

1 **Q. What are the interest rates charged on the various RSP-type plans in effect in other**
2 **jurisdictions (reviewed in the Discussion Paper on the RSP)? Do the plans use**
3 **short-term debt based rates or long-term costs of capital?**
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6 A. Based on the information included in the Appendices of the report with regards to the
7 various mechanisms used in other jurisdictions, we have summarized the information
8 regarding the interest rates charged.
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10 Avista Utilities
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12 Page 7 of the Settlement Stipulation, included in Appendix A of the Discussion Paper,
13 makes reference to a “carrying charge”. This charge on the Energy Cost Deferral
14 Balance is to be calculated using the Company’s actual cost of debt, updated semi-
15 annually. Interest will be accrued monthly and compounded semi-annually.
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17 In this case, the interest rate used would take into account both short term debt based
18 rates and long term costs of capital in the calculation of the actual cost of debt.
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20 Puget Sound Energy
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22 Page 2 of the Settlement Terms relating to the Power Cost Adjustment Mechanism,
23 included in Appendix B of the Discussion Paper, indicates that the balance will accrue
24 monthly interest at the interest rate calculated in accordance with WAC 480-90-233(4).
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26 Idaho Power Company
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28 Page 16 of 20 relating to the Order regarding the Company’s Application to implement a
29 Power Cost Adjustment mechanism, included in Appendix C of the Discussion Paper,
30 discusses the issue of interest accruals on PCA deferrals. The findings of the
31 Commission indicate that interest should be calculated. They have also noted that an
32 appropriate rate of interest is the interest applied to customer deposits held by the
33 Company, which is essentially the average interest rate for a one-year treasury bill. The
34 Commission also indicated that the rate can change from year to year.
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36 In this case, the interest rate would be considered a short term based rate.
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