

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF AVISTA</b>	)	
<b>CORPORATION'S APPLICATION FOR A</b>	)	<b>CASE NO. AVU-E-12-04</b>
<b>CERTIFICATE OF PUBLIC CONVENIENCE</b>	)	
<b>AND NECESSITY FOR ITS SOLAR</b>	)	
<b>GENERATING RESOURCE NEAR</b>	)	<b>ORDER NO. 32560</b>
<b>RATHDRUM, IDAHO</b>	)	

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On April 20, 2012, Avista Corporation filed an Application for a Certificate of Public Convenience and Necessity ("CPCN") pursuant to *Idaho Code* §§ 61-526 through 61-528 and IDAPA 31.01.01.112 seeking certification for its previously constructed 15 kW solar generation test facility ("the Solar Facility") in Kootenai County located near Rathdrum, Idaho.

**THE APPLICATION**

Avista is a Washington corporation providing electrical service to customers in northern Idaho and western Washington. Avista's Application states that the Solar Facility consists of sixty 250-watt poly-crystalline solar panels mounted in fixed arrays and connected via inverters to the utility grid. The Solar Facility is located in one test block as part of a six-block test complex directly adjacent to Avista's natural gas combustion turbine generation site near Rathdrum, Idaho. The Application further states that the Solar Facility is necessary both to meet the demand for renewable resources created by "Avista's Buck-a-Block" renewable energy program and to provide information on the costs and benefits associated with solar energy generation.

Because the Solar Facility is already constructed, no additional construction is required at this time. Avista states that the total cost of construction was less than \$80,000. Avista insists that all costs above the market rate for electricity will be funded through the "Buck-a-Block" program in accordance with Schedule 95 of Avista's Idaho tariff. "Buck-a-Block" is a voluntary program that allows customers to purchase 300 kWh "blocks" of renewable power through special assessments to their monthly bill. Avista does intend to include investment in the Solar Facility in its rate base in future rate proceedings, but it expects the effect of the Solar Facility on revenue requirements to be zero.

Although Avista applies for a CPCN "out of an abundance of caution," Avista asserts that a CPCN for the Solar Facility is not required under *Idaho Code* § 61-526. Application at 2.

Avista maintains that the Solar Facility constitutes an extension of an existing plant within territory already served. Avista does not appear to claim that the installation of solar generation on the site of its existing natural gas combustion plant constitutes an increase of capacity of the existing plant.

### STAFF RECOMMENDATIONS

Based on its review of Avista's Application and current Idaho tariff, Staff recommended the Commission grant Avista's request. Staff believes that the project complies with the minimum statutory requirements found in *Idaho Code* § 61-526 that: (1) the present or future public convenience or necessity requires or will require the construction of the Solar Facility; and (2) the Solar Facility will not interfere with the line, plant or system of another public utility.<sup>1</sup>

As a preliminary matter, Staff believes a CPCN for the Solar Facility is required by the *Idaho Code* § 61-526. Section 61-526 states:

No . . . electrical corporation . . . shall henceforth begin the construction . . . of a line, plant, or system . . . without having first obtained from the commission a certificate that the present or future public convenience and necessity require or will require such construction

Avista claims that the Solar Facility fits within a statutory exception to this baseline requirement as an "extension within any city or county within which it shall have theretofore lawfully commenced operation." *Id.* Avista's argument is that construction of a separate and distinct solar generation facility on the same site where it currently operates a large natural gas combustion generation facility and other smaller test facilities constitutes an extension of a pre-existing plant. Staff disagrees. The more practical construction of the statute's extension exceptions pertains to extensions of existing transmission lines or the like-for-like expansion of capacity at an existing generation plant. Accordingly, Staff suggested the Commission treat the distinct Solar Facility as a new facility under Section 61-526 and require a distinct CPCN.

Staff notes that the 15 kW nameplate capacity of the Solar Facility is small with respect to the total of both the capacity of Avista's existing generation and customer demand. Furthermore, this size is consistent with Avista's "Buck-a-Block" program and Avista's stated

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<sup>1</sup> Consideration of the potential for interference with other public utilities is made unnecessary in this case by the location of the facility on a pre-existing certificated generation site, the territorial franchise granted to Avista as a regulated utility, and the absence of any expansion of service area.

desire to gather trial data on the costs and benefits of solar generation. To that extent, the Solar Facility is consistent with both present and future public convenience and necessity.

Staff also notes the *de minimus* financial impact of the cost of the Solar Facility. The reported costs of less than \$80,000 are consistent with Avista's assertion that the Solar Facility will have zero effect on its revenue requirements. Staff believes that the benefits of supporting pre-existing renewable energy programs, combined with the negligible effect on Avista's rate base and zero impact on Avista's revenue requirements, merit the issuance of a CPCN for the Solar Facility.

Finally, given that the Solar Facility is already-constructed and has a *de minimus* financial impact, Staff believes that a hearing pursuant to *Idaho Code* § 61-528 "involving the financial ability and good faith of the applicant" is unnecessary under these circumstances. Accordingly, Staff recommended the Commission act on its authority under IDAPA 31.01.01.013 to deviate from the rules of normal procedure when "compliance with them is impracticable, unnecessary or not in the public interest" and to approve Avista's Application for a CPCN directly and without further process.

### **COMMISSION DISCUSSION AND FINDINGS**

As a preliminary matter, the Commission agrees with Staff that the Solar Facility requires a distinct CPCN. The extension exceptions in *Idaho Code* § 61-526 apply to extension of existing facilities of the same nature as those already in existence. The construction of a new generation facility, making use of a different method of generation, constitutes construction of a new plant for purposes of Section 61-526. The fact that the new plant is located adjacent to an existing plant site, although convenient, is merely incidental. Thus, as a new plant, Avista must obtain a new CPCN.

The Commission also finds that the completed construction of the Solar Facility and *de minimus* financial impact to Avista and its customers render a hearing under *Idaho Code* § 61-528 unnecessary. Pursuant to Rule 13, the Commission finds there is good cause to consider the Application without a hearing. IDAPA 31.01.01.013.

Finally, the Commission finds that the construction and operation of the Solar Facility will provide necessary renewable generation resources consistent with Avista's previously approved "Buck-a-Block" program under Schedule 95. The Solar Facility also will provide valuable information to Avista concerning the costs and benefits of solar generation.

The Commission also finds that the facility can be operated with zero effect on Avista's revenue requirements.

### **CONCLUSIONS OF LAW**

Avista Corporation is an electric corporation and public utility subject to the regulatory jurisdiction of the Commission pursuant to Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has jurisdiction over the specific issues presented in this matter pursuant to *Idaho Code* §§ 61-526 and 61-528.

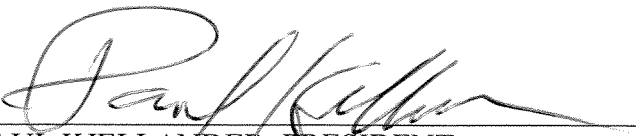
We find that present and future public convenience and necessity require the construction and operation of the 15 kW solar generation test facility in Kootenai County.

### **ORDER**

IT IS HEREBY ORDERED that the Application of Avista Corporation for a Certificate of Public Convenience and Necessity authorizing the construction and operation of a 15 kW solar generation test facility, to be located in Kootenai County, Idaho is approved. This Certificate shall be assigned No. 506.

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 31<sup>st</sup>  
day of May 2012.

  
PAUL KJELLANDER, PRESIDENT

  
MACK A. REDFORD, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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