

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) CASE NO. AVU-E-14-08
APPROVAL OF AN ELECTRIC)
DISTRIBUTION SERVICE AGREEMENT)
WITH EAST GREENACRES IRRIGATION) ORDER NO. 33145
DISTRICT)**

On August 14, 2014, Avista Corporation (“Avista”) filed an Application seeking approval of an Electric Distribution Service Agreement with East Greenacres Irrigation District (“Greenacres”). The Commission issued a Notice of Application and Notice of Modified Procedure on August 27, 2014, and established a 21-day comment period. Order No. 33206. Commission Staff was the only party to file written comments. Based upon our review, we approve the Agreement as set out below.

THE AGREEMENT

Greenacres operates and maintains two Bureau of Reclamation-built pumping facilities on the Rathdrum Prairie, providing irrigation and domestic water supply to approximately 5,300 acres of land. Application at 2. To operate the pumping facilities, Greenacres receives electric power from the Bureau of Reclamation which is delivered through Avista’s transmission and distribution facilities. *Id.* at 2-3. In April 2009, the Commission approved the initial agreement between Greenacres and Avista. That initial agreement is set to expire October 1, 2014. Order No. 30784. The parties executed the new Agreement on August 6, 2014, and proposed an effective date of October 1, 2014, or the first day after the Commission’s approval. Application at 1.

The distribution rate set in the new Agreement is “consistent with distribution charges embedded in current Idaho retail rates.” *Id.* at 2. That rate provides that Greenacres pay Avista \$4,231.74 per month, or \$50,780.88 per year, to receive electric service over Avista’s distribution system. *Id.* at 3. The revenue received from the Agreement will help to offset Avista’s fixed costs. *Id.* at 2.

STAFF COMMENTS

Staff noted that in the prior agreement, Avista calculated a rate using a “Load Ratio Share” methodology based on the ratio of East Greenacres’ annual energy consumption to

Idaho's normalized annual energy consumption. In the Commission's Order approving the initial agreement, the Commission acknowledged Avista's energy-based methodology, but encouraged Avista's efforts to develop a more appropriate "demand-based methodology." Staff Comments at 2, *citing* Order No. 30784 at 3. Staff recognized that, consistent with the Commission's recommendation, Avista has – in its new Agreement – employed a demand-based methodology "using East Greenacres' average share of 12 non-coincident monthly peaks (12NCP method)." *Id.* Staff said, the "12NCP cost-allocation method is consistent with general methods used by the Company for allocating distribution costs among other customer classes." *Id.*

As in the initial agreement, the new Agreement excludes certain cost categories from its methodology, including customer service, information, and sales costs. Staff agrees with the exclusion of these costs, because they are "not relevant to the distribution facilities being used to deliver energy to East Greenacres." *Id.* Further, the new Agreement excludes costs associated with secondary distribution because Avista provides no secondary distribution lines or transformers to East Greenacres; Staff also agrees this exclusion is appropriate. *Id.* at 3.

Staff reviewed the Agreement using Avista's 2012 cost-of-service study (Case No. AVU-E-12-08). *Id.* Staff verified Avista's distribution service charge calculations of \$50,781 per year, or \$4,232 per month. Staff believes "the methodology used to compute East Greenacres' distribution service charge to be just and reasonable." *Id.* Accordingly, Staff recommends that the Commission approve the Agreement. *Id.*

COMMISSION FINDINGS

The Commission has reviewed and considered the record in this case, including the Electric Distribution Agreement and the Staff comments. We find the terms and conditions of the parties' Agreement, including the use of the 12NCP methodology, to be just and reasonable. We approve the Agreement without changes or conditions, with an effective date of October 1, 2014.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation, an electric utility, and the issues presented in this matter pursuant to its authority under Title 61 of the Public Utilities Law. *Idaho Code* §§ 61-501, 61-502, 61-503.

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 (No. AV-TR14-0337), effective October 1, 2014.

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 30th day of September 2014.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:AVU-E-14-08_djh2