

Advice No. 01-11-E

November 30, 2001

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
Statehouse Mail  
W. 472 Washington Street  
Boise, Idaho 83720

Dear Ms. Jewell:

Enclosed for filing with the Commission is an original of the Company's following proposed tariff sheets, I.P.U.C. No. 28:

Original Sheet 95  
Second Revision Sheet B-1 Canceling First Revision Sheet B-1

In addition, pursuant to the Commission's Electronic Filings Pilot, the Company has filed an electronic copy of the tariff and other documents contained in this filing.

The purpose of this filing is to offer an optional wind power rate to all customers. Avista Utilities' wind power option is priced in increments, or "blocks", of \$1.00. Each \$1.00 block of wind purchased by customers equals 55 kilowatt hours (kWh). Schedule B-1 includes reference to this program as well as inserting a reference to Schedule 92, the latter being a housekeeping modification.

Enclosed is an Application that provides information supporting the proposed tariff and a Certificate of Service. Also enclosed is a notice to customers that will be posted in the Company's offices. The Company respectfully requests that the proposed tariff be approved effective February 1, 2002.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706.

Sincerely,

Kelly Norwood,  
Vice-President, Avista Corp.

Enclosures

c: Attached Service List

1 Kelly Norwood  
2 Vice President  
3 Avista Corporation  
4 E. 1411 Mission Avenue  
5 P.O. Box 3727  
6 Spokane, Washington 99220  
7 Phone: (509) 495-4267 Fax: (509) 495-8766  
8  
9

10 **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**  
11

12  
13 IN THE MATTER OF THE APPLICATION OF AVISTA )  
14 CORPORATION FOR APPROVAL OF ) CASE NO. AVU-E-01-  
15 SCHEDULE 95, OPTIONAL WIND POWER RATE )  
16 )

17  
18  
19 Avista Corporation ("Avista" or "Company") hereby requests that the Idaho Public  
20 Utilities Commission ("Commission") approve an optional wind power rate under new  
21 Schedule 95. The following information is submitted in support of this Application.  
22

23 **I. Procedural Information**

24 The name of the Applicant is the Avista Corporation, a Washington corporation,  
25 whose principal business office is East 1411 Mission Avenue, Spokane, Washington. The  
26 Applicant is an investor-owned utility engaged in the generation, transmission, and  
27 distribution of electricity in certain portions of Eastern Washington and in Northern Idaho.  
28 The Applicant also provides natural gas distribution service in certain portions of Eastern  
29 Washington, Northern Idaho, California, and Oregon.

30 Applicant is subject to the jurisdiction of the Idaho Public Utilities Commission, the  
31 Washington Utilities and Transportation Commission, the Montana Public Service  
32 Commission, the Oregon Public Utilities Commission, the California Public Utilities

1 Commission, and the Federal Energy Regulatory Commission. Communications in reference  
2 to this Application should be addressed to:

3 Kelly Norwood  
4 Vice President  
5 Avista Corporation  
6 E. 1411 Mission Avenue  
7 P.O. Box 3727  
8 Spokane, Washington 99220  
9 Phone: (509) 495-4267 FAX: (509) 495-8766

10  
11 and,

12 David J. Meyer, Sr. Vice Pres. & General Counsel  
13 Avista Corporation  
14 P.O. Box 3727  
15 Spokane, Washington 99220  
16 Phone: (509) 495-4316, Fax: (509) 495-4361

17 Avista provides service to approximately 309,000 electric customers and 269,000 natural  
18 gas customers throughout its service area.  
19

## 20 **II. Description of Program and Tariff**

21 Avista is proposing to offer an optional wind power rate. State of Washington 2001  
22 legislation required its utilities to have in place by January 1, 2002 a voluntary option for the  
23 retail purchase of qualified alternative energy resources by Washington customers. The  
24 Company has filed such a rate in Washington and seeks to have a similar schedule in place  
25 for Idaho customers.

26 Avista Utilities' wind power option is priced in increments, or "blocks", of \$1.00.  
27 Each \$1.00 block of wind purchased by customers equals 55 kilowatt hours (kWh).

28 Under this "buck-a-block" pricing, customers may consider one of two purchase  
29 approaches. Some customers may elect to purchase wind power in one or two dollar monthly  
30 amounts with no linkage to their energy usage. These customers may view this payment as a

1 contribution to support alternative energy production. Alternatively, customers can calculate  
2 and buy a selected percentage to serve their average monthly load. A customer who wishes  
3 to have half of his or her 1100 kWh average monthly load served by wind power would pay  
4 an incremental \$10.00 per month (i.e., 10 blocks at 55 kWh per block multiplied by \$1.00).  
5 A lights and appliance customer who uses an average of approximately 600 kWh per month  
6 might elect 100% wind generation by paying an extra \$11.00 per month (i.e., 11 blocks at 55  
7 kWh per block multiplied by \$1.00).

8 Research has attempted to differentiate the attributes of customers who participate in  
9 these types of programs and those who don't. E-Source, a national research and consulting  
10 firm, reports that one key characteristic, for example, of participating customers is having  
11 completed a college or advanced degree. This suggests that the Company should focus its  
12 program notification efforts on specific segments of its customer population, or should "fish  
13 where the fish are." These customers may be predisposed to support wind power and would  
14 likely consider their purchase from a "percentage of load" perspective. The Company  
15 intends to cost-effectively reach these customers through targeted communications.

16 The Company has discussed this filing with local and regional stakeholders and  
17 interested customers. Significant discussions were held with Pacific Northwest  
18 environmental and consumer interests for the purposes of certification. Avista Utilities  
19 desired to have its offering "certified" as renewable energy by the regional entity providing  
20 such endorsements, Renew 2000. Such certification would support the Company's  
21 marketing efforts and would aid allied marketing by environmental organizations. However,  
22 Renew 2000's then-existing guidelines required that the minimum block size be 100 kWh.  
23 Upon discussion and review at Avista Utilities' request, Renew 2000's Board of Directors

1 determined that a utility's minimum 55 kWh block was "certifiable" if, on average,  
2 participating residential customer usage averaged greater than 150 kWh. Avista Utilities  
3 intends to seek such certification from Renew 2000.

4 Avista Utilities is in the process of contracting with PacifiCorp to purchase output  
5 from its Stateline Wind Facility on the Oregon-Washington border. This sales agreement  
6 would specifically provide for the delivery of wind power to Avista Utilities' system to  
7 support customer purchases under this program at the proposed tariffed rates herein.

8 All customer classes may participate in this program. The rate change associated  
9 with this filing is voluntary. Approximately \$150,267 (system) in incremental revenue is  
10 estimated to result from this offering. All incremental revenue will be applied to program  
11 costs. There are no earnings associated with this program.

12  
13 **III. Request**

14 The Company respectfully requests that the Commission approve the proposed  
15 Schedule 95, Optional Wind Power Rate, to be effective February 1, 2002 as described  
16 above.

17  
18  
19 DATED this 30<sup>th</sup> day of November, 2002

20 Avista Corporation

21 By: \_\_\_\_\_

22 Kelly Norwood  
23 Vice President, Avista Corp.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have served Schedule 95, Optional Wind Power Rate Tariff filing regarding I.P.U.C. No. 28 Electric Service of Avista Corporation by mailing a copy thereof, postage prepaid to the following:

Keith Hessing  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702-5983

Randy Lobb  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702-5983

Danielle Dixon  
Northwest Energy Coalition (NVEC)  
219 1<sup>st</sup> Avenue South, Suite 100  
Seattle, WA 98104

Lori Barnes  
ASC Inc.  
408 Sherman Suite #214  
Coeur d'Alene, ID 83814

Edward Finklea  
Energy Advocates, LLP  
526 NW 18<sup>th</sup> Avenue  
Portland, OR 97209-2220

Ken Canon  
Industrial Customers of  
Northwest Utilities  
825 NE Multnomah, Suite 180  
Portland, OR 97232

Conley E. Ward  
Givens Pursley and Huntley, LLP  
277 N. 6<sup>th</sup> Street, Suite 200  
Boise, ID 83701

Dated at Spokane, Washington this 30th day of November, 2001.

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Jean T. Osterberg  
Rates Coordinator

AVISTA CORPORATION  
dba Avista Utilities  
NOTICE OF TARIFF CHANGE  
(Idaho Electric Service Only)

Notice is hereby given that the "Sheets" listed below of Tariff I.P.U.C. No. 28, covering electric service, has been filed with the Idaho Public Utilities Commission (IPUC) in Boise.

Original Sheet 95

Second Revision Sheet B-1 Canceling First Revision Sheet B-1

The purpose of this filing is to offer an optional wind power rate responsive to RCW 19.29A.090. This legislation requires utilities to provide a voluntary option for the retail purchase of qualified alternative energy resources, as specified in this code, beginning on January 1, 2002. The title sheet (B-1) also includes an updated reference to Schedule 92.

Avista Utilities' wind power option is priced in increments, or "blocks", of \$1.00. Each \$1.00 block of wind purchased by customers equals 55 kilowatt hours (kWh). Some customers may elect to purchase wind power in one or two dollar monthly amounts as a contribution to support alternative energy production. Alternatively, customers can calculate and buy a selected percentage to serve their average monthly load. A customer who wishes to have half of his or her 1100 kWh average monthly load served by wind power would pay an incremental \$10.00 per month (i.e., 10 blocks at 55 kWh per block multiplied by \$1.00). A lights and appliance customer who uses an average of approximately 600 kWh per month might elect 100% wind generation by paying an extra \$11.00 per month (i.e., 11 blocks at 55 kWh per block multiplied by \$1.00).

Avista Utilities is in the process of contracting with PacifiCorp to purchase output from its Stateline Wind Facility on the Oregon-Washington border. This sales agreement would specifically provide for the delivery of wind power to Avista Utilities' system to support customer purchases under this program at the proposed tariffed rates herein.

All customer classes may participate in this program. The rate change associated with this filing is voluntary. Approximately \$150,267 in incremental revenue is estimated to result from this offering. All incremental revenue will be applied to program costs. There are no earnings associated with this program.

The Company requests that the Commission approve the proposed tariff changes included in this filing to be effective January 1, 2002. Also enclosed is a "Notice of Tariff Change" which will be posted in all company offices coincident with the date of this filing.

Issue Date: November 30, 2001

Keep Posted Until: February 1, 2002

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 95

OPTIONAL WIND POWER RATE - IDAHO

AVAILABLE

To Customers in the State of Idaho where the Company has electric service.

APPLICABLE

To all customers receiving electric service who agree to purchase blocks of wind power under this schedule.

BLOCK

One (1) block equals 55 kWh of wind power.

CHARGE PER BLOCK

\$1.00 per month. This charge shall be in addition to all other charges contained in the customer's applicable tariff schedule.

MONTHLY BILLING

The monthly billing shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block. The Monthly Billing is in addition to all other charges contained in customer's applicable tariff schedule. This schedule's Monthly Billing shall be applied to the customer's billing regardless of actual energy consumption.

WIND POWER

For the purpose of this schedule, the power source is wind generation purchased by the Company based on the number of Blocks that customers have agreed to purchase.

SPECIAL TERMS AND CONDITIONS

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

Customers may apply for or terminate from this schedule anytime during the year.

Wind Power will be delivered to the Company within one year of when the energy was purchased by customer under this schedule.

The above Monthly Billing is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued November 30, 2001

Effective February 1, 2002

Issued by Avista Utilities  
By

Kelly Norwood, Vice President

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 95

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The above Monthly Billing is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued November 30, 2001

Effective February 1, 2002

**Advice No. 01-11-E**

Issued by Avista Utilities  
By

Kelly Norwood, Vice President

AVISTA CORPORATION  
dba Avista Utilities

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Issued November 30, 2001

Effective February 1, 2002

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Issued by Avista Utilities  
By

Kelly Norwood, Vice President

## WIND RATE PROJECTIONS: SALES AND REVENUES

### Washington/Idaho

| (a)                           | (b)   | (c)                            | (d)                              | (e)                                   | (f)                         | (g)   | (h)                                     | (i)  | (j)  | (k)                                    |
|-------------------------------|---|--------------------------------|----------------------------------|---------------------------------------|-----------------------------|---|---|--|--|--|
|                               | Number of<br>Customers<br><i>[see note 1]</i> | Assumed<br>Percent<br>Subscrip | Number of<br>Participants<br>b*c | Assumed %<br>wind purchase<br>by load | Average<br>Load<br>(kwh/mo) | Number of<br>Blocks per<br>Customer<br>e*f/55 kwh | Total/mo.<br>Number<br>of Blocks<br>d*g | Total Incre-<br>mental Wind<br>Revenue<br>(Annual)<br>h* \$1 *12 | Total (Incr)<br>power sup-<br>ply (annual)<br><i>[see note 2]</i><br>i*m | Total for<br>Admin.<br>(Annual)<br>i*n |
| Residential                   | 273,219                                       |                                |                                  |                                       |                             |   |   |  |  |  |
| Residential- Minus 10% Target | 245,897                                       | 0.50%                          | 1,229                            | 10.00%                                | 1,000                       | 1.8   | 2,213                                   | 26,557   | 19,180   | 7,377                                  |
| Residential-Target (10%)      | 27,322  | 5.00%                          | 1,366                            | 40.00%                                | 1,000                       | 7.2   | 9,836                                   | 118,031  | 85,244   | 32,786                                 |
| Commercial                    | 35,060  | 0.25%                          | 88                               | 10.00%                                | 3,000                       | 5.4   | 473                                     | 5,680  | 4,102  | 1,578                                  |
| <b>Total</b>                  | <b>308,279</b>                                | <b>0.87%</b>                   | <b>2,683</b>                     |                                       |                             |   | <b>12,522</b>                           | <b>\$150,267</b>   | <b>\$108,526</b>   | <b>\$41,741</b>                        |
|                               |   |                                |                                  |                                       |                             |   |   | ----- <i>[see note 4]</i> -----                                  |  |  |

**0.95** Wind aMW  
(total blocks \* kwh in blocks  
\* 12 months)/ 8760 hours/1000

#### Assumptions

|                                |  |         |
|--------------------------------|--|---------|
| Wholesale Cost 3/              | 0.035 \$ per kwh                         | 72% (m) |
| A&G (Mktg) Cost                | <u>0.005</u> \$ per kwh                  | 28% (n) |
| Total Cost                     | 0.04 \$ per kwh                          |         |
| <br>Embedded Energy Cost       | <br>0.022 \$ per kwh                     |         |
| <br>Incremental Cost (Premium) | <br>0.018 \$ per kwh                     |         |
| <br>Retail Pricing             | <br>55.6 kwh per block<br>1 \$ per block |         |

#### Notes

- 1/ FERC Form 1, average 2000
- 2/ Does **not include** revenue from embedded portion of power supply: embedded cost (i.e., \$0.022 per kwh) \* wind kwh = \$183,660
- 3/ Wholesale cost to supplier: wholesale cost \* wind kwh = **\$292,186** (i.e., \$0.035 per kwh \* wind kwh)
- 4/ Does not include tax and gross-up effects.