

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)
CORPORATION'S ANNUAL POWER COST) **CASE NO. AVU-E-08-05**
ADJUSTMENT (PCA) FOR RECOVERY OF)
POWER COSTS DEFERRED THROUGH) **NOTICE OF APPLICATION**
JUNE 30, 2008)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **NOTICE OF**
) **COMMENT/PROTEST DEADLINE**

YOU ARE HEREBY NOTIFIED that on July 28, 2008, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for an order approving a Power Cost Adjustment (PCA) surcharge of 0.610¢/kWh to be effective October 1, 2008. Tariff Schedule 66 (Temporary Power Cost Adjustment).

Avista's PCA mechanism is used to track changes in revenues and costs associated with variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenues and expenses. The Company's existing PCA methodology and method of recovery were approved in 2007 in Case No. AVU-E-07-01 (Order No. 30361). In that case, the Commission approved a change in the PCA methodology from a trigger and cap mechanism to a single annual PCA rate adjustment filing requirement. The Commission also approved a change in the method of PCA deferral recovery from a uniform percentage basis to a uniform cents per kWh basis.

Avista is requesting that the Commission issue an order approving recovery of power costs deferred by the Company for the period July 1, 2007 through June 30, 2008. The proposed 0.610¢/kWh PCA surcharge will replace an existing 0.267¢/kWh surcharge that expires on September 30, 2008. Order No. 30429. The proposed surcharge will recover approximately \$21.7 million in deferrals. The principal factors contributing to the higher power supply expense during the deferral period are reduced hydro-generation and high natural gas fuel costs.

Under the Company's proposal, the surcharge rate for residential customers will increase from 0.267¢/kWh to 0.610¢/kWh, or an increase of 0.343¢/kWh. For an average

residential customer using 1,000 kWh per month, the monthly increase will be \$3.43. Under present rates, a residential bill for 1,000 kWh amounts to \$63.44. With the proposed surcharge in place, the monthly bill would be \$66.87, or about 5.4% higher.

The actual percentage increase for individual customers will depend on the rate schedule that the customer receives service under and on how much energy a customer uses. The proposed surcharge is spread on a uniform cents per kilowatt hour basis. The percentage increases will vary by rate schedule as shown below.

Customer Group (Schedule)		Percentage Change
Residential	Schedule 1	5.35%
General Service	Schedules 11, 12	4.29%
Large General Service	Schedules 21, 22	5.54%
Extra Large General Service	Schedule 25	7.84%
Extra Large General Service	Schedule 25P	8.38%
Pumping Service	Schedules 31, 32	5.29%
Street and Area Lights	Schedules 41-49	1.78%

The Company's Application is supported by the testimony of William G. Johnson, Wholesale Marketing Manager, and Ronald L. McKenzie, Manager of Regulatory Accounting, and related workpapers.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-08-05. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

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 Case No. AVU-E-08-05 is **Wednesday, September 17, 2008**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed 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 positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-08-05 should be mailed to the Commission and the Company at the addresses reflected below.

Commission Secretary	Kelly O. Norwood
Idaho Public Utilities Commission	Vice President State & Federal Regulation
PO Box 83720	Avista Corporation
Boise, ID 83720-0074	1411 E. Mission Avenue
	Spokane, WA 99220
Street Address for Express Mail:	E-mail: kelly.norwood@avistacorp.com

472 W. Washington Street	David J. Meyer
Boise, ID 83702-5918	Vice President and Chief Counsel of
	Regulatory and Governmental Affairs
	Avista Corporation
	1411 E. Mission Avenue
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	E-mail: dmeyer@avistacorp.com

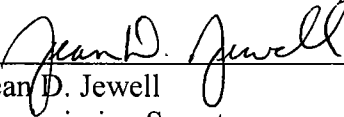
All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, 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 the set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and prefiled testimony of Company witnesses in Case No. AVU-E-08-05 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho offices of Avista Corporation dba Avista Utilities.

NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF COMMENT/PROTEST DEADLINE

DATED at Boise, Idaho this 7th day of August 2008.



Jean D. Jewell
Commission Secretary

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