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IDAHO PUBLIC  
UTILITIES COMMISSION



Corp.

June 4, 2003

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
Statehouse Mail  
W. 472 Washington Street  
Boise, Idaho 83720

**NEW CASE**

AVU-2-03-05

Dear Ms. Jewell:

Avista Utilities submits for approval by the Commission the enclosed Agreement to Exchange Electric Customers. This Agreement is submitted pursuant to the provisions of I.C. § 61-333 and will allow Kootenai Electric Cooperative to serve Mr. Roy Armstrong, a customer currently served by Avista Utilities, in exchange for allowing Avista Utilities to serve the electric load of the Grayling Estates subdivision.

Please direct any questions on this matter to Linda Gervais at (509) 495-4975 or me at (509) 495-8706.

Sincerely,

Bruce Folsom,  
Manager, Regulatory Compliance,  
Avista Corp.

c: Larry LaBolle, Avista  
Brian Hirschhorn, Avista  
Sue Adam, Avista

enclosure

**AGREEMENT TO EXCHANGE ELECTRIC CUSTOMERS**

**THIS AGREEMENT**, dated as of May 5, 2003, 2003, is entered into by and between **Avista Corporation dba Avista Utilities** (hereinafter referred to as "AVISTA"), and **Kootenai Electric Cooperative, Inc.** (hereinafter referred to as "KEC"), sometimes hereinafter referred to individually, as a "Party", and collectively, as the "Parties".

**WITNESSETH:**

**WHEREAS**, AVISTA electric customer, Roy Armstrong, has pumping facilities located within the new Fieldstone development served by KEC;

**WHEREAS**, the current development of the property requires Mr. Armstrong's service to be relocated underground;

**WHEREAS**, if AVISTA installs this new underground service, it could result in greater costs to the developer than what the developer's costs would be if KEC served Mr. Armstrong from its new three-phase underground backbone;

**WHEREAS**, because of the difference in costs, it would be in the developer's best interest to have the facility served by KEC;

**WHEREAS** KEC is authorized to provide electric service to the Grayling Estates subdivision being developed by Prairie Falls L.L.C.; and

**WHEREAS**, the Parties desire to enter into an agreement pursuant to the provisions of IC §61-333 to allow the Parties to exchange customers and allow KEC to serve Mr. Armstrong in exchange for allowing AVISTA to serve the electric load of the Grayling Estates subdivision;

**NOW, THEREFORE**, in consideration of the covenants and agreements herein contained, IT IS AGREED:

1. AVISTA shall release the electric service of Mr. Armstrong's pumping facilities to KEC and authorizes KEC to serve Mr. Armstrong's pumping facilities, and his successors, at the property located within the new Fieldstone development served by KEC.
2. KEC shall release the electric service of the Grayling Estates subdivision, consisting of approximately forty-one (41) lots (final addition to Prairie Falls Subdivision), and authorizes such Grayling Estates subdivision to be served by AVISTA.
3. Both Parties shall support this exchange with the Parties' existing customers and before the Idaho Public Utilities Commission ("Commission"), and shall jointly file for Commission approval of this electric customer exchange.
4. In the event the Commission does not approve the electric customer exchange described herein, KEC agrees to reassign the electric service of Mr. Armstrong back to AVISTA, and AVISTA agrees to reassign the electric service of the Grayling Estates subdivision back to KEC.
5. If approved by the Commission, this Agreement shall be binding upon the Parties, their successors and assigns.
6. As contemplated in the Addendum to the Agreement for Administering Residential Developments between the Parties and filed with the Commission under cover letter dated February 5, 2001, the

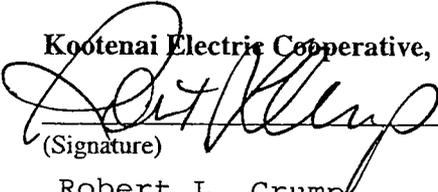
Parties shall not be entitled to any further rights or entitlement to serve any other consumer or section of the development beyond the terms of the consent provided for herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate by the respective officers hereto, duly authorized as of the date first above written.

**Avista Corporation  
dba Avista Utilities**

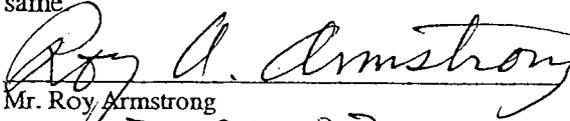
  
\_\_\_\_\_  
(Signature)  
Larry LaBolle  
\_\_\_\_\_  
(Printed Name)  
Director and Gen'l Mgr.  
\_\_\_\_\_  
(Title)  
June 2, 2003  
\_\_\_\_\_  
(Date)

**Kootenai Electric Cooperative, Inc.**

  
\_\_\_\_\_  
(Signature)  
Robert L. Crump  
\_\_\_\_\_  
(Printed Name)  
General Manager  
\_\_\_\_\_  
(Title)  
May 5, 2003  
\_\_\_\_\_  
(Date)

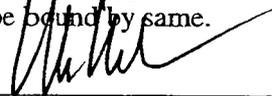
**Agreement of Mr. Armstrong:**

I have reviewed the forgoing Agreement between AVISTA and KEC to Exchange Electric Customers, approve of its content, and agree with the obligations contained therein, and fully intend to be bound by same

  
\_\_\_\_\_  
Mr. Roy Armstrong  
5-21-03  
\_\_\_\_\_  
(Date)

**Agreement of Prairie Falls, L.L.C.**

The undersigned represents that he/she is an authorized representative of Prairie Falls, L.L.C. ("Prairie Falls"), with full authority to bind Prairie Falls hereunder. The undersigned acknowledges and represents that he/she has reviewed the foregoing Agreement between AVISTA and KEC to Exchange Electric Customers, approves of its content, and signs it voluntarily as their own free act and deed, fully intending to be bound by same.

  
\_\_\_\_\_  
(Signature)  
Wm. Kadobenko  
\_\_\_\_\_  
(Printed Name)  
Managing Member  
\_\_\_\_\_  
(Title)  
5/25/03  
\_\_\_\_\_  
(Date)