

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED:	December 8, 2014	WITNESS:	David C. Gomez
DOCKET:	UE-140762, et al.	RESPONDER:	David C. Gomez
REQUESTER:	Pacific Power	TELEPHONE:	

62. Refer to page 21, lines 17-19. Please describe all of the similarities and differences between Staff's proposed PCAM for PacifiCorp and Avista Corporation's Energy Recovery Mechanism (ERM).
- Please provide the annual customer credits or surcharges resulting from the application of the ERM for each year in which it has been in place.

**RESPONSE:**

Avista's ERM is virtually identical to Staff's PCAM proposal in this case in that it is an accounting method used to track certain differences between actual variable power supply costs, net of wholesale sales and sales of fuel, and the baseline variable power supply costs included in retail rates for Washington customers.

Like Avista's ERM, Staff's PCAM proposal requires the Company to absorb the cost or receive the benefit from the initial amount of power supply costs in excess of or below the level in retail rates, which is referred to as the dead band. Avista's annual (calendar year) dead band amount is currently \$4.0 million. Staff proposes one for Pacific Power of plus or minus \$25 million on a WCA basis which corresponds to about five percent of the average NPC costs for the Company on a WCA basis.

Avista's ERM shares annual power supply cost variances between \$4.0 million and \$10.0 million with customers. There is a 50 percent customers/50 percent Company sharing ratio when actual power supply expenses are higher (surcharge to customers) than the amount included in base retail rates within this band. There is a 75 percent customers/25 percent Company sharing ratio when actual power supply expenses are lower (rebate to customers) than the amount included in base retail rates within this band. To the extent that the annual power supply cost variance from the amount included in base rates exceeds \$10.0 million, there is a 90 percent customers/10 percent Company sharing ratio of the cost variance.

Staff's PCAM proposal for Pacific Power has no 90/10 band. Otherwise its design of the sharing bands is identical to the ERM.