

Agenda Date: April 25, 2001

Item Number:

Docket: UE-010510

Company: Avista Corporation d/b/a Avista Utilities

Staff: Mike Parvinen, Policy Research Specialist
Joelle Steward, Policy Research Specialist

Recommendation:

Issue an order granting the filing by Avista Utilities in Docket UE-010510 to become effective April 26, 2001, on less than statutory notice and allow the credits paid to customers and incremental costs associated with the program be included in the deferred power cost calculation under Docket UE-000972. Direct the Company to provide the results of the program not later than 60 days after the completion date of the program providing at a minimum the following items:

1. Number of customers achieving the threshold by class by month.
2. Percentage of total customers achieving the threshold by class.
3. Total volumes and dollars credited to customers by month.
4. Total volumes saved from previous years bills by month and by customer class.

Discussion:

On April 13, 2001, Avista Utilities (Avista or Company) filed a new tariff implementing a residential energy buy-back program which the Company calls its All Customer Electric Energy Buy-Back Program. The Company, at Staff's request, submitted a letter on April 20, 2001, requesting that the Commission approve this filing on less than statutory notice (LSN) in order to become effective April 26, 2001. The tariff has a stated effective date of May 15, 2001. The reason for the request for approval on less than statutory notice is to give the customers the opportunity to reduce usage starting immediately given the program starts with bills issued after May 15, 2001, which would include usage that has already occurred.

The program offers customers the opportunity if they reduce their usage by 5% over their usage from the corresponding month one year ago to receive a \$.05/Kwh credit on every Kwh saved beyond the 5% threshold. The program is voluntary and available to all customers who have lived at the same address or have had the same place of business for the past twelve months and are not under the Company's Irrigation or Large Customer Buy-Back programs. The proposed program is effective for meter readings on or after May 15, 2001, and ending with meter readings on October 12, 2001, resulting in a five month program.

The Company has requested that the amounts credited to customers and all incremental costs associated with the program be included in the power cost deferral mechanism approved by the Commission in Docket UE-000972. The Company is requesting deferral of the lost revenues associated with the reduction in usage associated with the proposed program. However, the present deferral mechanism already includes a revenue adjustment calculation that will capture lost revenues. The power cost deferral mechanism in Docket UE-000972 was put into place in order for the Company to defer the extremely high cost of market priced power.

Summary:

Staff has reviewed the filing and since it is a voluntary program, has a limited effective period, and is a pilot program, agrees the program should be given the opportunity to succeed or at least used as a means to gain information on the design of a program that would achieve the maximum effectiveness. Also, with the power cost deferral mechanism in place from Docket UE-000972, all benefits from this program would be used to reduce the deferred power cost balance. Therefore, including costs associated with the program in the deferred power costs accounts should still result in a net reduction to those deferred power cost accounts. These costs will be subject to review prior to the Company recovering them from ratepayer.

Staff would place one condition on the deferral aspect of the proposal and that is if the Commission's treatment of deferred power cost balances under review in Docket UE-010395 results in an outcome that would, under the opinion of any party in this docket or UE-010395, influence this program or the accounting of this program, then this docket should be reopened to address the appropriate accounting and recovery of the costs associated with the proposed program. Docket UE-010395 is the Company's filing to address the appropriateness of the deferred power costs from Docket UE-000972 and the recovery plan for those deferred costs.

Conclusion:

Staff recommends that the Commission issue an order granting the filing in Docket UE-010510 to become effective April 26, 2001, on less than statutory notice and allow the credits paid to customers and incremental costs associated with the program be included in the deferred power cost calculations in Docket UE-000972. Direct the Company to provide the results of the program not later than 60 days after the completion date of the program providing at a minimum the following items:

1. Number of customers achieving the threshold by class by month.
2. Percentage of total customers achieving the threshold by class.
3. Total volumes and dollars credited to customers by month.
4. Total volumes saved from previous years bills by month and by customer class.