

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF AVISTA CORPORATION TO INCREASE</b>	)	<b>CASE NO. AVU-G-06-04</b>
<b>THE COMPANY'S ENERGY EFFICIENCY</b>	)	
<b>TARIFF SCHEDULE 191</b>	)	<b>NOTICE OF APPLICATION</b>
	)	
	)	<b>NOTICE OF MODIFIED</b>
	)	<b>PROCEDURE</b>
	)	
	)	<b>ORDER NO. 30145</b>

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On September 14, 2006, Avista Corporation dba Avista Utilities filed its Application to increase the Company's Energy Efficiency Tariff Schedule 191. Schedule 191 is designed to recover the costs incurred by the Company associated with providing natural gas efficiency services to customers. The Company requested Modified Procedure and an effective date of the new tariff of October 13, 2006.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that according to Avista's Application, the proposed increase in the Schedule 191 rate is necessary to continue to fund ongoing natural gas-efficiency programs as set forth in Avista's more recent Integrated Resource Plan for natural gas service and to amortize a deficiency balance within the natural gas Demand Side Management (DSM) tariff rider resulting from the Company's response to customer demand for the services that was higher than expected. The Company asserts that the proposed increase will not result in a change in profits for the Company.

YOU ARE FURTHER NOTIFIED that Avista states that the existing and planned expenses for the DSM programs are far exceeding revenues. The tariff rider for DSM programs has not changed since 2001. Avista states that as of the close of August 2006, its natural gas DSM tariff rider balance for Idaho is negative \$1.5 million. The proposed tariff rider increase is estimated to erase this liability balance by the end of the second quarter of 2008.

YOU ARE FURTHER NOTIFIED that the Application states that the proposed increase is a 1.4% increase, as expressed as a percentage of present gas revenue. The proposed rates will result in a 1.75% total charge for DSM.

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YOU ARE FURTHER NOTIFIED that Avista states that all Schedule 191 funds will remain within the natural gas efficiency rider programs. Avista will continually assess demand for the services and program financial balances and propose revisions to Schedule 191 as needed. The Company states that the programs are cost-effective and that the additional funding will expand the availability of the programs. The Company provided a copy of its customer notice and press release announcing the proposed tariff change.

#### NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Application in this case and has preliminarily determined that the public interest in this matter may not require a hearing to consider the issues presented, and that the issues raised by the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.210-204. 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 the **deadline for filing written comments or protests** with respect to Avista's Application and the use of Modified Procedure in this case is **October 24, 2006**. 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 shall be mailed to the Commission and the Applicant 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, Idaho 83702-5983

Kelly Norwood  
Vice President, State and Federal Regulation  
Avista Corporation  
1411 E. Mission Ave., MSC-13  
Spokane, WA 99220  
E-mail: [kelly.norwood@avistacorp.com](mailto:kelly.norwood@avistacorp.com)

David J. Meyer  
Vice President and Chief Counsel of  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Ave., MSC-13  
Spokane, WA 99220  
E-mail: [david.meyer@avistacorp.com](mailto: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 home page located at [www.puc.idaho.gov](http://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 Applicant 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 may consider the matter on its merits and may enter its Order without a formal hearing. If written comments or protests are received 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 comments before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Application and proposed tariff Schedule 191 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, [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, and specifically *Idaho Code* §§ 61-307, 61-507, 61-622 and 61-623.

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.*

#### **SUSPENSION OF PROPOSED RATES**

Due to the complexity of this case and other constraints upon the Commission's time, the Commission finds that it cannot adequately review Avista's request for a change in the Schedule 191 tariff rate for Energy Efficiency Programs before the proposed October 13, 2006 effective date. Pursuant to *Idaho Code* § 61-623, the Commission hereby suspends the proposed base rates for a period of 120 days following the proposed date, or until such time the Commission enters its Order accepting, rejecting or modifying the proposed rates in this matter.

## ORDER

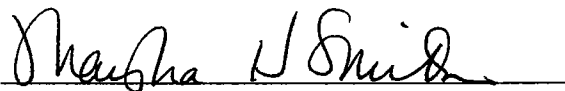
IT IS HEREBY ORDERED that the Application of Avista Corporation be processed by Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments in this matter or protesting the use of Modified Procedure must do so no later than October 24, 2006.

IT IS FURTHER ORDERED that the proposed Schedule 191 by Avista Corporation is suspended for a period of 120 days from the proposed effective date, or until such time the Commission enters an Order accepting, rejecting or modifying the request in this matter.

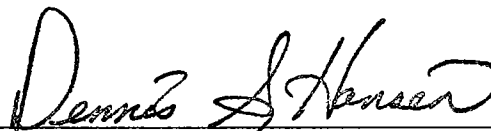
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 4<sup>th</sup> day of October 2006.



PAUL KJELLANDER, PRESIDENT

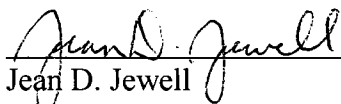


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

O:AVU-G-06-04\_cg

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