

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION DBA AVISTA)	CASE NO. AVU-G-08-02
UTILITIES FOR AN ACCOUNTING ORDER)	
AUTHORIZING ACCOUNTING ENTRIES)	NOTICE OF APPLICATION
RELATED TO THE TERMINATION OF THE)	
STORAGE AGREEMENT BETWEEN)	NOTICE OF
AVISTA UTILITIES AND TERASEN GAS,)	MODIFIED PROCEDURE
INC.)	
)	ORDER NO. 30587

On June 13, 2008, Avista Corporation dba Avista Utilities filed an Application requesting an accounting order related to the termination of a Gas Storage Agreement between the Company and Terasen Gas, Inc. The Company requests that its Application for an accounting order be processed via Modified Procedure, IDAPA 31.01.01.201.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that in 1982, Avista and Terasen (formerly known as BC Gas) entered into an agreement for the storage and subsequent release of natural gas at Avista's Jackson Prairie underground storage facility. Under the Agreement, Terasen paid Avista \$191,121 per month for the storage and eventual delivery of gas to Terasen. The Idaho jurisdictional revenue from Terasen, \$54,388 per month, is embedded in the current rates paid by Idaho customers.

YOU ARE FURTHER NOTIFIED that the Agreement with Terasen was terminated May 1, 2008. On May 1, Avista began using the Terasen storage capacity to serve its own customers. "The benefits associated with this recalled storage capacity are directly passed on to customers through the Company's annual PGA filing." Application at 2.

YOU ARE FURTHER NOTIFIED that the termination of the Terasen Agreement is incorporated in the Company's current general rate case (AVU-G-08-01). However, until the general rates become effective, Idaho customers are currently receiving a credit of \$54,388 each month although the revenue is no longer being received. Consequently, the Company requests that the Commission approve an accounting order for the Company to record the additional deferred gas costs to Account 191 in the amount of \$54,388 each month beginning May 1, 2008, and ending on the date in which its new gas rates become effective. The deferred costs

associated with a partial month “would be prorated accordingly.” *Id.* at 3. This deferred amount would be included with all other deferred gas costs and be recovered through the rates as part of the Company’s annual PGA filing.

YOU ARE FURTHER NOTIFIED that the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission’s Website at www.puc.idaho.gov under “File Room” and then “Gas Cases.”

NOTICE OF MODIFIED PROCEDURE

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 through .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 shall be mailed to the Commission and Avista 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 83702-5918

Kelly O. Norwood
Vice President – State & Federal Regulation
Avista Corporation
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
E-Mail: kelly.norwood@avistacorp.com

David J. Meyer, Vice President,
Chief Counsel, Reg. & Gov’t Affairs
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PO Box 3727
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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 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 Commission has jurisdiction over this matter under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-524 and IDAPA 31.12.01 (Uniform System of Accounts). 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 persons interested in submitting written comments in this matter do so within 21 days of the service date of this Order.

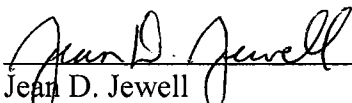
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2nd
day of July 2008.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:AVU-G-08-02_dh