

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION,

Respondent.

DOCKET UG-240891

ORDER 01

**CORRECTED ORDER**

COMPLAINT AND ORDER  
ALLOWING RATES SUBJECT TO  
LATER REVIEW AND REFUND;  
SETTING MATTER FOR  
ADJUDICATION

**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 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 capital investments reflected in the filing that are potentially unrecoverable by law or imprudent for Washington ratepayers. Specifically, these investments relate to the Colstrip coal-fired generating facility, 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.<sup>1</sup>

- 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 in the Colstrip facility in 2024 and 2025, all of which Avista seeks to recover in full in 2025. The relatively high level of investment in 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 shared its three concerns as outlined in Staff's memo, to include that this filing may include investment in plant that will not be used and useful until 2027. Staff recommended that the Commission require Avista to file revised tariff pages by December 23, 2024, effective January 1, 2025, indicating that the rates are subject to refund, and set this matter for adjudication. Staff also recommends suspending the tariff sheets filed by Avista on October 31, 2024, but allowing 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. In addition, given the time for adjudication, 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. In response to questions by the Commission, Staff agreed that it would be appropriate to recommend setting the matter for adjudication rather than suspending the tariffs.
- 6 Avista provided comments that it does find itself in a different position than Puget Sound Energy. Avista supports allowing recovery starting January 1, 2025, and is supportive of the resolution to set the matter for adjudication. Public Counsel indicated its support to set this matter for adjudication.

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

### DISCUSSION AND DECISION

- 7 We agree with Staff's revised recommendation to require Avista to file amended tariff sheets, and to set this matter for adjudication while allowing rates to become effective January 1, 2025, subject to review and refund upon the Commission's final determination in this matter. 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 prohibition of coal-fired generation being included to rates after 2025, creates a risk that Avista would be unable to collect on these investments.
- 8 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 hearings, as necessary, to determine whether the proposed increases are fair, just, reasonable, equitable, and sufficient.
- 9 The Commission therefore requires Avista to file amended tariff sheets, no later than December 23, 2024, with rates effective January 1, 2025, indicating that the increased rates in this Docket are subject to refund, and sets this matter for adjudication, pending the Commission's final determination in this Docket. By allowing the rates to be collected beginning January 1, 2025, the Commission notes this Order does not represent a resolution or final determination of any matter raised in this Docket. Avista shall provide an update to the status of this matter by March 31, 2025.

### FINDINGS AND CONCLUSIONS

- 10 (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.
- 11 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 12 (3) The tariff revisions Avista filed on October 31, 2024, might injuriously affect the rights and interests of the public.

- 13 (4) Avista has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, equitable, and sufficient.
- 14 (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.
- 15 (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.
- 16 (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.
- 17 (8) Avista may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.
- 18 (9) After considering the Company's filing, Staff's recommendation, and for good cause shown, the Commission directs the Company to file revised tariff pages, no later than December 23, 2024, with an effective date of January 1, 2025, indicating that the increased rates in this docket are subject to refund, and the Commission sets this matter for adjudication pending the Commission's final determination of this matter.
- 19 (10) The Commission finds cause to require Avista and all parties to file an update as to the status of this Docket, no later than March 31, 2025.

**ORDER**

**THE COMMISSION ORDERS:**

- 20 (1) The Commission orders that Avista Corporation d/b/a Avista Utilities shall file revised tariff pages, no later than December 23, 2024, with an effective date of January 1, 2025, indicating that the increased rates in this docket are subject to refund, and the Commission sets this matter for adjudication pending the Commission's final determination of this matter, and that said tariff sheets shall be effective starting January 1, 2025, subject to later refund, and that Avista

Corporation d/b/a Avista Utilities shall file a status update in this Docket no later than March 31, 2025.

- 21 (2) The Commission will hold hearings at such times and places as may be required.
- 22 (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.
- 23 (4) The Commission will institute an investigation of Avista Corporation d/b/a Avista Utilities' books, accounts, practices, activities, property, and operations as described above.
- 24 (5) The parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400-425.
- 25 (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.
- 26 (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 20, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner