

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR A) CASE NO. AVU-E-04-4
MODIFICATION TO THE RESIDENTIAL)
AND SMALL FARM ENERGY RATE)
ADJUSTMENT CREDIT.) ORDER NO. 29623
)

On October 1, 2004, Avista Corp. dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a change to the Company's Schedule 59 Residential and Farm Energy Rate Adjustment tariff. Avista requests authority to increase the residential and farm energy rate adjustment credit from 0.252¢ per kWh to 0.412¢ per kWh for an effective date of November 1, 2004. The Commission in this Order approves the proposed increase.

As a northwest regional utility, Avista is entitled to participate in the Residential Exchange Program (REP) that extends the benefits of the Columbia River Federal Power Program to residential and small farm consumers served by investor-owned utilities in the region. Section 5c of the Northwest Power Act, 16 U.S.C. § 839(c). The REP is administered by the Bonneville Power Administration (BPA). A Residential Exchange Settlement Agreement between Avista and BPA settled the parties' rights and obligations for the Residential Exchange Program for the ten-year term of the Agreement, October 1, 2001 through September 30, 2011. Avista uses the energy rate adjustment credit to pass onto its qualifying residential and small farm customers the estimated residential exchange benefits it receives from BPA. The proposed rate credit of 0.412¢ per kWh is designed to pass through the projected balance of accumulated benefits at October 31, 2004, as well as the expected level of benefits to be received from BPA during the period November 1, 2004 through October 31, 2005.

The proposed 0.412¢ credit is a uniform cents per kilowatt hour decrease that will apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For residential and small farm area lighting customers served under Schedule 48, the proposed credit is applied on a uniform cents per kilowatt hour basis to the energy usages of the various lights covered under that rate schedule. The calculation of the proposed rate credit is shown in Company workpapers. As reflected in the Company's Application, the proposed increase in the

rate credit will result in an overall reduction in annual revenue of approximately \$1.7 million. The increase in the rate credit will have no effect on Avista's net income.

The Application in Case No. AVU-E-04-4 was processed pursuant to Modified Procedure. The deadline for filing written comments was October 28, 2004. Commission Staff was the only party to file comments.

Staff Analysis

Staff has reviewed the Company's Application, workpapers, accounting and calculations. Staff finds the deferral calculations and quantification of the secondary effects of the BPA exchange credit to be correct. Staff believes that the rate calculation is based on reasonable estimates of the money Avista will receive from BPA and the amount of energy Avista will sell to its customers who qualify for the credit. Staff recommends approval of the Company's Application as filed for an effective date of November 1, 2004.

Commission Findings

The Commission has reviewed the filings of record in Case No. AVU-E-04-4 including the comments and recommendations of Commission Staff. The Commission continues to find it reasonable to process the Company's Application pursuant to Modified Procedure, i.e., by written submission rather than by hearing. IDAPA 31.01.01.204.

Avista in this case requests authority to increase its Schedule 59 Residential and Small Farm Energy Rate Adjustment Credit from 0.252 cents per kilowatt hour to 0.412 cents per kilowatt hour for an effective date of November 1, 2004. The proposed credit will benefit qualifying residential and small farm customers and will provide appropriate benefits from regional power as contemplated by the 1980 Pacific Northwest Electric Power Planning and Conservation Act. We are satisfied that the Company workpapers, accounting and calculations are correct and reasonable.

The Idaho Public Utilities Commission expresses its continued appreciation to the Bonneville Power Administration for its acknowledgement that the benefits of the Federal Columbia River Power System (FCRPS) should be spread to all the residents of the Pacific Northwest. The Commission finds it reasonable to approve the proposed increase in the Company's Schedule 59 Residential and Small Farm Energy Rate Adjustment Credit for an effective date of November 1, 2004.

CONCLUSIONS OF LAW

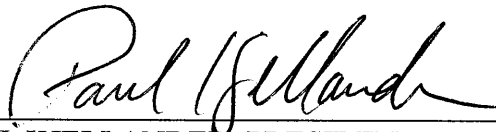
The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities, an electric utility, pursuant to the authority granted in Title 61, Idaho Code, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve an increase in Avista's Schedule 59 Residential and Small Farm Energy Rate Adjustment Credit from 0.252 cents per kilowatt hour to 0.412 cents per kilowatt hour for an effective date of November 1, 2004.

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. 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 1st day of November 2004.



PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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