

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) **CASE NO. AVU-E-16-05**
AUTHORITY TO AMEND ITS ANNUAL)
POWER COST ADJUSTMENT (PCA) RATES) **NOTICE OF APPLICATION**
))
) **NOTICE OF**
) **MODIFIED PROCEDURE**
))
) **ORDER NO. 33571**

On August 1, 2016, Avista Corporation filed its annual Power Cost Adjustment (PCA) Application. The PCA is an annual adjustment mechanism that tracks changes in the Company's hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenue and expenses. Avista's annual cost of providing electricity (i.e., its power supply costs) vary from year-to-year depending on changes in streamflow, thermal fuel costs, the market price of power, and changes in power contract revenue and expenses. The annual PCA rate is combined with the Company's "base rates" to produce a customer's overall energy rate.

This year, the Company asks the Commission to approve a PCA rebate of 0.017¢ per kWh to be effective October 1, 2016, in place of the .032¢ per kWh approved by Order No. 33389. Under the Company's proposal, the PCA rate for all customers, including residential customers, would *increase* by 0.015¢ per kWh, or a 0.2%. Residential customers using an average of 918 kWh per month would see their monthly bills increase from \$84.72 to \$84.86.¹

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company reports lower power supply expenses than expected, and a credit due to Idaho customers for the sale of renewable energy credits (REC) used to meet Washington's Renewable Energy Portfolio Standards. The lower power supply costs and REC credit is offset by a power purchase agreement the Company has with Clearwater Paper. The net impact of these three items is a net deferral of \$478,103, including interest, for the period of July 2015 through June 2016. Johnson Direct at 2-3.

¹ On May 26, 2016, Avista filed an application seeking an increase in its base rates effective January 1, 2017. See Case No. AVU-E-16-03.

YOU ARE FURTHER NOTIFIED that last year Avista's PCA application resulted in a rebate to customers of 0.032¢ per kWh. In this Application, the Company proposes that the PCA credit or rebate for all customers in tariff Schedule 66 move to a credit of 0.017¢ per kWh. Because the PCA rate adjustments are spread on a uniform cents-per-kilowatt-hour basis the resulting percentage increase in billed revenues varies by customer groups. The overall increase in the PCA rate is 0.2%. Application at 6.

YOU ARE FURTHER NOTIFIED that the Company calculates that the average residential customer using 918 kWh of electricity per month will see a monthly bill increase of 14¢ per month. Small business customers taking service under tariff Schedule 11 and 12 will see an increase in their PCA rates of 0.15%. Exh. PDE-1.

YOU ARE FURTHER NOTIFIED that the Company proposed that its Application be processed under Modified Procedure to become effective on October 1, 2016.

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 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 any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than September 15, 2016**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and Avista 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, State and Federal Regulations
Avista Utilities
1411 E. Mission Avenue
Spokane, WA 99220-3727
E-Mail: kelly.norwood@avistacorp.com

David J. Meyer, Esq.
Vice President and Chief Counsel
Regulatory and Governmental 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 the Company may file reply comments, if necessary, **no later than September 20, 2016**.

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.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to the type of "Open 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 and specifically *Idaho Code* §§ 61-307, 61-503, and 61-622. 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.*

ORDER

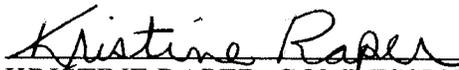
IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments or protests in this matter must do so no later than September 15, 2016.

IT IS FURTHER ORDERED that the Company may file reply comments, if necessary, no later than September 20, 2016.

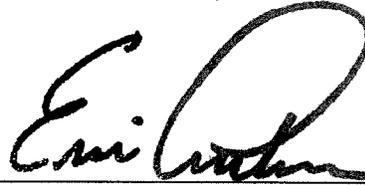
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of August 2016.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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