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Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
AVISTA CORPORATION DBA AVISTA )	CASE NO. AVU-E-10-4
UTILITIES FOR MODIFICATION OF ITS )	
RESIDENTIAL AND FARM ENERGY RATE )	
ADJUSTMENT. )	COMMENTS OF THE
_____ )	COMMISSION STAFF

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32082 on October 5, 2010, in Case No. AVU-E-10-4, submits the following comments.

### BACKGROUND

On September 15, 2010, Avista Corporation dba Avista Utilities (Company) filed an Application with the Commission seeking authority to revise its Schedule 59, Residential and Farm Energy Rate Adjustment. More specifically, the Company proposes an adjustment to the Residential Exchange Program (REP) credit from the currently approved 0.289¢/kWh to 0.147¢/kWh, or a decrease to the credit of 49%. The REP provides a share of the benefits of the federal Columbia River power system to the customers of the six investor-owned utilities in the Pacific Northwest. Avista applies the benefits it receives, which usually fluctuate annually, to

customers as a credit on their monthly electric bill. The Company requests that the rates become effective November 1, 2010.

Avista's Application states that the current 0.289¢/kWh REP credit, to pass through residential exchange program benefits, was approved effective August 1, 2009. That REP credit resulted from a settlement agreement with the Bonneville Power Administration (BPA) and was based on two years of assumed payments from BPA for their 2009 and 2010 fiscal years, as well as an amount from settlement of an outstanding Deemer Account.

Avista maintains that the current REP credit was designed to pass through the total of the 2009 and 2010 benefits over a period of 15 months, August 1, 2009 through October 31, 2010. The proposed REP credit of 0.147¢/kWh would replace the current REP credit of 0.289¢/kWh and is designed to pass through the amount of expected benefits from BPA for their 2011 fiscal year over a refund period of 12 months, November 1, 2010 through October 31, 2011.

The proposed REP credit of 0.147¢/kWh would apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For a customer using 1,000 kWh per month, the proposed, lower rate credit would result in a monthly increase of \$1.42 per month, or 1.65%. The actual increase will vary based on customer usage.

The Application states that the proposed REP credit will have no effect on Avista's net income. The proposed rate credit would, however, result in an increase of approximately \$1.7 million to Idaho electric revenue, since a lesser amount of benefits will be passed through to customers.

## **STAFF ANALYSIS**

The Company submitted workpapers supporting its calculation of the proposed 0.147¢/kWh REP credit. This filing reflects estimated payments for the 2011 fiscal year. The total benefit amount applicable to Idaho customers is approximately \$1.7 million.

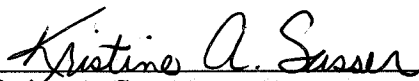
The REP calculation starts with the benefit amount of \$1,792,832 applicable to Idaho customers. Avista adjusted this amount to include: (1) the over-refunded balance at the end of the existing rate (October 31, 2010) and (2) the revenue conversion factor of 0.995502, making the total amount of REP credit \$1,800,933. The Company's projected energy usage is 1,228,796,000 kilowatt-hours for all qualifying residential and small farm customers during the period of November 1, 2010 to October 31, 2011. The total credit amount is divided by the projected

energy used to obtain the proposed credit amount of 0.147¢/kWh. Staff believes the proposed credit amount of 0.147¢/kWh has been correctly computed by Avista. The Company has issued an individual notice to all residential and small farm customers.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission approve the new tariff rate of 0.147¢/kWh effective November 1, 2010 to timely “pass-through” the REP credits received from BPA to Avista’s customers.

Respectfully submitted this 21<sup>ST</sup> day of October 2010.

  
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Kristine A. Sasser  
Deputy Attorney General

Technical Staff: T.J. Golo

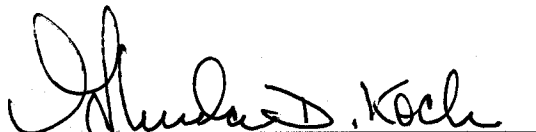
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21<sup>ST</sup> DAY OF OCTOBER 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-10-04, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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