

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
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UTILITIES COMMISSION

July 30, 2012

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

Attention: Ms. Jean Jewell, Secretary

Case No. AVU-E-12-06
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation

Enclosed for filing with the Commission is Avista's Power Cost Adjustment (PCA) annual filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation, as well as a set of Monthly PCA reports for the months of July 2011 through June 2012. A certificate of service, three copies of a customer notice, and three copies of a press release are also enclosed. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disk.

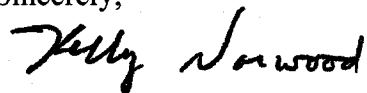
The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2011 through June 30, 2012, and approving a PCA rebate of 0.090¢ per kilowatt-hour to be effective October 1, 2012. Under the Company's proposal, the PCA rate for all customers, including residential customers, would decrease from a surcharge of 0.072¢ per kilowatt-hour to a rebate of 0.090¢ per kilowatt-hour, or a decrease of 0.162¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage decreases vary by rate schedule. The overall decrease is 2.17%. For an average residential customer using 939 kilowatt-hours per month, the monthly decrease will be \$1.52. Under present rates, a residential bill for 939 kilowatt-hours amounts to \$80.56. With the proposed rebate in place the monthly bill would be \$79.04, or 1.89% lower than the bill under present rates. Note that the bill impact above does not include the impact of either the Company's proposed rate reduction to Schedule 91 (Energy Efficiency Rider Adjustment), or the increase due to the expiration of Schedule 99 (Deferred State Income Tax Adjustment). Those rate adjustments would also go into effect on October 1, 2012, under the Company's proposal.

Please note that Avista has deemed certain supporting documents to be classified as CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 9-340A through 9-340F of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

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

Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood
Vice President, State and Federal Regulation

Enclosures
RM

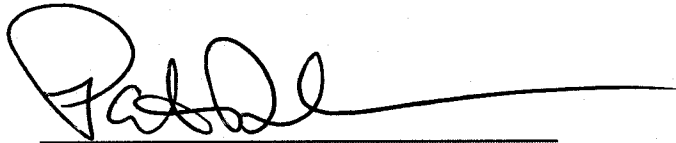
CERTIFICATE OF SERVICE

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

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

Marv Lewallen
Clearwater Paper
601 W. Riverside Avenue
Suite 1100
Spokane, WA 99201
marv.lewallen@clearwaterpaper.com
(Excluding Confidential Information)

Dated at Spokane, Washington this 30th day of July 2012.

A handwritten signature in black ink, appearing to read 'Patrick Ehrbar', written over a horizontal line.

Patrick Ehrbar
Manager, Rates & Tariffs

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IDAHO PUBLIC UTILITIES COMMISSION

1 David J. Meyer
2 Vice President and Chief Counsel for
3 Regulatory and Governmental Affairs
4 Avista Corporation
5 1411 E. Mission Avenue
6 P. O. Box 3727
7 Spokane, Washington 99220
8 Phone: (509) 495-4316, Fax: (509) 495-8851

9 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

10 IN THE MATTER OF THE POWER COST)
11 ADJUSTMENT (PCA) ANNUAL RATE) CASE NO. AVU-E-12-__
12 ADJUSTMENT FILING OF AVISTA) APPLICATION OF AVISTA
13 CORPORATION) CORPORATION
14
15

16 I. INTRODUCTION

17 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),
18 at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost
19 Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company
20 requests the Commission issue an order approving the level of power costs deferred in the rebate
21 direction for the period July 1, 2011 through June 30, 2012, and approving a PCA rebate of
22 0.090¢ per kilowatt-hour to be effective October 1, 2012. The Company requests that this filing
23 be processed under the Commission's Modified Procedure Rules.

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

24 Kelly O. Norwood
25 Vice President
26 State and Federal Regulation
27 Avista Corporation
28 1411 E. Mission Avenue
29 Spokane, Washington 99220
30 Phone: (509) 495-4267
31 Fax: (509) 495-8851

David J. Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
Spokane, Washington 99220
Phone: (509) 495-4316
Fax: (509) 495-8851

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1 **II. BACKGROUND**

2 Avista's PCA is used to track changes in revenues and costs associated with variations in
3 hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract
4 revenues and expenses. Avista's existing PCA methodology and method of recovery were
5 approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that case the
6 Commission approved a change in the PCA methodology from a trigger and cap mechanism to a
7 single annual PCA rate adjustment filing requirement. The Commission approved the following
8 procedural schedule for administering the annual PCA filings:

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

12 The Commission also approved a change in the method of PCA deferral recovery from a
13 uniform percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1,
14 2007 PCA rate change.

15 The existing PCA surcharge was made effective on October 1, 2011. On July 28, 2011,
16 Avista filed its annual PCA report for the period July 1, 2010 through June 30, 2011 and
17 requested a PCA surcharge of 0.072¢ per kilowatt-hour effective October 1, 2011. The
18 Commission approved that proposal in Case No. AVU-E-11-03, by Order No. 32375, dated
19 September 30, 2011.

20 **III. DEFERRALS – JULY 1, 2011 THROUGH JUNE 30, 2012**

21 The amount of power cost deferrals for the period July 1, 2011 through June 30, 2012 is
22 shown below, as well as interest for the same period. Mr. Johnson's testimony provides an

1 explanation of the factors causing the deferral entries for the period. Mr. McKenzie's testimony
2 addresses the interest amount.

3	Deferrals (July 2011 - June 2012)	\$(3,170,099)
4	Interest	<u>(21,812)</u>
5	Balance at June 30, 2012	<u>\$(3,191,911)</u>

6 Monthly reports have been filed with the Commission regarding actual PCA deferral
7 entries to date. An additional copy of those reports for the months of July 2011 through June
8 2012 have been included with this filing and have also been provided to Clearwater Paper
9 Corporation.

10 **IV. PROPOSED REBATE TO BE EFFECTIVE OCTOBER 1, 2012**

11 The Company is proposing a uniform cents per kilowatt-hour PCA rebate of 0.090¢ to be
12 effective October 1, 2012. Attached as Exhibit "A" is a copy of the proposed tariff, Schedule 66
13 (Fourteenth Revision), which contains the proposed PCA rebate rate. Also included in Exhibit
14 "A" is a tariff sheet that shows the proposed changes to Schedule 66 (Thirteenth Revision) by the
15 use of strikeouts and underlining. Page 1 of Mr. McKenzie's Exhibit No. ___ (RLM-1) shows
16 the calculation of the proposed rebate. The proposed rebate is designed to pass through the
17 deferrals for the period July 1, 2011 through June 30, 2012, as well as the unrecovered balance
18 related to the July 1, 2010 through June 30, 2011 deferral period, and interest during the recovery
19 period of October 1, 2012 through September 30, 2013.

20 Since PCA rate changes are spread on a uniform cents per kilowatt-hour basis, the
21 resulting percentage decreases vary by rate schedule. Page 1 of Mr. McKenzie's Exhibit No. ___
22 (RLM-1) shows the effect of the proposed PCA rebate by rate schedule. The proposed rebate is
23 0.090¢ per kilowatt-hour, which is 0.162¢ per kilowatt-hour less than the existing surcharge of

1 0.072¢ per kilowatt-hour. Column (f) on page 1 of Exhibit No. ___ (RLM-1) shows the
2 percentage decreases by rate schedule. The overall decrease is 2.17%.

3 Under the Company's proposal, the PCA rate for all customers, including residential
4 customers will decrease from a 0.072¢ per kilowatt-hour surcharge to a 0.090¢ per kilowatt-hour
5 rebate, or a decrease of 0.162¢ per kilowatt-hour. Residential customers using an average of 939
6 kilowatt-hours per month would see their monthly bills decrease from \$80.56 to \$79.04, a
7 decrease of \$1.52 per month, or 1.89%. These impacts do not include other proposed rate
8 changes to become effective on October 1, 2012 (Schedule 91 reduction and Schedule 99
9 expiration).

10 **V. REQUEST FOR RELIEF**

11 The Company requests the Commission issue an order approving the level of power costs
12 deferred in the rebate direction for the period July 1, 2011 through June 30, 2012, and approving
13 a PCA rebate of 0.090¢ per kilowatt-hour to be effective October 1, 2012. The Company
14 requests that the matter be processed under the Commission's Modified Procedure rules through
15 the use of written comments.

16
17 Dated at Spokane, Washington this 30th day of July 2012.

18
19 AVISTA CORPORATION

20 BY Kelly Norwood
21 Kelly Norwood
22 Vice President
23 State and Federal Regulation
24
25

VERIFICATION

STATE OF WASHINGTON)
)
County of Spokane)

Kelly Norwood, being first duly sworn on oath, deposes and says: That he is the Vice President of State and Federal Regulation of Avista Utilities and makes this verification for and on behalf of Avista Corporation, being thereto duly authorized;

That he has read the foregoing filing, knows the contents thereof, and believes the same to be true.

Kelly Norwood

SIGNED AND SWORN to before me this 30th day of July 2012, by Kelly Norwood.



Wendy Manskey
NOTARY PUBLIC in and for the State of Washington, residing at Spokane.

Commission Expires: 10-09-14

Case No. AVU-E-12-06

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 and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. 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, and 32 are to be ~~increased~~ by ~~0.072¢~~ per kilowatt-hour in all blocks of these rate schedules.

~~decreased~~ 0.090¢

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be ~~increased~~ by ~~0.072¢~~ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

~~decreased~~ 0.090¢

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 27, 2011

Effective October 1, 2011

Issued by Avista Utilities
By

Kelly O. Norwood – Vice President, State & Federal Regulation

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 and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. 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, and 32 are to be decreased by 0.090¢ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be decreased by 0.090¢ per kilowatt-hour times the monthly usages of the various light sizes and types on these 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.

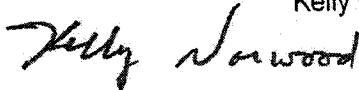
Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 30, 2012

Effective October 1, 2012

Issued by Avista Utilities
By



Kelly O. Norwood – Vice President, State & Federal Regulation