

**Avista Corp.**

1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170



July 26, 2011

David Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
PO Box 47250  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

Dear Mr. Danner:

RE: Request for Approval – Special Contract for Electric Service

Attached for filing with the Commission is an electronic copy of a special contract for electric distribution service from Avista (Company) to Consolidated Irrigation District No. 19 (Consolidated Irrigation or Consolidated). The proposed Agreement is attached herewith as Attachment A. The Company respectfully requests Commission approval of the Agreement effective October 1, 2011. The Company believes that the proposed Agreement, in conjunction with the information presented herein, complies with the special contract filing requirements set forth in WAC 480-80-143.

Background

Consolidated Irrigation operates eleven pumping facilities located in the Spokane Valley to provide irrigation and domestic water supply for lands lying east of the city of Spokane and extending eastward to the Washington-Idaho boundary. Consolidated has been operating and maintaining these Bureau of Reclamation-built project facilities, that were constructed and are designed to serve over 7,000 acres of irrigable land within the valley, since January 1, 1968. Consolidated receives electric power to operate these facilities from the Bureau of Reclamation.

The electric power is delivered through Avista transmission and distribution facilities to Consolidated's pumping facilities. Transmission service is provided under a separate Transmission Service Agreement. The special contract filed herein provides for distribution service from four Avista substations over 13.2 kV feeders to Consolidated's eleven pumping facilities. Avista has provided similar service to Consolidated under a Transmission agreement on file with the FERC dated October 1, 2006 which will expire on September 30, 2011. The annual charge for distribution service under the prior agreement was \$70,785.60. Avista has annually delivered over five million kilowatt-hours to Consolidated's eleven pumps in recent years.

Terms of Agreement

The Agreement was executed on July 21, 2011 and becomes effective following approval by the Commission. The term of the Agreement is open-ended but will terminate upon the earliest of the following events: (1) termination or expiration of the Bureau Energy contract, (2) termination of the Transmission Agreement, (3) expiration of the Transmission Agreement, provided, however, that in the event Consolidated continues to purchase transmission service from Avista following expiration

of the Transmission Agreement, this Agreement shall remain in effect until such time as the Parties execute, and the Commission approves, a replacement Electric Distribution Service Agreement, or (4) upon termination by either Party after providing at least one year prior written notice of termination.

The monthly charge for distribution service under the Agreement is \$6,655.95 per month, or \$79,871.34 per year. The distribution charge is based on Consolidated's load ratio share of Distribution Facilities Costs derived from Avista's last cost of service study filed with the Commission in Docket No. UE-100467. The workpapers supporting the distribution charge are filed herewith as Attachment B.

Compliance with Special Contract Rule (WAC 480-80-143)

Avista believes the Agreement meets the requirements of WAC 480-80-143. The service provided under the Agreement is unique, and therefore more appropriately provided under a special contract rather than a filed tariff. Further, the contract is non-discriminatory and is not unreasonably preferential as required under RCW 80.28.090 and 80.28.100. Lastly, the incremental costs associated with providing service under the Agreement are less than the charge for service, therefore, the revenue received from the Agreement provides a contribution to Avista's fixed costs.

The Company respectfully requests that the Commission approve the proposed Agreement to be effective October 1, 2011. Questions regarding this filing should be directed to Patrick Ehrbar at (509) 495-8620.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick Ehrbar', with a long horizontal line extending to the right.

Patrick Ehrbar  
Manager, Rates and Tariffs  
Enc.

cc: Bob Ashcraft, Manager  
Consolidated Irrigation District No. 19  
N 120 Greenacres  
Greenacres, WA 99016