

Avista Corp.  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
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2014 JUL 30 AM 9:57

IDAHO PUBLIC  
UTILITIES COMMISSION

FILED VIA OVERNIGHT MAIL

July 29, 2014

Ms. Jean D. Jewell, Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

**RE: Case No. AVU-E-14-06  
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation**

Dear Ms. Jewell:

Enclosed for filing with the Commission is Avista's Power Cost Adjustment (PCA) annual filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation. A certificate of service, three copies of a customer notice, and three copies of a press release are also enclosed. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disk.

The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2013 through June 30, 2014, and approving a PCA surcharge of 0.252¢ per kilowatt-hour to be effective October 1, 2014. Under the Company's proposal, the PCA rate for all customers, including residential customers, would increase from a rebate of 0.152¢ per kilowatt-hour to a surcharge of 0.252¢ per kilowatt-hour, or an increase rate of 0.404¢ per kilowatt-hour. Therefore, 38% of the proposed PCA rate adjustment is related to the expiration of a rebate to customers and 62% is related to increased power supply costs over the last twelve months. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage increases vary by rate schedule. The overall increase is 4.99%.

For an average residential customer using 930 kilowatt-hours per month, the monthly increase will be \$3.76. Under present rates, a residential bill for 930 kilowatt-hours amounts to \$81.88. With the proposed surcharge in place the monthly bill would be \$85.64, or 4.59% greater than the bill under present rates<sup>1</sup>.

Please note that Avista has deemed certain supporting documents to be classified as CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 9-340A through 9-340F of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

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<sup>1</sup> On July 30, 2014, Avista filed with the Commission changes to Residential Exchange Program (Schedule 59), which will decrease the average residential customer monthly bill by \$0.31 or 0.4%. The requested effective date for this filing is October 1, 2014, the same requested effective date in this PCA filing.

As such, Avista is submitting a separate electronic CD containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Rule 067.02.b.

Please direct any questions regarding this filing to Jeanne Pluth at (509) 495-2204.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a vertical line and a horizontal line extending to the right.

David J. Meyer

Vice President and Chief Counsel for Regulatory and Governmental Affairs

Enclosures

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Power Cost Adjustment (PCA) Annual Rate Adjustment Filing by mailing a copy thereof, postage prepaid, to the following:

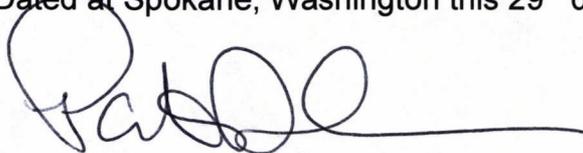
Ms Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

Marv Lewallen  
Clearwater Paper  
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Suite 1100  
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(Excluding Confidential Information)

Dean J. Miller  
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P.O.Box 2564  
Boise, ID 83701  
Email: [joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)  
(Excluding Confidential Information)

Larry A Crowley  
The Energy Strategies Institute Inc  
5549 S. Cliffsedge Ave  
Boise, ID 83716  
Email: [crowlyla@aol.com](mailto:crowlyla@aol.com)  
(Excluding Confidential Information)

Dated at Spokane, Washington this 29<sup>th</sup> day of July 2014.



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Patrick Ehrbar  
Manager, Rates & Tariffs

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IDAHO PUBLIC UTILITIES COMMISSION

1 DAVID J. MEYER  
2 VICE PRESIDENT AND CHIEF COUNSEL FOR  
3 REGULATORY AND GOVERNMENTAL AFFAIRS  
4 AVISTA CORPORATION  
5 1411 E. MISSION AVENUE  
6 P. O. BOX 3727  
7 SPOKANE, WASHINGTON 99220  
8 PHONE: (509) 495-4316, FAX: (509) 495-8851

9 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

10 IN THE MATTER OF THE POWER COST )  
11 ADJUSTMENT (PCA) ANNUAL RATE ) CASE NO. AVU-E-14-06  
12 ADJUSTMENT FILING OF AVISTA ) APPLICATION OF AVISTA  
13 CORPORATION ) CORPORATION  
14  
15

16 **I. INTRODUCTION**

17 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),  
18 at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost  
19 Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company  
20 requests the Commission issue an order approving the level of power costs deferred in the  
21 surcharge direction for the period July 1, 2013 through June 30, 2014, and approving a PCA  
22 surcharge of 0.252¢ per kilowatt-hour to be effective October 1, 2014. The Company requests  
23 that this filing be processed under the Commission's Modified Procedure Rules.

24 Communications in reference to this Application should be addressed to:

25 Kelly O. Norwood  
26 Vice President  
27 State and Federal Regulation  
28 Avista Corporation  
29 1411 E. Mission Avenue  
30 Spokane, Washington 99220  
31 Phone: (509) 495-4267  
32 Fax: (509) 495-8851

David J. Meyer  
Vice President and Chief Counsel for  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, Washington 99220  
Phone: (509) 495-4316  
Fax: (509) 495-8851

1 **II. BACKGROUND**

2 Avista's PCA is used to track changes in revenues and costs associated with variations in  
3 hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract  
4 revenues and expenses. Avista's existing PCA methodology and method of recovery were  
5 approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that case the  
6 Commission approved a change in the PCA methodology from a trigger and cap mechanism to a  
7 single annual PCA rate adjustment filing requirement. The Commission approved the following  
8 procedural schedule for administering the annual PCA filings:

9 August 1 Company filing for prior July – June deferral period

10 September 1 Review and comments by Staff and other interested parties

11 October 1 Commission Order and effective date of PCA rate adjustment

12 The Commission also approved a change in the method of PCA deferral recovery from a  
13 uniform percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1,  
14 2007 PCA rate change. By Order No. 32206 in Case No. GNR-E-10-03 dated March 15, 2011,  
15 the Commission modified the retail revenue credit methodology and approved a Load Change  
16 Adjustment Rate based on the energy classified portion of embedded production revenue  
17 requirement effective April 1, 2011.

18 The existing PCA rebate was made effective on October 1, 2013. On July 31, 2013, in  
19 Case No. AVU-E-13-04, Avista filed its annual PCA report for the period July 1, 2012 through  
20 June 30, 2013 and requested a PCA rebate of 0.152¢ per kilowatt-hour effective October 1, 2013.  
21 The Commission approved that proposal by Order No. 32892, dated September 19, 2013.

1 **III. DEFERRALS – JULY 1, 2013 THROUGH JUNE 30, 2014**

2 The amount of power cost deferrals for the period July 1, 2013 through June 30, 2014 is  
3 shown below, as well as interest for the same period. Company witness Mr. Johnson’s testimony  
4 provides an explanation of the factors causing the deferral entries for the period. Company  
5 witness Ms. Pluth’s testimony addresses the interest amount.

6	Deferrals (July 2013 - June 2014)	7,705,909
7	Interest	<u>63,725</u>
8	Rebate Balance at June 30, 2014	<u>\$7,705,909</u>

9 Monthly reports have been filed with the Commission regarding actual PCA deferral  
10 entries to date. An additional copy of those reports for the months of July 2013 through June  
11 2014 have been included with this filing and have also been provided to Clearwater Paper  
12 Corporation.

13 **IV. PROPOSED SURCHARGE TO BE EFFECTIVE OCTOBER 1, 2014**

14 The Company is proposing a uniform cents per kilowatt-hour PCA surcharge of 0.252¢ to  
15 be effective October 1, 2014. Attached as Exhibit “A” is a copy of the proposed tariff, Schedule  
16 66 (Sixteenth Revision), which contains the proposed PCA surcharge rate. Also included in  
17 Exhibit “A” is a tariff sheet that shows the proposed changes to Schedule 66 (Fifteenth Revision)  
18 by the use of strikeouts and underlining. Page 1 of Ms. Pluth’s Exhibit No. \_\_\_ (JMP-1) shows  
19 the calculation of the proposed surcharge. The proposed surcharge is designed to collect a) the  
20 deferrals for the period July 1, 2013 through June 30, 2014, b) recovery of the estimated rebate to  
21 customers in excess of the rebate balance for the October 1, 2013 to September 30, 2014 rate  
22 period, c) estimated interest to be recorded during the twelve months the surcharge will be in  
23 effect (October 1, 2014 through September 30, 2015), and d) an adjustment to correct an error  
24 related to the allocation of natural gas transport costs between the Company’s power supply

1 operations and the Company's natural gas distribution operations. In addition, the proposed  
2 surcharge has been adjusted to reflect the \$713,000 credit for the 2013 earning test, that has been  
3 proposed in Docket No. AVU-E-14-05.

4 Since PCA rate changes are spread on a uniform cents per kilowatt-hour basis, the  
5 resulting percentage increases vary by rate schedule. Page 1 of Ms. Pluth's Exhibit No. JMP-1  
6 shows the effect of the proposed PCA rebate by rate schedule. The proposed surcharge is 0.252¢  
7 per kilowatt-hour, which is 0.404¢ per kilowatt-hour greater than the existing rebate of 0.152¢  
8 per kilowatt-hour. Therefore, 38% of the proposed PCA rate adjustment is related to the  
9 expiration of a rebate to customers and 62% is related to increased power supply costs over the  
10 last twelve months. Column (f) on page 1 of Exhibit No. JMP-1 shows the percentage increases  
11 by rate schedule. The overall increase is 4.99%.

12 Residential customers using an average of 930 kilowatt-hours per month would see their  
13 monthly bills increase from \$81.88 to \$85.64, an increase of \$3.76 per month, or 4.59%. These  
14 impacts do not include other proposed rate changes to become effective on October 1, 2014.<sup>1</sup>

## 15 **V. REQUEST FOR RELIEF**

16 The Company requests the Commission issue an order approving the level of power costs  
17 deferred in the surcharge direction for the period July 1, 2013 through June 30, 2014, and  
18 approving a PCA surcharge of 0.252¢ per kilowatt-hour to be effective October 1, 2014. The  
19 Company requests that the matter be processed under the Commission's Modified Procedure  
20 rules through the use of written comments.

---

<sup>1</sup> On July 30, 2014, Avista filed with the Commission changes to Residential Exchange Program (Schedule 59), which will decrease the average residential customer monthly bill by \$0.31 or 0.4%. The requested effective date for this filing is October 1, 2014, the same requested effective date in this PCA filing.

1 Dated at Spokane, Washington this 29th day of July 2014.

2 AVISTA CORPORATION

3  
4 BY   
5 David J. Meyer  
6 Vice President and Chief Counsel  
7 for Regulatory and Governmental Affairs  
8



Case No. AVU-E-14-\_\_

Exhibit "A"

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be increased by 0.252¢ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be increased by 0.252¢ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 29, 2014

Effective October 1, 2014

Issued by Avista Utilities

By

*Kelly Norwood*

Kelly O. Norwood – Vice President, State & Federal Regulation

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be ~~increased~~ decreased by ~~0.252¢~~ 0.152¢ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be ~~increased~~ decreased by ~~0.252¢~~ 0.152¢ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 29, ~~2014~~ 2013

Effective October 1, ~~2014~~ 2013

Issued by Avista Utilities  
By

Kelly O. Norwood – Vice President, State & Federal Regulation