

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

<b>IN THE MATTER OF THE POWER COST</b>	)	
<b>ADJUSTMENT (PCA) ANNUAL RATE</b>	)	<b>CASE NO. AVU-E-11-03</b>
<b>ADJUSTMENT FILING OF AVISTA</b>	)	
<b>CORPORATION</b>	)	<b>NOTICE OF APPLICATION</b>
	)	
	)	<b>NOTICE OF</b>
	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 32328</b>

---

On July 28, 2011, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. Avista requests an Order approving an overall reduction in its PCA surcharge of 5.99% with a proposed effective date of October 1, 2011. Application at 4. The Company requests that its Application be processed by Modified Procedure.

### NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista's PCA mechanism is used to track changes in revenues and costs associated with variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenues and expenses. The Company's existing PCA methodology and method of recovery were approved in 2007 in Case No. AVU-E-07-01 (Order No. 30361). In that case, the Commission approved a change in the PCA methodology from a trigger and cap mechanism to a single annual PCA rate adjustment filing requirement. The Commission also approved a change in the method of PCA deferral recovery from a uniform percentage basis to a uniform cents per kWh basis.

YOU ARE FURTHER NOTIFIED that the proposed 0.072¢/kWh PCA surcharge will replace an existing 0.532¢/kWh surcharge, for a decrease of 0.460¢/kWh (or 5.99%). The proposed surcharge is designed to recover power costs deferred by the Company for the period of July 1, 2010 through June 30, 2011, as well as the unrecovered balance related to the July 1, 2009 through June 30, 2010 deferral period, and interest during the recovery period of October 1, 2011 through September 30, 2012.

YOU ARE FURTHER NOTIFIED that when calculating power supply expenses, the Company noted that higher hydro generation decreased power supply expenses during the deferral period. However, the hydro-related decrease was offset by increases associated with the

NOTICE OF APPLICATION  
NOTICE OF MODIFIED PROCEDURE  
ORDER NO. 32328

Lancaster plant's fixed-cost, thermal fuel costs at Colstrip and Kettle Falls, and the effect of declining power prices.<sup>1</sup>

YOU ARE FURTHER NOTIFIED that the actual percentage decrease will vary by rate schedule as shown below.

<b>Customer Group (Schedule)</b>	<b>Percentage Decrease</b>
Residential (Schedule 1)	-5.19%
General Service (Schedules 11, 12)	-4.49%
Large General Service (Schedules 21, 22 )	-5.73%
Extra Large General Service (Schedule 25)	-8.03%
Clearwater (Schedule 25P)	-8.80%
Pumping Service (Schedules 31, 32)	-5.26%
Street and Area Lights (Schedules 41-49)	-1.88%

Under the Company's proposal, an average residential customer using 956 kWh per month will experience a decrease in their monthly bill of \$4.40.

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal evidentiary hearing in this matter and will proceed under Modified Procedure pursuant to the Commission's Rules of Procedure 201 through 204, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure (with written comments) has proven to be an effective means for obtaining public input and participation in cases of this nature.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than September 21, 2011**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the parties at the addresses reflected below:

---

<sup>1</sup> Lancaster costs are currently being recovered through the PCA because the power purchase agreement became effective after base rates were established in Case No. AVU-E-09-01. Stipulation and Settlement at 10, approved by Order No. 30856.

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:  
472 W. Washington Street  
Boise, ID 83702-5918

Kelly O. Norwood  
Vice President State and Federal Regulation  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, WA 99220  
E-mail: [kelly.norwood@avistacorp.com](mailto:kelly.norwood@avistacorp.com)

David J. Meyer  
Vice President and Chief Counsel of  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, WA 99220  
E-mail: [david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the form, using the case number as it appears on the front of this document. E-mail comments should also be sent to Avista at the addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and other workpapers are also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-118, 61-119, 61-502, and 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

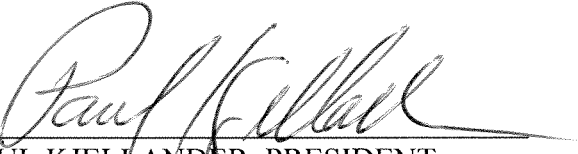
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

NOTICE OF APPLICATION  
NOTICE OF MODIFIED PROCEDURE  
ORDER NO. 32328

## ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments must do so no later than September 21, 2011.

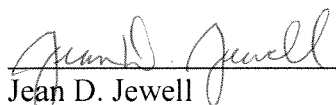
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18<sup>th</sup> day of August 2011.

  
PAUL KJELLANDER, PRESIDENT

  
MACK A. REDFORD, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:AVU-E-11-03\_kk