



By Order No. 23738 issued in Case Nos. WWP-E-89-6, IPC-E-89-11 and UPL-E-89-5 issued June 17, 1991, the Commission approved the methodology utilized by Water Power (now Avista) in annual Colstrip adjustable avoided cost rate submittals. The Commission indicated that future adjustable rate updates would require only a single filing by Water Power, with copies and party status provided to Idaho Power and PacifiCorp. The Commission directed that all applications for future or subsequent annual updates be filed by June 1 with the effective date for the new adjustable rate to be July 1. Under the established practice, the revised updated calculations set forth in Avista's April 28, 2000 filing are recognized as being submitted also for approval for Idaho Power and PacifiCorp dba Utah Power & Light Company.

Avista represents that the Colstrip adjusted avoided cost rate calculated on actual 1999 costs changed from 8.86 mill/kWh to 10.51 mill/kWh. Coal costs increased 22.85% from \$6.96/MWh to \$8.55/MWh. Variable O&M costs decreased 1.35%. Generation increased 0.152%.

### **Adjustable Rates–Sumas**

By Order Nos. 25883, 25884 and 25882 issued in Case Nos. WWP-E-93-10, IPC-E-93-28 and UPL-E-93-3/UPL-E-93-7 on January 31, 1995, respectively, the Commission determined that the adjustable portion of avoided cost rates for future projects should be based on annual average gas prices indexed at Sumas, Washington. The purpose of including an adjustable component in the avoided cost rates is to capture annual changes in natural gas fuel costs. Under the Commission approved SAR avoided cost methodology, the adjustable portion of avoided cost rates is the same for all of Idaho's major electric utilities and an annual filing is required.

Water Power (now Avista), in consultation with the Commission Staff, devised a methodology for making annual adjustments, which was accepted by the Commission in Order No. 26135 in Case Nos. WWP-E-95-3/IPC-E-95-7/UPL-E-95-2. As reported by Avista in its annual filing of April 28, 2000, the 1999 annual average gas price indexed at Sumas, Washington was \$2.15/mmBtu resulting in an increase of \$0.54/mmBtu. The previously approved base gas price of \$2.26/mmBtu plus the \$0.54/mmBtu increase results in a gas price of \$2.80/mmBtu for 2000-2001 year. This by Staff's calculation, equates to an SAR fuel cost of 20.58 mills/kWh as used in the model. The difference in the Sumas average price and the new base gas price is the

result of a timing difference and the use of a trailing average. A proposed schedule of revised rates and a detailed sheet of variables for each utility was prepared by Staff and reviewed by the utilities. As reflected in letters filed with the Commission, all utilities concur with Staff's variable adjustment calculations.

### **COMMISSION FINDINGS**

The Commission has reviewed and considered the filings of record in Case Nos. AVU-E-99-3, IPC-E-99-5 and UPL-E-99-2. We find that the accuracy of the variable rate methodology figures submitted by Avista in this case has not been challenged

The Commission notes that pursuant to comments filed in last years docket for the adjustable rate revision a separate generic electric docket (GNR-E-99-1) was established as a place marker for further investigation into the continued reasonableness of using actual Colstrip variable operating costs for determining the adjustable portion of avoided costs for the specific generation of existing contracts utilizing same. Also to be explored in that case was the availability of a reasonable and acceptable substitute or index, the use of which would result in an avoided cost rate as defined in Sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978 (PURPA) and the implementing Rules and Regulations of the Federal Energy Regulatory Commission. The Commission is apprised that the established docket remains active and continues to be used for discovery purposes. We find that it is reasonable to continue with the existing methodology until such time as a factual record is developed supporting a change in methodology, including a determination as to whether the variable rate methodology can be changed independent of the fixed rate.

The methodology that this Commission has approved for determining the variable components of the avoided cost rate is a relatively simple arithmetic recalculation. We find, based upon our review of the calculations of both the Colstrip and Sumas updates, that the resulting adjustable rates are fair, just and reasonable. Attached to this Order as Appendices A, B and C are the tables showing the adjustable rates as updated by Avista's filing for Avista, Idaho Power and PacifiCorp, respectively.

## **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities—Washington Water Power Division, Idaho Power Company and PacifiCorp dba Utah Power & Light Company, electric utilities, pursuant to the authority and power granted it under Title 61 of the Idaho Code, and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from qualified facilities, and to implement FERC rules.

## **ORDER**

In consideration of the foregoing and as more particularly described, IT IS HEREBY ORDERED that the Colstrip related adjustable portion of the avoided cost rate for existing contracts and the Sumas related adjustable portion of the avoided cost rates for Avista, Idaho Power and PacifiCorp dba Utah Power & Light Company are changed effective July 1, 2000, as outlined in the attached schedules.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this  
day of June 2000.

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DENNIS S. HANSEN, PRESIDENT

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MARSHA H. SMITH, COMMISSIONER

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PAUL KJELLANDER, COMMISSIONER

ATTEST:

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Myrna J. Walters  
Commission Secretary

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