



Avista Corp.

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Toll Free 800-727-9170

VIA OVERNIGHT MAIL

July 29, 2019

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

**RE: Case No. AVU-E-19-__
Power Cost Adjustment (PCA) Annual Rate Adjustment Filing of Avista Corporation**

Dear Ms. Hanian:

Enclosed for filing with the Commission is Avista's 2019 Power Cost Adjustment (PCA) annual rate adjustment 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 disc.


The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2018 through June 30, 2019, and approving a PCA rebate of 0.058¢ per kilowatt-hour to be effective October 1, 2019. Under the Company's proposal, the PCA rebate rate for all customers, including residential customers, would decrease from a rate of 0.360¢ per kilowatt-hour to a rate of 0.058¢ per kilowatt-hour, or a decrease in the rebate rate of 0.0268¢ 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 \$8.1 million or 3.3%. Residential customers using an average of 898 kilowatt-hours per month would see their monthly bills increase from \$82.57 to \$84.97, an increase of \$2.40 per month, or 2.91%.

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 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 Annette Brandon at (509) 495-4324 or myself at (509) 495-4620.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Ehrbar', with a long horizontal line extending to the right.

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

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12

13	IN THE MATTER OF THE POWER COST)	
14	ADJUSTMENT (PCA) ANNUAL RATE)	CASE NO. AVU-E-19-__
15	ADJUSTMENT FILING OF AVISTA)	APPLICATION OF AVISTA
16	CORPORATION)	CORPORATION

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I. INTRODUCTION

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In accordance with Idaho Code §61-502 and RP 052, Avista Corporation, doing business as Avista Utilities (hereinafter “Avista” or “Company”), at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company requests the Commission issue an order approving the level of power costs deferred in the rebate direction for the period July 1, 2018 through June 30, 2019, and approving a PCA rebate rate of 0.058¢ per kilowatt-hour to be effective October 1, 2019. The Company requests that this filing be processed under the Commission’s Modified Procedure Rules.

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
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13 Patrick D. Ehrbar
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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, 2018. On July 30, 2018,
12 in Case No. AVU-E-18-07, Avista filed its annual PCA rate adjustment for the deferral
13 period July 1, 2017 through June 30, 2018 and requested a PCA rebate rate of 0.326¢ per
14 kilowatt-hour, based on an overall rebate of approximately \$9.8 million, effective October
15 1, 2018. That rebate will end on September 30, 2019. The Commission approved that
16 application in Order No. 34159, dated September 28, 2018.

17 The proposed PCA rate adjustment of 0.058¢ per kilowatt-hour would rebate to
18 customers approximately \$1.7 million effective October 1, 2019. The rebate is primarily
19 associated with power supply costs that were lower than those included in retail rates, due
20 to lower wholesale electric and natural gas prices. The net effect of the expiring rebate, and
21 the proposed rebate, is an overall increase in revenue of approximately 3.3 percent, or \$8.1
22 million.

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III. DEFERRALS – JULY 1, 2018 THROUGH JUNE 30, 2019

The amount of power cost deferrals for the period July 1, 2018 through June 30, 2019 is shown below, as well as interest for the same period. Company witness Mr. Johnson’s testimony provides an explanation of the factors causing the deferral entries for the period. In addition, Company witness Mr. Dempsey provides some details regarding outages experienced at our Coyote Springs II and Colstrip Units 3 & 4 generating units. Company witness Ms. Brandon’s testimony addresses the deferral and interest amount.

Deferrals (July 2018 - June 2019)	\$	(1,508,657)
Interest	\$	2,754
Total Deferral Balance	\$	<u>(1,505,903)</u>

Monthly reports have been filed with the Commission regarding actual PCA deferral entries to date. An additional copy of those reports for the months of July 2018 through June 2019 has been included with this filing and has also been provided to Clearwater Paper Corporation and Idaho Forest Group.

IV. PROPOSED REBATE TO BE EFFECTIVE OCTOBER 1, 2019

The Company is proposing a uniform cents per kilowatt-hour PCA rebate rate of 0.058¢ to be effective October 1, 2019. See page 1 of Ms. Brandon’s Exhibit No. AMB-1 for the calculation of the proposed rebate. Attached to this Application as Exhibit “A” is a copy of the proposed tariff, Schedule 66, which contains the proposed PCA rebate rate. Exhibit “A” also includes the proposed changes to Schedule 66 in strike out/underline format. The proposed rebate is designed to rebate the following:

1	Deferrals (July 2018 - June 2019)	\$	(1,508,657)
	Interest	\$	2,754
2	Total Deferral Balance	\$	(1,505,903)
3			
4	Unamortized Balance from Previous Deferrals (prior to July 1, 2018)	\$	(11,488,758)
	Amortization July 2018 - June 2019	\$	9,040,814
5	Interest	\$	(102,726)
	Total Remaining Amortization Balance	\$	(2,550,670)
6			
7	Projected Amortization and Interest (July 2019-September 2019)	\$	2,320,577
8	TOTAL BALANCE FOR AMORTIZATION	\$	(1,735,996)

9 After applying the conversion factor related to commission fees and uncollectible
10 customer accounts, the resulting rebate of \$1,746,190 is divided by forecasted kilowatt-
11 hours to derive the proposed rebate rate of 0.058¢ 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 rebate, is
16 \$8,062,000, or 3.3%.

17 Residential customers using an average of 898 kilowatt-hours per month would see
18 their monthly bills increase from \$82.57 to \$84.97, an increase of \$2.40 per month, or
19 2.91%.

¹ Total Balance for Amortization \$1,735,996 divided by conversion factor 0.994162 = \$1,746,190

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V. REQUEST FOR RELIEF

The Company requests that the Commission issue an order approving power costs deferred for the period July 1, 2018 through June 30, 2019, and approving a PCA rebate of 0.058¢ per kilowatt-hour to be effective October 1, 2019. Under the Company’s proposal, the PCA rebate for all customers, including residential customers, would decrease from a rebate rate of 0.326¢ per kilowatt-hour to a rebate rate of 0.058¢ 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 \$8.1 million or 3.3%. The Company requests that the matter be processed under the Commission’s Modified Procedure rules through the use of written comments.

Dated at Spokane, Washington this 29th day of July 2019.

AVISTA CORPORATION

By:  _____
David J. Meyer
Vice President and Chief Counsel for
Regulatory & Governmental Affairs


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VERIFICATION

STATE OF WASHINGTON)
)
County of Spokane)


David J. Meyer, being first duly sworn on oath, deposes and says: That he is the Vice President and Chief Counsel for Regulatory & Governmental Affairs and makes this verification for and on behalf of said corporation, being thereto duly authorized;

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



SIGNED AND SWORN to before me this 29th day of July 2019, by David J. Meyer.




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

Commission Expires: 11 | 23 | 21

Case No. AVU-E-19-__

2019 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 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 decreased by ~~0.326¢~~ 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 27, 2018

Effective October 1, 2018

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