

Avista Corp.
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Spokane, Washington 99220-0500
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IDAHO PUBLIC
UTILITIES COMMISSION



AVU-E-09-02

January 30, 2008

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

Dear Ms. Jewell:

Avista Utilities submits for approval by the Commission the original and seven copies of its **"Application of Avista Corporation to Approve Electric Distribution Service Agreement with East Greenacres Irrigation District."**

Please direct any questions on this matter to me at (509) 495-4325.

Sincerely

A handwritten signature in cursive script that reads "Tara L. Knox".

Tara L. Knox,
Senior Regulatory Analyst,
Avista Corp.
tara.knox@avistacorp.com

c: Brian Hischkorn, Avista
Kenneth Dillon, Avista

enclosure

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1
 2 BRIAN HIRSCHKORN
 3 MANAGER, PRICING
 4 AVISTA CORPORATION
 5 P.O. BOX 3727
 6 1411 EAST MISSION AVENUE
 7 SPOKANE, WASHINGTON 99220-3727
 8 TELEPHONE: (509) 495-4723
 9 FACSIMILE: (509) 495-8058

10
11
12
13 **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

14
15
16 IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-09-62
 17 OF AVISTA CORPORATION TO APPROVE) APPLICATION OF
 18 ELECTRIC DISTRIBUTION SERVICE) AVISTA
 19 AGREEMENT WITH EAST GREENACRES)
 20 IRRIGATION DISTRICT)

21
22
23 **I. INTRODUCTION**

24 Avista Corporation doing business as Avista Utilities (hereinafter Avista or
 25 Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully requests that
 26 the Commission approve the enclosed Electric Distribution Service Agreement (Attachment
 27 A) with East Greenacres Irrigation District (hereinafter referred to as East Greenacres),
 28 sometimes hereinafter referred to individually, as a "Party", and collectively, as the "Parties".

29 The Parties have entered into an agreement to continue the delivery of United States
 30 Bureau of Reclamation ("Bureau" or "Bureau of Reclamation") energy over Avista owned
 31 and operated distribution facilities from Avista's Post Falls Substation to the East Greenacres
 32 delivery points to become effective March 1, 2009, or the first day following approval of the
 33 Commission.

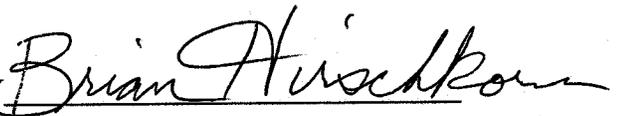
1 Commission in Case No. AVU-E-08-01 updated for the settlement adjustments and revenue
2 increase approved by Order No. 30647. The calculation of the monthly distribution service
3 fee is included in Attachment A as Exhibit 3 to the Agreement.

4 **IV. REQUEST FOR APPROVAL**

5 Avista, therefore, respectfully requests approval of the "Electric Distribution Service
6 Agreement" so that East Greenacres Irrigation District may receive Bureau of Reclamation
7 power at charges consistent with the distribution costs embedded in Idaho retail rates. The
8 incremental costs associated with providing service under the Agreement are less than the
9 charge for service, therefore, the revenue received from the Agreement provides a
10 contribution to Avista's fixed costs. The service provided under the Agreement is unique,
11 and therefore more appropriately provided under a special contract rather than a filed tariff.
12 Further, the contract is non-discriminatory and is not unreasonably preferential. Avista
13 believes that the Agreement is in the best interest of the Customer, the Company, and Idaho
14 retail ratepayers.

15
16 Dated at Spokane, Washington this 30th day of January 2009.

17
18 AVISTA CORPORATION

19
20 BY 

21 Brian Hirschhorn
22 Manager, Pricing
23 State and Federal Regulation
24

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AVU-E-09-02

Attachment A

**Electric Distribution Service Agreement
between Avista Corporation & East Greenacres Irrigation District**

**ELECTRIC DISTRIBUTION
SERVICE AGREEMENT**

THIS ELECTRIC DISTRIBUTION SERVICE AGREEMENT ("Agreement"), dated as of January, 29, 2009, is entered into by and between Avista Corporation ("Avista") and East Greenacres Irrigation District ("East Greenacres"), hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, among other facilities, East Greenacres operates two pumping facilities located on the Rathdrum Prairie, (hereinafter collectively referred to as the "East Greenacres Unit"). Irrigation and domestic water for the East Greenacres Unit is furnished by ground water from wells ranging from 230 to 330 feet deep. The multipurpose pipeline system used by the East Greenacres Unit was constructed by the United States of America, Bureau of Reclamation ("Bureau") for year-round use. It was built to provide irrigation service to approximately 5,300 acres of land. Operation and maintenance of the East Greenacres Unit was assumed by East Greenacres on December 31, 1976; and

WHEREAS, pursuant to a separate arrangement between the Bonneville Power Administration ("Bonneville") and East Greenacres, Bonneville transmits and delivers the Bureau's energy to Bonneville's Bell Substation in Spokane, Washington; and

WHEREAS, Avista and the Bureau are parties to the Contract for Transmission Service dated May 27, 1975 (Avista FERC Rate Schedule No. 62; USBR Contract No. 14-06-100-8331) which provides for transfer service to certain East Greenacres loads ("Transfer Contract"); and

WHEREAS, East Greenacres has executed, or will execute, a separate Long-Term Firm Point-to-Point Transmission Service Agreement with Avista, under Avista's Open Access Transmission Tariff ("Tariff"), to transmit and deliver Bureau energy from Bonneville's Bell Substation to Avista's Post Falls Substation ("Transmission Agreement"); and

WHEREAS, Avista owns and operates distribution facilities over which Avista delivers Bureau energy from Avista's Post Falls Substation to the East Greenacres Unit; and

WHEREAS, the Bureau and Avista will terminate the Transfer Contract upon the effective date of this Agreement; and

WHEREAS, East Greenacres and Avista desire to enter into this Agreement for the delivery of Bureau energy from Avista's Post Falls Substation across Avista's distribution system to the East Greenacres Unit pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the Parties agree as follows:

1. **Definitions.** In addition to words defined elsewhere in this Agreement as indicated with initial capitalization, whenever used in this Agreement, the terms below shall have the following meanings:
 - 1.1 "**Delivery Points**" means those points on Avista's electric system where Bureau energy transferred by Avista pursuant to this Agreement will be made available to East Greenacres for the East Greenacres Unit as described in Exhibit 1.

- 1.2. "Avista Receipt Point" means the point where Bureau energy is received on Avista's distribution system for delivery pursuant to this Agreement, which point(s) are located at the 115 kV side of the 115/13.8 kV Post Fall's Substation transformer.
- 1.3. "Commission" means the Idaho Public Utilities Commission.
2. Term and Termination. Avista shall file this Agreement, subsequent to its execution, in a timely manner with the Commission. This Agreement shall become effective on March 1, 2009 or the first day following approval of the Commission, whichever occurs last, and shall terminate upon the earliest of the following events: (1) termination or expiration of the Transmission Agreement, or (2) upon termination by either Party after providing at least one year's prior written notice of termination. A rollover of the Transmission Agreement shall be considered termination of that agreement.
3. Delivery of Electricity. Subject to the delivery of Bureau Energy to the Avista Receipt Point, Avista shall deliver Bureau energy to East Greenacres at the Delivery Points.
4. Service Characteristics and Demand Limit.
 - 4.1 Electric power delivered to the Delivery Points shall be three phase, approximately sixty (60) Hertz alternating current, at a nominal potential of 13.2 kV, and shall be delivered to the East Greenacres Unit in amounts not exceeding a demand limit of 3000 kW distributed among the two pumps that compose the East Greenacres Unit.
 - 4.2 Added Load. East Greenacres shall notify Avista in advance of the addition of any electric load that would exceed the rated capacity of any of the facilities provided by Avista to serve the East Greenacres Unit. In the event East Greenacres exceeds the nominal demand provided in Section 4.1, East Greenacres shall be liable for all loss and damage to Avista's equipment and facilities resulting from such excess usage.
5. Metering Equipment. Electric power delivered hereunder shall be measured by metering equipment installed at the Delivery Points. All metering equipment shall be installed, owned, and maintained by Avista.
6. Operation and Maintenance of the East Greenacres Unit and Delivery Facilities. The two pumping stations composing the East Greenacres Unit are served by Avista's Post Falls 13.2 kV feeders. Avista shall own, operate and maintain all electrical service facilities up to the Delivery Points. East Greenacres shall bear all responsibility associated with the operation, maintenance and replacement of its service transformers and other equipment at and beyond the Delivery Points..
7. Billing and Payment.
 - 7.1 Monthly Billing. Each month during the term of this Agreement, Avista shall bill East Greenacres a monthly service fee as shown in Exhibit 3. Such bill shall be mailed to East Greenacres at the address set forth in Section 16 below.
 - 7.2 Payment. East Greenacres shall pay the amount specified in each invoice by transfer of immediately available funds within thirty (30) days of the date specified in such invoice (the "Due Date"). If East Greenacres fails to pay Avista the entire amount of any bill by the Due Date, East Greenacres shall pay interest on the unpaid balance, from the Due Date until paid in full, at a rate of 120 percent of the Prime Commercial Lending Rate, compounded monthly, as announced by Bank of America at its Spokane & Eastern Branch office in Spokane, Washington; *provided, however*, that the interest rate shall not exceed the maximum

rate allowed by applicable law. All payments to Avista shall be submitted to Avista via electronic funds transfer to the account specified in each invoice.

8. Scheduling. Scheduling for service under this Agreement shall be pursuant to then current borderline load scheduling practices between Avista and Bonneville. In the event borderline load scheduling practices between Avista and Bonneville cease to exist, East Greenacres shall schedule service under this Agreement pursuant to standard transmission scheduling practices outlined in Avista's Tariff or such other scheduling practice as may be mutually agreed upon by the Parties.
9. Losses. East Greenacres shall be responsible for all energy losses related to service under this Agreement as described in Exhibit 2. East Greenacres shall schedule loss return energy to Avista pursuant to Section 8. By mutual agreement from time to time the Parties may establish alternative arrangements to settle any loss obligation by East Greenacres. Such alternative arrangements shall be consistent with the treatment of loss return energy in the Transmission Agreement.
10. Billing by Others. Except as otherwise set forth in this Agreement, Avista shall not be responsible for East Greenacres' billing arrangements for the purchase of Bureau energy, or for the transmission thereof by others. East Greenacres shall be responsible for sales, use and other taxes associated with the acquisition and/or transmission, by others, of Bureau energy.
11. Easements and Access to East Greenacres' Property. East Greenacres hereby authorizes Avista or its agent to do all work necessary on the lands of East Greenacres to accomplish the installation, operation, and maintenance of Avista's lines and facilities to provide electric service required hereunder. East Greenacres shall grant, without cost to Avista, good and sufficient recordable easements, in a form satisfactory to Avista, that provide for Avista's facilities to be located over, on, across and/or under said lands of East Greenacres covering rights-of-way for the installation, operation and maintenance of Avista's facilities required to render service hereunder.
12. Force Majeure. As used in this Agreement, "Force Majeure" means the inability of either Party to perform its obligations as set forth herein as a result of unforeseeable causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure ("Force Majeure Events"), which Force Majeure Events may include, but are not limited to, the following: acts of God, strikes, lockouts, acts of war, riots, landslides, earthquakes, fires, floods, unforeseeable or unusual weather conditions, washouts, explosions, breakage or accident to machinery or conduit, Force Majeure occurrences as defined by any approved tariffs, or any binding order, rule or regulation of any court or governmental authority, or any other occurrence beyond the reasonable control of either Party whether similar or dissimilar to any of the foregoing examples. If either Party is rendered wholly or partially unable to perform its obligations under this Agreement due to a Force Majeure Event, that Party shall be excused from whatever performance is affected by the Force Majeure Event to the extent so affected, and shall not be liable for said non-performance to either Party provided that notice of such Force Majeure Event is given to the other Party within a reasonable time. The occurrence of a Force Majeure Event effecting Avista's ability to deliver electric power to the East Greenacres Units shall not permit East Greenacres the right to extend the term of this Agreement, nor relieve East Greenacres from its minimum charge obligations; *provided, however,* that such minimum charges shall be prorated based on the actual number of days of service provided to East Greenacres, if a Force Majeure Event affecting Avista results in Avista's inability to deliver electric power for a period in excess of twenty-four (24) hours.
13. Indemnification and Hold Harmless Protection. East Greenacres shall indemnify and save harmless Avista from any liability, loss, or expense arising from or growing out of injury to persons, including death, or damage to property, which may occur on the electric system of East Greenacres and on its side of the specified Delivery Points unless such loss is due to the negligence of Avista. Where such claim or loss is caused by the concurrent negligence of East Greenacres, its agents or employees, and Avista, its agents or employees, East Greenacres hereby agrees to indemnify,

defend and save Avista harmless from all such claims or losses to the extent that such claim or loss was caused by the negligence of East Greenacres, its agents or employees.

14. Assignment. East Greenacres shall not (by contract, operation of law or otherwise) assign this Agreement, or any right or interest in this Agreement, without Avista's prior written consent. No such assignment, with or without prior consent by Avista, shall relieve East Greenacres from its responsibilities under this Agreement, and all obligations and liabilities incurred hereunder shall be preserved until satisfied. Subject to the foregoing restriction on assignment by East Greenacres, this Agreement shall be fully binding upon, inure to the benefit of, and be enforceable by the successors, assigns and legal representatives of the respective Parties to this Agreement.
15. Amendment and Waiver. This Agreement contains all of the terms and conditions bearing upon the subject matter and shall not be changed or varied except by written agreement executed by the Parties hereto through duly authorized representatives. If at any time the terms hereto are not strictly adhered to or enforced, they shall not thereby be deemed waived or modified, but shall at all subsequent times and dates be deemed in full force and effect.
16. Notices. Unless otherwise specified, any notice required under this Agreement shall be given in writing, and shall be effective from the date received by the Party to which it is provided.

16.1 Notices to Avista shall be mailed or delivered to the attention of:

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202-1902
or
P. O. Box 3727
Spokane, Washington 99220-3727
Attention: Manager, Transmission Services

16.2 Notices to East Greenacres shall be mailed or delivered to the attention of:

East Greenacres Irrigation District
2722 N McGuire Rd.
Post Falls, ID 83854
Attention: Manager

A Party may change the place or address for delivery of notices to it by giving notice to the other Party as thus described.

17. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, without giving effect to its principles of conflicts of law.
18. Venue. Any action at law or in equity to enforce the terms and conditions of this Agreement shall be brought in Spokane County, Washington.
19. Headings. The section headings in this Agreement are for convenience only and shall not be considered part of or used in the interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date(s) set forth below.

AVISTA CORPORATION

**EAST GREENACRES IRRIGATION
DISTRICT**

By: JA Schlect

By: [Signature]

Jeff Schlect
Manager, Transmission Services

Ron Wilson
Manager

Date: JANUARY 20, 2009

Date: JANUARY 29, 2009

Exhibit 1

Points of Delivery

1) East Greenacres Irrigation District Pumping Station #2

Location: The point at Chase Road and Hayden Avenue (Property ID # 51N05W223220) where Avista's distribution facilities and the service transformers owned by East Greenacres are connected

Feeder: PF213

Voltage: 13.2 kV

2) East Greenacres Irrigation District Pumping Station #3

Location: The point at Chase Road, approximately 0.25 miles north of Poleline Road (Property ID # 51N05W287720) where Avista's distribution facilities and the service transformers owned by East Greenacres are connected

Feeder: PF213

Voltage: 13.2 kV

Exhibit 2

Loss Factors

Feeder	Point of Delivery	Distribution Line Distance (miles)	Distribution Line Loss Factor	Substation Transformer Loss Factor	Total Loss Factor
PF213	Pump #2	3.410	3.410	1.250	4.660
PF213	Pump #3	1.760	1.760	1.250	3.010

Notes:

- Feeder distances are approximate, taken from Avista Feeder Maps
- Distribution line loss factors are calculated by multiplying the line distance in miles by a factor of 1.00%. All transformers, whether substation or service, have a specified 1.25 % loss factor.
- Service to these pumps are metered at a primary voltage. East Greenacres owns the service transformers at these locations.

Exhibit 3

Monthly Service Fee

The Monthly Service Fee is Three-Thousand Sixty-Five Dollars and Seventy-Seven Cents (\$3,622.77).

Calculation of the Monthly Service Fee is based upon the following:

Load Ratio Share of Idaho Distribution Facilities Cost from Cost of Service Study AVU-E-08-01

- Idaho normalized annual load for 2007 test year = 3,429,176,000 kWh
- East Greenacres annual load for 2007 test year = 3,352,862 kWh

East Greenacres Load Ratio Share = 0.0978%

Idaho Distribution Facilities Cost = \$44,451,166 (excludes Customer Service, Information and Sales)

East Greenacres Annual Distribution & Substation Use of Facilities Charge = \$44,451,166 x 0.0978%
= \$43,473.24
= \$3,622.77/month