

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)	DOCKET UE-150520
)	
AVISTA CORPORATION dba AVISTA)	ORDER 01
UTILITIES,)	
)	ORDER AUTHORIZING ENERGY
Energy Recovery Mechanism Annual)	RECOVERY MECHANISM
Filing to Review Deferrals for Calendar)	DEFERRALS FOR CALENDAR YEAR
Year 2014)	2014
.....)	

BACKGROUND

- 1 The Utilities and Transportation Commission (Commission) in its Fifth Supplemental Order in Docket UE-011595 (June 18, 2002), authorized Avista Corporation dba Avista Utilities (Avista or Company) to implement an Energy Recovery Mechanism (ERM) allowing for positive or negative adjustments to its rates to account for fluctuations in power costs outside of an authorized band for power-cost recovery in base rates. Under the Settlement Stipulation approved by the Commission in the same order, Avista is required to make a filing by April 1 of each year regarding the power costs it deferred the prior calendar year under the ERM.¹
- 2 The Company’s April 1 filings are intended to be sufficient to provide the Commission and interested parties an opportunity to audit and review the prudence of the ERM deferrals for the year in question. A 90-day review period is contemplated, though that period can be extended by agreement of the parties.² On June 30, 2015 the Commission received a letter from Avista agreeing to extend the review period to July 31, 2015.
- 3 The first ERM annual review covered the period July 1, 2002, through December 31, 2002, and resulted in a Commission Order approving a settlement of the issues presented.³ Among other things, the Settlement Stipulation in Docket UE-030751 identified specific documentation the Company would file in future ERM annual review proceedings.⁴

¹Settlement Stipulation in Docket UE-011595 at 6-7, 4.b.

² *Id.*

³ *WUTC v. Avista Corp.*, Docket UE-030751, Order 05, Order Approving and Adopting Settlement Stipulation (Feb. 3, 2004).

⁴ *See* Settlement Stipulation in Docket UE-030751 at 6-7, ¶ III.C.

4 Pursuant to the terms of the ERM, the first \$4 million of amounts of net power supply costs above the authorized level is absorbed by the Company; the next \$6 million 50 percent is absorbed by the Company and 50 percent is deferred for surcharge to rate payers; and 90 percent of any remaining amount over \$10 million is deferred as a potential surcharge to rate payers.

5 On March 30, 2015, Avista filed testimony, exhibits, and supporting documentation relating to power costs deferred under the ERM for calendar year 2013. The 90-day review period was March 30, 2015, to June 30, 2015.

6 In 2014, Avista's actual net power expense allocated to Washington was lower than the authorized baseline expense by \$9,526,640. Washington's retail sales were 129,672 megawatts greater than the baseline resulting in retail revenue credit rebate adjustment of \$4,168,955 included in the Washington allocated net power expense above. Since actual costs are lower than authorized costs the calculation is as follows:

- a. The first \$4 million is retained by the Company;
- b. Twenty five percent of the next \$5,526,640 is retained by the Company or \$1,381,660 million (25 percent of \$5,526,640) and \$4,144,980 (75 percent of \$5,526,640) is deferred as a rebate to rate payers.

7 Additionally, there is a rebate of \$79,031 related to interest

8 For the year 2014, the total calculated rate payer deferral taking into consideration the additional interest is \$4,224,011. At the end of 2014, the total balance in the ERM deferral accounts, including the 2014 rebate recorded, was \$14,186,102 in the rebate direction.

9 The baseline for this ERM calculation results from the power supply revenues and expenses approved by the Commission in Dockets UE-140188 and UG-140189 (consolidated).

10 Staff has conducted a review of the Company's ERM annual review filing in this docket, and is satisfied the Company provided adequate documentation of its ERM power cost revenue and expenses.

11 Staff has not identified any related issues nor has any other person or party filed comments with the Commission within the review period.

DISCUSSION

12 Avista's March 30, 2015, filing provides sufficient information to allow the Commission and interested parties to audit and review the prudence of the ERM deferrals for 2014. We agree with Staff that the Company's documentation of its ERM power cost deferrals for calendar year 2014 adequately supports the rate payer deferral or rebate amount of \$4,224,011 reflected in the filing.

FINDINGS AND CONCLUSIONS

- 13 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- 14 (2) Avista is a public service Company subject to Commission jurisdiction. Avista is engaged in the business of providing electric and natural gas service within the state of Washington.
- 15 (3) This matter was brought before the Commission at its regularly scheduled meeting on July 30, 2015. The Commission received no written or oral comments from any person or party other than Commission Staff.
- 16 (4) The Company has provided adequate documentation of its ERM power cost deferrals for calendar year 2014 to support the rate payer deferral or surcharge amount of \$4,224,011.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Avista Corporation dba Avista Utilities' filing meets the requirements in Dockets UE-011595 and UE-030751 and Avista Corporation dba Avista Utilities has properly calculated the 2014 Energy Recovery Mechanism amount.
- 18 (2) Pursuant to the terms of the Energy Recovery Mechanism, Avista Corporation dba Avista Utilities is authorized to record a 2014 rate payer deferral or rebate amount of \$4,224,011.
- 19 (3) This Order shall in no way affect the Commission's authority over rates, services, accounts, valuations, estimations, or determination of costs, or any matters

whatsoever that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 20 (4) The Commission retains jurisdiction to effectuate the terms of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective July 30, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary