

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: JOHANNA M. BELL

DATE: DECEMBER 13, 2013

**RE: AVISTA UTILITIES TARIFF ADVICE NO. 13-07-E IMPLEMENTING A
1.0% FRANCHISE FEE AGREEMENT WITH THE CITY OF PRIEST
RIVER, IDAHO**

BACKGROUND

On November 27, 2013 Avista Corporation DBA Avista Utilities (Avista) submitted Electric Service Tariff Advice 13-07-E to address an adopted 1% franchise fee by the City of Priest River, Idaho. The tariff sheets has an effective date of January 1, 2014.

A franchise fee agreement between Avista and the City of Priest River was originally approved by the City of Priest River as authorized in Priest River Ordinance 449 effective July 16, 2001 for a fixed sum of \$150 per month, and later adjusted as outlined in the agreement to \$151.67 per month. On November 4, 2013 the City of Priest River approved Priest River Ordinance 561 to revise Section XXIII of Ordinance 449 to provide authorization of a fixed one percent Electric Franchise Fee. The franchise fee imposes a 1.0% fee on the gross revenues from the sale of electricity within the corporate limits of the City of Priest River and is to remain in effect until the end of the 25 year original agreement date of July 16, 2001, unless revoked or annulled per Section XIV, Section XIX, or abandoned per Section XXII. The franchise fee will increase the City's annual revenues by approximately \$25,000.

Idaho Code § 50-329A allows cities to establish franchise fees assessed upon a public service provider that shall not exceed one percent of the public service provider's "gross revenues" received within the city without the consent of the public service provider or the approval of a majority of voters of the city voting on the question at an election. In no case shall the franchise fee exceed three percent, unless a greater franchise fee is being paid under an

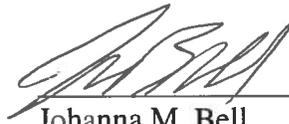
existing franchise agreement, in which case the franchise agreement may be renewed at up to the greater percentage, with the consent of the public service provider or the approval of a majority of voters of the city voting on the question at an election.

STAFF RECOMMENDATION

Staff has reviewed the proposed tariff changes, the franchise agreements for the City of Priest River, and the franchise fee requirements under *Idaho Code* §50-329A. Staff recommends that the Commission approve Avista's proposed revisions to Schedule No. 58A with an effective date of January 1, 2014.

COMMISSION DECISION

Does the Commission wish to approve Avista's Electric Service Tariff Advice No. 13-07-E?



Johanna M. Bell