

Agenda Date: November 12, 2003

Item No.: A1

Docket: UE-031247

Company Name: Avista Corporation

Staff: Hank McIntosh, Regulatory Consultant
Yohannes Mariam, Regulatory Analyst

Recommendation:

Approve Avista's Request for Proposals in Docket No. UE-031247.

Discussion:

On July 31, 2003, Avista Corporation, dba Avista Utilities (“Avista” or “Company”) filed a petition to comply with Chapter 480-107 WAC, and requested “waiver” from provisions of Chapter 480-107 WAC related to the process of competitive bidding.

Chapter 480-107 WAC establishes the rules that govern the purchases of electricity through a bidding process and administers implementation of the Public Utility Regulatory Policies Act (PURPA). The competitive bidding rule requires that regulated utilities issue a Commission approved Request for Proposal (RFP). Staff suggested that the filing in Docket No. UE-031247 doesn't meet the requirements of Chapter 480-107 WAC, and the company should make amendments to that effect.

Following discussions with Staff, Avista filed amendments to the initial filing so that the filing becomes an RFP. The Company filed the RFP on August 21, 2003. The filing included prototype contracts (short and long term), the size of resource block, an avoided cost schedule, and an evaluation and ranking procedure. Based on the results of its 2003 Least Cost Plan (LCP), Avista has identified a power need of zero megawatts (MW) for this RFP. Therefore, the goal of this RFP filing is to meet the requirements of the Chapter 480-107 WAC. However, Avista will evaluate all resources offered under this bidding rule.

Pursuant to Chapter 480-107-060 (2)(b) WAC, a notice for comment on the proposal was issued to interested persons. Staff did not receive comments on the draft RFP during the 60-day comment period.

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Staff reviewed the RFP to ensure that (i) it is consistent with the most recently filed LCP, (ii) the contents of the filing satisfy the requirements of PURPA and Chapter 480-107 WAC. Staff also reviewed the avoided cost estimates filed with the RFP. Although the avoided cost used in the RFP is based on the most recent LCP filing, the Company will revise this data when it receives bids pertinent to the proposed RFP. Staff's review of the filing demonstrated that the amendments satisfy the requirements of PURPA and Chapter 480-107 WAC.

Recommendation:

The filing in Docket No. UE-031247 satisfies the requirements of PURPA and Chapter 480-107 WAC. Therefore, Staff recommends that the Commission approve the RFP and that the Company be allowed to issue and process the RFP.