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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	CASE NO. AVU-E-06-1
AVISTA CORPORATION DBA AVISTA)	AVU-G-06-1
UTILITIES FOR AN ORDER APPROVING)	
A CORPORATE REORGANIZATION TO)	MOTION FOR APPROVAL
CREATE A HOLDING COMPANY,)	OF STIPULATION
<u>AVA FORMATION CORP.</u>)	

COMES NOW the Commission Staff and Applicant (Avista Corporation) as parties to the settlement Stipulation and respectfully request that the Commission accept the attached settlement Stipulation. The parties assert the settlement Stipulation and the accompanying Commitments are reasonable and in the public interest.

BACKGROUND

On February 16, 2006, Avista filed an Application with the Commission seeking an order for authority to conduct a corporate reorganization and form a holding company to be known as AVA Formation Corp. This Commission has the jurisdiction over such request pursuant to *Idaho Code* § 61-328. The holding company, AVA Formation Corp. (the "Parent Corporation"), would be

formed as the parent company of the existing regulated company, Avista Corporation. The Parent Corporation would also be the parent company of Avista Capital, Inc., which would continue to hold non-regulated subsidiaries.¹

Pursuant to the Commission's scheduling Order No. 30026, the parties held an initial workshop and informal settlement conference on May 16, 2006. The settlement discussions have been open to all parties to this docket. As a result of these settlement discussions, the parties agreed to settle this matter conditioned upon Commitments made by the Applicant. These Commitments bind the Applicant and other named entities.

As a result of the settlement negotiations, the parties whose signatures appear on the signature pages of the Stipulation have reached settlement regarding the issues in this proceeding. The Stipulation parties submit that the terms of the Stipulation and the accompanying Commitments are just and reasonable and in the public interest. The parties further maintain that the Commitments satisfy the statutory standard set out in *Idaho Code* § 61-328.

Staff will file its comments on June 16, 2006, in accordance with the notice of Modified Procedure set forth in Order No. 30026. The parties to the Stipulation stand ready to support the Stipulation through the process of Modified Procedure or through such additional process deemed necessary by the Commission.

¹Avista Corporation, doing business as Avista Utilities, is currently the corporate parent. The proposed structure would make Avista Utilities a separate company under the Parent Corporation and Avista Corporation would no longer exist as an operating entity.

PRAYER

The parties to the Stipulation respectfully request that the Commission grant this Motion and accept the settlement Stipulation in its entirety. Consistent with the Commission's Rules 274 through 276, the parties stand ready to support the Stipulation.

RESPECTFULLY SUBMITTED this 15th day of June, 2006.



Cecelia A. Gassner
Deputy Attorney General