

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
AVISTA CORPORATION DBA AVISTA)	CASE NO. AVU-E-03-5
UTILITIES FOR AN ORDER APPROVING A)	
CONTRACT WITH KOOTENAI ELECTRIC)	
COOPERATIVE, INC. TO ALLOCATE)	
SERVICE TERRITORIES, A CONSUMER, AND)	ORDER NO. 29315
FUTURE CONSUMERS.)	
_____)	

On June 5, 2003, Avista Corporation dba Avista Utilities filed an Application seeking the Commission’s approval of a contract between Avista and Kootenai Electric Cooperative to allocate service territories and consumers. In Order No. 29268 the Commission issued a Notice of Modified Procedure soliciting public comments on the parties’ Agreement. The only comment received was submitted by the Commission Staff recommending approval. After reviewing the Agreement and the Staff Comments, we approve the Application.

THE APPLICATION

On June 2, 2003, the parties executed an “Agreement to Exchange Electric Customers.” In their Agreement, the parties propose to exchange one current customer and realign their respective service areas. More specifically, the Agreement transfers one customer (Roy Armstrong) from Avista to Kootenai. The agricultural property surrounding Mr. Armstrong’s property is being developed into a residential subdivision to be served by Kootenai. Consequently, the parties maintain that service to Mr. Armstrong is becoming more difficult and will be costly to convert his existing Avista service to underground service (to accommodate the newer phase of the subdivision). If approved, the Agreement provides that Kootenai’s service area will encompass all of Mr. Armstrong’s property and eliminate the need for Avista facilities in the immediate area.

The parties also agreed that the undeveloped part of Grayling Estates Subdivision (approximately 41 lots) be transferred from Kootenai’s service territory to Avista’s service territory. The Application asserts that it would be cost efficient for the utilities to exchange the one existing customer and the two service areas. The Agreement was endorsed by Mr. Armstrong and by Prairie Falls, the developer of Grayling Estates Subdivision.

STAFF COMMENTS

Staff recommended that the Commission approve the Agreement. Staff noted that the exchange of the existing customer and territories appear to be a least-cost exchange between the suppliers. Staff Comments at 2. The exchange of the Armstrong account requires the parties to seek an “exception” to the anti-pirating provisions of *Idaho Code* § 61-332B. Staff supports the exception request and notes that the exchange of the customer and service territories also avoids duplication of facilities and stabilizes the territories of the two suppliers.

Staff also noted that the final phase of the Grayling Estates Subdivision (41 lots) is closest to Avista’s existing service territory. Staff stated that the service territory exchange appears reasonable because Kootenai’s line extension facilities to serve the final phase of the Grayling Estates would require Kootenai to perform an expensive and time-consuming boring project under an adjacent railroad right-of-way to put in the necessary feeder line. Consequently, Staff recommended that the Commission grant an exception to switch Mr. Armstrong’s service pursuant to *Idaho Code* § 61-334B(1) and find that the service territory swap meets the purposes and provisions of the ESSA codified at *Idaho Code* § 61-332(2). *See Idaho Code* § 61-333(1).


FINDINGS

Having reviewed the parties’ “Agreement to Exchange Electric Customers” and the Staff’s supporting comments, we find it is reasonable to approve the Application and Agreement. More specifically, we find the exchange Agreement is consistent with the purposes of the ESSA. In particular, we find that it promotes harmony among electric suppliers, discourages duplication, and in particular, stabilizes the territories and consumers served by these two electric suppliers. We further find that the exchange of the Armstrong account is a reasonable exception to the anti-pirating provision of *Idaho Code* § 61-332B. *See Idaho Code* §§ 61-334B(1); 61-333(1).

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. AVU-E-03-5 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 or in interlocutory Orders previously issued in this Case No. AVU-E-03-5. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

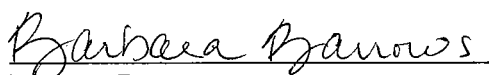
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th
day of August 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER

Commissioner Hansen Out of the Office
DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Barbara Barrows
Assistant Commission Secretary

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