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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU- E-10-01; AVU-G-10-01
OF AVISTA CORPORATION FOR)
AUTHORITY TO INCREASE ITS RATES)
FOR ELECTRIC AND NATURAL GAS)
SERVICE IN THE STATE OF IDAHO)

SNAKE RIVER ALLIANCE COMMENTS ON STIPULATION AND SETTLEMENT

COMES NOW, Snake River Alliance ("Alliance") with the following comments regarding the proposed Stipulation and Settlement in the above-referenced dockets. The Alliance signed and supports the Stipulation and appreciates the efforts by all parties to reach settlement terms. We offer the following comments on particular components of the Stipulation.

Rate Design

The Alliance appreciates the willingness of interested parties to convene a workshop prior to the next Avista general rate case to consider possible changes to the existing structure of tiered energy blocks. Given that the company will likely commence work on its next general rate case in the coming months, the Alliance hopes that such a workshop can be convened at least three months prior to the filing of the next rate case in order to avoid trying to process such a potentially complex set of issues during the rate case itself. We are interested in exploring not only the size and parameters of the tiered blocks, but also in exploring whether another block should be created and the sizes of the existing blocks adjusted accordingly. We believe strongly

in the need to send appropriate price signals to electric consumers, and we are also keenly aware of the need to structure rates in such a way as to minimize the impacts of future increase on lower-income customers. As such we believe that, given adequate time, a workshop to explore these issues in advance of the next rate case will be productive.

Prudency Determination of DSM Spending

The Alliance supports the Settlement's approach to approval of Avista's DSM spending for 2008 and 2009. As with all of Idaho's regulated electric utilities, we trust that future determinations of prudency reviews will reflect the commitments made by those utilities and PUC staff in their Memorandum of Understanding for Prudency Determination of DSM Expenditures, signed by all parties in December 2009. For the benefit of utility customers and their confidence in such regulatory matters, a thorough evaluation, measurement, and verification mechanism to determine prudency of DSM expenditures is important.

As Avista's laudable DSM upward trend in DSM expenditures continues, the Alliance wants to ensure the company's ability to raise funds for its efficiency programs is not overtaken by the demand for new efficiency measures. In the event the existing energy efficiency tariff rider is inadequate to meet the company's needs, the Alliance proposes an examination of whether the rider amount should be raised or whether an alternative method (such as capitalization of some costs) be employed to ensure all cost-effective DSM programs are fully funded.

Customer Service-Related Issues

The Alliance is gratified that Avista acknowledges the imperative of increased funding for low-income weatherization programs and for outreach and education efforts. Increased funding for these programs is commendable. To the extent that further increases in these important

programs are hindered by funds available in DSM accounts, the Alliance suggests for future rate cases that the company consider proposing funding for these programs either through a tariff rider increase or through an alternative funding mechanism as referenced above.

As for other customer service-related issues, the Alliance welcomes the company's commitments on meeting suggestions proposed by PUC staff. The Alliance also appreciates Avista's commitment to hold at least five Senior Energy Conservation workshops in different Idaho communities.

As is our policy, the Alliance believes that utility policies with regard to customer deposits, credit issues, collection activities and service disconnects-reconnects must continue to be a priority to ensure such policies to not pose undue burdens on certain customer classes.

WHEREFORE, the Alliance respectfully requests the Commission consider the above comments as it considers the above referenced dockets and the instant Stipulation and Settlement.

Respectfully submitted,



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