

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN

DATE: AUGUST 24, 2005

SUBJECT: CASE NO. AVU-E-05-6; APPLICATION BY AVISTA CORPORATION
FOR AN ORDER APPROVING RECOVERY OF DEFERRED POWER
COSTS

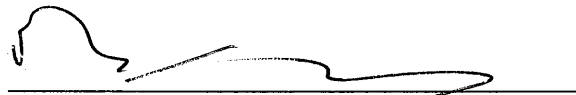
On August 11, 2005, Avista Corporation filed an Application for a Commission Order approving recovery of power costs deferred through June 30, 2005. The Company proposes to recover the deferred expense by continuing the existing PCA surcharge. The Company requested the Commission process its Application by Modified Procedure.

Avista explains in its Application that, pursuant to Commission Order No. 29605 entered in Case No. AVU-E-04-3, its Application serves as the PCA Status Report for 12 months ended June 30, 2005. The Company identified the power cost deferrals during the review period. The deferral balance was \$26.1 million at June 30, 2004, but the deferral balance was reduced to \$5.9 million as of June 30, 2005. The existing PCA surcharge produces annual revenues of approximate \$4,268,000. The Company proposes that the existing surcharge remain in place and that the surcharge rates be reviewed again when the PCA status report is filed next year covering the July 2005 through June 2006 period.

Staff recommends that the Application of Avista for an Order approving recovery of power costs deferred through June 30, 2005, be processed by Modified Procedure

COMMISSION DECISION

Should the Application of Avista Corporation for an Order approving recovery of power costs deferred through June 30, 2005, be processed by Modified Procedure?



Weldon B. Stutzman