

Avista Corp.  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170



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IDAHO PUBLIC  
UTILITIES COMMISSION

FILED ELECTRONICALLY AND VIA OVERNIGHT MAIL

July 26, 2010

State of Idaho  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

Attention: Ms. Jean Jewell, Secretary

Case No. AVU-E-10-03  
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation

Enclosed is Avista's Power Cost Adjustment (PCA) annual filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation, as well as a set of Monthly PCA reports for the months of July 2009 through June 2010. Also enclosed is a certificate of service, three copies of a customer notice, and three copies of a press release. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disk.

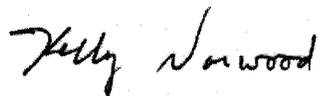
The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2009 through June 30, 2010, and approving a PCA surcharge of 0.532¢ per kilowatt-hour to be effective October 1, 2010. Since the proposed surcharge is spread on a uniform cents per kilowatt-hour basis, the resulting percentage increases vary by rate schedule. The overall increase is 2.61%.

Under the Company's proposal, the surcharge rate for all customers, including residential customers would increase from 0.344¢ per kilowatt-hour to 0.532¢ per kilowatt-hour, or an increase of 0.188¢ per kilowatt-hour. For an average residential customer using 1,000 kilowatt-hours per month, the monthly increase will be \$1.88. Under present rates, a residential bill for 1,000 kilowatt-hours amounts to \$80.90. With the proposed surcharge in place the monthly bill would be \$82.78, or about 2.32% higher than the bill under present rates.

Please note that Avista has deemed certain supporting documents to be classified as CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 9-340A through 9-340F of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information. As such, Avista is submitting a separate electronic CD containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Idaho rule 67.01.b.

Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood  
Vice President, State and Federal Regulation

Enclosures  
RM

## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have served Avista Corporation's Power Cost Adjustment (PCA) Annual Rate Adjustment Filing by mailing a copy thereof, postage prepaid, to the following:

Ms Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

Pamela Mull  
Vice President & General Counsel  
Clearwater Paper  
601 W. First Ave.  
Suite 1600  
Spokane, WA 99201

Howard Ray  
Technical Services Manager  
Clearwater Paper  
803 Mill Road  
PO Box 1126  
Lewiston, ID 83501-1126

Dated at Spokane, Washington this 26th day of July 2010.

  
\_\_\_\_\_  
Patty Olsness  
Rates Coordinator

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IDAHO PUBLIC UTILITIES COMMISSION

1 David J. Meyer  
2 Vice President and Chief Counsel of  
3 Regulatory and Governmental Affairs  
4 Avista Corporation  
5 1411 E. Mission Avenue  
6 P. O. Box 3727  
7 Spokane, Washington 99220  
8 Phone: (509) 489-0500, Fax: (509) 495-8851

9 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

10 IN THE MATTER OF THE POWER COST )  
11 ADJUSTMENT (PCA) ANNUAL RATE ) CASE NO. AVU-E-10-03  
12 ADJUSTMENT FILING OF AVISTA )  
13 CORPORATION )

14  
15 **I. INTRODUCTION**

16 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),  
17 at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost  
18 Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company  
19 requests the Commission issue an order approving recovery of power costs deferred for the  
20 period July 1, 2009 through June 30, 2010, and approving a PCA surcharge of 0.532¢ per  
21 kilowatt-hour to be effective October 1, 2010. The Company requests that this filing be  
22 processed under the Commission's modified procedure rules.

23 Communications in reference to this Application should be addressed to:

24 Kelly O. Norwood	David J. Meyer
25 Vice President	Vice President and Chief Counsel of
26 State and Federal Regulation	Regulatory and Governmental Affairs
27 Avista Corporation	Avista Corporation
28 1411 E. Mission Avenue	1411 E. Mission Avenue
29 Spokane, Washington 99220	Spokane, Washington 99220
30 Phone: (509) 495-4267	Phone: (509) 489-0500
31 Fax: (509) 495-8851	Fax: (509) 495-8851

32 **II. BACKGROUND**

1 Avista's PCA is used to track changes in revenues and costs associated with variations in  
2 hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract  
3 revenues and expenses. Avista's existing PCA methodology and method of recovery were  
4 approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that case the  
5 Commission approved a change in the PCA methodology from a trigger and cap mechanism to a  
6 single annual PCA rate adjustment filing requirement. The Commission approved the following  
7 procedural schedule for administering the annual PCA filings:

- 8 August 1 Company filing for prior July--June deferral period  
9 September 1 Review and comments by Staff and other interested parties  
10 October 1 Commission Order and effective date of PCA rate adjustment

11 The Commission also approved a change in the method of PCA deferral recovery from a  
12 uniform percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1,  
13 2007 PCA rate change.

14 On July 28, 2008 Avista filed its PCA report for the period July 1, 2007 through June 30,  
15 2008 and requested a surcharge of 0.610¢ per kilowatt-hour effective October 1, 2008. On  
16 September 30, 2008 the Commission issued Order No. 30645 in Case No. AVU-E-08-05,  
17 approving the PCA surcharge of 0.610¢ per kilowatt-hour effective October 1, 2008. The PCA  
18 surcharge was then reduced to 0.344¢ per kilowatt-hour effective August 1, 2009, to partially  
19 mitigate the general rate increase that was approved by Order No. 30856 in Case No. AVU-E-  
20 09-01, dated July 17, 2009.

21 On July 30, 2009 Avista filed its annual PCA report for the period of July 1, 2008  
22 through June 30, 2009 and requested that the PCA rate established by Order No. 30856 remain in  
23 effect until the Company's next annual PCA filing establishes a new rate to be effective on

1 October 1, 2010. The Commission approved that proposal in Case No. AVU-E-09-07, by Order  
2 No. 30919, dated October 7, 2009.

3 **III. DEFERRALS – JULY 1, 2009 THROUGH JUNE 30, 2010**

4 The amount of power cost deferrals for the period July 1, 2009 through June 30, 2010 is  
5 shown below, as well as interest for the same period. Mr. Johnson's testimony provides an  
6 explanation of the factors causing the deferral entries for the period. Mr. McKenzie's testimony  
7 addresses the Centralia refund and interest amount.

8	Deferrals (July 2009 - June 2010)	\$16,613,904
9	Centralia refund	<u>-189,607</u>
10	Subtotal	16,424,297
11	Interest	<u>121,794</u>
12	Balance at June 30, 2010	<u>\$16,546,091</u>

13 Monthly reports have been filed with the Commission regarding actual PCA deferral  
14 entries to date. An additional copy of those reports for the months of July 2009 through June  
15 2010 have been included with this filing and have also been provided to Clearwater Paper  
16 Corporation.

17 **IV. PROPOSED SURCHARGE TO BE EFFECTIVE OCTOBER 1, 2010**

18 The Company is proposing a uniform cents per kilowatt-hour PCA surcharge of 0.532¢ to  
19 be effective October 1, 2010. Attached as Exhibit "A" is a copy of the proposed tariff, Schedule 66  
20 (Twelfth Revision), which contains the proposed PCA surcharge rate. Also included in Exhibit  
21 "A" is a tariff sheet that shows the proposed changes to Schedule 66 (Eleventh Revision) by the  
22 use of strikeouts and underlining. Page 2 of Mr. McKenzie's Exhibit No. \_\_\_ (RLM-1) shows the  
23 calculation of the proposed surcharge. The proposed surcharge is designed to recover the  
24 deferrals for the period July 1, 2009 through June 30, 2010, as well as the unrecovered balance

1 related to the July 1, 2008 through June 30, 2009 deferral period, and interest during the recovery  
2 period of October 1, 2010 through September 30, 2011.

3 Since the proposed surcharge is spread on a uniform cents per kilowatt-hour basis, the  
4 resulting percentage increases vary by rate schedule. Page 1 of Mr. McKenzie's Exhibit No. \_\_\_\_  
5 (RLM-1) shows the effect of the proposed PCA surcharge by rate schedule. The proposed  
6 surcharge is 0.532¢ per kilowatt-hour, which is 0.188¢ per kilowatt-hour more than the existing  
7 surcharge of 0.344¢ per kilowatt-hour. Column (f) on page 1 of Exhibit No. \_\_\_\_ (RLM-1) shows  
8 the percentage increases by rate schedule. The overall increase is 2.61%.

9 Under the Company's proposal, the surcharge rate for all customers, including residential  
10 customers will increase from 0.344¢ per kilowatt-hour to 0.532¢ per kilowatt-hour, or an  
11 increase of 0.188¢ per kilowatt-hour. For an average residential customer using 1,000 kilowatt-  
12 hours per month, the monthly increase will be \$1.88. Under present rates, a residential bill for  
13 1,000 kilowatt-hours amounts to \$80.90. With the proposed surcharge in place the monthly bill  
14 would be \$82.78, or about 2.32% higher than the bill under present rates.

#### 15 **V. REQUEST FOR RELIEF**

16 The Company requests the Commission issue an order approving recovery of power costs  
17 deferred for the period July 1, 2009 through June 30, 2010, and approving a PCA surcharge of  
18 0.532¢ per kilowatt-hour to be effective October 1, 2010. The Company requests that the matter  
19 be processed under the Commission's Modified Procedure rules through the use of written  
20 comments.

1 Dated at Spokane, Washington this 26<sup>th</sup> day of July 2010.

2  
3 AVISTA CORPORATION

4 BY   
5 \_\_\_\_\_  
6 Kelly Norwood  
7 Vice President  
8 State and Federal Regulation  
9



Case No. AVU-E-10-03

Exhibit "A"

AVISTA CORPORATION  
d/b/a Avista Utilities

**SCHEDULE 66**

**TEMPORARY POWER COST ADJUSTMENT - IDAHO**

**APPLICABLE:**

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

**MONTHLY RATE:**

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be increased by 0.532¢ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be increased by 0.532¢ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

**SPECIAL TERMS AND CONDITIONS:**

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 26, 2010

Effective October 1, 2010

Issued by Avista Utilities  
By

Kelly O. Norwood – Vice President, State & Federal Regulation

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be increased by ~~0.344¢~~ per kilowatt-hour in all blocks of these rate schedules.

0.532¢

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be increased by ~~0.344¢~~ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

0.532¢

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 24, 2009

Effective August 1, 2009

Issued by Avista Utilities  
By

Kelly O. Norwood – Vice President, State & Federal Regulation