

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION DBA AVISTA)	CASE NO. AVU-E-08-02
UTILITIES FOR AN ORDER)	
AUTHORIZING DEFERRAL OF NET)	NOTICE OF APPLICATION
REVENUES FROM SALES OF CARBON)	
FINANCIAL INSTRUMENTS)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 30580

YOU ARE HEREBY NOTIFIED that on May 22, 2008, Avista Corporation filed an Application requesting an order from the Commission authorizing the Company to defer net revenues from the sale of carbon financial instruments (CFIs). The revenues result from the sale of credits relating to the reduction in greenhouse gas emissions through a pilot program offered through the Chicago Climate Exchange. Participants in the Exchange are required to reduce greenhouse gas emissions during two phases. The Exchange allows members to sell greenhouse gas credits based on greenhouse gas reductions compared to a baseline. Avista banked credits for 2003 through 2006, and was able to sell surplus Phase 1 CFIs for \$2,557,065, net of the Exchange commissions.

YOU ARE FURTHER NOTIFIED that in this filing, the Company is requesting an order allowing for the deferral of the net revenue (revenues from sales of CFIs, less cost, including membership fees paid to the Exchange). The net revenues will be allocated to the Company's Washington and Idaho jurisdictions based on the current production/transmission allocation of 64.59% to Washington and 35.41% to Idaho. The Company requests authority to defer the CFI revenues in Account 254 – Other Regulatory Liabilities. Interest would accrue on the Idaho share of the deferrals at the customer deposit rate. The Company will propose ratemaking treatment of the net revenues and accrued interest in its next general rate case filing or some other proceeding.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules

of Procedure, IDAPA 31.01.01.201-204. 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 any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Avista at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Sreet
Boise, ID 83702-5918

David J. Meyer, Vice President,
Chief Counsel, Reg. & Gov't Affairs
Avista Corporation
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
E-Mail: david.meyer@avistacorp.com

Kelly Norwood
Vice President – State & Federal Regulation
Avista Utilities
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
E-Mail: kelly.norwood@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 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 addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit

set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Electric Cases."

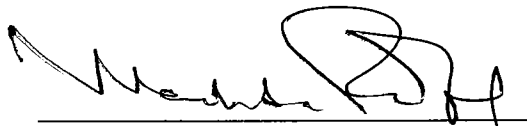
YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

ORDER

IT IS HEREBY ORDERED that the Application of Avista Corporation for an order authorizing deferral of net revenues from sales of carbon financial instruments be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so within twenty-one (21) days from the service date of this Notice.

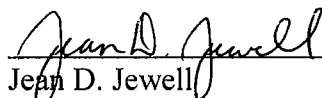
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th
day of June 2008.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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