

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION TO REVISE) CASE NO. AVU-E-07-03
THE RESIDENTIAL AND SMALL FARM)
ENERGY RATE ADJUSTMENT CREDIT,) NOTICE OF TARIFF ADVICE
SCHEDULE 59.)
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) NOTICE OF
) COMMENT DEADLINE
)
) ORDER NO. 30328**

On May 21, 2007, BPA issued letters to PacifiCorp, Idaho Power, and Avista indicating that because of recent 9th Circuit Court of Appeals decisions¹ it was suspending the monthly payments or credits that it had been making pursuant to the Residential Exchange Program (REP) Settlements under the Northwest Power Act. *See* Order No. 30327. On May 22, 2007, Avista Corporation (Company) filed a Tariff Advice to revise the Residential and Small Farm Rate Adjustment Credit, Schedule 59. The Company requested expedited treatment of its filing. The Commission found good cause to act on the Company's filing in an expedited manner, and approved the same as set forth in Order No. 30327. With this Order the Commission authorizes the use of Modified Procedure, and establishes a deadline for interested persons to submit comments regarding the surcharge put in place to recover the over-refunded REP credits.

NOTICE OF THE COMPANY'S FILING

YOU ARE HEREBY NOTIFIED that on May 22, 2007, Avista Corporation (Company) filed a Tariff Advice to revise the Residential and Small Farm Rate Adjustment Credit, Schedule 59. The revised tariff sheet eliminates the Residential and Small Farm Energy Rate Adjustment Credit of 0.459 cents per kilowatt-hour and establishes a proposed charge of 0.144 cents per kilowatt-hour rate to recover the over-refunded exchange credit balance over a 12-month period.

¹ *Portland General Electric Co. v. Bonneville Power Admin.*, ___ F.3d ___, 2007 WL 1288786 (9th Cir); *Golden Northwest Aluminum, Inc. v. Bonneville Power Admin.*, ___ F.3d ___, 2007 WL 1289539 (9th Cir).

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YOU ARE FURTHER NOTIFIED that the Company stated it uses a balancing account for the receipt of REP benefits from BPA. At the end of April 2007, there was an over-refunded balance and associated interest of approximately \$913,000 for Idaho customers. The existing Schedule 59 rate credit of 0.523 cents per kilowatt-hour will continue until the rate is eliminated. The longer the existing rate remains in place, the larger the over-refunded balance becomes. When the existing rate credit was established, it was projected that the balancing account would reach zero at the end of October 2007. The Company stated that because the Schedule 59 rate credit is a uniform cents per kilowatt-hour rate, and because the REP benefit payments from BPA are lower in the winter and higher in the summer, the result is the current over-refunded balance.

YOU ARE FURTHER NOTIFIED that the Commission has granted Avista's request and eliminated the credit and implemented the surcharge. Order No. 30327. The Commission ordered that the surcharge rate of 0.144 cents per kilowatt-hour be implemented on an interim basis in order to bring the over-refunded balance back to zero. This amount will be subject to refund based on Staff's audit and investigation and subsequent Commission Order. Staff was directed to audit the deferral balance amount, to review the assumptions and calculations leading to the surcharge rate, and to advise the Commission as to whether it is properly allocated, whether it is in the proper amount, and whether the recovery period is appropriate.

YOU ARE FURTHER NOTIFIED that in support of its filing the Company submitted the affidavit of David J. Meyer regarding the emergency situation and need for the filing, a copy of the letter from BPA regarding the elimination of REP payments, and a press release, as well as the revised Tariff Sheet 59 and the associated work papers.

YOU ARE FURTHER NOTIFIED that the Company's filing has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Company's filing is also available on the Commission's Website at www.puc.idaho.gov under the "File Room."

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. AVU-E-07-03. 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 01.01.01.204.

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-07-03 **is 30 days from 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

Kelly O. Norwood
Vice President State and Federal Regulation
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220

E-mail: kelly.norwood@avistacorp.com

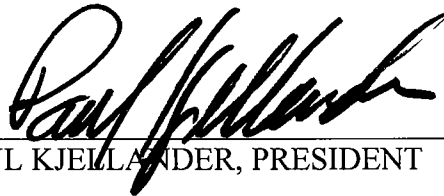
David J. Meyer
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220
E-mail: david.meyer@avistacorp.com

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 Company at the addresses listed above.

ORDER

IT IS HEREBY ORDERED that this matter be processed by Modified Procedure. Persons interested in submitting written comments regarding this matter or protesting the use of Modified Procedure should do so no later than 30 days from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of May 2007.



PAUL KJEILANDER, PRESIDENT

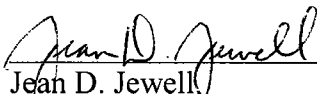


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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