

Agenda Date: October 30, 2008  
Item Number: A10

**Docket:** UE-081769  
Company Name: Avista Corporation d/b/a Avista Utilities

Staff: Thomas Schooley, Regulatory Analyst

### **Recommendation**

Issue an order granting Avista Corporation's request for less than statutory notice to allow the company's revised Schedule 59 tariff revision to become effective on November 1, 2008.

### **Background**

On October 24, 2008, Avista Corporation d/b/a Avista Utilities ("Avista" or "the company") filed a substitute sheet to Schedule 59 of its tariff, which is titled the "Residential and Farm Energy Rate Adjustment - Washington," which is more commonly known as the "BPA residential exchange credit." The possibility of the filing changing was discussed at the October 8 open meeting when this item was originally presented with a "take no action" recommendation to allow the tariff change to become effective by operation of law.

In accordance with federal law, the BPA's payments to Avista are based on the difference between Avista's average system cost and the preference exchange rate determined by the BPA in the Administrator's Final Record of Decision issued September 22, 2008, in BPA's WP-07 Supplemental Wholesale Power Rate Case.<sup>1</sup> After the October 8 open meeting, the BPA reviewed the submissions of the investor-owned utilities and determined a revision to the preference exchange rate was necessary. The net BPA contract payment to Avista was reduced to \$2.35 million per year, of which \$1.587 million is applicable to Washington's qualifying customers.<sup>2</sup>

The substitute revision to Avista's Schedule 59 reflects the residential exchange credit at a level of 0.068 cents per kilowatt-hour (kWh) - a reduction from the current 0.29 cents per kWh. The decrease in the credit to 0.068 cents per kWh results in an increase in the monthly electric bill of \$2.22 to a customer using 1,000 kWhs per month, or about 3.3 percent. The proposed residential exchange credit is far less than the credit available prior to June 2007 when the program ceased.

See table below.

---

<sup>1</sup> 2007 Supplemental Wholesale Power Rate Case Administrator's Final Record of Decision (*DOE/BP #3929*).

<sup>2</sup> A more thorough discussion of the recent history of the BPA residential exchange occurred at the October 8 open meeting. In addition, further detail about Avista's Schedule 59 filing is included in Staff's memo for the October 8, 2008, open meeting.

	Rate (cents/kwh)	Bill reduction per month from Residential Exchange
Average Customer Use		1,000 kilowatt-hours
As proposed Sept. 30	0.087	\$0.87
As revised Oct. 24	0.068	\$0.68
Prior to June 2007	0.523	\$5.23

Based on the payment Avista will receive from the BPA, Staff considers Avista's proposed revision to its Schedule 59 tariff to be properly calculated.

**Conclusion**

Staff recommends that the commission issue an order granting Avista's request for less than statutory notice to allow the company's revised Schedule 59 tariff revision to become effective on November 1, 2008.