

ITEM NO. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 19, 2009**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** June 1, 2009

DATE: May 8, 2009

TO: Public Utility Commission

FROM: Deborah Garcia

THROUGH: Lee Sparling, Ed Busch, and Judy Johnson

SUBJECT: AVISTA UTILITIES: (Advice No. 09-01-G) Revises Schedule 408, Income Tax Adjustment – Oregon, to reflect the end of the refund period.

STAFF RECOMMENDATION:

I recommend that Avista's filing be approved.

DISCUSSION:

In this filing, Avista modifies its Schedule 408, Income Tax Adjustment – Oregon, to set the rates to zero. The current Schedule 408 rates were established for the period of June 1, 2008 through May 31, 2009, to refund to customers approximately \$1.5 million related to Avista's 2006 Tax Report.

As of May 31, 2009, Avista estimates the remaining refund balance will be approximately \$50 - \$70 thousand. This balance plus interest will be carried forward to the next SB 408 rate adjustment.

The elimination of the refund will result in an increase in overall revenue of approximately 1.2%. An average residential customer using 51 therms per month will see their monthly bill increase by \$1.01, from \$75.04 to \$76.05, or about 1.3%.

Generally, a request to zero out the Schedule 408 rates associated with a previous year's Tax Report refund or surcharge would not be necessary as Avista would make a compliance filing to update Schedule 408 rates to reflect the Commission order related to the subsequent Tax Report period. The modified tariff would automatically supersede the current tariff.

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This filing is necessary, and should be approved because Avista's compliance filing¹ for the 2007 Tax Report Period, that would have updated Schedule 408 rates, has been suspended by Order No. 09-167.

PROPOSED COMMISSION MOTION:

Avista's Advice No. 09-01-G be approved and the rates in Schedule 408 be eliminated, effective June 1, 2009.

¹ Advice No. 09-02-G (Order No 09-125)