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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)) **COMMENTS OF THE**
RATES.) **COMMISSION STAFF**
)

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Donald L. Howell II, Deputy Attorney General, submits the following comments in response to Order No. 32873 issued on August 13, 2013.

BACKGROUND

On July 31, 2013, Avista Corporation dba Avista Utilities (“Avista” or “Company”) filed its annual Power Cost Adjustment (“PCA”) requesting a Commission Order approving the rebate of below normal power costs deferred for the period of July 1, 2012 through June 30, 2013. The Company’s Application proposes to increase the customer credit to 0.152¢ per kilowatt-hour effective October 1, 2013.

Avista’s PCA mechanism is used to track changes in revenues and costs associated with variations in hydroelectric generation, power market purchases and sales, thermal fuel costs, changes in power contract revenues and expenses, and other miscellaneous items.

Avista lists the reasons for the decrease in power supply expense as:

- 1) Above normal hydro conditions,
- 2) Lower natural gas prices,
- 3) Lower electric market prices,
- 4) Lower fuel costs at Colstrip, and
- 5) Lower fuel costs at Kettle Falls.

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

| | |
|----------------------------------|----------------------|
| Deferrals (July 2012-June 2013) | \$(3,875,180) |
| Interest | (22,309) |
| PCA Deferral as of June 30, 2013 | <u>\$(3,897,489)</u> |

Avista states that the proposed rebate is designed to pass through the deferral amount for the period July 1, 2012 through June 30, 2013, as well as the unrecovered balance related to the July 1, 2011 through June 30, 2012 deferral period, and estimated interest through September 30, 2014. The proposed 0.152¢/kWh PCA credit will replace an existing 0.090¢/kWh credit, a credit increase of 0.062¢/kWh.

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% |