

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)	
AVISTA CORPORATION FOR AN ORDER)	CASE NO. AVU-E-07-02
REVISING AVISTA CORPORATION'S)	
OBLIGATIONS TO ENTER INTO)	NOTICE OF
CONTRACTS TO PURCHASE ENERGY)	MODIFIED PROCEDURE
GENERATED BY WIND-POWERED SMALL)	
POWER GENERATION FACILITIES)	NOTICE OF
)	COMMENT/PROTEST DEADLINE

On April 2, 2007, Avista Corporation (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting a change in the Company's PURPA obligations for wind QFs. Avista proposes a raising of the cap on entitlement to published avoided cost rates for wind-powered small power generation facilities that are qualifying facilities (QFs) under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) from the current level of 100 kW to 10 average megawatts per month (10 aMW), subject to the following condition, among others:

5. Clarifying the rules governing the entitlement to published rates to prevent all QFs, whether wind or non-wind, capable of delivering more than 10 aMW per month from structuring or restructuring into smaller projects solely for the purpose to qualify for the published avoided cost rates; and

Published Rate Eligibility – Disaggregation

Idaho Power Company has also recommended adoption of a rule nearly the same as that adopted by the Oregon Public Utility Commission preventing multiple projects owned by the same person from receiving the published avoided cost rates, if located at the same site. Avista recommends that the approach recommended by Idaho Power in Case No. IPC-E-07-04 be applied to Avista's purchases as well.

Avista contends that wind projects are uniquely able to reconfigure themselves into various legal ownerships solely for economic reasons, without disturbing or affecting in any way site or structural design. In some circumstances, other generating technologies, it notes, may have a similar capability. Projects that are under common ownership, Avista contends, should

not be able to reconfigure themselves legally, for the sole purpose of qualifying for published avoided costs in Idaho.

Additionally, Avista contends that a uniform approach as between Idaho jurisdictional utilities is particularly useful, in order to avoid unneeded incentives for favoring one utility over another, not because of the fundamental economic differences reflected in the avoided costs and wind integration costs, but because of different QF rules that might apply to different utilities.

On May 15, 2007, the Commission issued a Notice of Petition in Case No. AVU-E-07-02.

YOU ARE HEREBY NOTIFIED that the Commission has reviewed and considered the Company's Petition in Case No. AVU-E-07-02 and has preliminarily found that the public interest regarding the issue of "disaggregation," i.e., the utility proposal to prevent QFs from disaggregating large QF projects into smaller projects to qualify for published avoided cost rates available to QFs smaller than 10 MW may not require a hearing to consider the issue presented and that the disaggregation issue 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 disaggregation issue raised by Avista in Case No. AVU-E-07-02 has also been raised by PacifiCorp in Case No. PAC-E-07-07 and by Idaho Power Company in Case No. IPC-E-07-04.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the disaggregation issue raised by Avista in Case No. AVU-E-07-02 and the Commission's related use of Modified Procedure is **Friday, July 27, 2007**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing on the disaggregation issue 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. Reference IDAPA 31.01.01.203.

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 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 the Petition in Case No. AVU-E-07-02 may be viewed at the Commission's website, www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or is available for public inspection during regular business hours at the offices of the Idaho Public Utilities Commission, 472 West Washington, Boise, Idaho and the Idaho offices of Avista Corporation dba Avista Utilities.

YOU ARE FURTHER NOTIFIED that written comments concerning the issue of disaggregation 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

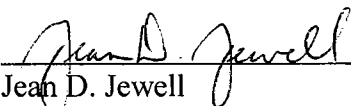
Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

R. Blair Strong
Jerry K. Boyd
Paine Hamblen LLP
717 West Sprague, Suite 1200
Spokane, WA 99220-3505
E-mail: rbstrong@painehamblen.com

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 address listed above.

DATED at Boise, Idaho this 27th day of June 2007.



Jean D. Jewell
Commission Secretary

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