

**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**

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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 raising 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 conditions:

1. Reducing the published avoided cost rates applicable to purchases by Avista of electric power from wind-powered QFs by 12%, as a percentage reduction to be applied against scheduled avoided cost rates except where the QF developer agrees in the power purchase and sale contract with Avista to deliver QF output to Avista on a firm hourly schedule, in which case the percentage reduction shall be 6%;
2. Removing the requirement that the 90%/110% performance band requirement not be applied to purchases from wind powered QFs;
3. Authorizing Avista to purchase state-of-the-art wind forecasting services to provide Avista with forecasted wind conditions in those geographic areas in which wind generation resources are located, provided that QFs will reimburse Avista for their share of the ongoing cost of the wind forecasting service, in proportion to their percentage share of the wind-generator capability being supplied to Avista from that area;
4. Requiring QFs to deliver a "mechanical availability guarantee" to Avista to demonstrate monthly, except for scheduled maintenance and events of force majeure or uncontrollable force, that the QF was physically capable and available to generate a full output during 85% of the hours in a month;

5. . . . (Disaggregation issue – separately noticed on June 28, 2007)
6. Clarifying that the cap on entitlement to published avoided cost rates shall be raised to 10 aMW only until Avista’s total wind portfolio from all sources totals 400 MW.

A Notice of Petition in Case No. AVU-E-07-02 was issued on May 15, 2007. A Notice of Discussion Regarding Procedure was issued on June 4, 2007. On June 28, 2007, the Commission issued a Notice establishing an intervention deadline of July 18, 2007. The following parties requested and were granted intervenor status: Exergy Development Group of Idaho LLC; Renewable NW Project and NW Energy Coalition; Idaho Windfarms LLC; and INL Biofuels and Renewable Energy Technologies.

On July 31 and August 10, 2007, Commission Staff sponsored joint settlement workshops in Case Nos. AVU-E-07-02 (Avista), IPC-E-07-03 (Idaho Power), and PAC-E-07-07 (PacifiCorp) to explore whether parties of record could agree to a common generic wind integration adjustment to published rates. IDAPA 31.01.01.272-276.

The Commission has been informed that the participants in the joint settlement workshops were unable to reach a compromise generic settlement. In consideration of the foregoing and based on its review of the filings of record in Case No. AVU-E-07-02, YOU ARE HEREBY NOTIFIED that the Commission has preliminarily found that the public interest regarding Avista’s proposed wind integration adjustment (with related proposed rate methodology modifications) may not require a hearing to consider those issues and that the Company’s Petition on those issues 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 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. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that the **deadlines for filing written comments or protests** with respect to the Petition and the Commission’s use of Modified Procedure in Case No. AVU-E-07-02 are as follows:

Initial Comment Deadline

Friday, September 21, 2007

Reply Deadline


Friday, October 5, 2007

Persons desiring a hearing must specifically request a hearing in their written protests or comments.

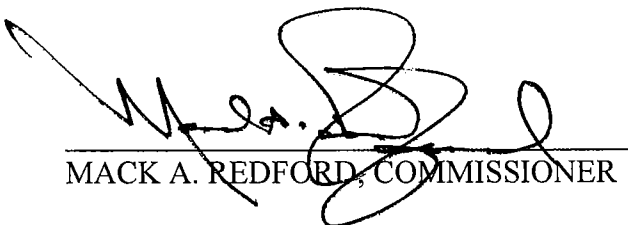
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its 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 the Petition in Case No. AVU-E-07-02 may be viewed at [www.puc.idaho.gov](http://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.

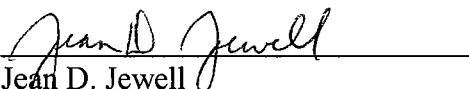
DATED at Boise, Idaho this 22<sup>nd</sup> day of August 2007.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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