

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: DONOVAN E. WALKER

DATE: APRIL 19, 2005

**SUBJECT: CONSUMER ALLOCATION AGREEMENT BETWEEN AVISTA
UTILITIES AND INLAND POWER & LIGHT – CASE NO. AVU-E-05-3**

On February 17, 2005, Avista Corporation dba Avista Utilities filed an Application seeking the Commission's approval of a contract between Avista and Inland Power & Light Company (Inland Power) to release a customer. The parties' "Agreement to Release Customer" is dated January 25, 2005. The Agreement was executed pursuant to the provisions of the Electric Supplier Stabilization Act (ESSA) and specifically *Idaho Code* § 61-333(1).

On March 28, 2005, the Commission issued Order No. 29741 requesting that interested persons file comments regarding the ESSA Agreement no later than April 18, 2005. Only the Commission Staff filed comments and it recommended that the Commission approve the ESSA Agreement.

THE APPLICATION

Avista and Inland Power have proposed an Agreement whereby Inland Power has agreed to relinquish the right to serve the West Bonner Library Districts' new facility located in Spirit Lake, Idaho. The West Bonner Library District intends to construct a library in Spirit Lake. Avista has existing service lines near the property, however, Inland Power's existing service lines are closer and therefore it had the right to serve the customer. Based upon the physical location of Inland Power's infrastructure, with a building in the way of the service access, its cost to serve the new library would be substantially more than Avista's cost to serve. The Application states that the Agreement is in the best interest of the customer, will avoid duplication of facilities, avoid disputes between parties, and provides the consumer with the best

possible service. The Agreement and property description are attached to the Company's Application. The Agreement is also endorsed by a representative of the West Bonner Library District, the customer to be served by this Agreement. The customer approves, and agrees to be bound by, the Agreement.

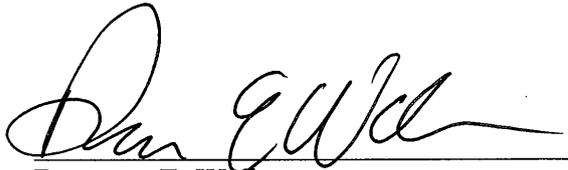
Idaho Code § 61-333(1) provides that electric suppliers may contract for the purpose of "allocating territories, consumers, and future consumers...and designating which territories and consumers are to be served by which contracting electric supplier." Under the ESSA, both Avista and Inland Power are defined as electric suppliers. *Idaho Code* § 61-332A(4). After notice and opportunity for hearing, the Commission may approve agreements allocating service territories and customers between electric suppliers only upon finding that the allocation is in conformance with the purposes of the ESSA. *Idaho Code* §§ 61-333(1), 61-334B(1). The purposes of the ESSA are to: discourage duplication of facilities; prohibit the "pirating" of consumers; stabilize service territories and consumers; and promote harmony between electric suppliers. *Idaho Code* § 61-332(2).

STAFF COMMENTS

After reviewing the Application and the accompanying Agreement, Staff recommends that the Commission approve the Agreement. Staff noted that the Agreement will allow Avista and Inland Power to avoid duplication of services, stabilize their respective service territories and customers, and promote harmony by avoiding interconnection disputes. *Idaho Code* § 61-332(2).

COMMISSION DECISION

Does the Commission wish to approve the territory and customer allocation Agreement between Avista and Inland Power & Light? Does the Commission find that the Agreement comports with the purposes of the ESSA?


Donovan E. Walker