chapter 480-85 WAC Relating to Cost of Service Studies for Electric and Natural Gas Investor-Owned Utilities*, Dockets UE-170002 and UG-170003, General Order R-599, Appendix A, page 6 (Jul. 7, 2020)).

the public interest, the purposes underlying regulation, and applicable statutes to grant an exemption from the requirements in WAC 480-85-050(1) and WAC 480-85-050(2), as requested. Accordingly, we determine that Avista's Petition should be granted.

12 Avista's requested rate increases might injuriously affect the rights and interests of the public, and Avista has not demonstrated that the increases would result in rates that are fair, just, reasonable, and sufficient. The Commission, therefore, suspends the tariff filings and will hold public hearings, if necessary, to determine whether the proposed increases are fair, just, reasonable, and sufficient.

FINDINGS AND CONCLUSIONS

- 13 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric and natural gas companies.
- 14 (2) Avista is an electric and natural gas company and a public service company subject to Commission jurisdiction.
- 15 (3) These matters came before the Commission at its regularly scheduled meeting on November 24, 2020.
- 16 (4) The Commission may consolidate proceedings that involve related facts and principles of law.
- 17 (5) The matters in Dockets UE-200900 and UG-200901 involve related facts and principles of law and the dockets should, therefore, be consolidated for hearing and determination pursuant to WAC 480-07-320.
- 18 (6) The Commission may grant a petition for exemption from any Commission rule when doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.
- 19 (7) After reviewing the Company's petition, and giving due consideration, the Commission finds that the individual circumstances presented in this case justify finding that the exemption requested by Avista is consistent with the public interest, the purposes underlying regulation, applicable statutes, and should be granted.

- 20 (8) The tariff revisions Avista filed on October 30, 2020, would increase charges and rates for service provided by Avista and might injuriously affect the rights and interest of the public.
- 21 (9) Avista has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, and sufficient.
- 22 (10) Avista's rates and charges for electric or natural gas services shown on any tariffs that Avista does not propose to revise may also be investigated to determine if they are fair, just, reasonable, and sufficient.
- 23 (11) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission finds it is necessary to investigate Avista's books, accounts, practices and activities; to make a valuation or appraisal of Avista's property; and to investigate and appraise various phases of Avista's operations.
- 24 (12) The Commission finds that this docket meets the criteria of WAC 480-07-400(2)(b)(i) and that the parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 25 (13) As required by RCW 80.04.130(4), Avista bears the burden to prove that the proposed increases are fair, just, reasonable, and sufficient.
- 26 (14) Avista may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with Chapter 80.20 RCW.

ORDER

THE COMMISSION ORDERS:

- 27 (1) Dockets UE-200900 and UG-200901 are consolidated for hearing and determination under WAC 480-07-320.
- 28 (2) Avista Corporation's, d/b/a Avista Utilities, petition for limited exemptions from WAC 480-85-050(1) and WAC 480-85-050(2) is granted.
- 29 (3) The tariff revisions Avista Corporation, d/b/a Avista Utilities, filed on October 30, 2020, are suspended.

- 30 (4) The Commission will hold hearings at such times and places as may be required. Such hearings may also examine Avista Corporation's, d/b/a Avista Utilities, rates and charges for electric or natural gas service shown on any tariffs that Avista Corporation, d/b/a Avista Utilities, does not propose to revise.
- 31 (5) Avista Corporation, d/b/a Avista Utilities, must not change or alter the tariffs filed in these dockets during the suspension period, unless authorized by the Commission.
- 32 (6) The Commission will institute an investigation of Avista Corporation's, d/b/a Avista Utilities, books, accounts, practices, activities, property, and operations as described above.
- 33 (7) Discovery will be conducted pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.
- 34 (8) Avista Corporation, d/b/a Avista Utilities, shall pay the expenses reasonably attributable and allocable to the Commission's investigation, consistent with Chapter 80.20 RCW.

DATED at Olympia, Washington, and effective November 25, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner

Appendix

Proposed Tariff Revisions effective October 1, 2021

Tariff WN U-28, Electric		
16th Revision Sheet 1	Canceling	Substitute 15th Revision Sheet 1
16th Revision Sheet 11	Canceling	Substitute 15th Revision Sheet 11
16th Revision Sheet 21	Canceling	Substitute 15th Revision Sheet 21
16th Revision Sheet 25	Canceling	Substitute 15th Revision Sheet 25
12th Revision Sheet 25A	Canceling	Substitute 11th Revision Sheet 25A
16th Revision Sheet 31	Canceling	Substitute 15th Revision Sheet 31
15th Revision Sheet 41	Canceling	Substitute 14th Revision Sheet 41
15th Revision Sheet 42	Canceling	Substitute 14th Revision Sheet 42
9th Revision Sheet 42A	Canceling	Substitute 8th Revision Sheet 42A
15th Revision Sheet 44	Canceling	Substitute 14th Revision Sheet 44
16th Revision Sheet 45	Canceling	Substitute 15th Revision Sheet 45
16th Revision Sheet 46	Canceling	Substitute 15th Revision Sheet 46
2nd Revision Sheet 46A	Canceling	Substitute 1st Sheet 46A
15th Revision Sheet 47	Canceling	Substitute 14th Revision Sheet 47
16th Revision Sheet 47A	Canceling	Substitute 15th Revision Sheet 47A
3rd Revision Sheet 47B	Canceling	Substitute 2nd Sheet 47B
Original Sheet 76		

Tariff WN U-29, Natural Gas		
17th Revision Sheet 101	Canceling	Substitute 16th Revision Sheet 101
17th Revision Sheet 111	Canceling	Substitute 16th Revision Sheet 111
17th Revision Sheet 112	Canceling	Substitute 16th Revision Sheet 112
2nd Revision Sheet 116	Canceling	Substitute 1st Sheet 116
17th Revision Sheet 131	Canceling	Substitute 16th Revision Sheet 131
17th Revision Sheet 132	Canceling	Substitute 16th Revision Sheet 132
17th Revision Sheet 146	Canceling	Substitute 16th Revision Sheet 146
Original Sheet 176		