

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170



RECEIVED

2014 JUL 30 AM 9:57

IDAHO PUBLIC
UTILITIES COMMISSION

FILED VIA OVERNIGHT MAIL

July 29, 2014

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

**RE: Case No. AVU-E-14-06
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation**

Dear Ms. Jewell:

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. 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, 2013 through June 30, 2014, and approving a PCA surcharge of 0.252¢ per kilowatt-hour to be effective October 1, 2014. Under the Company's proposal, the PCA rate for all customers, including residential customers, would increase from a rebate of 0.152¢ per kilowatt-hour to a surcharge of 0.252¢ per kilowatt-hour, or an increase rate of 0.404¢ per kilowatt-hour. Therefore, 38% of the proposed PCA rate adjustment is related to the expiration of a rebate to customers and 62% is related to increased power supply costs over the last twelve months. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage increases vary by rate schedule. The overall increase is 4.99%.

For an average residential customer using 930 kilowatt-hours per month, the monthly increase will be \$3.76. Under present rates, a residential bill for 930 kilowatt-hours amounts to \$81.88. With the proposed surcharge in place the monthly bill would be \$85.64, or 4.59% greater than the bill under present rates¹.

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.

¹ On July 30, 2014, Avista filed with the Commission changes to Residential Exchange Program (Schedule 59), which will decrease the average residential customer monthly bill by \$0.31 or 0.4%. The requested effective date for this filing is October 1, 2014, the same requested effective date in this PCA filing.

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 Jeanne Pluth at (509) 495-2204.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a vertical line and a horizontal line extending to the right.

David J. Meyer

Vice President and Chief Counsel for Regulatory and Governmental Affairs

Enclosures