

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF AVISTA)
CORPORATION'S PROPOSED REVISION) CASE NO. AVU-E-10-02
OF TARIFF I.P.U.C. NO. 28 FOR SCHEDULE)
63) ORDER NO. 32029
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On April 20, 2010, Avista Corporation (hereinafter "Avista" or "Company") submitted, via electronic filing, to the Commission Secretary its First Revision of Tariff Sheet No. 63 canceling Original Sheet No. 63 of I.P.U.C. Tariff No. 28 (hereinafter "Filing"). The Company proposed an effective date for the revised tariff sheet of May 20, 2010.

On May 20, 2010, the Commission issued a Notice of Application and Notice of Modified Procedure establishing a 28-day comment period and suspending the proposed effective date of the Company's Filing for a period of thirty (30) days plus five (5) months from April 20, 2010, or until such time as the Commission enters an Order accepting, rejecting, or modifying Avista's request. *See* Order No. 31090. The Commission received Staff's written comments and three public comments regarding Avista's Filing within the established comment period.

TARIFF REQUEST

Avista's Filing proposes to alter the maximum generating capacity that Schedule No. 63 (net metering) customers may connect to the system while still being eligible for net metering. Avista allows customers to enroll as net metering customers on a first-come, first-served basis until the cumulative generating capacity of all net metering customers equals 1.52 MW (0.1% of Avista's retail peak demand in 1996). In order to be eligible for the net metering program, customers must own a facility, located on the customer's premises, that generates electricity and uses as its fuel either solar, wind, biomass or hydropower, or represents fuel cell technology.

If approved, the allowable generating capacity would increase from its current 25 kilowatt ("kW") maximum to a 100 kW maximum. Avista states that the current average customer using net metering is in the range of 5-10 kW. The proposed change to 100 kW would allow for larger generating facilities to be considered. Avista believes that the proposed revision would not impact the distribution system or other customers' service.

The current policy of imputing the costs for service facility upgrades, including the transformer, if required, to net metering applicants would remain in place. Applications are evaluated for any potential capacity issues that may be encountered by the customer. If the applicant's service capacity is deemed insufficient to accommodate the applicant's proposed generation capacity, Avista provides the applicant with a detailed cost estimate for upgrading the service.

STAFF COMMENTS AND RECOMMENDATIONS

Staff noted that Avista has received requests from at least one residential and one commercial customer to lift its maximum generation capacity limit for Schedule 63 customers and asserted that Avista's request to increase the individual customer limit for net metering from 25 kW to 100 kW was motivated by the Company's desire to "accommodate [these types of] customers who wish to install larger systems than are currently permitted under Schedule 63." Staff Comments at 2. Avista would also like to align its "net metering rules in Idaho with the net metering standard that was established for Avista in Washington in 2008." *Id.*

In Idaho, Avista's net metering program has attracted only 14 participants, with a collective generation capacity of only 37 kW, with most of those customers being residential consumers generating only a few kilowatts. *Id.* Avista's current maximum generation capacity mirrors both Idaho Power's and Rocky Mountain Power's net metering tariffs for the residential class. *Id.* However, both Idaho Power and Rocky Mountain Power allow up to 100 kW for all other customer classes. *Id.* Notwithstanding a few anecdotal examples of customers installing larger systems, "Staff believes that the vast majority of net metering customers will continue to install systems with capacities below 25 kW." *Id.* Nevertheless, customers with larger systems will still have the option "to sell their excess generation under non-firm tariffs or enter into long-term fixed rate contracts" if they determine that "PURPA avoided cost rates will be more attractive than net metering." *Id.* at 3.

Staff believes that one of the chief rationales for restrictions on net metering, preventing the subsidization of net metering customers by the general body of ratepayers, is no longer applicable. *Id.* Staff explained that "for many years, retail rates far exceeded the cost of generation alone, thus creating a subsidy." *Id.* However, retail rates no longer exceed the cost of generation, thus weakening the justification for limiting the size of net metering systems. *Id.*

Staff asserts that there is little risk of Schedule 63 customers “oversizing” their systems because, while they can carry over excess generation credits month-to-month, they will not be compensated for any unused credits at the end of the calendar year. *Id.* Staff maintains that this policy should help preserve “the intent of the net metering program by encouraging customers to install systems designed only to offset their usage.” *Id.*

Finally, Staff believes that Avista’s proposal is reasonable and recommended that the Commission approve Avista’s request for an increase to the net metering size limitation from its current 25 kW maximum to 100 kW maximum for all customer classes. *Id.* at 4. Staff believes that “adoption of the proposed net metering standard for Avista will accommodate . . . larger systems, still preserve the intent of net metering to offset usage, and recognize the lower number of solar days in northern Idaho.” *Id.* The revised tariff for Schedule No. 63 “should not cause net metering customers to be subsidized by other ratepayers, nor will it change net metering customers' responsibility for paying for service upgrades when required.” *Id.*

PUBLIC COMMENTS

The Commission received three separate e-mail submissions from the public commenting on Avista’s Filing. The substance of those comments included the following:

1. Avista should be required to purchase any “excess power generated . . . at the prevailing wholesale rate”;
2. Avista should implement and expand its net metering program in order to encourage more private investment in alternative energy; and
3. There is “no practical reason to limit the generation size to 25 kW.”

COMMISSION DECISION AND FINDINGS

The Commission has thoroughly reviewed all the filings associated with Avista’s Filing, including Staff and public comments. The Commission finds that Avista’s request to increase the maximum generating capacity that Schedule No. 63 (Net Metering) customers are permitted to connect to Avista’s system, from its current maximum of 25 kW to a maximum of 100 kW and up to an aggregate of 1.52, is just and reasonable. Therefore, the Commission approves the aforementioned revisions to Avista’s Schedule No. 63 Tariff Sheet of IPUC Tariff No. 28.

CONCLUSIONS OF LAW

Avista Corporation is an electrical corporation as the term is defined in *Idaho Code* § 61-119. The Commission has jurisdiction over Avista Corporation, an electrical corporation, and the issues presented in this case pursuant to Title 61 of the Idaho Code.

ORDER

IT IS HEREBY ORDERED that Avista Corporation's Filing to increase the maximum generating capacity that Schedule No. 63 (Net Metering) customers may connect to Avista's system, from 25 kW to a maximum of 100 kW and up to a cumulative amount of 1.52 MW, is approved.

IT IS FURTHER ORDERED that Avista shall immediately file a conforming copy of its new Schedule No. 63 Tariff Sheet of Tariff No. 28 reflecting the changes approved in this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

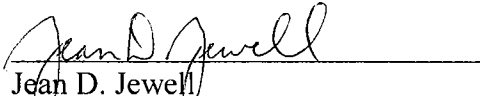
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th
day of July 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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