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Corp.

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IDAHO PUBLIC
UTILITIES COMMISSION

September 13, 2006

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83720

AVU-E-06-09

Dear Ms. Jewell:

Tariff I.P.U.C. No. 28, Electric Service
Residential and Farm Energy Rate Adjustment Credit

Enclosed for filing with the Commission is an original and seven copies of the following tariff sheet:

Sixth Revision Sheet 59 Canceling Fifth Revision Sheet 59

The proposed tariff sheet sets forth a proposed residential and small farm energy rate adjustment credit of 0.459¢ per kilowatt-hour to be effective November 1, 2006. The credit results from a residential exchange program aimed at giving electric customers a portion of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA). Avista uses the rate credit to pass on to its qualifying electric customers the residential exchange benefits it receives from BPA.

The Company is proposing that the rate credit be increased from the existing 0.412¢ per kilowatt-hour to 0.459¢ per kilowatt-hour to pass through the expected level of benefits to be received from BPA during the period November 1, 2006 through October 31, 2007, adjusted for the projected, over-refunded balance at October 31, 2006.

Under the assumptions contained in the Application, the proposed rate credit results in an overall reduction in annual revenue of approximately \$552,000. The increase in the rate credit will have no effect on Avista's net income. For a residential customer using 1,000 kilowatt-hours per month the new credit would be \$4.59 per month or \$0.47 more than the existing credit of \$4.12 per month. With the new higher credit in place, residential customers' bills will be about 0.75% lower than they were before the increase in the rate credit.

Enclosed are copies of the existing tariff Schedule 59 with the old rate crossed out and with the proposed rate underlined, an Application that provides information supporting the proposed tariff, a notice to customers that will be posted in the Company's offices and included as an insert in customer bills, a copy of a press release, and a set of workpapers. If you have any questions regarding this filing, please contact Ron McKenzie at (509) 495-4320.

Sincerely,

Kelly Norwood
Vice President State and Federal Regulation
RM

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 59

RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by 0.459¢ per kWh.

SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

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

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued September 13, 2006

Effective November 1, 2006

Issued by Avista Utilities

By

Kelly Norwood

Kelly Norwood – Vice President, State and Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 59

RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by ~~0.412¢~~ per kWh. 0.459¢

SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

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

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued September 30, 2004

Effective November 1, 2004

Issued by Avista Utilities
By

Kelly O. Norwood – Vice President, State and Federal Regulation

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IDAHO PUBLIC
UTILITIES COMMISSION

1 David J. Meyer
2 Vice President and Chief Counsel of
3 Regulatory and Governmental Affairs
4 Avista Corporation
5 1411 E. Mission Avenue
6 P. O. Box 3727
7 Spokane, Washington 99220
8 Phone: (509) 489-0500, Fax: (509) 495-8851
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11

12 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION
13

14 IN THE MATTER OF THE APPLICATION OF)
15 AVISTA CORPORATION FOR A MODIFICATION) CASE NO. AVU-E-06-09
16 TO THE RESIDENTIAL AND SMALL FARM) APPLICATION OF
17 ENERGY RATE ADJUSTMENT CREDIT) AVISTA CORPORATION
18

19 I. INTRODUCTION

20 Avista Corporation doing business as Avista Utilities (hereinafter Avista or Company), at
21 1411 East Mission Avenue, Spokane, Washington, respectfully requests that the Commission
22 approve a modification to the residential and farm energy rate adjustment credit. Avista proposes
23 that the credit be modified from 0.412¢ per kilowatt-hour to 0.459¢ per kilowatt-hour effective
24 November 1, 2006. The purpose of the energy rate adjustment credit is to pass through to qualifying
25 electric residential and small farm customers the estimated benefits to be derived under the
26 Residential Exchange Settlement Agreement between Avista and the Bonneville Power
27 Administration (BPA). The proposed rate credit of 0.459¢ per kilowatt-hour is designed to pass
28 through the expected level of benefits to be received from BPA during the period November 1, 2006
29 through October 31, 2007, adjusted for the projected, over-refunded balance at October 31, 2006.

1 The Company requests that this filing be processed under the Commission's Modified
2 Procedure rules.

3 Communications in reference to this Application should be addressed to:

4 Kelly O. Norwood
5 Vice President
6 State and Federal Regulation
7 Avista Corporation
8 1411 E. Mission Avenue
9 Spokane, Washington 99220
10 Phone: (509) 495-4267
11 Fax: (509) 495-8851
12

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II. BPA RESIDENTIAL EXCHANGE PROGRAM BENEFITS

13 The Northwest Regional Power Act establishes a Residential Exchange Program to provide
14 benefits to residential and small farm consumers of Pacific Northwest utilities. A Settlement
15 Agreement between Avista and BPA settled the Parties' rights and obligations for the Residential
16 Exchange Program for the ten-year term of the Agreement, October 1, 2001 through September 30,
17 2011. Avista uses the residential and farm energy rate adjustment credit to pass on to its qualifying
18 electric customers the residential exchange benefits it receives from BPA. The increase in the rate
19 credit is due to increased benefits Avista will receive during the second five-year period (2006-2011)
20 of the ten-year agreement with BPA (2001-2011). Under the agreement, the base calculator for
21 Avista's customer benefits was set at 90 MW for the first five-year period and 149 MW for the
22 second five-year period, which results in higher benefits during the second five-year period.

III. PROPOSED ENERGY RATE ADJUSTMENT CREDIT

24 The proposed rate credit is set forth on proposed Sixth Revision Sheet 59 – Residential and
25 Farm Energy Rate Adjustment. The Company proposes an effective date of November 1, 2006. The
26 proposed rate credit is a uniform cents per kilowatt-hour decrease of 0.459¢ and would apply to

1 residential and small farm customers served under Schedules 1, 12, 22, 32 and 48. For residential
2 and small farm area lighting customers served under Schedule 48, the proposed credit is applied on a
3 uniform cents per kilowatt-hour basis to the energy usages of the various lights covered under that
4 rate schedule. The calculation of the proposed rate credit is shown in the workpapers that
5 accompany this filing. The proposed rate credit of 0.459¢ per kilowatt-hour is designed to pass
6 through the expected level of benefits to be received from BPA during the period November 1, 2006
7 through October 31, 2007, adjusted for the projected, over-refunded balance at October 31, 2006.

8 The proposed increase in the rate credit would result in an overall reduction in annual
9 revenue of approximately \$552,000. The increase in the rate credit will have no effect on Avista's
10 net income. For a residential customer using 1,000 kilowatt-hours per month the new credit would
11 be \$4.59 per month or \$0.47 more than the existing credit of \$4.12 per month. With the new higher
12 credit in place, residential customers' bills will be about 0.75% lower than they were before the
13 increase in the rate credit.

14 **IV. REQUEST FOR RELIEF**

15 The Company respectfully requests an order from the Commission approving the proposed
16 residential exchange rate credit of 0.459¢ per kilowatt-hour effective November 1, 2006. The
17 Company requests that this filing be processed under the Commission's Modified Procedure rules.
18 Due to the straightforward nature of the filing, the Company does not believe that a hearing is
19 required.

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Dated at Spokane, Washington this 13th day of September 2006.

AVISTA CORPORATION

BY 
David J. Meyer
Vice President and Chief Counsel of
Regulatory and Governmental Affairs

