

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S APPLICATION TO)	CASE NO. AVU-E-14-06
ADJUST ITS ANNUAL POWER COST)	
ADJUSTMENT (PCA) RATES)	NOTICE OF APPLICATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33095

On July 30, 2014, Avista Corporation dba Avista Utilities (the Company) filed its annual Power Cost Adjustment (PCA) Application. The Company asks the Commission to approve a PCA surcharge of 0.252¢ per kilowatt-hour (kWh) that would enable the Company to recover the power costs that it deferred from July 1, 2013 through June 30, 2014. The Company asks that its Application be processed by Modified Procedure, and that the new PCA rates take effect October 1, 2014.

With this Order, the Commission notifies interested persons about the Application and invites them to comment on it until September 15, 2014.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the PCA mechanism allows the Company to increase or decrease its PCA rates to reflect changes in the Company's annual "power supply costs." Because the Company relies on hydroelectric and natural gas-fired generation, its annual cost to provide customers with electricity (its power supply costs) varies from year-to-year depending on changes in streamflows, thermal fuel costs, the market price of power, and power contract revenue and expenses. The Company's annual PCA rate combines with the Company's "base rates" to produce a customer's overall energy rate. The Commission approved the existing PCA methodology 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, the Company's PCA application resulted in a rebate to customers of 0.152¢ per kWh. See Order No. 32892, Case No. AVU-E-13-04.

YOU ARE FURTHER NOTIFIED that in this year's PCA Application, the Company seeks to recover its deferred power costs from July 1, 2013 through June 30, 2014, through a PCA surcharge of 0.252¢ per kilowatt-hour (kWh). Application at 1. The Company explains the PCA rate for all customers, including residential customers, would increase from the existing, 0.152¢ per kWh rebate set in the last PCA case to a 0.252¢ per kWh surcharge, for a 0.404¢ per kWh increase. *Id.* at 3-4. The Company attributes 38% of the proposed PCA rate adjustment to the expiring customer rebate. It attributes the remaining 62% of the proposed PCA rate adjustment to increased power supply costs over the last 12 months. *Id.* at 4. The Company says its increased power supply costs primarily arose from: (1) a forced outage at Colstrip Unit 4 that required the Company to buy replacement power at a higher wholesale price; (2) 90% of the net expense of Palouse Wind flowing through the PCA as a surcharge deferral instead of being included in base rates; and (3) a change in the Company's contract with Clearwater Paper that enables Clearwater to generate into its own load instead of selling its generation to the Company. *See Johnson Direct* at 3-5.

YOU ARE FURTHER NOTIFIED that the Company says its proposal would vary by rate schedule because PCA rate adjustments are spread on a uniform cents per kWh basis. The Company says the overall increase would be 4.99%. The average residential customer using 930 kWh per month would see a 4.59% increase that would increase their monthly bills by \$3.76/month, from \$81.88 to \$85.64.¹ Application at 4.

YOU ARE FURTHER NOTIFIED that the Company asks that its Application be processed under Modified Procedure and that the Commission issue its Order approving the new PCA rates effective October 1, 2014.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the

¹ On July 30, 2014, the Company filed Advice No. 14-04-E and proposed changes to the Residential Exchange Program (Schedule 59) that would decrease the average residential customer's monthly bill by \$0.31 or 0.4%. In that tariff advice, the Company proposes an October 1, 2014 effective date, which is the same effective date proposed in this PCA filing.

page, scroll down to “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. 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.*, including the Modified Procedure rules referenced below.

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 (that is, persons will present their views through written comments) pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules 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 the Commission has not scheduled public informational workshops in this matter. However, if customers request that Staff conduct a workshop, or if numerous public comments are received, one or more workshops may be scheduled. Members of the public will be notified if any workshops are to occur.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application **must file a written comment in support or opposition with the Commission by September 15, 2014**. The comment must contain a statement of reasons supporting the comment. In addition, persons desiring a hearing must specifically request a hearing in their written comments and explain why they believe that Modified Procedure should not be used to process this case. 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

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

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

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

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 Avista 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.

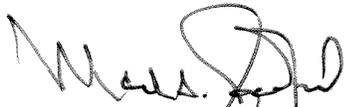
ORDER

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 by September 15, 2014.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th
day of August 2014.



PAUL KJELLANDER, PRESIDENT

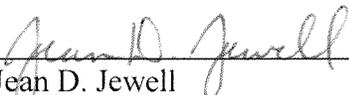


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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