



IDAHO PUBLIC UTILITIES COMMISSION

Case No. AVU-E-03-6, Order No. 29351

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Avista surcharge extended 60 days while IPUC considers more issues

BOISE – The Idaho Public Utilities Commission will continue Avista Utilities' electric surcharge for 60 days beyond its expiration date to give the commission more time to fully consider the company's application.

The surcharge, which is a 19.4 percent addition to the base rate to pay for added costs of providing power to Avista customers, was implemented in October of 2001. The company sought a 27-month surcharge, but the commission agreed to only grant it for 12-month periods so it could annually review how Avista was handling the deferred account, which as of June 30, showed the company still owing \$27.8 million in power supply expenses. This year's phase of the surcharge expires on Oct. 11 and the company is seeking a 12-month extension. The company estimates the deferral balance won't reach zero until mid-2005.

Since Avista's filing, commission staff filed comments recommending that the 19.4 percent surcharge be continued. However, staff recommended that the deferral balance be credited \$5.85 million in the company's filing next year. The \$5.85 million is a portion of the amount the company lost from having to sell fuel for its Coyote Springs II gas-fired generating plant that was no longer economical to use. The fuel was sold back into the gas market at a loss. Staff contends that customers should not have to pay that \$5.85 million. Staff is also recommending changes to the utility's risk management policy.

Avista, in its reply comments, is asking that the surcharge be continued 12 months and the matter of the \$5.85 million in fuel costs be addressed in a rate case the company plans to file next spring.

Because of the time further consideration of these issues will take and because the current surcharge will soon expire, the commission voted to extend the surcharge for 60 days, although the commission may issue an order before then. "Our continuation of the surcharge is not to be construed as constituting approval of the referenced filing or of any proposed surcharge provided for in the filed documents," the commission said. If the 19.4 percent surcharge were approved, rates would not increase from current levels since the surcharge is already in place.

A full text of the commission's order, along with other documents related to this case, are available on the commission's website at www.puc.state.id.us. Click on "File Room" and then on "Electric Cases," and scroll down to Case No. AVU-E-03-6.