

DECISION MEMORANDUM

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

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: AUGUST 17, 2012

SUBJECT: AVISTA CORPORATION'S ANNUAL POWER COST ADJUSTMENT
(PCA) FILING, CASE NO. AVU-E-12-06

On July 31, 2012, Avista Corporation (“Avista” or “Company”) filed its annual Power Cost Adjustment (“PCA”) and requested a Commission Order approving the recovery of power costs deferred for the period of July 1, 2011 through June 30, 2012, and a rebate of 0.090¢ per kilowatt-hour (kWh) to be effective October 1, 2012. *Application* at 1. The Company estimates an overall decrease of 2.17%. *Id.* at 4. The Company requests that its Application be processed through Modified Procedure. *Id.* at 1.

THE FILING

Avista’s Application states that its “existing PCA methodology and method of recovery were approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007.” *Id.* at 2. In that case, the Commission “approved a change in the method of PCA deferral recovery from a uniform percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1, 2007 PCA rate change.” *Id.*

The Company’s Application outlines the power cost deferrals, including interest, for the July 1, 2011 through June 30, 2012 deferral period:

Deferrals (July 2011 - June 2012)	\$(3,170,099)
Interest	(21,812)
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PCA deferral balance as of June 30, 2012	\$(3,191,911)

Id. at 3. In its filing, Avista include copies of its monthly PCA deferral reports for the months of July 2011 through June 2012. *Id.*

Attached as Exhibit A to Avista's filing, is a copy of the Company's proposed tariff "proposing a uniform cents per kilowatt-hour PCA rebate of 0.090¢ to be effective October 1, 2012." *Id.* Avista states that the "proposed rebate is designed to pass through the deferrals for the period July 1, 2011 through June 30, 2012, as well as the unrecovered balance related to the July 1, 2010 through June 30, 2011 deferral period, and interest during the recovery period of October 1, 2012 through September 30, 2013." *Id.*

Avista's Application also includes the direct testimony of Ronald L. McKenzie, Regulatory Account Manager, and William G. Johnson, Power Contracts Analyst. Mr. McKenzie's direct testimony "shows the effect of the proposed PCA rebate by rate schedule." *Id.* "The proposed rebate of 0.090¢ per kilowatt-hour . . . is 0.162¢ per kilowatt-hour less than the existing surcharge of 0.072¢ per kilowatt-hour." *Id.* at 3-4. Specifically, Avista claims that "residential customers using an average of 939 kilowatt-hours per month would see their monthly bills decrease from \$80.56 to \$79.04, a decrease of \$1.52 per month, or 1.89%." *Id.* at 4.

COMMISSION DECISION

Does the Commission wish to process Avista's PCA Application through Modified Procedure with a comment deadline of September 21, 2012?



Neil Price
Deputy Attorney General

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