

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR)	CASE NO. AVU-E-13-04
AUTHORITY TO AMEND ITS ANNUAL)	
POWER COST ADJUSTMENT (PCA) RATES)	NOTICE OF APPLICATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32873

On July 31, 2013, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. Since 1989, the PCA mechanism has permitted Avista to adjust its PCA rates upward or downward to reflect changes in the Company's annual "power supply costs." Because of its reliance on hydroelectric and natural gas-fired generation, Avista's annual cost of providing electricity (its power supply costs) varies from year-to-year depending on changes in streamflows, thermal fuel costs, the market price of power, and changes in power contract revenue and expenses. Application at 2. The annual PCA rate is combined with the Company's "base rates" to produce a customer's overall energy rate.

In this PCA Application, Avista calculates that its annual power costs for the period of July 1, 2012 through June 30, 2013, have decreased by about \$3.8 million. Consequently, the Company is requesting that the Commission approve recovery of its deferral power costs for the period and that the existing PCA customer credit be increased from 0.09 cents per kilowatt-hour (kWh) to 0.152 cents per kWh (a credit increase of 0.062 cents per kWh) under tariff Schedule 66. Because PCA rate adjustments are spread on a uniform cents per kWh basis, the Company calculates that the PCA credit results in an overall PCA rate decrease of 0.83%.

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YOU ARE HEREBY NOTIFIED that Avista's existing PCA methodology was approved in Order No. 30361 issued in June 2007. In that Order, the Commission approved the concept of a single PCA rate adjustment. The Commission also approved the PCA deferral recovery on a uniform cents per kilowatt-hour basis. Last year's PCA application resulted in a credit or rebate to customers of 0.09 cents per kWh.

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YOU ARE FURTHER NOTIFIED that the Company's power supply expenses were lower than expected and results in an additional rebate of \$3,897,489 for Idaho customers. Application at 3. The Company reports that the lower power costs were due primarily to above-normal hydro generation, lower natural gas prices, and lower costs for operating the Colstrip and Kettle Falls generating plants. Johnson Direct at 2-3. Partially offsetting these lower costs were costs for bringing the new Palouse wind project on-line and Avista's fuel hedging program. Johnson Direct at 2-4.

YOU ARE FURTHER NOTIFIED that the Company proposes that the PCA credit or rebate for all customers in tariff Schedule 66 increase from 0.09 cents per kWh to a rebate of 0.152 cents per kWh, or an increase in the rebate of 0.062 cents per kWh. Because PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage decrease in billed revenue varies by tariff schedule. The overall decrease in the PCA rate is 0.83%. See Exh. PDE-1.

YOU ARE FURTHER NOTIFIED that the Company calculates that the average residential customer using 930 kWh per month will experience a monthly decrease caused by the PCA rebate of \$.58.¹

YOU ARE FURTHER NOTIFIED that the Company's Application is supported by the testimony of several witnesses. This testimony and the Company's calculation supporting its increase in the PCA rebate are available for public inspection. The Company proposes an effective date of October 1, 2013, and requests that its Application be processed under Modified Procedure.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules

¹ On July 30, 2013, Avista also filed two other proposals to change its electric rates. First, the Company proposed to increase its Energy Efficiency Rider (tariff Schedule 91) by approximately 1.2% (or a total amount of \$2.6 million). Case No. AVU-E-13-05. Avista also proposed to adjust its Residential Exchange Program (REP) credit (tariff Schedule 59) to reflect a decrease in BPA-derived benefits from the federal Columbia River power system to residential and small farm customers. Reducing the level of benefits from BPA's Residential Exchange Program will result in a net reduction of the benefit of approximately \$1.1 million, or approximately 0.5%. The reduction in the BPA credit is a federal "pass-through" not subject to this Commission's approval. Avista Tariff Advice No. 13-05-E. The requested effective date for both these rate changes is October 1, 2013 – the same requested effective date of this PCA Application.

of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

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 11, 2013**. 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 Applicant at the addresses reflected below:

Commission Secretary Idaho Public Utilities Commission PO Box 83720 Boise, ID 83720-0074	Kelly O. Norwood Vice President of State & Federal Regulation Avista Corporation 1411 E. Mission Avenue Spokane, WA 99220-3727 E-mail: kelly.norwood@avistacorp.com
Street Address for Express Mail:	

472 W. Washington Street Boise, ID 83702-5918	David J. Meyer Vice President and Chief Counsel of Regulatory and Government Affairs Avista Corporation 1411 E. Mission Avenue Spokane, WA 99220-3727 E-mail: david.meyer@avistacorp.com
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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. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail 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 and supporting workpapers, testimonies 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 testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-307, 61-503 and 61-622. 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.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments or protests in this matter must do so no later than September 11, 2013.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of August 2013.



PAUL KJELLANDER, PRESIDENT




MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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