

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-19-13
OF AVISTA CORPORATION TO APPROVE)	
ELECTRIC DISTRIBUTION SERVICE)	
AGREEMENT WITH EAST GREENACRES)	ORDER NO. 34564
IRRIGATION DISTRICT)	
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On November 15, 2019, Avista Corporation dba Avista Utilities (“Avista” or “Company”) applied to the Commission for approval of an Electric Distribution Service Agreement (“Agreement”) between the Company and the East Greenacres Irrigation District (“East Greenacres”). *Application* at 1. The Company requested the Application be processed by Modified Procedure and that the proposed Agreement become effective on January 1, 2020, or on the first day following approval by the Commission. *Id.*

On December 16, 2019, the Commission issued its Notice of Application, Notice of Modified Procedure and Order setting comment and reply deadlines and suspending the Company’s proposed effective date. *See* Order No. 34506. The Commission Staff (“Staff”) filed comments on January 6, 2020, and was the only party to do so. The Company did not file reply comments.

Having reviewed the record, the Commission enters this Order approving the Company’s Application.

BACKGROUND

East Greenacres has operated and maintained two Bureau of Reclamation-built pumping facilities on the Rathdrum Prairie since December 31, 1976, providing irrigation and domestic water supply to approximately 5,300 acres of land. *Id.* at 2. To operate the pumping facilities, East Greenacres receives electric power from the Bureau of Reclamation that is delivered through Avista’s transmission and distribution facilities. *Id.* Since March 1, 2009, this service has been separated into two service agreements to comply with federal and state authorities, one for transmission and one for distribution. *Id.* at 2-3. The current electric distribution service agreement between Avista and East Greenacres was approved by the Commission in 2014 and remains in effect until terminated or replaced. *See* Order No. 33145.

APPLICATION

Avista represents it has delivered approximately 3.8 million kilowatt-hours annually to East Greenacres' pumping facilities. *Id.* Avista asserts the current, annual charge for distribution service under the existing agreement is \$4,231.74 per month or \$50,780.88 per year. *Id.*

The parties executed the new Agreement on November 7, 2019. *Id.* at 1. The Agreement provides for distribution service from Avista's Post Falls Substation over 13.2kV feeders to East Greenacres' two pumping stations. *Id.* at 3. Avista asserts the distribution rate charge in the new Agreement is "consistent with distribution charges embedded in current Idaho retail rates at the time it was signed by the parties." *Id.* at 2. Under the new Agreement, East Greenacres will pay Avista \$5,232.57 per month or \$62,790.84 per year for distribution service. *Id.* Avista asserts the incremental costs associated with providing distribution service under the Agreement are less than what it charges East Greenacres; therefore, the revenue received from it will assist the Company in offsetting its fixed costs. *Id.*

Avista avers it doesn't have a tariff for customers who take distribution service like East Greenacres. *Id.* Further, Avista represents East Greenacres is the only customer in the Company's service territory who receives its power requirements from the Bureau of Reclamation. *Id.* Avista asserts the service characteristics involved in the Agreement are unique, the distribution charge is based on Commission supported demand-based methodology, and the Company believes this contractual relationship is not unreasonably preferential. *Id.*

STAFF COMMENTS

After an examination of the Application, Staff recommends the Commission approve the Agreement and allow East Greenacres to continue receiving Bureau of Reclamation power at charges consistent with the distribution costs embedded in Idaho retail rates. *Staff Comments* at 2.

Under the proposed Agreement, the annual charge for distribution service will increase to \$62,790.84, or \$5,232.57 per month. *Id.* Staff verified the values and the method used to generate the new distribution charge. *Id.* In compliance with Commission Order No. 33145, Avista used a demand-based methodology using East Greenacres' average share of 12 non-coincident monthly peaks ("12NCP") to determine East Greenacres' share of the distribution facilities costs. *Id.* This methodology is consistent with Avista's last cost of service study that was filed with the Commission in Case No. AVU-E-17-01, and updated for both the settlement

adjustments and 2019 revenue increase that were approved by Commission Order No. 33953, and tax reform adjustments that were approved by Commission Order No. 34070. *Id.* at 2-3. This cost allocation method is consistent with general methods used by Avista for allocating distribution costs among other customer classes. *Id.* at 3.

Staff also reviewed the computation of the monthly distribution service fee. *Id.* Staff asserts the 12NCP of East Greenacres' demand share is 0.001476. *Id.* This was derived from the ratio of East Greenacres' average 12-month peak load of 840 kW to the Idaho retail average 12-month peak load of 568,333 kW. *Id.* The basis used for the calculation of East Greenacres' share of the distribution costs is \$42,546,285, which was computed by subtracting customer service, information, and sales costs of \$4,947,156, and secondary distribution facility costs of \$13,071,679 from the total Idaho distribution costs of \$60,565,120. *Id.* The 12NCP demand share of 0.001476 is multiplied by the distribution costs of \$42,546,285 to yield an annual distribution service charge of \$62,790.84, or \$5,232.57 per month. *Id.* Staff believes this methodology is reasonable. *Id.* Staff also notes the terms of this Agreement are identical to those of the previous agreement between the parties and in compliance with Commission Order No. 33145. *Id.*

Staff supports language included in § 2 of the Agreement, "Term and Termination", that prevents a gap in Avista's ability to charge East Greenacres for distribution service. *Id.* Specifically, this language allows for continued service beyond the expiration of the associated transmission agreement. *Id.*

Based on the foregoing, Staff believes the Agreement is in the public interest and recommends the Commission approve the Company's Application without changes or condition, with an effective date of the first day following approval by Commission Order. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered 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 to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

The Commission has reviewed the record, including the Application, the Agreement, and the comments of Staff. Based on our review, we find the terms and conditions of the parties' Agreement, including the continued use of the 12NCP methodology, updated for both the

settlement adjustments and 2019 revenue increase approved by our Order No. 33953, and tax reform adjustments approved by our Order No. 34070, to be just, reasonable and in the public interest. Accordingly, we approve the Agreement without changes or conditions, to become effective on the service date of this Order.

ORDER

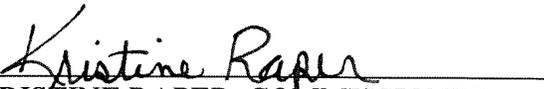
IT IS HEREBY ORDERED that the Commission grants the Application of Avista Corporation and approves the Electric Distribution Service Agreement with East Greenacres Irrigation District (Contract No. AV-TR19-0427), effective on the service date of this Order.

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.

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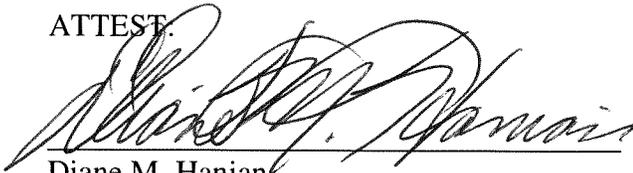
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of 26th
February 2020.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST.


Diane M. Hanian
Commission Secretary

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