

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) CASE NO. AVU-E-15-07
AUTHORITY TO AMEND ITS ANNUAL)
POWER COST ADJUSTMENT (PCA) RATES) NOTICE OF APPLICATION
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 33368

On July 31, 2015, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. The PCA mechanism permits Avista to adjust its PCA rates upward or downward to reflect changes in the Company’s annual “power supply costs.” Because of its reliance on hydroelectric and natural gas-fired generation, 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. Application at 2. The annual PCA rate is combined with the Company’s “base rates” to produce a customer’s overall energy rate.

In this PCA Application, Avista calculates that its annual power costs for the period July 1, 2014 through June 30, 2015, have decreased by approximately \$1.203 million. Consequently, the Company is requesting that the Commission approve a rebate or credit to customers of 0.032¢ per kilowatt-hour (kWh) to be effective October 1, 2015. Because PCA rate adjustments are spread on a uniform cents-per-kWh basis, Avista calculates that the PCA credit results in an overall PCA rate decrease of 3.5%.¹

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company’s power supply expenses were lower than expected and will result in a credit for Idaho customers. The Company reports that the net difference between its actual power supply costs and the payments owed to Clearwater Paper for supplying power provided a net credit to customers of \$821,579. Johnson Direct at 3.

¹ On June 1, 2015, Avista also filed an application seeking an increase in its base rates effective January 1, 2016. See consolidated Case Nos. AVU-E-15-05 and AVU-G-15-01.

In addition, the Company reported a credit in the amount of \$382,725 from the settlement of BPA's Residential Exchange Program. Application at 4. Partly offsetting these lower costs were interest payments of \$1,700. *Id.* at n.1.

YOU ARE FURTHER NOTIFIED that last year Avista's PCA application resulted in a surcharge to customers of 0.252¢ per kWh. In this Application, the Company proposes that the PCA credit or rebate for all customers in tariff Schedule 66 move from a surcharge of 0.252¢ per kWh to a credit of 0.032¢ per kWh. Because the PCA rate adjustments are spread on a uniform cents-per-kilowatt-hour basis the resulting percentage decrease in billed revenues varies by customer groups. The overall decrease in the PCA rate is 3.5%. Application at 6.

YOU ARE FURTHER NOTIFIED that the Company calculates that the average residential customer using 929 kWh of electricity per month will see a monthly decrease caused by the PCA rebate/credit of \$2.64, or a decrease of 3.1%. Small business customers taking service under tariff Schedule 11 and 12 will see a decrease in their PCA rates of 2.73%. 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, 2015.

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, 2015**. 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
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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 18, 2015**.

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, 2015.

IT IS FURTHER ORDERED that the Company may file reply comments, if necessary, no later than September 18, 2015.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th day of August 2015.



PAUL KJELLANDER, PRESIDENT




MARSHA H. SMITH, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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