
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. AVU-E-04-2

March 12, 2004

Contact: Gene Fadness (208) 334-0339

Website: www.puc.state.id.us

Avista proposes to sell its interest in Washington hydro plant

Boise – Avista Utilities is seeking approval from the Idaho Public Utilities Commission to sell its interest in the Skookumchuck Hydroelectric Plant near Centralia, Wash, to Washington LLC, which intends to operate the plant as a wholesale generator.

Avista contends the 1-megawatt plant does not produce enough energy to make it worth the costs of operating and maintaining it. Avista projects the sale of Skookumchuck will result in a small after-tax gain. The Idaho share (33 percent) of the after-tax gain is projected to be about \$216,000. Avista proposes to allocate the gain between ratepayers and shareholders in the same manner that Avista's after-tax gain on the sale of the Centralia Power Plant was allocated in 1999. Under that formula, the allocation to ratepayers would be about \$151,000 with about \$65,000 going to shareholders.

Avista is proposing that the gain to ratepayers be added to the deferred gain on the Centralia Power Plant, which is currently being passed on to ratepayers through a rate credit.

The project is an earth-filled dam and hydroelectric generating plant built in 1973. The dam serves as a water storage facility for the nearby Centralia Power Plant. Other owners include PacifiCorp, Public Utility District No. 1 of Snohomish (WA) County, Puget Sound Energy, City of Tacoma, City of Seattle and Public Utility District 1 of Grace Harbor County. Washington LLC plans to continue operation of the project to provide cooling water supply to the Centralia Power Plant and to sell remaining output on the wholesale market.

Avista contends the sale will not harm the public interest because competitive markets will be unaffected by the sale. Customers will not be harmed if the project is sold, Avista contends, because the cost of the power generated from Skookumchuck substantially exceeds the projected cost of market power.

The commission will take written comment on the matter through April 1. Persons wishing to submit comments can do so via e-mail by accessing the commission's homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (AVU-E-04-2) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

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