

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER RAPER  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** BRANDON KARPEN  
DEPUTY ATTORNEY GENERAL

**DATE:** AUGUST 18, 2015

**SUBJECT:** AVISTA CORPORATION'S ANNUAL POWER COST ADJUSTMENT  
(PCA) APPLICATION, CASE NO. AVU-E-15-07

On July 31, 2015, Avista Corporation 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.

This year, Avista asks the Commission to approve a PCA rebate of 0.032¢ per kilowatt-hour (kWh) to be effective October 1, 2015. Under Avista's proposal, the PCA rate for all customers, including residential customers, would decrease from a surcharge rate of 0.252¢ per kWh to a rebate rate of 0.032¢ per kWh (a decrease of 0.284¢ per kWh).

Avista relates that, because the PCA rate adjustments are spread on a uniform cents per kWh basis, the resulting percentage decreases vary by rate schedule, with an overall decrease of 3.5%. Avista states that if the Commission approves the Application, the average residential customer using 929 kWh per month will see a \$2.64 per month decrease, from \$85.24 to \$82.60 (or 3.1%). The Company requests that its Application be processed under Modified Procedure and that the Commission issue an Order approving the PCA Application effective on October 1, 2015.

### STAFF RECOMMENDATION

Staff recommends that the case be processed by Modified Procedure, with comments due by September 15, 2015. Avista concurs in this approach.

**COMMISSION DECISION**

Does the Commission wish to process this case by Modified Procedure with a comment deadline of September 15, 2015?

Brandon Karpen  
Brandon Karpen  
Deputy Attorney General

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