

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE SUBMISSION OF) CASE NO. AVU-E-06-05
THE POWER COST ADJUSTMENT (PCA))
STATUS REPORT OF AVISTA) NOTICE OF APPLICATION
CORPORATION AND REQUEST FOR)
RECOVERY OF POWER COSTS) NOTICE OF
DEFERRED THROUGH JUNE 30, 2006) MODIFIED PROCEDURE
)
) **NOTICE OF**
) **COMMENT/PROTEST DEADLINE**

YOU ARE HEREBY NOTIFIED that on August 15, 2006, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for an Order approving continuation of the existing 2.448% PCA surcharge and authorizing recovery of power costs deferred through June 30, 2006. Avista's Application serves as a PCA Status Report for the 12 months ended June 30, 2006 and complies with the Commission's direction in Avista PCA Order No. 29881, Case No. AVU-E-05-6.

The Company in its filing identifies the power cost deferrals during the July 1, 2005 through June 30, 2006 review period, and explains the primary factors causing the PCA deferrals. The unrecovered deferral balance at June 30, 2005 was \$5,935,324. The unrecovered balance at June 30, 2006 is \$1,517,103. While the annual amount of revenue under the existing surcharge (approximately \$4.3 million) is greater than the unrecovered surcharge balance at June 30, 2006, the Company contends the unrecovered surcharge balance is expected to grow. Richard Storro, Director of Avista Power Supply, in testimony filed with the Application explains the reasons that actual power costs are expected to exceed authorized power costs and what the effect is forecasted to be on the deferral balance. At July 31, 2006, the deferral balance had grown to \$3.2 million. In all likelihood, the Company estimates that the deferral balance by the end of August 2006 will be higher than the annual surcharge revenue level of \$4.3 million. With the existing surcharge remaining in place, the deferral balance is expected to approximate \$8.7 million at the end of the year. However, should conditions turn out to be more favorable than expected, resulting in the deferral balance reaching zero at some point, Avista will make a filing to either zero-out the surcharge rates, or to continue or modify the rates depending upon actual and expected power supply conditions at the time. Should the surcharge rates not be

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modified prior to filing the next PCA Status Report covering the July 2006 through June 2007 12-month period, the surcharge rates will be reviewed as a part of that filing.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-06-05. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Avista's Application and the use of Modified Procedure in Case No. AVU-E-06-05 is **Friday, September 29, 2006**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-06-05 should be mailed to the Commission and the Company at the addresses reflected below.

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

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Kelly O. Norwood
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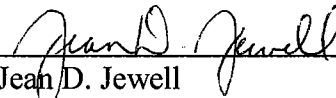
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All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments 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 prefiled testimony of Company witnesses in Case No. AVU-E-06-05 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho offices of Avista Corporation dba Avista Utilities.

DATED at Boise, Idaho this 30th day of August 2006.



Jean D. Jewell
Commission Secretary

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