

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR) CASE NO. AVU-E-06-3
AUTHORIZATION TO DEFER THE COST)
OF A LOAN RELATED TO GRID WEST) NOTICE OF APPLICATION
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 30081**

YOU ARE HEREBY NOTIFIED that on April 27, 2006, Avista Corporation filed an Application requesting an accounting order from the Commission authorizing the deferral of costs the Company incurred relating to the development of a regional transmission organization (RTO). Avista alleges it participated in efforts to develop an RTO, now called Grid West, pursuant to orders issued by the Federal Energy Regulatory Commission (FERC). The Application states that Pacific Northwest electric utilities have been involved in the RTO development process since 2000, and that the costs incurred by the utilities were to be repaid through surcharges on customers after the RTO became operational. It now appears the development of Grid West is unlikely, and Avista requests authorization to defer the amounts it loaned to Grid West, with interest, in the development process. An accounting order authorizing deferral of costs does not establish reasonableness or the amount of the costs to be recovered in rates.

Avista states it provided startup costs to the RTO to retain experts and facilitators, and that the current balance of Avista's loan to Grid West is \$1,217,499.26, which includes interest of \$188,187.34. Avista estimates that the total amount of the deferred amount would be \$421,620 for the Idaho jurisdiction portion of Avista's loan amount to Grid West.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

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YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within forty-five (45) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Sreet
Boise, ID 83702-5983

Kelly Norwood
Vice-President, State and Federal Regulation
Avista Corporation
1411 E. Mission Avenue, MSC-13
PO Box 3727
Spokane, WA 99220-3727
E-mail: kelly.norwood@avistacorp.com

David J. Meyer
Vice-President, Chief Counsel for Regulatory
and Governmental Affairs
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1411 W. Mission Avenue, MSC-13
PO Box 3727
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E-mail: david.meyer@avistacorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Avista at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's Website at www.puc.idaho.gov under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

ORDER

IT IS HEREBY ORDERED that the Application of Avista Corporation to defer costs related to the development of a regional transmission organization be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so no later than 45 days from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of June 2006.



PAUL KJELLANDER, PRESIDENT

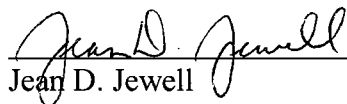


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:AVU-E-06-03_ws

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