

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION,

Respondent.

DOCKET UG-240891

ORDER 01

COMPLAINT AND ORDER
SUSPENDING TARIFF REVISIONS;
ALLOWING RATES SUBJECT TO
LATER REVIEW AND REFUND

BACKGROUND

- 1 On October 31, 2024, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to its rates under electric Tariff WN U-28, Schedule 99 – Colstrip Tracker. The revised tariff sheets bear an effective date of January 1, 2025. In its filing, Avista seeks to revise Schedule 99 rates to reflect forecasted costs for Colstrip Units 3 and 4 for calendar year 2025. Notably, Avista’s proposed rates reflect full recovery (over one year) of all plant investments expected to be placed in service in calendar years 2024 and 2025.
- 2 The revisions to Schedule 99 rates would increase in Avista’s annual revenues by \$18 million, or 2.7 percent. A typical residential customer using 945 kWhs per month would see an increase of \$4.47 per month, or 4.1 percent.
- 3 Commission Staff (Staff) has reviewed the Company’s tariff filing and recommends that the Commission suspend the matter and initiate an adjudication. Staff highlights a number of potentially inappropriate capital investments which are reflected in the filing. Specifically, these investments relate to Colstrip, and require scrutiny given the Clean

Energy Transformation Act's mandate to remove costs associated with coal-fired generation facilities from rates no later than December 31, 2025.¹

4 In this filing, Avista seeks to increase annual Schedule 99 revenues by \$18.7 million – from \$23.9 million in 2024 to \$42.6 million in 2025 – which would represent a year-over-year increase of 78 percent. The proposed rate increase is driven predominantly by significant capital investment at Colstrip in 2024 and 2025, all of which Avista seeks to recover in full in 2025. The relatively high level of investment at Colstrip forecasted for 2024-2025 coupled with the accelerated recovery of those investments over one year manifests itself as a \$13.4 million (or 110 percent) increase in the level of depreciation expense Avista embeds in its proposed Schedule 99 rates for 2025.

5 This matter came before the Commission at its December 19, 2024, Open Meeting. Staff recommended that the Commission suspend the tariff sheets filed by Avista on October 31, 2024, but allow the proposed rates to become effective on January 1, 2025, on an interim basis, subject to refund, pending the Commission's final determination in this Docket. Staff observed that interim rates subject to refund would prevent potential rate shock. Given the amount of time adjudications take, if the Commission were to find the costs prudently incurred, the Company may only have a few months to recover the full amount by the end of 2025, due to the prohibition created by CETA.

DISCUSSION AND DECISION

6 We agree with Staff's recommendation to suspend this matter for adjudication while allowing rates on an interim basis, subject to later review and refund. Staff has identified a number of concerns, and the Commission would benefit from a full record, including testimony and briefing from the parties. The Commission also recognizes that the prohibition on retroactive ratemaking and the impending 2025 prohibition of coal-fired generation being included in rates, creates a risk that Avista would be unable to collect on these investments.

7 We conclude that Avista's proposed tariff revisions might injuriously affect the rights and interests of the public, and Avista has not demonstrated that the proposed changes would result in rates that are fair, just, reasonable, equitable, and sufficient. Pursuant to RCW 80.04.130(1), the Commission, therefore, suspends the tariff filing and will hold public

¹ RCW 19.405.030(1). For Avista, this mandate pertains to Colstrip Units 3 and 4.

hearings, as necessary, to determine whether the proposed increases are fair, just, reasonable, equitable, and sufficient.

8 The Commission therefore suspends the tariff sheets filed by Avista on October 31, 2024, but allow the proposed rates to become effective on January 1, 2025, on an interim basis, subject to refund, pending the Commission's final determination in this Docket.

FINDINGS AND CONCLUSIONS

- 9 (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 and gas companies.
- 10 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 11 (3) The tariff revisions Avista filed on October 31, 2024, might injuriously affect the rights and interests of the public.
- 12 (4) Avista has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, equitable, and sufficient.
- 13 (5) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes 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.
- 14 (6) 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.
- 15 (7) As required by RCW 80.04.130(4), Avista bears the burden to prove that the proposed increases are fair, just, reasonable, equitable, and sufficient.
- 16 (8) Avista may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.
- 17 (9) After considering the Company's filing, Staff's recommendation, and for good cause shown, the Commission suspends the tariff sheets filed by Avista on

October 31, 2024, but allow the proposed rates to become effective on January 1, 2025, on an interim basis, subject to refund, pending the Commission's final determination in this Docket.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The tariff revisions Avista Corporation d/b/a Avista Utilities, filed on October 31,
2024, and proposed rates are allowed on an interim basis effective January 1,
2025, as set forth in paragraph 8 of this Order.
- 19 (2) The Commission will hold hearings at such times and places as may be required.
- 20 (3) 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.
- 21 (4) The Commission will institute an investigation of Puget Sound Energy's books,
accounts, practices, activities, property, and operations as described above.
- 22 (5) The parties may conduct discovery pursuant to the Commission's discovery rules
in WAC 480-07-400-425.
- 23 (6) Avista Corporation d/b/a Avista Utilities shall pay the expenses reasonably
attributable and allocable to the Commission's investigation consistent with RCW
80.20.020.
- 24 (7) The Commission retains jurisdiction over the subject matter and Avista
Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective December 19, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner