

ORDER NO. 14 375

ENTERED OCT 29 2014

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 269

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Updates to Schedule 478, Demand Side
Management Cost Recovery.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the special public meeting on October 28, 2014, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 29th day of Oct., 2014, at Salem, Oregon.

COMMISSIONER ACKERMAN WAS
UNAVAILABLE FOR SIGNATURE

Susan K. Ackerman
Chair



John Savage
John Savage
Commissioner

Stephen M. Bloom
Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

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ITEM NO. CAB

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 28, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2014

DATE: October 14, 2014

TO: Public Utility Commission

FROM: *PG*
Lisa Gorsuch

THROUGH: *E* Jason Eisdorfer and *AA* Aster Adams

SUBJECT: AVISTA UTILITIES: (Docket No. UG 269/Advice No. 14-06-G) Revises Schedule 478, Demand Side Management (DSM) Cost Recovery.

STAFF RECOMMENDATION:

Staff recommends that Avista Utilities' (Avista or Company) request to revise Schedule 478 be approved with an effective date of November 1, 2014.

DISCUSSION:

On July 31, 2014, Avista Utilities (Avista or Company) filed its request to revise Schedule 478, DSM Cost Recovery. The Company updates this schedule annually with its Purchased Gas Adjustment (PGA) filing.¹ The Company is proposing to decrease the DSM cost recovery rate by \$0.00130 from \$0.01919 per therm to \$0.01789 per therm. The proposed rate combines the effect of amortizing residual balances from prior periods with DSM costs that the Company incurred during the twelve months ending June 30, 2014.²

The DSM cost recovery mechanism is designed to recover expenses associated with Commission-authorized DSM programs. This mechanism also allows the Company to recover lost margin due to energy savings resulting from the implementation of the DSM programs. The Company submitted workpapers in compliance with the Commission's PGA filing guidelines with supporting calculations of the proposed rate. The Company used the applicable Commission-authorized Rate of Return (ROR) to calculate the

¹ Other PGA rate applications associated with this filing are UG 267 and UG 268.

² Commission Order No. 13-251 in Docket No. UM 1165 approved request for reauthorization to defer costs related to Avista's DSM programs for the twelve month period of July 2013 through June 2014.

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interest accruing on these deferrals.³ The Company also applied the appropriate blended treasury rates approved by the Commission to calculate interest accrued during the amortization periods.

Table 1 below shows the rate schedules and the number of customers in each schedule that will be impacted by this increase.

Table 1

Rate Schedule	Number of Customers
Schedule 410	86,184
Schedule 420	11,322
Schedule 424	81
Schedule 444	3

Table 2 below shows the annual revenue before and after the impact of the rate change and the average monthly use and resulting bills under existing and proposed rates.

Table 2

Sch No	Description	Present Revenues	Proposed Revenues	Revenue Incr (Decr)	Monthly Use Therms	Present Monthly Cost	Proposed Monthly Cost	Monthly Change	Proposed Change Monthly Cost
410	Residential	\$58,136,705	\$58,073,199	\$(63,506)	47	\$55.97	\$55.91	\$(0.06)	-0.11%
420	General	\$25,982,745	\$25,948,583	\$(34,162)	193	\$190.85	\$190.60	\$(0.25)	-0.13%
424	Large Gen	\$3,053,131	\$3,047,423	\$(5,708)	4,538	\$3,155.40	\$3,149.50	\$(5.90)	-0.19%
444	Seasonal	\$181,228	\$181,228	\$(329)	6,173	\$4,420.18	\$4,412.15	\$(8.02)	-0.18%
456	Int Trans	\$3,163,529	\$3,163,529	\$ -	86,273	\$7,523.87	\$7,523.87	\$ -	-0.00%

This amortization is included in the calculation of the three percent test pursuant to ORS 757.259(6). Per the statutes, the total proposed amortization subject to the 3 percent test will be the net of credits and surcharge, unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances. Avista reports, and Staff has confirmed, that the total amortizations for which Avista requests a November 1, 2014, effective date, does not exceed the three percent threshold.

³ See Commission Order Nos. 11-080 and 14-015.

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Staff finds that the revisions proposed in this filing meet with the requirements of Oregon Administrative Rule (OAR) 860-022-0025,⁴ and OAR 860-022-0030.⁵ Staff recommends approval of Avista's proposed rates based on its review of this filing and the associated work papers.

PROPOSED COMMISSION MOTION:

Avista's Docket No. UG 269/Advice No. 14-06-G be allowed to go into effect on November 1, 2014.

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⁴ **860-022-0025 Requirements for Filing Tariffs or Schedules Changing Rates**

(1) An energy or large telecommunications utility may make tariff changes by filing an entirely new tariff or by filing revised sheets which shall refer to the tariff sheets on file. Additions to the tariff on file may be made by filing additional sheets. (2) Each energy or large telecommunications utility filing tariffs or schedules changing existing tariffs or schedules shall submit therewith the following information:

(a) A statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) A statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) A detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

⁵ **860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates**

(1) Each energy or large telecommunications utility filing tariffs or schedules which name increased rates shall submit therewith, in addition to requirements of OAR 860-022-0025, the following information:

(a) A statement setting forth for each separate schedule the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule; (b) A statement setting forth for each separate schedule the average monthly use and resulting bills under both the existing rates and the proposed rates for characteristic customers, which will fairly represent the application of the proposed tariff or schedules; and (c) A detailed statement setting forth the reasons or grounds relied upon in support of the proposed increase. (2) Additional information from the energy or large telecommunications may be required to be filed either before the Commission's acceptance of the tendered filing or at any stage in the proceeding.