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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )**  
**AVISTA CORPORATION TO APPROVE AN )** **CASE NO. AVU-E-06-6**  
**AGREEMENT ALLOCATING TERRITORY )**  
**WITH NORTHERN LIGHTS, INC. )** **COMMENTS OF THE**  
**)** **COMMISSION STAFF**  
**)**

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The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Donovan E. Walker, Deputy Attorney General, respectfully submits the following comments in response to Order No. 30133, issued on October 2, 2006.

**BACKGROUND**

On September 7, 2006, Avista Corporation dba Avista Utilities filed an Application to approve an agreement allocating service territory with Northern Lights, Inc. pursuant to the Electric Supplier Stabilization Act (ESSA), *Idaho Code* §§ 61-332 *et seq.*

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 to 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 (Attachment #1 to the Application) 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.

## **ANALYSIS**

Staff has reviewed the Application submitted by Avista Utilities (Avista) to determine if the customer allocation is in conformance with the ESSA. This particular case is closely related to pending Case No. AVU-E-06-7, in which Avista and Northern Lights have entered into agreement regarding the actual service territory to be assumed by the respective utilities. The service territory agreements are necessary as Sandpoint and its surrounding areas receive electric service from multiple vendors, and concerns by Staff over the lack of a comprehensive expansion plan in Northern Idaho are addressed in the comments filed in Case No. AVU-E-06-7. Avista and Northern Lights have entered into an agreement concerning the service to the Developer, assuring that the stability and harmony standards of the ESSA are satisfactorily met.

The removal of the existing Northern Lights facilities located within the Spring Creek Development area alleviates the concern of duplication of electrical facilities. Northern Lights has agreed to remove existing facilities at the request of the Developer that enter from the west side into the proposed development approximately midway from the southern edge of the development. Avista has existing service entering from the south of the proposed development, which follows a natural path created by Boyer Avenue, a main thoroughfare in Sandpoint. Spring Creek Development is situated along the east side of Boyer Avenue, which serves as a clear delineating feature for the two utilities. See Exhibit B submitted in Case No. AVU-E-06-7. Given the location of the proposed development and the existing service territories, it is logical that Avista be the sole provider of electric (and natural gas) service to the Developer.

Within its filing, Avista has submitted the Application for line extension into the Development, along with the primary plat. There were some discrepancies as to the size of the Development. Originally the development plan had a total of 41 lots delineated rather than the final number of 34 lots. Avista has stated to Staff that a different developer, who has separated himself from the group that has entered into this particular customer allocation agreement, owns the parcel that includes the 7 additional lots. This parcel is located on the southern edge of the Development, which currently is part of Avista's service territory, though the ESSA may require a service territory allocation filing from Avista prior to providing service.

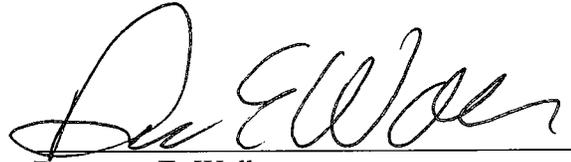
The submitted line extension agreement has been amended to include only the final 34 lots making up the Spring Creek Development. As such, the Developer has signed a promissory note for the amount of \$31,280, or 34x\$920. Under Section 4c of the Line Extension policy, a Developer may receive a \$413 per lot reduction from the basic cost of \$1,333 per lot if providing the ditching associated with the electric infrastructure. Avista's natural gas line extension policy does not require the Developer to include any additional cash payment or credit instrument for extension of natural gas services into the development.

## **STAFF RECOMMENDATIONS**

Avista and Northern Lights have demonstrated that the customer allocation and subsequent service territory allocation agreement entered into by both parties is in conformance with the provisions and intent of the ESSA. Avista has also entered into a contractual agreement with the Developer that meets the guidelines of Schedule 51, Section 4, Avista's line extension

policy. Staff therefore recommends that the Commission approve the service territory allocation as submitted.

Respectfully submitted this 23<sup>rd</sup> day of October 2006.

A handwritten signature in black ink, appearing to read "Don E. Walker", written over a horizontal line.

Donovan E. Walker  
Deputy Attorney General

Technical Staff: Dave Schunke  
Bryan Lanspery

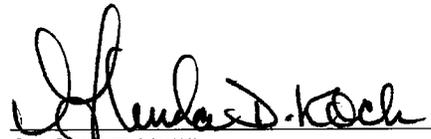
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS **23RD** DAY OF OCTOBER 2006, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-06-6, BY E-MAILING A COPY THEREOF AND BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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