

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL**

DATE: JUNE 2, 2014

**SUBJECT: AVISTA’S APPLICATION TO INITIATE DISCUSSIONS REGARDING
ALTERNATIVES TO FILING A GENERAL RATE CASE, CASE NOS.
AVU-E-14-05 AND AVU-G-14-01**

On March 25, 2014, Avista Corporation notified the Commission that it intends to file a general rate case.¹ On May 30, 2014, Avista filed an Application requesting the Commission open a case to allow interested parties to participate in settlement discussions regarding alternatives to Avista filing a general rate case this year. More specifically, the Application states that Avista is interested in identifying parties “that would like to participate . . . in settlement discussions to extend the existing rate plan.” Application at 1. In Avista’s last general rate case (AVU-E-12-08/AVU-G-12-08), the Commission approved a “Stipulation and Settlement” (the “Settlement”) that, among other elements, restricted the Company from increasing its base rates² before January 1, 2015. Order Nos. 32740 and 37269.

Avista serves more than 120,000 electric customers and more than 75,000 natural gas customers in northern Idaho. Avista also generates, transmits and distributes electric power in parts of eastern and central Washington. The Company also distributes natural gas in Idaho, Washington, and Oregon.

¹ Commission Rule 122 requires utilities to file a Notice of Intent at least 60 days before filing a general rate case. IDAPA 31.01.01.122.01.

² Base rates are combined with the annual Power Cost Adjustment (PCA) rates to produce a customer’s overall energy rate.

THE APPLICATION

In late May 2014, Avista had informal discussions with parties that participated in its last general rate cases including: Clearwater Paper Corporation; Idaho Forest Group; Community Action Partnership Association of Idaho (CAPAI); Idaho Conservation League (ICL); Snake River Alliance (SRA); and Commission Staff. As Avista states in the Application, it discussed with these parties the possibility of avoiding an expensive and time consuming general rate case. In essence, Avista is interested in exploring with interested parties the possibility of extending its existing rate plan, thereby avoiding the need for Avista to file a general rate case. The Company asserts that the parties identified above “expressed a willingness to meet on June 25, 2014, for the purpose of exploring an extension of the existing rate plan.” *Id.* at 2.

Based upon the foregoing, Avista requests that the Commission initiate a case; set a deadline for intervention; and establish a schedule for settlement conferences to allow the parties to enter into settlement discussions.

STAFF RECOMMENDATION

Staff concurs in the Company’s proposal to initiate settlement discussions in an effort to avoid or narrow the issues that may arise in a general rate case. Staff believes it is appropriate for the Commission to: (1) issue a Notice of Application; (2) grant intervention to the interested parties listed above; (3) set a deadline for intervention to ensure that other interested persons may have notice and participate in the settlement conference(s); and (4) convene a settlement conference on June 25, 2014. The parties may decide to schedule additional settlement conferences.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application; grant intervention to Clearwater, Idaho Forest, CAPAI, ICL, and SRA; set a deadline for other interventions; and schedule a settlement conference for June 25, 2014?



Don Howell
Deputy Attorney General

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