

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO APPROVE) CASE NO. AVU-E-06-07
AN AGREEMENT ALLOCATING)
TERRITORY WITH NORTHERN LIGHTS,) NOTICE OF APPLICATION
INC.)
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 30134**

On September 11, 2006, Avista Corporation dba Avista Utilities filed an Application to approve an agreement allocating service territory with Northern Lights, Inc. pursuant to the Electric Supplier Stabilization Act (ESSA), *Idaho Code* §§ 61-332 *et seq.* The parties request that the Application be processed by Modified Procedure.

THE APPLICATION

YOU ARE HEREBY NOTIFIED that according to the Application the parties have entered into an agreement pursuant to the ESSA in order to allocate territory, avoid disputes between utilities, and to provide consumers with the best possible service. Both utilities have existing service lines near a new development (Development) in Sandpoint, Idaho, and both utilities are able and willing to supply electric service to consumers who may establish service entrances in the Development. The utilities have agreed to an allocation of service territory to each utility as set forth in their Agreement.

YOU ARE FURTHER NOTIFIED that the Agreement Allocating Territory, as well as a map of the designated service areas (Exhibit B) and a legal description of the boundaries (Exhibit A), was filed with the Application. According to the Agreement Avista and Northern Lights will each be entitled to extend their electric facilities, to the exclusion of the other, within the territory allocated to each as outlined on Exhibit B, and to provide service to customers who locate new electric service entrances within such territory. The Agreement states that, within the territory allocated, each utility shall provide line extensions and electric service pursuant to the provisions of their respective line extension policies, rate schedules, and/or tariffs in force at the time such extensions or services are requested. The Agreement further provides that a line extension installed within the boundaries of the Development to serve an electric service located

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within the territory allocated by the Agreement shall not be considered an “existing service line” and may not be used as a future measuring point for the purpose of determining which utility is entitled to provide electric service under the ESSA to new service entrances located in territory not allocated pursuant to the Agreement. Additionally, the Agreement states that the utilities current electric service lines as shown on Exhibit B, as well as any line extensions external to the boundaries defined in the Agreement and outlined on Exhibit B which are required to reach existing infrastructures within the Development and which are installed in accordance with the ESSA, may be used to determine future electric service rights to new service entrances located in territory not allocated pursuant to the Agreement. Lastly, the Agreement states that the boundaries set forth by the Agreement and shown on Exhibit B will not be affected by any subsequent changes in lot lines, roadways, or other boundaries within the Development that occur after the date of the Agreement.

YOU ARE FURTHER NOTIFIED that *Idaho Code* § 61-333(1) provides that electric suppliers may contract for the purpose of “allocating territories, consumers, and future consumers ... and designating which territories and consumers are to be served by which contracting electric supplier.” Under the ESSA, both Avista and Northern Lights are defined as electric suppliers. *Idaho Code* § 61-332A(4). After notice and opportunity for hearing, the Commission may approve agreements allocating service territories and customers between electric suppliers only upon finding that the allocation is in conformance with the purposes of the ESSA. *Idaho Code* § 61-333A(1). As set out in *Idaho Code* § 61-332(2), the purpose of the ESSA is to: discourage duplication of facilities; prohibit “pirating” of consumers; stabilize service territories and consumers; and promote harmony between electric suppliers.

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. The Application and testimonies are also available on the Commission’s Website at www.puc.idaho.gov under the “File Room” icon.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. AVU-E-06-07. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues

raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

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

NOTICE OF COMMENT/PROTEST DEADLINE

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. AVU-E-06-07 is **21 days from the service date of this Order**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to 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

Brian Hirschhorn, Manager, Pricing
Linda Gervais, Regulatory Analyst
State and Federal Regulation
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220
E-mail: brian.hirschhorn@avistacorp.com
E-mail: linda.gervais@avisacorp.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 homepage 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 the Applicant at the addresses listed above.

FINDINGS/CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Avista, its Application to approve agreement allocating territory, and the issues involved in this case by virtue of Title 61, Idaho Code, specifically *Idaho Code* §§ 61-129, 61-333(1) and 61-334B, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

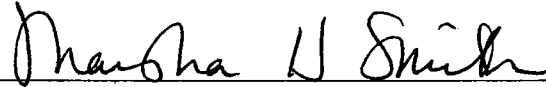
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than 21 days from the service date of this Order.

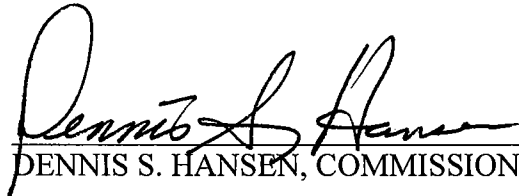
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of September 2006.



PAUL KJELLANDER, PRESIDENT

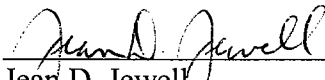


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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