

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE RESIDENTIAL</b>	)	
<b>AND SMALL FARM ANNUAL RATE</b>	)	<b>CASE NO. AVU-E-17-05</b>
<b>ADJUSTMENT FILING OF AVISTA</b>	)	
<b>CORPORATION</b>	)	<b>ORDER NO. 33895</b>
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On August 1, 2017, Avista Corporation dba Avista Utilities applied to the Commission for authorization to implement a residential and small farm energy credit rate, in Schedule 59, of 0.078 cents per kilowatt-hour (kWh). Application at 1. This rate represents an increase in the annual credit to qualifying customers of approximately \$200,000, and a corresponding decrease to those customers' rates. *Id.* at 2. The Company requested that the Application be processed under Modified Procedure, with an effective date of October 1, 2017. *Id.* The Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline. Order No. 33840. Commission Staff timely filed comments. No other comments were received.

Having reviewed the record, the Commission enters this Order approving the Company's Application, with the new rate to be effective October 1, 2017. The Commission's decision is set out more fully below.

**BACKGROUND**

This Application results from the Bonneville Power Administration's (BPA) Residential Exchange Program. The Residential Exchange Program was established by Section 5(c) of the Northwest Electric Power Planning and Conservation Act. 16 U.S.C. § 839c(c). That section makes low-cost power from the federal Columbia River power system available to investor-owned utilities in the Northwest. *See Assoc. of Pub. Agency Customers v. Bonneville Power Admin. (APAC v. BPA)*, 733 F.3d 939, 945 (9th Cir. 2013). The statute permits utilities to "exchange power they have purchased or generated for lower-cost power generated by BPA." *Portland General Elec. Co. v. Bonneville Power Admin. (PGE v. BPA)*, 501 F.3d 1009, 1015 (9th Cir. 2007). The exchange is a paper transaction—a utility may offer to sell power to BPA at the utility's average system cost (ASC) for producing power, which BPA compares to a Priority Firm (PF) Exchange Rate that BPA calculates for purposes of the exchange. *See id.*, *APAC v. BPA*, 733 F.3d at 945-46. If BPA's PF Exchange Rate is lower than the utility's ASC, then the

utility is entitled to a benefit from BPA. *APAC v. BPA*, 733 F.3d at 946. Generally, the utility benefit is the difference between BPA's PF Exchange Rate and the utility's ASC, multiplied by the utility's residential load. *Id.* at 945. The utility must pass the benefit on to its qualifying (residential and small farm) customers. *See id.* (citing 16 U.S.C. § 839c(c)(3)). The implementation of the exchange has been litigated over the years; the current implementation results from a settlement that took effect in 2012. *See id.* at 946-47 (describing litigation and settlement).

### THE APPLICATION

In its Application, Avista summarized the Residential Exchange Program. Application at 2-3. Avista passes the benefits it receives under the program to qualifying customers via the residential and small farm energy credit rate. *Id.*

The *current* residential and small farm energy credit rate is 0.060 cents per kWh. *Id.* at 3. The current BPA benefit passed to Avista's Idaho customers is about \$400,000. *Id.* at 3-4 and n.1. The current credit rate includes the \$400,000 BPA benefit plus a credit adjustment of about \$330,000 to return to customers an under-refunded balance, for a total credit of about \$730,000. *Id.* The additional credit adjustment of about \$330,000 is projected to be refunded to customers by October 1, 2017. *Id.* at 3.

The *proposed* credit rate is 0.078 cents per kWh. *Id.* The proposed credit rate represents an increase of about \$500,000 in BPA benefits, for a total benefit amount of approximately \$940,000. *Id.* Thus, the overall decrease for qualifying customers under the proposed credit rate, compared to the current rate, is \$200,000 or 0.2%. *Id.* at 4. The Company explained that the change in the credit rate does not affect its net income. *Id.*

The Company's Application included workpapers that calculate the residential and small farm energy credit rate. Application Attachment A (Workpapers). The Company also provided a copy of the proposed tariff, Schedule 59, which contains the credit rate, as Exhibit A to its Application. The Company requested that the rate be effective from October 1, 2017 through September 30, 2018. *Id.* at 1. The Company indicated it will bring the Application to the attention of its customers via a news release and a customer notice explaining each of several rate filings. *Id.* at 5.

## STAFF COMMENTS

Staff explained the calculation of the BPA benefit. Staff Comments at 2. The difference between Avista's ASC and BPA's PF Exchange Rate is calculated and then multiplied by the average amount of energy that Avista's residential and small farm customers used over the last two years. *Id.* at 2-3. The result is the annual benefit the Company will pass to its qualifying customers. *Id.*

Avista then calculated its residential and small farm energy credit rate by taking the annual benefit amount and adding to that amount any projected remaining benefit balance from previous years. *Id.* That total is then divided by Avista's projected sales to residential and small farm customers (in kWh), resulting in the proposed rate. *Id.*

Staff audited the inputs to the calculations and independently recalculated the rate. *Id.* Staff believed the Company correctly calculated the proposed rate of 0.078 cents per kWh, and recommended the rate be approved.

Staff also reviewed the Company's customer notice and draft press release, which were included with the Company's Application, and the Company's final press release addressing this Application, which was filed in Case No. AVU-E-17-04 (the press release addressed both cases and two others). *Id.* Staff believed that the customer notice and final press release complied with Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125.

## COMMISSION FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission has the express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential discriminatory, or in violation of any provision of law, and may fix the same by Order. *Idaho Code* §§ 61-502 and 61-503. The Commission has reviewed the record, including the Application and comments.

We find that the proposed credit rate of 0.078 cents per kWh is just and reasonable. We therefore approve the Application and the proposed tariff Schedule 59, to be effective October 1, 2017.


## ORDER

IT IS HEREBY ORDERED that the Application of Avista Utilities to implement a new residential and small farm energy credit rate is approved. The Company is authorized to

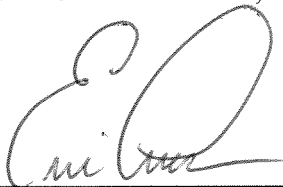
implement its proposed credit rate of 0.078 cents per kWh and the proposed tariff Schedule 59 is approved, to be effective October 1, 2017.

THIS IS A FINAL ORDER. Any person interested in 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 *29<sup>th</sup>* day of September 2017.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary

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