

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)	
CONTRACTS TO PURCHASE ENERGY)	ORDER NO. 30418
GENERATED BY WIND-POWERED SMALL)	
<u>POWER GENERATION FACILITIES</u>)	

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 of qualifying for the published avoided cost rates; and

The Commission in this Order denies the Company's requested rule change regarding published rate eligibility.

Published Rate Eligibility – Disaggregation

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.

Avista asks that the approach recommended by Idaho Power in Case No. IPC-E-07-04 be applied to Avista's purchases as well. Additionally, Avista contends that a uniform approach among Idaho jurisdictional utilities is useful. It would avoid unneeded incentives for

favoring one utility over another, unrelated to the fundamental economic differences reflected in the avoided costs.

On June 28, 2007, the Commission issued a Notice of Modified Procedure regarding the issue of disaggregation and established a July 27, 2007 comment deadline. Comments were filed by Commission Staff and a supporter of renewable energy. Both commenters oppose the Company's disaggregation proposal.

Staff repeats the comments it filed in Case No. IPC-E-07-04. Avista provides no additional support for the proposed rule. Staff believes that rather than accomplishing its intended objective, the proposed disaggregation rule will instead simply result in more creative QF ownership arrangements.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. AVU-E-07-02 regarding the Company's proposed change in published rate eligibility rules. We have also reviewed our related Order No. 30415 in Idaho Power Case No. IPC-E-07-04. We continue to find it reasonable to process this matter pursuant to Modified Procedure, IDAPA 31.01.01.204.

Avista in this case requests that it be accorded the same treatment we grant to Idaho Power. In Order No. 30415, we found that Idaho Power had failed to persuade the Commission that there was a need to modify its rules for published rate eligibility to preclude disaggregation. Avista offers no additional evidence that a change is needed.

We do not share the contention of Idaho Power and Avista that without change abuse will occur and the public interest will not be served. It is a change that we find would encourage and might actually promote gamesmanship. On the basis of the established record we find no reason to change the eligibility criteria for published rates to require a standard different than FERC QF status requirements.

CONCLUSIONS OF LAW

The Commission has jurisdiction over Avista Corporation, an electric utility, and the issues presented in Case No. AVU-E-07-02 pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby deny Avista's proposal to clarify rules regarding published rate eligibility and disaggregation.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of September 2007.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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