

1. The Rathdrum Turbine would be included in the PCA based on “actual” generation and “actual” fuel costs on a prospective basis beginning September 1, 2000.
2. There would be no adjustments to the PCA balancing account related to the Rathdrum turbine, Centralia or Kettle Falls for the period prior to September 1, 2000.
3. Centralia would be included in the PCA based on “authorized” generation and “authorized” fuel costs.
4. Colstrip and Kettle Falls would be included in the PCA to track 90% of the difference between “actual” and “authorized” generation and fuel costs beginning September 1, 2000.
5. The trigger for the PCA balancing account would be increased from \$2.2 million to \$3.0 million effective September 1, 2000.

Should the Company and Staff have differences regarding proposed PCA modifications, the Company noted its intention to continue discussions with Staff to attempt to resolve any differences.

Staff

Staff in its initial statement of position states that changes need to be made to the PCA on a going-forward basis to make the PCA more representative of actual Company operations. Staff proposes the following modifications to the PCA:

1. Include the Rathdrum generating station at actual generation and actual fuel costs.
2. Centralia should no longer be dispatched in the PCA model but should be included at normalized levels.
3. The PCA trigger should be reset to \$3 million, which is approximately 2.5% of today’s Idaho jurisdictional revenue requirement.

Staff’s initial position is that there should be no change in the PCA operation of Kettle Falls or Colstrip generating stations.

Agreement

Based on discussions following the filing of its initial statement of position, the Company on October 30, 2000, filed an Agreement reflecting changes to its initial position

recommendations. As reflected in the Agreement, the Company has adopted the changes recommended by Staff. Avista now recommends the following changes to its PCA:

1. Prospective inclusion of Rathdrum turbine in the PCA.

The Rathdrum turbine shall be included in the PCA based on “actual” generation and “actual” fuel costs beginning November 1, 2000. The first PCA entry to reflect this change will occur in the December 2000 PCA Journal, which will be based on actual information for November 2000. There will be no adjustments to historical PCA entries related to the Rathdrum turbine.

2. Centralia

The Centralia steam generating plant shall be included as a PCA resource based on fixed levels of “authorized” generation and “authorized” fuel costs established in the Company’s last general rate case, as has been reflected in the PCA beginning in May 2000 when the plant was sold.

3. Colstrip and Kettle Falls

No modification shall be made to the PCA for Colstrip and Kettle Falls at the present time. These two plants are included in the PCA based on economic dispatch using the incremental operating cost established in the last rate case (authorized incremental operating cost) and the actual short-term market price. If the authorized incremental operating cost is less than the PCA market price, then the units are run in the PCA at the equivalent availability factor established for the plants in the last rate case. Any change in fuel costs is established using the authorized unit price per ton for fuel established in the last rate case.

4. Balance Account Trigger

The trigger amount for rebates and surcharges shall be increased from \$2.2 million to \$3.0 million effective with PCA journal entries beginning in December 2000. The trigger amount was intended to be about 2.5% of revenues. Based on current revenues of roughly \$119 million, a 2.5% trigger should be \$3.0 million.

The Company and Staff being in agreement, it was jointly recommended that the PCA be so modified.

On December 14, 2000, the Commission following its review of the filings of record, initial statements of position and subsequent company agreement in Case No. AVU-E-00-6 issued a Notice of Modified Procedure and solicited public comment on the proposed changes to Avista's PCA methodology. The deadline for filing written comments was December 27, 2000. The Commission Staff was the only party to file comments. Staff in its comments adopted its previously filed initial position with the exception of the date on which Rathdrum was to be first included. Staff in its initial comments proposed September 1, 2000, but has since agreed to November 1, 2000.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. AVU-E-00-6 including the initial statements of position of Avista and Commission Staff and the terms of the Company's subsequent agreement. We find that the Company has adopted Staff's proposed changes and we find those changes to be reasonable. Accordingly, we find that the Rathdrum turbine should be included in the Rathdrum PCA based on "actual" generation and "actual" fuel costs effective November 1, 2000. We also find that Centralia is to be included in the PCA based on "authorized" generation and "authorized" fuel costs. We further find that the trigger in the PCA balancing account should be increased from \$2.2 million to \$3.0 million effective with journal entries beginning with December 2000. We find that the higher trigger amount continues to approximate 2.5% of Idaho revenues.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities—Washington Water Power Division (Idaho), an electric utility, and the issues presented in Case No. AVU-E-00-6 pursuant to the authority granted in Idaho Code, Title 61 and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve the following modifications to Avista's Idaho PCA methodology:

1. The Rathdrum turbine is to be included in the PCA based on "actual" generation and "actual" fuel costs on a perspective basis beginning November 1, 2000. The first PCA entry

to reflect this change will occur in the December 2000 journal, which will be based on actual information for November 2000.

2. The Centralia steam generating plant is to be included as a PCA resource based on fixed levels of “authorized” generation and “authorized” fuel costs established in the Company’s last general rate case (Case No. WWP-E-98-11).

3. The trigger amounts for rebates and surcharges is to be increased from \$2.2 million to \$3.0 million effective with PCA journal entries beginning in December 2000.

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 January 2001.

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

vld/O:AVU-E-00-06_sw4