

ORDER NO. 16 390

ENTERED OCT 18 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 318

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Schedule 479, Settles Remaining Balance of
Senate Bill 408 Cost Recovery.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our October 18, 2016 Special Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 18 day of October, 2016, at Salem, Oregon.



Lisa D. Hardie
Chair


John Savage
Commissioner
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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA14

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 18, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2016

DATE: October 3, 2016

TO: Public Utility Commission

FROM: Scott Gibbens THROUGH:  Jason Eisdorfer and John Crider

SUBJECT: AVISTA UTILITIES: (Docket No. UG 318/Advice No. 16-12-G) Requests authorization to settle remaining balance of SB 408 Cost Recovery in Schedule 479.

STAFF RECOMMENDATION:

Staff recommends approval of Avista Corporation's, dba Avista Utilities' (Avista or Company) request to introduce Schedule 479 with an effective date of November 1, 2016.

DISCUSSION:Issue

Whether the Commission should approve Avista's request to introduce Schedule 479, Senate Bill 408 (SB 408) Cost Recovery, to settle the remaining balance.

Applicable Law

Avista makes its filing pursuant to ORS 757.210, ORS 757.259(5) and OAR 860-027-0300(9), OAR 860-022-0025, and OAR 860-022-0030. ORS 757.210 allows the Commission to authorize a utility to establish a new schedule so long as they find the rate or schedule to be fair, just and reasonable. ORS 757.259(5) states that the Commission must find that the amount introduced in rates must have been prudently incurred by the utility.

Former ORS 757.268 (repealed in 2011) required Avista to file an annual tax report which was used to calculate and approve the adjustment to Schedule 408.

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Discussion and Analysis

On July 29, 2016, Avista filed its request to introduce Schedule 479, SB 408 Cost Recovery. The Company is proposing to increase Schedule 479 by a total of \$79,371 or 0.1% as of June 30, 2016. The proposed amount is the result of a residual balance leftover from the cancellation of Schedule 408 in 2012.¹

SB 408 was an automatic adjustment meant to correct any discrepancy between taxes collected from customers and taxes paid to the State of Oregon. It was passed by the 2005 Oregon Legislature and beginning January 1, 2006, all taxes collected in rates were subject to an adjustment. In 2011, SB 967 repealed SB 408 and implemented a different adjustment mechanism to taxes collected in rates.

The last rate adjustment under Schedule 408 was from June 1, 2011 through May 31, 2012. Avista filed to cancel Schedule 408 in Advice No. 12-02-G which the Commission allowed to become effective July 9, 2012. Avista is seeking to settle the remaining residual balance in the SB 408 deferral account which totals \$79,371. The surcharge balance would be spread based on a uniform percent of margin basis, starting on November 1, 2016.

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

Table 1

Rate Schedule	Number of Customers
Schedule 410	88,800
Schedule 420	11,590
Schedule 424	81
Schedule 440	36
Schedule 444	4
Schedule 456	38

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.

¹ Commission Order No. 11-119 approved a request for authorization to refund to customers the amount of \$1,024,000.

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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	\$63,090,463	\$63,142,688	\$52,224	46	\$59.42	\$59.47	\$0.05	0.08%
420	General	\$28,455,892	\$28,476,919	\$21,027	191	\$204.23	\$204.38	\$0.15	0.07%
424	Large Gen	\$2,445,093	\$2,446,019	\$926	3,960	\$2,510.19	\$2,511.14	\$0.95	0.04%
440	Interruptible	\$1,426,177	\$1,426,805	\$628	9,675	\$3,296.85	\$3,295.31	\$1.45	0.04%
444	Seasonal	\$171,014	\$171,078	\$64	5,609	\$3,638.84	\$3,640.18	\$1.35	0.04%
456	Int Trans	\$3,266,597	\$3,271,098	\$ 4501	89,724	\$7,163.56	\$7,173.43	\$ 9.87	0.14%

This amortization is included in the calculation of the three percent test pursuant to ORS 757.259(6). Per the statute, the total proposed amortization subject to the three 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, 2016, effective date, does not exceed the three percent threshold.

CONCLUSION

Staff finds that the revisions proposed in this filing meet with the requirements of applicable law, and previous Commission Orders. Staff recommends approval of Avista's proposed rates based on its review of this filing and the associated work papers.

PROPOSED COMMISSION MOTION:

Approve Avista's proposed changes in Docket No. UG 318 and allow the tariff sheet revisions in Advice No. 16-12-G to go into effect on November 1, 2016.

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