

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL**

DATE: AUGUST 5, 2013

**SUBJECT: AVISTA CORPORATION'S ANNUAL POWER COST ADJUSTMENT
(PCA) APPLICATION, CASE NO. AVU-E-13-04**

On July 31, 2013, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. The PCA is an annual adjustment mechanism that tracks changes in the Company's hydro generation, thermal fuel costs, secondary prices, and changes in power contract revenue and expenses. Application at 2. In its Application, the Company requested that the Commission approve recovery of its deferred power costs for the period of July 1, 2012 through June 30, 2013, and increase the existing PCA customer credit from 0.09 cents per kilowatt-hour (kWh) to 0.152 cents per kWh (a credit increase of 0.062 cents per kWh). This represents a cumulative PCA credit/rebate to customers of about \$3.89 million. Because PCA rate adjustments are spread on a uniform cents per kWh basis, the Company calculates that the PCA credit results in an overall PCA rate decrease of 0.83%.

The Company requests that its Application be processed under Modified Procedure and that the Commission issue its Order approving the PCA Application to become effective on October 1, 2013. Application at 4.

THE APPLICATION

Avista's existing PCA methodology was approved in June 2007. Order No. 30361. In that Order, the Commission approved the concept of a single PCA rate adjustment. The Commission also approved the PCA deferral recovery on a uniform cents per kilowatt-hour basis. Last year's PCA application resulted in a credit or rebate to customers of 0.09 cents per kWh.

The Company's current Application outlines the power cost deferrals, including interest, for the July 1, 2012 through June 30, 2013 deferral period:

Power Cost Deferrals	(\$3,875,180)
Interest	(22,309)
Rebate/Credit Balance at June 30, 2013	(\$3,897,489)

Application at 3. The Company's Application included copies of its monthly PCA deferral report for the deferral period July 2012 through June 2013. *Id.*

Based upon the credit/rebate balance of \$3.897 million, the Company proposes to increase the existing PCA credit/rebate by 0.062 cents per kWh to a total rebate of 0.152 cents per kWh effective October 1, 2013. *Id.* at 3-4. The average residential customer using 930 kWh per month would see his or her monthly electric bill decrease from \$78.69 to 78.11, a decrease of \$.58 per month.

STAFF RECOMMENDATION

Given the proposed increase to the PCA rate credit, Staff concurs that the case can be processed under Modified Procedure. Staff suggests comments be due September 11, 2013.

COMMISSION DECISION

Does the Commission wish to process Avista's annual PCA Application via Modified Procedure with a comment deadline of September 11, 2013?



Don Howell
Deputy Attorney General

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