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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO APPROVE) CASE NO. AVU-E-19-13
ELECTRIC DISTRIBUTION SERVICE)
AGREEMENT WITH EAST GREENACRES)
IRRIGATION DISTRICT) COMMENTS OF THE
) COMMISSION STAFF
)**

COMES NOW, Staff of the Idaho Public Utilities Commission, by and through its attorney of record, John R. Hammond Jr., Deputy Attorney General, and in response to the Notice of Modified Procedure issued on December 19, 2019, in Order No. 34506, submits the following comments.

BACKGROUND

On November 12, 2019, Avista Corporation dba Avista Utilities (“Avista” or “Company”) filed an Application requesting Commission approval of an Electric Distribution Service Agreement (“Agreement”) between the Company and the East Greenacres Irrigation District (“East Greenacres”). *Application* at 1.

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 in Idaho. *Id.* at 2. To operate the pumping

facilities, East Greenacres receives electric power from the Bureau of Reclamation which 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.

The parties executed the new Agreement on November 7, 2019, and have stipulated to an effective date of January 1, 2020, or the first day following Commission approval. *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.

In the Application, Avista asserts that the distribution rate charge contained 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, in order to continue to receive electric service over Avista's distribution system, East Greenacres will pay Avista \$5,232.57 per month or \$62,790.84 per year. *Id.* Avista asserts the incremental costs associated with providing service under the agreement are less than the charge for service; therefore, the revenue received from this Agreement will assist Avista in offsetting its fixed costs in providing this service. *Id.*

STAFF ANALYSIS

After an examination of the Application, Staff recommends that 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.

Avista delivers approximately 3.8 million kilowatt-hours annually to East Greenacres' pumping facilities. *Id.* at 3. The annual charge for distribution service, under the existing agreement is \$4,231.74 per month, or \$50,780.88 per year. Under the new Agreement, the annual charge for distribution service will change 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. In compliance with Commission Order No. 33145, Avista used a demand-based methodology using the East Greenacres' average share of 12 non-coincident monthly peaks ("12NCP method") to determine East Greenacres's share of the distribution facilities costs. 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 was approved by Commission Order No. 33953, and tax reform adjustments approved by Commission Order No. 34070. This cost allocation method is consistent with general methods used by Avista for allocating distribution costs among other customer classes.


Staff reviewed the computation of the monthly distribution service fee. The 12NCP of the East Greenacres demand share is 0.001476. This was derived from the ratio of the East Greenacres average 12 month peak load of 840 kW to the Idaho retail average 12-month peak load of 568,333 kW. The basis that was used for the calculation of the 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. 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. Staff believes this methodology is reasonable. *See Id.* at 3. Staff also notes that the terms and conditions of this Agreement are identical to those of the previous agreement and are in compliance with the Commission Order No. 33145.

Additionally, Staff believes that the Agreement is in the public interest. Consequently, Staff supports language included in Section 2 of the Agreement, Term and Termination, that prevents a gap in Avista's ability to charge East Greenacres for distribution service. Specifically, this language allows for continued service beyond the expiration of the associated transmission agreement.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the Electric Distribution Service Agreement without changes or condition, with an effective date of the first day following approval by the Commission.

Respectfully submitted this ^{6th} day of January 2020.



John R. Hammond, Jr.
Deputy Attorney General

Technical Staff: Johan Kalala-Kasanda
Michael Eldred
Bentley Erdwurm

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 6TH DAY OF JANUARY 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-19-13, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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