

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)	ORDER NO. 32892
)	

On July 31, 2013, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. The PCA is an annual adjustment mechanism that tracks changes in the Company's hydro generation, thermal fuel costs, secondary prices, and changes in power contract revenue and expenses. Application at 2. In its Application, the Company requested that the Commission approve recovery of its deferred power costs for the period of July 1, 2012 through June 30, 2013, and increase the existing PCA customer credit from 0.09 cents per kilowatt-hour (kWh) to 0.152 cents per kWh (a credit increase of 0.062 cents per kWh). This represents a PCA rate decrease (i.e., a cumulative PCA credit/rebate) to customers of about \$3.89 million. 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%. The Company requested that the Commission issue its Order approving the PCA Application to become effective on October 1, 2013.

On August 13, 2013, the Commission issued its Notice of Application and Notice of Modified Procedure requesting written comments no later than September 11, 2013. Order No. 32873. In response to the Commission's Notice of Modified Procedure, the only comments filed were submitted by the Commission Staff. Based upon our review, the Commission approves the Application to reduce the PCA rates.

THE APPLICATION

Avista's existing PCA methodology was approved in June 2007. Order No. 30361. 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.

The Company's current Application outlines the power cost deferrals, including interest, for the July 1, 2012 through June 30, 2013 deferral period:

Power Cost Deferrals	(\$3,875,180)
Interest	(22,309)
Rebate/Credit Balance at June 30, 2013	(\$3,897,489)

Application at 3. The Company's Application included copies of its monthly PCA deferral report for the deferral period July 2012 through June 2013. *Id.*

Based upon the credit/rebate balance of \$3.897 million, the Company proposes to increase the existing PCA credit/rebate by 0.062 cents per kWh to a total rebate of 0.152 cents per kWh effective October 1, 2013. *Id.* at 3-4. The average residential customer using 930 kWh per month would see his or her monthly electric bill decrease from \$78.69 to 78.11, a decrease of \$.58 per month. The Company-proposed overall average rate decrease of 0.83% would vary by rate schedule as shown below.

Customer Group (Schedule)	Percentage Decrease
Residential (Schedule 1)	-0.74%
General Service (Schedules 11, 12)	-0.66%
Large General Service (Schedules 21, 22)	-0.82%
Extra Large General Service (Schedule 25)	-1.21%
Clearwater (Schedule 25P)	-1.37%
Pumping Service (Schedules 31, 32)	-0.69%
Street and Area Lights (Schedules 41-49)	-0.25%
Average	-0.83%

STAFF COMMENTS

Staff reviewed and audited the expense amounts included in the deferral balance in this case for the period of July 2012 through June 2013. Based on its review of these transactions, Staff concluded that the booked amounts appear reasonable. Staff agreed that the Company had correctly calculated the proposed deferral amount of \$3,897,489, as set out below. Staff Comments at 3.

1. FERC Account 555 - Purchased Power	\$49,633,797
2. FERC Account 501 - Thermal Fuel	(1,033,536)
3. FERC Account 547 - CT Fuel	(4,834,966)
4. FERC Account 447 - Sales for Resale	(40,058,895)
5. All Clearwater Revenues and Expenses	(5,637,769)
6. Resource Optimization - Gain on Natural Gas Resold	(955,643)
7. Idaho Retail Revenue Adjustment	(841,960)
8. Net Transmission Revenue and Expense	(146,208)
9. Interest during deferral period	<u>(22,309)</u>
10. Total	<u><u>(\$3,897,489)</u></u>

Staff observed that this PCA period also includes two other booked amounts. First, the PCA included a deferred state income tax refund in the amount of \$484,663 pursuant to Order No. 32070. Second, Staff confirmed that the Company properly booked a surcharge amount of \$116,773 representing the under-recovered amount associated with last year's PCA rate. This is a true-up from last year's case. Staff Comments at 6.

Finally, Staff determined that the Company has correctly spread the PCA rate decrease across its customer schedules and agreed that the PCA credit should be increased to .152¢ per kWh. This results in an overall average rate decrease of 0.83%. Consequently, Staff recommended that the Commission approve the Company's Application and implement the increased PCA rate credit effective October 1, 2013.

COMMISSION FINDINGS

The Commission has reviewed Avista's Application and the written comments filed by Staff. Based upon our review, we note that the Company's Application is reasonable and adheres to our prior Orders regarding the methodology to be utilized for the recovery or reimbursement for deferred net power supply costs incurred by the Company. We accept the audited deferral balance of (\$3,897,489). We further find that is fair, just and reasonable to increase the PCA rebate to 0.152¢ per kWh to be effective on October 1, 2013. Increasing the amount of the PCA rebate results in overall average PCA rate decrease of 0.83%.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities and the issues presented in this case pursuant to Idaho Code, Title 61, and specifically *Idaho Code* §§ 61-307, 61-503 and 61-622.

As set out in greater detail above, we find that the current PCA rates are no longer reasonable and order that the PCA rates be reduced as set out in Schedule 66 attached to the Company's Application to become effective October 1, 2013.


ORDER

IT IS HEREBY ORDERED that Avista Corporation's Application for authority to increase the PCA rebate to 0.152¢ per kWh based upon net power supply costs totaling (\$3,897,489) is granted.

IT IS FURTHER ORDERED that the PCA tariff sheets (Schedule 66) attached to the Application are hereby approved to be effective October 1, 2013.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. AVU-E-13-04 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

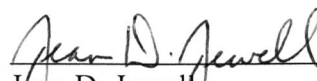
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th day of September 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:AVU-E-13-04_dh2