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IDAHO PUBLIC
UTILITIES COMMISSION



May 22, 2007

Ms. Jean D. Jewell Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

AVU-E-07-03

Re: Tariff I.P.U.C. No. 28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit

Dear Ms. Jewell:

Attached for filing with the Commission is one copy of the following tariff sheet:

Seventh Revision Sheet 59 Canceling Sixth Revision Sheet 59

The revised tariff sheet eliminates the residential and small farm energy rate adjustment credit and establishes a proposed charge of 0.144¢ per kilowatt-hour rate to recover the over-refunded exchange credit balance over a twelve-month period. The proposed tariff would be effective June 22, 2007, under the thirty-days, statutory notice requirement. However, the Company requests that the proposed tariff be approved on less than statutory notice and that the matter be scheduled as soon as possible. The Company also requests that the filing be processed under Modified Procedure.

The Bonneville Power Administration (BPA) has suspended Residential Exchange Program (REP) payments as a result of the recent rulings from the 9th U.S. Circuit Court of Appeals. Avista has been passing through its share of REP benefits it has been receiving from BPA to Avista's qualifying electric customers by means of the rate credit on Sheet 59. Since BPA has terminated REP payments, it is necessary for Avista to eliminate the Sheet 59 rate credit. Avista and the other affected shareholder-owned electric utilities will pursue all available options to restore the REP benefit payments.

Avista uses a balancing account to account for the receipt of REP benefits from BPA and the amounts passed through to customers. At the end of April 2007, there is an over-refunded balance and associated interest amounting to approximately \$913,000 for Idaho operations. The over-refunded balance will continue to grow since BPA has stopped benefit payments, and the existing Sheet 59 rate credit of 0.523¢ per kilowatt-hour will continue until the rate is eliminated. The longer the existing rate credit remains in place, the larger the over-refunded balance becomes. Assuming a mid-June effective date, the over-refunded balance is expected to be approximately \$1.7 million. Approval of the proposed tariff on less than statutory notice will help minimize the amount of the over-refunded balance.

Avista is proposing a charge of 0.144¢ per kilowatt-hour rate to recover the over-refunded exchange credit balance over a twelve-month period. Having only one rate change that eliminates the existing credit and establishes the rate charge to recover the over-refunded balance is in the public interest. The terms and conditions of Schedule 59 provide that: "In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference."

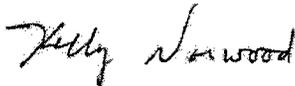
When the existing rate credit was established it was projected that the balancing account would reach zero at the end of October 2007. During winter months the REP benefit payments were less than amounts refunded to customers under the existing rate credit, resulting in an over-refund balance in the balancing account. During summer months the REP benefit payments would have been greater than amounts refunded to customers. Termination of the REP benefits from BPA before the end of the contract year has caused the over-refund situation. Attached are workpapers that show the calculation of the proposed charge of 0.144¢ per kilowatt-hour to recover the over-refunded difference over a twelve-month period. Avista will monitor the recovery of the over-refunded balance of REP benefits and file for termination of the charge in a future filing. Or, if circumstances change and Avista begins to receive REP benefits, the rate would be modified.

The existing rate credit is a uniform cents per kilowatt-hour decrease of 0.459¢ and applies to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For a residential customer using 1,000 kilowatt-hours per month, eliminating the credit and implementing the charge of 0.144¢ per kilowatt-hour would result in an increase of \$6.03 per month. Residential customers' bills will be about 9.52% higher than they were with the existing rate credit. The actual increase will vary based on customer usage.

The proposed rate change will have no effect on Avista's net income. The proposed rate change will result in an annual increase in Idaho electric revenue of approximately \$7.1 million.

In addition to the proposed tariff and workpapers, also attached are the following items: 1) an affidavit, 2) a tariff sheet showing changes by using strikeouts and underlining, 3) a copy of the letter from BPA notifying Avista that it has suspended payments of REP benefits, and 4) a press release. Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,



Kelly Norwood
Vice President State and Federal Regulation

RM
Attachments

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 59

RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be increased by 0.144¢ per kWh.

SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued May 22, 2007

Effective June 22, 2007

Issued by Avista Utilities
By

Kelly Norwood – Vice President, State and Federal Regulation

Tariff I.P.U.C. No. 28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit
Proposed Rate Change Filed May 22, 2007

WORKPAPERS

Avista Corporation
Proposed Residential Exchange Surcharge Rate
State of Idaho
Assumed Effective June 15, 2007

Over-refunded balance at 4/30/07 - Actual	\$878,866
Interest balance at 4/30/07 - Actual	33,889
Total recoverable balance at 4/30/07	\$912,755

Forecast of amortization related to existing credit projected to expire 6/15/07	
	May-07 378,266
	Jun-07 320,389
	Jul-07 58,981

Projected recoverable balance assuming a 6/15/07 rate change	\$1,670,391
Estimated interest during 12-month recovery period (5% applied to 50% of balance)	41,760
Subtotal	\$1,712,151
Conversion factor	0.994819
Revenue requirement	\$ 1,721,068

Projected kWh Jul-07 thru Jun-08 1,195,779,000

Surcharge rate \$ 0.00144

Bill for 1,000 kWh at existing rates (including all adders)	\$63.35
Increase (\$0.00144+\$0.00459)*1000	\$6.03
Percent increase	9.52%

Avista Corporation
State of Idaho - Electric
Forecast of Prorated Kilowatt-hour Sales

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
ID001	80,752,000	74,468,000	77,127,000	82,054,000	81,902,000	76,504,000	90,164,000	130,185,000	138,979,000	120,833,000	107,126,000	98,099,000	83,409,000	76,913,000
ID012	1,250,000	1,275,000	1,257,000	1,326,000	1,457,000	1,336,000	1,487,000	2,394,000	2,463,000	2,007,000	2,014,000	1,676,000	1,333,000	1,360,000
ID022	546,000	472,000	548,000	602,000	561,000	554,000	581,000	828,000	1,060,000	704,000	784,000	873,000	600,000	518,000
ID032	187,000	221,000	304,000	379,000	352,000	243,000	176,000	226,000	190,000	205,000	197,000	202,000	196,000	232,000
ID048	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total	82,840,000	76,541,000	79,341,000	84,466,000	84,377,000	78,742,000	92,513,000	133,738,000	142,797,000	123,854,000	110,226,000	100,964,000	85,643,000	79,128,000

Proration: Old Rates: 16.28%
Days before June 15

Old Rates	100.00%	91.67%	16.28%
ID001	80,752,000	68,264,816	12,556,276
ID012	1,250,000	1,188,793	204,640
ID022	546,000	432,682	89,214
ID032	187,000	202,591	49,491
ID048	105,000	96,254	17,094
Total	82,840,000	70,165,135	12,916,715
kWh	\$0.00459	\$0.00459	\$0.00459
Rate	\$380.236	\$322.058	\$59.288
Revenue	0.994819	0.994819	0.994819
Conv. Factor	\$378,266	\$320,389	\$58,981
Amortization			

ELECTRIC

Billed Energy Usage (formatted as Mwh's)
 from Randy's load forecast (except Interdepartmental--from Rates)

Total Billed Energy Usage by Class:		Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Sum
WA	Res	298,492	242,397	238,250	203,276	167,479	158,546	161,298	181,504	172,093	180,480	185,063	269,150	2,458,029
WA	Com	184,328	179,142	175,284	168,771	169,070	174,244	168,565	192,049	189,450	188,436	174,208	191,998	2,155,546
WA	Ind	61,843	68,841	84,517	67,987	71,633	75,769	78,608	79,769	79,091	72,391	70,282	70,348	861,078
WA	SL	1,438	1,435	1,434	1,428	1,433	1,465	1,467	1,536	1,468	1,469	1,474	1,443	17,489
WA	Intdpt	1,051	1,014	952	860	945	951	942	1,000	902	933	921	1,049	11,520
ID	Res	138,145	119,836	106,639	97,667	82,867	76,567	79,367	84,492	84,403	78,768	92,540	133,766	1,175,056
ID	Com	93,016	79,562	83,466	79,633	76,651	79,812	82,641	93,017	90,183	80,343	82,394	97,622	1,018,341
ID	Ind	108,264	102,186	109,728	97,665	105,185	108,653	110,380	113,490	108,412	111,101	108,454	112,434	1,295,953
ID	SL	695	694	693	693	693	693	693	693	693	693	693	695	8,322
ID	Intdpt	155	150	133	110	94	85	79	82	82	86	108	165	1,330
Tot	Res	436,637	362,232	344,889	300,943	250,346	235,113	240,664	265,997	256,496	259,248	277,603	402,916	3,633,085
Tot	Com	277,345	258,704	258,704	248,404	245,721	254,056	251,206	285,066	279,634	268,779	256,602	289,621	3,173,888
Tot	Ind	170,106	171,028	174,245	165,653	176,818	184,422	188,988	193,258	187,503	183,492	178,736	182,782	2,157,031
Tot	SL	2,133	2,129	2,127	2,121	2,126	2,158	2,160	2,229	2,161	2,162	2,167	2,138	25,811
Tot	Intdpt	1,206	1,164	1,085	970	1,040	1,037	1,022	1,082	984	1,019	1,030	1,213	12,850

Total Billed Energy Usage by Rate Sched:

WA	001	288,891	233,551	230,312	196,150	162,191	151,921	154,549	174,077	163,652	171,527	179,962	263,030	2,369,815
WA	011	36,283	34,075	32,901	30,367	27,933	27,399	28,486	30,666	30,917	30,058	29,355	37,216	375,649
WA	012	5,406	4,371	4,226	3,731	3,168	2,989	3,176	2,764	2,968	3,405	3,374	4,732	43,310
WA	021	133,024	128,688	126,884	121,628	123,539	127,707	117,515	132,832	133,481	138,248	126,636	138,275	1,548,456
WA	022	3,709	3,973	3,214	2,775	1,174	2,352	2,183	2,687	3,031	3,580	772	838	30,288
WA	025	73,870	82,076	76,974	80,550	81,334	82,879	84,102	88,100	85,869	81,995	84,095	83,976	985,785
WA	028	11	0	77	0	0	0	68	45	0	1	0	0	202
WA	031	3,539	3,663	3,421	4,578	8,347	12,490	17,450	20,680	18,681	10,998	4,829	3,433	112,108
WA	032	169	186	191	307	632	966	1,074	1,661	2,129	1,651	641	236	9,842
WA	04X	2,250	2,246	2,236	2,235	2,241	2,277	2,278	2,346	2,277	2,281	2,284	2,253	27,206

ID	001	134,558	116,986	103,718	94,978	80,752	74,468	77,127	82,054	81,902	76,504	90,164	130,185	1,143,395
ID	011	32,377	26,521	27,778	25,169	23,287	24,046	24,326	28,674	27,021	23,165	25,261	32,793	320,956
ID	012	2,309	1,882	1,888	1,570	1,250	1,275	1,257	1,326	1,457	1,336	1,487	2,394	19,430
ID	021	61,423	52,925	54,930	53,003	51,192	53,581	55,309	61,585	59,854	55,716	56,814	65,075	682,008
ID	022	965	641	714	795	546	472	548	602	561	554	581	828	7,807
ID	025	25,833	28,295	27,551	27,924	27,042	27,633	26,479	28,523	27,838	27,518	27,929	28,600	331,164
ID	025P	78,522	71,062	79,966	67,987	76,547	77,842	80,070	79,654	76,189	79,929	77,551	80,058	925,378
ID	031	2,981	2,796	2,804	3,028	3,564	4,545	6,614	7,849	7,474	4,898	3,100	2,852	52,506
ID	032	181	196	188	193	187	221	304	379	352	243	176	226	2,846
ID	04X	1,126	1,125	1,123	1,122	1,123	1,128	1,127	1,128	1,126	1,126	1,126	1,129	13,513

Total Billed Energy Usage by State:

WA	547,152	492,828	480,437	442,322	410,561	410,976	410,880	455,858	443,004	443,708	431,948	533,988	5,503,662
ID	340,275	302,428	300,660	275,768	265,480	273,161	291,774	283,774	270,991	284,190	344,681	349,002	3,499,002
Tot	887,427	795,257	781,097	718,090	676,051	676,786	684,040	747,632	726,778	714,700	716,137	878,670	9,002,664

ELECTRIC

Billed Energy Usage (formatted as Mwh's)

Total Billed Energy Usage by Class:		Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	2008
WA	Res	306,195	248,679	244,397	208,526	171,765	162,657	165,464	186,174	176,543	185,139	189,729	275,903	2,521,171
WA	Com	192,879	185,286	181,454	174,696	174,985	180,215	174,263	198,273	185,611	194,604	180,006	198,412	2,230,685
WA	Ind	70,542	69,754	66,427	68,916	72,630	76,765	79,642	80,149	80,144	79,394	71,226	71,293	880,553
WA	SL	1,488	1,485	1,484	1,477	1,483	1,516	1,518	1,589	1,519	1,520	1,524	1,492	18,096
WA	Intdpt	1,051	1,014	952	860	945	951	942	1,000	902	933	921	1,049	11,520
ID	Res	142,825	123,883	110,253	100,982	85,671	79,155	82,052	87,349	87,242	81,437	95,641	136,220	1,214,711
ID	Com	97,412	83,184	87,294	83,253	80,125	83,435	86,389	97,253	94,268	83,955	86,104	102,098	1,064,769
ID	Ind	112,820	104,368	111,948	99,794	107,440	110,989	112,712	115,955	110,724	113,369	110,652	114,705	1,325,477
ID	SL	708	707	706	706	706	706	706	706	706	706	706	708	8,479
ID	Intdpt	155	150	133	110	94	85	79	82	82	86	108	165	1,330
Tot	Res	449,020	372,562	354,650	309,508	257,436	241,813	247,516	273,523	263,785	266,576	285,370	414,124	3,735,883
Tot	Com	290,291	268,470	269,748	257,949	255,109	263,650	260,652	295,526	289,879	278,559	266,110	300,510	3,295,454
Tot	Ind	183,362	174,122	177,376	168,710	180,070	187,755	192,354	196,774	190,867	186,763	181,878	185,998	2,206,030
Tot	SL	2,196	2,192	2,190	2,183	2,189	2,223	2,224	2,296	2,225	2,226	2,231	2,200	26,574
Tot	Intdpt	1,206	1,164	1,085	970	1,040	1,037	1,022	1,082	984	1,019	1,030	1,213	12,850

Total Billed Energy Usage by Rate Sched:		Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	2008
WA	001	296,101	239,378	236,055	201,041	166,234	155,721	158,403	178,414	167,726	175,772	184,403	269,501	2,428,749
WA	011	37,961	35,649	34,422	31,771	29,225	28,662	29,804	32,085	32,347	31,446	30,708	38,929	393,007
WA	012	5,673	4,588	4,434	3,915	3,324	3,136	3,331	2,898	3,112	3,568	3,536	4,959	46,473
WA	021	135,889	131,462	129,620	124,251	126,199	130,453	120,044	135,685	136,350	141,218	129,354	141,241	1,581,766
WA	022	3,929	4,206	3,403	2,941	1,245	2,491	2,311	2,842	3,207	3,787	817	886	32,065
WA	025	86,500	84,705	79,724	83,297	84,171	85,659	86,730	90,776	88,490	84,584	86,670	86,585	1,027,891
WA	028	11	0	77	0	0	0	68	45	0	0	0	0	202
WA	031	3,611	3,738	3,490	4,653	8,464	12,657	17,702	21,000	18,970	11,181	4,921	3,500	113,889
WA	032	173	190	196	315	648	991	1,101	1,703	2,183	1,693	657	242	10,091
WA	04X	2,307	2,302	2,293	2,291	2,297	2,335	2,335	2,407	2,335	2,338	2,341	2,309	27,891
ID	001	138,979	120,833	107,126	98,099	83,409	76,913	78,659	84,744	84,571	79,018	93,100	134,390	1,180,842
ID	011	34,163	27,975	29,302	26,549	24,564	25,994	25,656	30,240	28,496	24,428	26,634	34,511	338,502
ID	012	2,463	2,007	2,014	1,675	1,333	1,360	1,340	1,414	1,553	1,424	1,586	2,550	20,718
ID	021	64,194	55,309	57,411	55,397	53,500	55,397	57,796	64,358	62,545	58,226	59,373	68,627	712,732
ID	022	1,060	704	784	873	600	518	602	661	616	609	638	910	8,575
ID	025	28,942	29,083	28,283	28,758	27,891	28,474	27,267	29,369	28,613	28,229	28,628	29,304	342,841
ID	025P	79,700	72,128	81,165	69,007	77,695	79,009	81,271	80,849	77,332	81,128	78,715	81,259	939,258
ID	031	3,097	2,904	2,913	3,146	3,708	4,730	6,886	8,168	7,783	5,093	3,210	2,961	54,601
ID	032	190	205	197	202	196	232	319	397	370	254	185	237	2,984
ID	04X	1,143	1,142	1,140	1,139	1,140	1,145	1,143	1,145	1,143	1,144	1,143	1,146	13,712
Tot	Res	572,155	506,218	493,715	454,475	421,807	422,105	421,829	467,855	454,720	455,589	443,406	548,150	5,662,025
Tot	Com	353,921	312,291	310,335	284,845	274,037	274,371	281,938	301,345	293,022	279,553	293,212	355,895	3,614,766
Tot	Ind	926,076	818,510	804,050	739,320	695,844	696,476	703,767	769,201	747,741	735,142	736,618	904,045	9,276,791

Total Billed Energy Usage by State:		Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	2008
WA	Res	142,825	123,883	110,253	100,982	85,671	79,155	82,052	87,349	87,242	81,437	95,641	136,220	1,214,711
WA	Com	97,412	83,184	87,294	83,253	80,125	83,435	86,389	97,253	94,268	83,955	86,104	102,098	1,064,769
WA	Ind	112,820	104,368	111,948	99,794	107,440	110,989	112,712	115,955	110,724	113,369	110,652	114,705	1,325,477
WA	SL	708	707	706	706	706	706	706	706	706	706	706	708	8,479
WA	Intdpt	155	150	133	110	94	85	79	82	82	86	108	165	1,330
ID	Res	142,825	123,883	110,253	100,982	85,671	79,155	82,052	87,349	87,242	81,437	95,641	136,220	1,214,711
ID	Com	97,412	83,184	87,294	83,253	80,125	83,435	86,389	97,253	94,268	83,955	86,104	102,098	1,064,769
ID	Ind	112,820	104,368	111,948	99,794	107,440	110,989	112,712	115,955	110,724	113,369	110,652	114,705	1,325,477
ID	SL	708	707	706	706	706	706	706	706	706	706	706	708	8,479
ID	Intdpt	155	150	133	110	94	85	79	82	82	86	108	165	1,330

Avista Corporation
 Proration Percentages - June 15, 2007 Rate Change
June & July 2007

Read Day	2007	SVC Days	Days Before Jun-15	On & After Jun-15
20	May-29	32	32	0
21	May-30	30	30	0
1	May-31	30	30	0
2	Jun-01	30	30	0
3	Jun-04	32	32	0
4	Jun-05	32	32	0
5	Jun-06	30	30	0
6	Jun-07	30	30	0
7	Jun-08	30	30	0
8	Jun-11	32	32	0
9	Jun-12	32	32	0
10	Jun-13	30	30	0
11	Jun-14	30	30	0
12	Jun-15	30	29	1
13	Jun-18	32	28	4
14	Jun-19	32	27	5
15	Jun-20	30	24	6
16	Jun-21	30	23	7
17	Jun-22	30	22	8
18	Jun-25	32	21	11
19	Jun-26	32	20	12
Total		648	594	54
Percent		100.00%	91.67%	8.33%
20	Jun-27	29	16	13
21	Jun-28	29	15	14
1	Jun-29	29	14	15
2	Jul-02	31	13	18
3	Jul-03	29	10	19
4	Jul-05	30	9	21
5	Jul-06	30	8	22
6	Jul-09	32	7	25
7	Jul-10	32	6	26
8	Jul-11	30	3	27
9	Jul-12	30	2	28
10	Jul-13	30	1	29
11	Jul-16	32	0	32
12	Jul-17	32	0	32
13	Jul-18	30	0	30
14	Jul-19	30	0	30
15	Jul-20	30	0	30
16	Jul-23	32	0	32
17	Jul-24	32	0	32
18	Jul-25	30	0	30
19	Jul-26	30	0	30
Total		639	104	535
Percent		100.00%	16.28%	83.72%

ITRON METER READING SCHEDULE - 2007

READ DAY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	SVC Days
1	Jan-2	Jan-31	Mar-1	Mar-30	May-1	May-31	Jun-29	Jul-31	Aug-30	Oct-1	Oct-30	Nov-30	31
2	Jan-3	Feb-1	Mar-2	Apr-2	May-2	Jun-1	Jul-2	Aug-1	Aug-31	Oct-2	Oct-31	Dec-3	33
3	Jan-4	Feb-2	Mar-5	Apr-3	May-3	Jun-4	Jul-3	Aug-2	Sep-4	Oct-3	Nov-1	Dec-4	33
4	Jan-5	Feb-5	Mar-6	Apr-4	May-4	Jun-5	Jul-5	Aug-3	Sep-5	Oct-4	Nov-2	Dec-5	33
5	Jan-8	Feb-6	Mar-7	Apr-5	May-7	Jun-6	Jul-6	Aug-6	Sep-6	Oct-5	Nov-5	Dec-6	31
6	Jan-9	Feb-7	Mar-8	Apr-6	May-8	Jun-7	Jul-9	Aug-7	Sep-7	Oct-8	Nov-6	Dec-7	31
7	Jan-10	Feb-8	Mar-9	Apr-9	May-9	Jun-8	Jul-10	Aug-8	Sep-10	Oct-9	Nov-7	Dec-10	33
8	Jan-11	Feb-9	Mar-12	Apr-10	May-10	Jun-11	Jul-11	Aug-9	Sep-11	Oct-10	Nov-8	Dec-11	33
9	Jan-12	Feb-12	Mar-13	Apr-11	May-11	Jun-12	Jul-12	Aug-10	Sep-12	Oct-11	Nov-9	Dec-12	33
10	Jan-15	Feb-13	Mar-14	Apr-12	May-14	Jun-13	Jul-13	Aug-13	Sep-13	Oct-12	Nov-12	Dec-13	31
11	Jan-16	Feb-14	Mar-15	Apr-13	May-15	Jun-14	Jul-16	Aug-14	Sep-14	Oct-15	Nov-13	Dec-14	31
12	Jan-17	Feb-15	Mar-16	Apr-16	May-16	Jun-15	Jul-17	Aug-15	Sep-17	Oct-16	Nov-14	Dec-17	33
13	Jan-18	Feb-16	Mar-19	Apr-17	May-17	Jun-18	Jul-18	Aug-16	Sep-18	Oct-17	Nov-15	Dec-18	33
14	Jan-19	Feb-19	Mar-20	Apr-18	May-18	Jun-19	Jul-19	Aug-20	Sep-19	Oct-18	Nov-16	Dec-19	33
15	Jan-22	Feb-20	Mar-21	Apr-19	May-21	Jun-20	Jul-20	Aug-21	Sep-20	Oct-19	Nov-19	Dec-20	31
16	Jan-23	Feb-21	Mar-22	Apr-23	May-22	Jun-21	Jul-23	Aug-22	Sep-21	Oct-22	Nov-20	Dec-21	31
17	Jan-24	Feb-22	Mar-23	Apr-24	May-23	Jun-22	Jul-24	Aug-23	Sep-24	Oct-23	Nov-21	Dec-24	33
18	Jan-25	Feb-23	Mar-26	Apr-25	May-24	Jun-25	Jul-25	Aug-24	Sep-25	Oct-24	Nov-26	Dec-26	30
19	Jan-26	Feb-26	Mar-27	Apr-26	May-25	Jun-26	Jul-26	Aug-27	Sep-26	Oct-25	Nov-27	Dec-27	30
20	Jan-29	Feb-27	Mar-28	Apr-27	May-29	Jun-27	Jul-27	Aug-28	Sep-27	Oct-26	Nov-28	Dec-28	30
21	Jan-30	Feb-28	Mar-29	Apr-30	May-30	Jun-28	Jul-30	Aug-29	Sep-28	Oct-29	Nov-29	Dec-31	32

THE NUMBER OF SERVICE DAYS WILL CHANGE IF ACTUAL READ DATE VARIES FROM SCHEDULED READ DATE.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 59

RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by ~~0.459¢~~ per kWh.

increased 0.144¢

SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued September 13, 2006

Effective November 1, 2006

Issued by Avista Utilities
By

Kelly Norwood – Vice President, State and Federal Regulation



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

May 21, 2007

In reply refer to: PS-6

Mr. Kelly Norwood, Vice President
State and Federal Regulation
Avista
201 W. River Drive
Spokane, WA 99201

Dear Mr. Norwood:

As we have recently informed you or your representatives, the law provides that a Federal Certifying Officer is personally responsible and accountable for certifying the legality of a proposed payment, and is personally accountable for making a payment prohibited by law. See 31 U.S.C. § 3528; Principles of Federal Appropriations, Second Edition, Volume II, 9-88 – 9-145. In the Ninth Circuit Court of Appeal's (Court) recent May 3, 2007, *PGE* and *Golden Northwest Aluminum* decisions, the Court concluded that certain Bonneville Power Administration (BPA) actions in entering residential exchange settlements in 2000 with your company and other Investor Owned Utilities were "not in accordance with law." This quite understandably raised substantial question whether the BPA Certifying Officer could certify additional payments under the settlement agreements; indeed, the Court has asked for briefing as to the effect of its rulings on pending challenges to other outstanding settlement agreements.

We have concluded that this uncertainty created by the Court's decisions means that we must at this time suspend payments. You have acknowledged that BPA is, thus, currently prevented by reasons beyond its control from continuing payment pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges, and that in light of this uncertainty created by the Court's decisions you agree not to assert BPA is in breach of contract as a result of the suspension. Accordingly, BPA is immediately suspending payments (including conservation and renewable discounts and any other credits) under the challenged BPA agreements pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges. Such temporary suspension and acknowledgement shall not constitute an admission or waiver of, and is subject to, any statutory, contractual and other rights and obligations of the parties that may exist, so the suspension is without prejudice to the issue of whether the suspended amounts must at some later point be paid (or credited). BPA's suspension in no way affects the continued existence of the settlement agreements.

We very much regret that it is necessary for us to suspend payments at this time, since we understand that this will rapidly result in large and, for some, severe rate consequences for your

residential and small farm customers. We have spent considerable effort seeking to find means to continue the payments to allow more time for the parties to find a way to address the issues raised by the Court, but without success.

BPA currently anticipates that such suspension will continue at least until any petitions for rehearing on the Court's decisions are finally resolved. We believe the Court's decisions on the settlements are in error, and we are exploring all potential viable avenues for rehearing, including by the full Court if possible. BPA agrees that this suspension is only an interim measure and does not represent a final action by the Administrator, and it will not assert otherwise. BPA agrees it will inform you of its final decision regarding the suspended and any remaining payments (and credits) within a reasonable period of time after the decisions by the Ninth Circuit are final in the outstanding Ninth Circuit challenges.

In the interim we will be consulting with key stakeholders informally as to any ideas for finding a way to resolve these issues consistent with the Court's decision. This is made more challenging by the fact that the Court has not ruled yet on the significant 2001 and 2004 amendments to the contracts that the Court did rule on. We want to resolve this issue as quickly as possible, but also recognize that any work now may be undone by further rulings from the Court.

This is a most vexing problem, and we look forward to working with you and others in the Pacific Northwest region to find a resolution that best serves the interest of all Northwest citizens.

Sincerely,



Mark O. Gendron
Vice President, Requirements Marketing

cc:
Larry LaBolle



For Immediate Release:
May 21, 2007

Media Contacts:

Avista: Hugh Imhof, 509-495-4264

Idaho Power: Dennis Lopez, 208-388-2464

NorthWestern Energy: Claudia Rapkoch, 866-622-8081

Pacific Power: Jan Mitchell, 503-813-7281

Portland General Electric: Steve Corson, 503-464-8444

Puget Sound Energy: Martha Monfried, 888-831-7250

Rocky Mountain Power: David Eskelsen, 800-775-7950

Utilities vow to seek restoration of customers' federal power benefits
Court's rulings cause suspension of bill credits for majority of Northwest consumers

PORTLAND, Ore. – The Pacific Northwest's seven shareholder-owned electric utilities, together serving 60 percent of the region's population, said they will fight to restore their customers' federal power benefits after being notified earlier today by the Bonneville Power Administration (BPA) that a recent federal court ruling is forcing suspension of those benefits.

BPA told the utilities this morning it is immediately suspending monthly payments to them of approximately \$25 million, or about \$300 million annually. The utilities – Portland General Electric, Pacific Power, Rocky Mountain Power, Avista, Puget Sound Energy, Idaho Power, and NorthWestern Energy – have for nearly 30 years directly passed through BPA's federal power benefits as credits on the electricity bills of their residential and small-farm customers. The payments, made under agreements between BPA and the seven utilities, represent the 3.35 million utility customers' share of power-cost benefits from the Northwest's federal hydropower system.

"We very much regret that it is necessary for us to suspend payments at this time, since we understand that this will rapidly result in large and, for some, severe rate consequences for

your residential and small farm customers,” said Mark O. Gendron, BPA vice president of Requirements Marketing, in a letter to the utilities.

“We believe the Court’s decisions on the settlements are in error,” Gendron said, “and we are exploring all potential viable avenues for rehearing, including by the full Court if possible.”

A three-judge panel of the 9th U.S. Circuit Court of Appeals on May 3 ruled that certain actions BPA took in entering into settlement agreements with the affected utilities are inconsistent with the Northwest Power Act. That law requires BPA to give household and small-farm customers served by private utilities an equitable share of the Northwest’s federal power benefits.

None of the BPA’s credit payments goes to the utilities’ shareholders; 100 percent of the benefits, under the law, are passed through to the utilities’ customers.

The affected utilities today defended their agreements with BPA, saying the court’s rulings are flawed. Even under the settlement agreements now in question, customers of the affected utilities, who make up 60 percent of the Northwest’s population, receive less than 15 percent of the regionwide consumer savings provided by the Northwest’s low-cost federal hydropower.

The 9th Circuit Court’s decision and the BPA’s subsequent suspension of its credit payments mean a majority of the Northwest’s population, for the time being at least, will receive none of the power-cost benefits the region derives from its low-cost federal hydropower system. Those benefits currently are estimated at more than \$2 billion annually.

Because the payments that fund the BPA credit are no longer being made, the seven utilities each will soon file with state utility commissions requesting that the BPA credit be suspended on their customers’ bills. *[The effect of the credit’s suspension on each utility’s customers is listed below.]*

The utilities said they will pursue all available options necessary – judicial, administrative, or legislative – to restore their customers’ federal power benefits. Their initial move, they said, will be to seek a 9th Circuit Court of Appeals rehearing of the May 3 decisions. Discussions also are under way with members of the Northwest’s congressional delegation to inform them of the credit suspension’s impacts on customers and to begin exploring potential legislative action to address the sudden change.

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Effect of the credit's suspension on the typical residential customer's monthly bill (based on average residential electricity usage, in parentheses):

- Avista Utilities (Idaho) 9.5 % / \$6.03 (@ 1,000 kwh / mo.)
- Avista Utilities (Washington) 11.3 % / \$6.69 (@ 1,000 kwh / mo.)
- Idaho Power (Idaho)..... 9.3 % / \$5.35 (@ 1,050 kwh / mo.)
- Idaho Power (Oregon)..... 6.2 % / \$6.54 (@ 1,230 kwh / mo.)
- NorthWestern Energy 1.5 % / \$1.13 (@ 750 kwh / mo.)
- Pacific Power (Oregon) 13.1 % / \$9.62 (@ 1,000 kwh / mo.)
- Pacific Power (Washington)..... 16.8 % / \$11.49 (@ 1,300 kwh / mo.)
- Portland General Electric 13.9 % / \$10.66 (@ 900 kwh / mo.)
- Puget Sound Energy..... 13.2 % / \$10.28 (@ 1,000 kwh / mo.)
- Rocky Mountain Power (Idaho) 25.3 % / \$16.76 (@ 1,000 kwh / mo.)

Utility leaders' quotes on suspension of the settlement payments:

- "We are very disappointed in the decision by the court and will work to restore our customer's previous share of benefits that were being passed through from BPA. We believe that residential and small farm customers served by the Northwest's Investor Owned Utilities are entitled to a fair share of the benefits of the Federal Columbia Power System and hope that we will be able to work with BPA and other customer groups to achieve this"
– **LaMont Keen, president and chief executive officer, Idaho Power Company**
- "Our customers have a right to a fair share of the benefits of the Northwest hydro system. The court's action has taken that away. We all need to come to the table immediately to preserve the value of the system for all Northwest residents." – **Peggy Fowler, CEO and president, Portland General Electric Company**
- "It's a simple question of equity for all Northwest electric consumers. Until this can be resolved, we are in the obviously flawed situation in Oregon, for example, of having benefits from the federal power system flowing entirely to just the 25 percent of electric consumers who happen to be served by municipal and consumer-owned entities in the state." – **Pat Reiten, president, Pacific Power**
- "It is clearly against the intent of federal law to have our customers completely shut out of any benefits from the federal power system, when those benefits were intended to be shared throughout the Northwest. We will be aggressively working with others in the region to resolve this and restore benefits to our Idaho customers as quickly as possible." – **Rich Walje, president, Rocky Mountain Power**
- "This decision is patently unfair to our customers. The federal hydro system belongs to every citizen in our region, and Congress decreed that everyone would share in its benefits. We will fight to have our customers' benefits restored, whether it's through a challenge of the court's decision, working closely with the Bonneville Power Administration, or ultimately,

by a legislative change in the Northwest Power Act." – **Scott Morris, president and chief operating officer, Avista Corp.**

- "Lawyers can argue over the Northwest Power Act's finer points, but at the end of the day, this is a simple question of fairness. All Northwest citizens share ownership of our federal hydro system. It makes no more sense to deny a majority of them a fair share of the region's federal power benefits than it would to deny them the benefits of our public roads or schools." – **Steve Reynolds, chairman, president and CEO, Puget Sound Energy**

About Avista Corp.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides service to 346,000 electric and 306,000 natural gas customers in three western states. Avista's non-regulated subsidiaries include Advantage IQ and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com. Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation. All other trademarks mentioned in this document are the property of their respective owners. This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2006, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

About PacifiCorp (Pacific Power and Rocky Mountain Power)

PacifiCorp is one of the lowest-cost electricity producers in the U.S., providing approximately 1.7 million customers with reliable, efficient energy. The company works to meet growing energy demand while protecting and enhancing the environment. PacifiCorp operates as Pacific Power in Oregon, Washington and California, and as Rocky Mountain Power in Utah, Wyoming and Idaho. Visit our Web site at pacificpower.net or rockymtnpower.net.

About Portland General Electric Company

Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 796,000 residential, commercial and industrial customers in Oregon. Visit our Web site at www.PortlandGeneral.com.

About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service area stretching across 11 counties, Puget Sound Energy (PSE) serves more than 1 million electric customers and 718,000 natural gas customers, primarily in Western Washington. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy efficiency, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. For more information visit pse.com.