

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO APPROVE) CASE NO. AVU-E-06-06
AN AGREEMENT ALLOCATING)
TERRITORY WITH NORTHERN LIGHTS,) ORDER NO. 30172
INC.)**

On September 7, 2006, Avista Corporation dba Avista Utilities filed an Application to approve a Customer Allocation Agreement with Northern Lights, Inc. pursuant to the Electric Supplier Stabilization Act (ESSA), *Idaho Code* §§ 61-332 *et seq.* The Agreement was executed pursuant to the provisions of the Electric Supplier Stabilization Act (ESSA) and specifically *Idaho Code* § 61-333(1).

On October 2, 2006, the Commission issued Order No. 30133 requesting interested persons file comments regarding the ESSA Agreement no later than October 23, 2006. Only the Commission Staff filed comments and recommended the Commission approve the ESSA Agreement. Based upon our review, we grant the Application and approve the parties' Agreement.

THE APPLICATION

The parties have entered into an agreement pursuant to the ESSA in order to allow Avista to supply electric service to a Northern Lights customer, Treeland Partners LLC (the Developer). Northern Lights has agreed to relinquish the right to serve the Developer's 34-lot parcel in Sandpoint, Idaho to Avista.

The Application states that Northern Lights currently provides electric service to two structures adjacent to a portion of the development. These two structures are currently scheduled for demolition, and a new access road is scheduled to go in at the demolition site. The Developer has requested Northern Lights remove its electric facilities from the demolition site to enable the construction of the access road. Once the facilities are removed Avista will be the closest utility to the majority of the 34 lots within the development.

According to the Customer Allocation Agreement, the Developer has requested Avista to provide the backbone infrastructure and to provide electric and natural gas services to the entire development, and that it is in the Developer's best interest to have a single source

utility provider to serve the development. Northern Lights has agreed to allow Avista to provide electric service to the entire development.

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 Northern Lights 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* § 61-333A(1). As set out in *Idaho Code* § 61-332(2), the purpose of the ESSA is to: discourage duplication of facilities; prohibit “pirating” of consumers; stabilize service territories and consumers; and promote harmony between electric suppliers.

STAFF COMMENTS

After reviewing the Application and the accompanying Agreement, Staff recommended the Commission approve the Agreement. Staff recommended that the Agreement is in conformance with the provisions and purposes of the ESSA, specifically those found in *Idaho Code* § 61-332(2).

FINDINGS

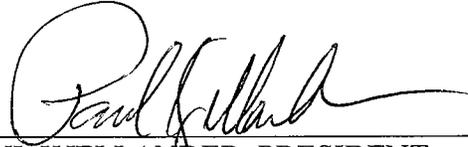
Idaho Code § 61-333(1) requires the Commission to review consumer and territory allocation Agreements between electric suppliers. Pursuant to this statute, we must determine whether the allocation of service territory and future customers is in conformance with the provisions and the purposes of the ESSA. After reviewing the Agreement and the Staff’s comments, we grant the Application and approve the allocation agreement. In particular, the Agreement avoids duplication of services, stabilizes service territories and customers, and promotes harmony between Avista and Northern Lights, Inc. We further find that both electric suppliers are willing and able to furnish the requested service. We also note that there was no public opposition to the Agreement. Based upon these findings, we conclude that the “Customer Allocation Agreement” comports with the purposes of the ESSA.

ORDER

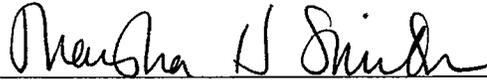
IT IS HEREBY ORDERED that Avista Corporation dba Avista Utilities' Application and the "Customer Allocation Agreement" between Avista Utilities and Northern Lights, Inc. is approved.

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 with regard to any matter decided in 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 *1st* day of November 2006.



PAUL KJELLANDER, PRESIDENT

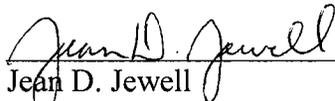


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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