



Avista Corp.

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IDAHO PUBLIC
UTILITIES COMMISSION

July 31, 2020

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

RE: Case No. AVU-E-20-07

Power Cost Adjustment (PCA) Annual Rate Adjustment Filing of Avista Corporation

Dear Commission Secretary:

In accordance with Case No. GNR-U-20-01, Order No. 34602, which suspends the requirement to file physical copies, the Company has attached for electronic filing with the Commission are the annual Power Cost Adjustment Rate Filing.

The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2019 through June 30, 2020, and approving a PCA surcharge of 0.015¢ per kilowatt-hour to be effective October 1, 2020. Under the Company's proposal, the PCA surcharge rate for all customers, including residential customers, would increase from a rebate rate of 0.058¢ per kilowatt-hour to a surcharge rate of 0.015¢ per kilowatt-hour, or an increase in the rate of 0.073¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage increase varies by rate schedule. The overall increase is approximately \$2.2 million or 0.9%. Residential customers using an average of 898 kilowatt-hours per month would see their monthly bills increase from \$86.27 to \$86.93, an increase of \$0.66 per month, or 0.8%.

Certain supporting documents are CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 74-101 through 74-126 of the

Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

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

Please direct any questions regarding this filing to Annette Brandon at (509) 495-4324 or myself at (509) 495-4620.

Sincerely,

/s/ Patrick Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures



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

9

10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12

13	IN THE MATTER OF THE POWER COST)	
14	ADJUSTMENT (PCA) ANNUAL RATE)	CASE NO. AVU-E-20-07
15	ADJUSTMENT FILING OF AVISTA)	APPLICATION OF AVISTA
16	CORPORATION)	CORPORATION

17

18

19 **I. INTRODUCTION**

20 In accordance with Idaho Code §61-502 and RP 052, Avista Corporation, doing
21 business as Avista Utilities (hereinafter "Avista" or "Company"), at 1411 East Mission
22 Avenue, Spokane, Washington, respectfully files its Power Cost Adjustment (PCA) annual
23 rate adjustment filing in the above referenced case. The Company requests the Commission
24 issue an order approving the level of power costs deferred in the surcharge direction for the
25 period July 1, 2019 through June 30, 2020, and approving a PCA surcharge rate of 0.015¢
26 per kilowatt-hour to be effective October 1, 2020. The Company requests that this filing
27 be processed under the Commission's Modified Procedure Rules.

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

1 David J. Meyer, Esq.
2 Vice President and Chief Counsel for
3 Regulatory & Governmental Affairs
4 Avista Corporation
5 P.O. Box 3727
6 MSC-27
7 1411 E. Mission Ave
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9 Phone: (509) 495-4316
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11 David.Meyer@avistacorp.com
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13 Patrick D. Ehrbar
14 Director of Regulatory Affairs
15 Avista Utilities
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20 Phone: (509) 495-8620
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24 Electronically
25 Dockets@Avistacorp.com
26

27 **II. BACKGROUND**

28 Avista's PCA is used to track changes in revenues and costs associated with
29 variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in
30 power contract revenues and expenses. Avista's existing PCA methodology and method
31 of recovery were approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29,
32 2007. In that case the Commission approved a change in the PCA methodology from a
33 trigger and cap mechanism to a single annual PCA rate adjustment filing requirement.

34 The Commission also approved a change in the method of the PCA deferral rate
35 adjustment from a uniform percentage basis, to a uniform cents per kilowatt-hour basis

1 effective with the October 1, 2007 PCA rate change. By Order No. 32206 in Case No.
2 GNR-E-10-03 dated March 15, 2011, the Commission modified the retail revenue credit
3 methodology and approved a Load Change Adjustment Rate based on the energy classified
4 portion of embedded production revenue requirement effective April 1, 2011.

5 The Commission approved the following procedural schedule for administering the
6 annual PCA filings:

7	August 1	Company filing for prior July – June deferral period
8	September 1	Review and comments by Staff and other interested parties
9	October 1	Commission Order and effective date of PCA rate
10		adjustment

11 The present PCA rebate was made effective on October 1, 2019. On July 30, 2019,
12 in Case No. AVU-E-19-09, Avista filed its annual PCA rate adjustment for the deferral
13 period July 1, 2018 through June 30, 2019 and requested a PCA rebate rate of 0.058¢ per
14 kilowatt-hour, based on an overall rebate of approximately \$1.745 million, effective
15 October 1, 2019. That rebate will end on September 30, 2020. The Commission approved
16 that application in Order No. 34453, dated September 30, 2019.

17 The proposed PCA rate adjustment of 0.015¢ per kilowatt-hour would surcharge to
18 customers approximately \$0.5 million effective October 1, 2020. The surcharge is primarily
19 associated with power supply costs that were higher than those included in retail rates, due
20 to higher wholesale electric and natural gas prices. The net effect of the expiring rebate,
21 and the proposed surcharge, is an overall increase in revenue of approximately 0.9 percent,
22 or \$2.2 million.

1 **III. DEFERRALS – JULY 1, 2019 THROUGH JUNE 30, 2020**

2 The amount of power cost deferrals for the period July 1, 2019 through June 30,
3 2020 is shown below, as well as interest for the same period. Company witness Mr. Reid’s
4 testimony provides an explanation of the factors causing the deferral entries for the period.
5 Company witness Ms. Brandon’s testimony addresses the deferral, Renewable Energy
6 Credit Benefit, and interest amount.

7

Deferrals (July 2019 - June 2020)	\$	1,038,548
Renewable Energy Credit Retirement Benefit	\$	(857,010)
Interest	\$	15,928
Total Deferral Balance	\$	<u>197,466</u>

8

9 Monthly reports have been filed with the Commission regarding actual PCA
10 deferral entries to date. An additional copy of those reports for the months of July 2019
11 through June 2020 has been included with this filing and has also been provided to
12 Clearwater Paper Corporation and Idaho Forest Group.

13
14 **IV. PROPOSED REBATE TO BE EFFECTIVE OCTOBER 1, 2020**

15 The Company is proposing a uniform cents per kilowatt-hour PCA surcharge rate
16 of 0.015¢ to be effective October 1, 2020. See page 1 of Ms. Brandon’s Exhibit No. AMB-
17 1 for the calculation of the proposed rate. Attached to this Application as Exhibit “A” is a
18 copy of the proposed tariff, Schedule 66, which contains the proposed PCA rate. Exhibit
19 “A” also includes the proposed changes to Schedule 66 in strike out/underline format. The
20 proposed rate is designed to surcharge the following:

1	Deferrals (July 2019 - June 2020)	\$	1,038,548
	RPS Compliance	\$	(857,010)
2	Renewable Energy Credit Retirement Benefit	\$	15,928
3	Total Deferral Balance	\$	197,466
4	Unamortized Balance from Previous Deferrals (prior to July 1, 2019)	\$	(4,057,274)
	Amortization July 2019 - June 2020	\$	3,936,513
5	Interest	\$	(30,625)
6	Total Remaining Amortization Balance	\$	(151,386)
7	Projected Amortization and Interest (July 2020-September 2021)	\$	413,311
8	TOTAL BALANCE FOR AMORTIZATION	\$	459,391

9 After applying the conversion factor related to commission fees and uncollectible
10 customer accounts, the resulting rebate of \$461,909 is divided by forecasted kilowatt-hours
11 to derive the proposed surcharge rate of 0.015¢ per kilowatt-hour.¹

12 Since PCA rate changes are spread on a uniform cents per kilowatt-hour basis, the
13 resulting percentage increases vary by rate schedule. Page 1 of Ms. Brandon's Exhibit No.
14 AMB-1 shows the effect of the proposed PCA rebate by rate schedule. The overall
15 increase, after accounting for the expiration of the existing rebate, and the new surcharge,
16 is \$2.2 million or 0.9%.

17 Residential customers using an average of 898 kilowatt-hours per month would see
18 their monthly bills increase from \$86.27 to \$86.93, an increase of \$0.66 per month, or 0.9%.

¹ Total Balance for Amortization \$459,391 divided by conversion factor 0.994549 = \$461,909

1 **V. REQUEST FOR RELIEF**

2 The Company requests that the Commission issue an order approving power costs
3 deferred for the period July 1, 2019 through June 30, 2020, and approving a PCA surcharge
4 of 0.015¢ per kilowatt-hour to be effective October 1, 2020. Under the Company's
5 proposal, the PCA rate for all customers, including residential customers, would increase
6 from a rebate rate of 0.058¢ per kilowatt-hour to a surcharge rate of 0.015¢ per kilowatt-
7 hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis,
8 the resulting percentage increase varies by rate schedule. The overall increase is
9 approximately \$2.2 million or 0.9%. The Company requests that the matter be processed
10 under the Commission's Modified Procedure rules through the use of written comments.

11 Dated at Spokane, Washington this 31st day of July 2020.

12 AVISTA CORPORATION

13
14 By: /s/ David J. Meyer
15 David J. Meyer
16 Vice President and Chief Counsel for
17 Regulatory & Governmental Affairs

Case No. AVU-E-20-__

2020 Idaho PCA Filing

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. 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, 32, and 41-49 are to be increased by 0.015¢ per kilowatt-hour in all blocks of these rate 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 31, 2020

Effective October 1, 2020

Issued by Avista Utilities

By

Patrick Ehrbar – Director of Regulatory Affairs



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. 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, 32, and 41-49 are to be ~~decreased~~ by 0.058¢ per kilowatt-hour in all blocks of these rate 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 30, 2019

Effective October 1, 2019

Issued by Avista Utilities
By

Patrick Ehrbar – Director of Regulatory Affairs

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. 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, 32, and 41-49 are to be increased by 0.015¢ per kilowatt-hour in all blocks of these rate 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 31, 2020

Effective October 1, 2020

Issued by Avista Utilities
By

Patrick Ehrbar – Director of Regulatory Affairs

CERTIFICATE OF SERVICE

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

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

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Dated at Spokane, Washington this 31st day of July 2020.

/s/ Paul Kimball

Paul Kimball
Manager Regulatory Compliance and Discovery