

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF AVISTA CORPORATION FOR ) CASE NO. AVU-E-06-08**  
**ELIMINATION OF THE TEMPORARY )**  
**RATE ADJUSTMENT TO PASS THROUGH ) NOTICE OF APPLICATION**  
**THE CENTRALIA GAIN )**  
**)**  
**) NOTICE OF**  
**) MODIFIED PROCEDURE**  
**)**  
**) NOTICE OF**  
**) COMMENT/PROTEST DEADLINE**

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YOU ARE HEREBY NOTIFIED that on September 14, 2006, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting to eliminate or zero-out the temporary rate adjustment credits (tariff Schedule 65) that have been used to pass through the customer portion of the gain on the sale of the Centralia Power Plant. The proposed effective date is November 1, 2006. The Company expects that the customer portion of the gain on the sale of the Centralia Power Plant will be fully refunded to customers by November 1, 2006.

Elimination of the rate credit will result in an overall annual increase in Idaho electric revenue of approximately \$2.5 million or 1.45% and will affect all electric customers. Energy charges for the individual rate schedules are to be increased by the following amounts:

Schedule 1	0.091¢
Schedule 11 and 12	0.124¢
Schedule 21 and 22	0.085¢
Schedule 25	0.059¢
Schedule 31 and 32	0.073¢

Flat rate charges for Street and Area Lighting Service (Schedules 41-49) are to be increased by 1.777%.

**BACKGROUND**

The Commission approved the sale of the Company's interest in the Centralia Power Plant in Order No. 28297 dated March 7, 2000 in Case No. AVU-E-99-6. The customer portion of the gain was deferred and was originally to be passed on to customers over an eight-year

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period. Potlatch's Lewiston facility was initially exempted from receiving any portion of the gain as the facility was served under a special service contract. The Centralia gain rate credits contained on Original Sheet 65 were effective August 1, 2000. Beginning January 1, 2002, Potlatch began receiving service under Schedule 25 – Extra Large General Service and began receiving and has continued to receive the Centralia gain credit applicable to Schedule 25.

The Commission in 2004 approved the sale of the Company's interest in the Skookumchuck hydroelectric generation facility, which is operated to supply cooling water to the Centralia Power Plant. Reference Order No. 29484, Case No. AVU-E-04-2. As proposed by the Company and approved by the Commission, the customer portion of the gain on the sale of Skookumchuck was deferred and added to the deferred gain on the Centralia Power Plant.

The customer portion of the net of tax Centralia gain amounted to approximately \$7,507,000 and the customer portion of the net of tax Skookumchuck gain amounted to approximately \$154,000. The Company expects that the total amount of the net of tax gains of approximately \$7,661,000, and the benefit of a carrying cost on the unamortized gains, will have been passed on to customers at the end of October 2006. The shorter pass-through period is due primarily to having Potlatch receive the gain credit applicable to Schedule 25 beginning January 1, 2002. In addition, customer loads have grown since the gain credits were made effective on August 1, 2000, also resulting in a shorter pass-through period. The Company proposes that any under-refunded or over-refunded balance on November 1, 2006 be transferred to the deferred Power Cost Adjustment (PCA) deferral account as well as the remaining balance of associated deferred federal income tax being transferred to the PCA deferred tax account.

Avista proposes that the Centralia gain temporary rate credits be eliminated effective November 1, 2006. Elimination of the temporary rate credits will result in an overall increase in annual revenue of approximately \$2.5 million. A residential customer using 1,000 kilowatt-hours per month will see an increase of \$0.91 or 1.45% in their monthly bill due to the elimination of the temporary rate credit.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-06-08. 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-06-08 is **Thursday, October 19, 2006**.

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-06-08 should be mailed to the Commission and the Company 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 83702-5983

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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](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 Avista at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-E-06-08 may be viewed at [www.puc.idaho.gov](http://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 Utilities.

DATED at Boise, Idaho this 28<sup>th</sup> day of September 2006.

  
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Jean D. Jewell  
Commission Secretary

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