

BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION  
COMMISSION

In the Matter of the	)	
	)	DOCKET NO. UE-011143
PETITION OF AVISTA	)	
CORPORATION, d/b/a AVISTA	)	
UTILITIES	)	ORDER GRANTING THE
	)	PETITION IMPLEMENTING A
For Authority to Implement a	)	RESIDENTIAL AND FARM
Residential and Small Farm Energy	)	ENERGY CREDIT
Rate Adjustment Credit	)	
.....	)	

**MEMORANDUM**

- 1 On August 14, 2001, Avista Corporation d/b/a Avista Utilities, (“Avista” or the “Company”) filed a Petition with this Commission pursuant to WAC 480-09-420 (7) seeking an order approving the implementation of a residential and small farm energy rate adjustment credit of 0.350 cents per kilowatt-hour (Tariff Schedule 59) effective October 1, 2001. The purpose of the energy rate adjustment credit is to pass through to qualifying electric residential and small farm customers the estimated benefits to be derived under the Residential Exchange Settlement Agreement between Avista and the Bonneville Power Administration (BPA). The rate credit of 0.350 cents per kilowatt-hour is based on estimated benefits for the first year of the ten-year Agreement and will be subject to revision to reflect true up from estimated to actual benefits and to reflect projected future benefits. The first year covers the period October 1, 2001 through September 30, 2002.
  
- 2 The Northwest Regional Power Act established a Residential Exchange Program to provide benefits to residential and small farm customers of Pacific Northwest utilities. The Settlement Agreement between Avista and BPA settles the Parties’ rights and obligations for the Residential Exchange Program for the ten-year term of the Agreement, October 1, 2001 through September 30, 2011. A copy of the Settlement Agreement and Amendment No. 1 to the Agreement were submitted as attachments to the Petition.
  
- 3 In its Petition, Avista requested approval of an accounting mechanism to true-up the difference over time between the benefits credited to customers and the actual benefits received from BPA. Benefits derived, as a result of the Settlement

Agreement, will be deferred to Account 254 – Other Regulatory Liabilities. A separate sub-account will be used to distinguish the residential exchange from other items that may be included in Account 254. Account 254 will be amortized by debiting Account 254 and crediting Account 407.4 – Regulatory Credits by an amount equal to the amount of revenue credit passed through to customers during the month. The balance in Account 254 will reflect the difference between actual benefits and the amount of credit passed on to qualifying customers. Associated deferred federal income taxes will be recorded. Interest will be calculated on the balance in Account 254 at the rate of return the Commission authorized in the Company's last general rate case of 9.03%. It is expected that the rate credit will be revised on an annual basis and may be revised more often, if necessary, depending on how close actual results compare to estimates. The balance in Account 254 will be part of the calculation of any revision to the rate credit.

## **FINDINGS**

### **THE COMMISSION FINDS:**

- 4 (1) Avista Corporation is a public service company furnishing electric and gas service within the State of Washington and is subject to the regulatory authority of the Commission as to its rates, service, facilities and practices.
- 5 (2) On August 14, 2001, the Company filed with the Commission a Petition pursuant to WAC 480-09-420 (7) seeking an order approving the implementation of a residential and small farm energy rate adjustment credit of 0.350 cents per kilowatt-hour (Tariff Schedule 59) effective October 1, 2001. Avista requested approval of an accounting mechanism to true-up the difference over time between the benefits credited to customers and the actual benefits received from BPA.
- 6 (3) The proposed rate adjustment credit passes through the benefits under the Avista-BPA Agreement to Avista's residential and small farm customers. Allowing the credit is in the public interest.
- 7 (4) The accounting mechanism to true-up the difference between the benefits credited to customers and the actual benefits received from BPA, as described above, is reasonable and should be approved.

## **ORDER**

THE COMMISSION ORDERS:

- 8           1.       The residential and small farm energy rate adjustment credit of 0.350 cents  
per kilowatt-hour (Tariff Schedule 59) is allowed effective October 1, 2001.
- 9           2.       The accounting mechanism to true-up the difference over time between  
the benefits credited to customers and the actual benefits received from BPA, as  
described above, is approved.
- 10          3.       Nothing herein shall be construed to waive or otherwise impair the  
jurisdiction of the Commission over the rates, services, accounts and practices of  
Applicant, Avista Corporation.
- 11          4.       The Commission retains jurisdiction to effectuate the provisions of this  
Order.

DATED at Olympia, Washington, and effective this 12<sup>th</sup> day of September, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner