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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE RESIDENTIAL AND)	
SMALL FARM ANNUAL RATE ADJUSTMENT)	CASE NO. AVU-E-17-05
FILING OF AVISTA CORPORATION)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Camille Christen, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 33840 on August 16, 2017, submits the following comments.

BACKGROUND

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, for rate Schedules 1, 12, 22, 32, and 48, of 0.078 cents per kilowatt-hour (kWh). Application at 1. The Company requests that the Application be processed under Modified Procedure, with an effective date of October 1, 2017 through September 30, 2018. *Id.* at 2. The Company indicated to Staff that it files on an annual basis to adjust this rate based on how much of the credit is amortized through the year.

The Company's Application provides the calculation of the Residential and Small Farm Energy credit rate in Attachment A. The Company also provides a copy of the proposed tariff, Schedule 59, which contains the credit rate, in Exhibit A to its Application. Exhibit A also shows the changes to Schedule 59 in legislative format.

STAFF ANALYSIS

The Residential and Small Farm Energy credit rate results from an agreement between the Company and the Bonneville Power Administration (BPA) regarding the Residential Exchange Program. Under the Residential Exchange Program, BPA provides a share of the benefits of the federal Columbia River power system to the residential and small-farm customers served by the six investor-owned utilities of the Pacific Northwest, including Avista. This benefit is implemented via a credit on qualifying customers' bills.

The current Avista Residential and Small Farm credit rate is 0.060 cents per kWh. The current amount of BPA benefits passed through to Avista's Idaho customers is about \$0.4 million. An additional credit adjustment of about \$0.33 million from October 1, 2016, is currently being returned to customers from an under-refunded balance, for a total credit of about \$0.73 million. The additional credit adjustment of about \$0.33 million is projected to be mostly refunded to customers by October 1, 2017.

The proposed credit rate is 0.078 cents per kWh. The proposed credit rate represents an increase of about \$0.53 million in BPA benefits, to approximately \$0.93 million in BPA benefits. Because the additional credit adjustment of \$0.33 million in the current rate will be reduced to \$0.01 million by October 1, 2017, the total proposed credit amount is about \$0.94 million.

The overall increase in the credit amount (which results in a rate decrease to qualifying customers) under the proposed rate of 0.078 cents per kWh, compared to the current rate of 0.060 cents per kWh, is \$0.2 million or 0.2%. The current monthly residential bill, including all adders (Power Cost Adjustment, Fixed Cost Adjustment, etc.), for an average residential customer using 910 kWh is \$86.39. The proposed rate change results in a bill of \$86.23 — a decrease of 16 cents — in the monthly bill for the average residential customer. The change in the credit rate does not affect Avista's net income.

The calculation of the BPA benefit for residential and small farm customers has two inputs. The first input is the usage by Avista's residential and small farm customers over the

previous two years, which is then averaged to create an annualized usage. The second input is the difference between two variables calculated by BPA — Avista's Average System Cost (ASC) and the Priority Firm (PF) Exchange Rate. These variables are calculated by BPA every two years. The difference between the ASC and the PF Exchange Rate is multiplied by the annualized usage to calculate the BPA benefit to be passed on to qualifying customers for each of the next two years.

Avista's Residential and Small Farm Credit rate is calculated by taking the projected remaining balance of the BPA benefit from previous years and adding the BPA benefit for the next year. The total is then divided by the projected kWh sales to residential and small farm customers to create the rate.

Staff has audited the initial inputs and independently recalculated the rate. Staff believes that the Company correctly calculated the rate of 0.078 cents per kWh and recommends this rate be approved.

CUSTOMER NOTICE AND PRESS RELEASE

The Company filed a customer notice and a draft copy of its press release with its Application. Each document covered four cases (Case Nos. AVU-E-17-04, AVU-E-17-05, AVU-E-17-06 and AVU-E-17-07). No final copy of the press release was filed in this case. Staff reviewed the customer notice filed in this case and the press release filed in AVU-E-17-04 and determined that both comply with Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125.

The notice was included with customer bills beginning August 8, 2017 and ending August 24, 2017. On August 24, 2017, 9,959 customers who would have received a bill after that date were sent a copy of the customer notice by direct mail. Also on August 24, 2017, electronic notices were emailed to 26,498 customers. Customers have the opportunity to file comments on or before the comment deadline of September 20, 2017.

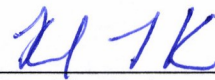
CUSTOMER COMMENTS

As of September 20, 2017, the Commission has received zero comments from customers.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the new Residential and Farm Energy Rate Schedule 59, with a credit rate of 0.078 cents per kilowatt-hour, effective October 1, 2017.

Respectfully submitted this 20th day of September 2017.


Per: _____
Camille Christen
Deputy Attorney General

Technical Staff: Joe Terry
Bentley Erdwurm
Daniel Klein

i:umisc/comments/avue17.5ccjtbedk comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20TH DAY OF SEPTEMBER 2017, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-17-05, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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