



# Introduction to Energy Utility Rate Cases

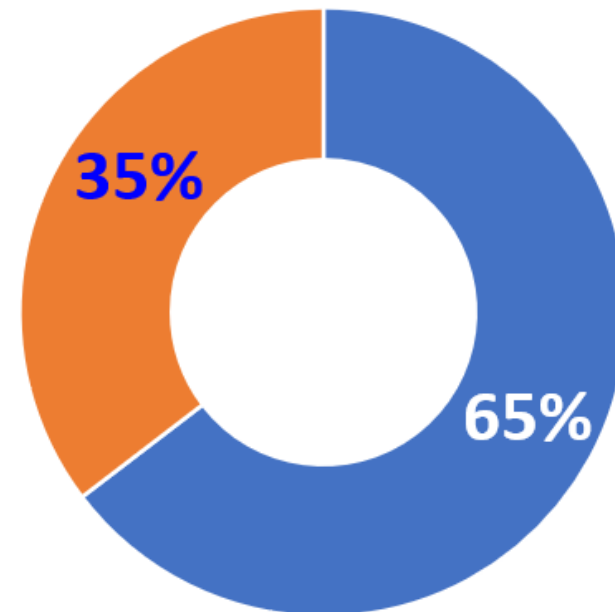
Melissa Nottingham- June 7, 2023

# Key Cost Drivers in UG 461

Driver	Approximate AVA Revenue Requirement Impact (millions)
Net Plant Investment*	\$ 7.103
Operating Expenses (O&M & A&G)	\$ 3.888
<b>Total</b>	<b>\$ 10.991</b>

\*Net Plant Investment includes return on investment, depreciation and taxes, offset by the tax benefit of interest.

Cost Driver	%
Net Plant Investment*	65%
Operating Expenses (O&M & A&G)	35%
	100%



# Avista Proposed / Potential Changes in Rates

		Residential Avg. Total Bill \$/Mo.		
Current		\$ 77.01		
		Scenario if increase were as requested		
Jan. 1, 2024 Increase		\$/Mo.	Increase \$/Mo	% Increase
<b>AVA Proposed*</b>	<b>\$10.991 Million</b>	\$ 83.21	\$ 6.20	8.06%

\* Avista estimations are based on average residential customers' total bill given current cost of natural gas in rates.

\* Using 47 Therms a Month.

# Components of a Rate Case

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A general rate case is primarily focused on setting rates so that the utility can recover its costs – including servicing debt and equity.

- Revenue Requirements: A forecast of the costs to operate the company including operation costs, capital investments, debt, and taxes.
- Rate Spread: How the costs will be distributed between customer classes.
  - Residential, Commercial, Industrial.
- Rate Design: How much each customer class will pay.
- Return on Equity: How much the company may earn on their investments.
  - The amount is capped but not guaranteed.

# Participants in the Process

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Avista submits the rate case.

## OPUC Staff

- Reviews the requested amount represents prudent investments and sound business decisions.
- Ensure that costs are being passed on to customers in a fair and just way.

## Intervenors

- Interested parties may request to participate.
- Ability to participate in the process and file comments.

## Customers

- Public comments are reviewed and become part of the public record.

# Energy Burden and Broader Oregon Environmental Efforts

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- Staff will be analyzing and evaluating energy burden and energy justice issues in this case.
- Commission will be making final determinations on implementation of HB 2475 and Docket UM 2211 Energy Justice Programs
- Staff will be reviewing green energy projects put forward for prudence
- However, Broad State Environmental Programs or decisions about requiring Building Electrification require a different proceeding.

## About Staff

- Work in teams and also individually on rate case issues.
  - Accountants
  - Financial Analysts (like MBAs)
  - Economists
  - Engineers
  - Other Skills
- Paired with Attorney from DOJ

## Staff Role

- Analyze Company filing
- Send requests for information
- Submit and defend written testimony
- Review all testimony submitted by other parties and assess reasonableness
- Develop settlement positions
  - Other parties get advance notice to any settlement meeting staff intends to attend
- Cross examine other witnesses
- Submit legal briefs



# Questions about Oregon Utility Rate Cases

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- Questions about Staff's role in this case?
- Melissa Nottingham  
OPUC Staff