

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170



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IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT MAIL

July 29, 2009

State of Idaho
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

Attention: Ms. Jean Jewell, Secretary

Case No. AVU-E-09-07
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation

Enclosed is Avista's Power Cost Adjustment (PCA) annual filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation, as well as a set of Monthly PCA reports for the months of July 2008 through June 2009. Also enclosed is a certificate of service. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disk. Since no adjustment to the PCA rate is being proposed there is no customer notice or press release.

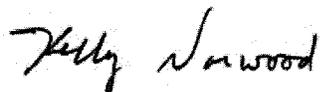
The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2008 through June 30, 2009. Under normal circumstances the Company would be proposing a PCA rate adjustment based on deferrals for the period July 1, 2008 through June 30, 2009. In this instance no rate adjustment is being proposed due to the Stipulation and Settlement approved by Order No. 30856 dated July 17, 2009 in the Company's electric and gas general rate cases, Case Nos. AVU-E-09-01 and AVU-G-09-01. As part of the Settlement (Item 15(f) on page 12) the parties agreed to reduce the PCA surcharge rate effective August 1, 2009. The PCA surcharge rate of 0.610¢ per kilowatt-hour that was effective October 1, 2008, will be reduced to 0.344¢ per kilowatt-hour effective August 1, 2009. The August 1, 2009 PCA surcharge rate of 0.344¢ per kilowatt-hour is expected to remain in place until October 1, 2010, when it will be replaced by a new rate that will be proposed as part of the Company's next annual PCA report for the period July 1, 2009 through June 30, 2010.

Please note that Avista has deemed certain supporting documents to be classified as CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 9-340A through 9-340F of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information. As such, Avista is submitting a separate electronic CD containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Idaho rule 67.01.b. Please adhere

to Avista's request by treating those supporting documents identified as CONFIDENTIAL by not disclosing to any party outside of this proceeding without the specific written permission of Avista.

Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive style with a large initial "K".

Kelly Norwood
Vice President, State and Federal Regulation

Enclosures

RM

CERTIFICATE OF SERVICE

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UTILITIES COMMISSION

I HEREBY CERTIFY that I have served Avista Corporation's Power Cost Adjustment (PCA) Annual Rate Adjustment Filing by mailing a copy thereof, postage prepaid, to the following:

Ms Jean D Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

Pamela Mull
Vice President & General Counsel
Clearwater Paper
601 W. First Ave.
Suite 1600
Spokane, WA 99201

Howard Ray
Technical Services Manager
Clearwater Paper
803 Mill Road
PO Box 1126
Lewiston, ID 83501-1126

Dated at Spokane, Washington this 29th day of July 2009.



Patty Olsness
Rates Coordinator

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IDAHO PUBLIC
UTILITIES COMMISSION

1 David J. Meyer
2 Vice President and Chief Counsel of
3 Regulatory and Governmental Affairs
4 Avista Corporation
5 1411 E. Mission Avenue
6 P. O. Box 3727
7 Spokane, Washington 99220
8 Phone: (509) 489-0500, Fax: (509) 495-8851

9 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

10 IN THE MATTER OF THE POWER)
11 COST ADJUSTMENT (PCA) ANNUAL) CASE NO. AVU-E-09-07
12 FILING OF AVISTA CORPORATION)
13
14

14 I. INTRODUCTION

15 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at
16 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost Adjustment
17 (PCA) annual filing in the above referenced case. The Company requests the Commission issue an
18 order approving recovery of power costs deferred for the period July 1, 2008 through June 30, 2009.
19 As explained below, no adjustment to the PCA rate is being proposed as part of this filing. The
20 Company requests that this filing be processed under the Commission's modified procedure rules.

21 Communications in reference to this Application should be addressed to:

22 Kelly O. Norwood
23 Vice President
24 State and Federal Regulation
25 Avista Corporation
26 1411 E. Mission Avenue
27 Spokane, Washington 99220
28 Phone: (509) 495-4267
29 Fax: (509) 495-8851

David J. Meyer
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
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Phone: (509) 489-0500
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31 II. BACKGROUND

1 Avista's PCA is used to track changes in revenues and costs associated with variations in
2 hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract
3 revenues and expenses. Avista's existing PCA methodology and method of recovery were
4 approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that case the
5 Commission approved a change in the PCA methodology from a trigger and cap mechanism to a
6 single annual PCA rate adjustment filing requirement. The Commission approved the following
7 procedural schedule for administering the annual PCA filings:

8 August 1 Company filing for prior July – June deferral period

9 September 1 Review and comments by Staff and other interested parties

10 October 1 Commission Order and effective date of PCA rate adjustment

11 The Commission also approved a change in the method of PCA deferral recovery from a uniform
12 percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1, 2007 PCA
13 rate change.

14 On July 31, 2007 Avista filed its first PCA annual rate filing for the period July 1, 2006
15 through June 30, 2007 pursuant to the modifications and procedural schedule approved by Order No.
16 30361. Order No. 30429 in Case No. AVU-E-07-07 dated September 14, 2007 approved a PCA rate
17 surcharge of 0.267¢ per kilowatt-hour effective for the period October 1, 2007 through September
18 30, 2008.

19 On July 28, 2008 Avista filed its PCA report for the period July 1, 2007 through June
20 30, 2008. Order No. 30645 in Case No. AVU-E-08-05 dated September 30, 2008 approved a PCA
21 rate surcharge of 0.610¢ per kilowatt-hour effective for the period October 1, 2008 through
22 September 30, 2009.

1 **V. REQUEST FOR RELIEF**

2 The Company requests the Commission issue an order approving recovery of power costs
3 deferred for the period July 1, 2008 through June 30, 2009. The Company requests that the matter be
4 processed under the Commission's Modified Procedure rules through the use of written comments.
5

6 Dated at Spokane, Washington this 29th day of July 2009.
7

8 AVISTA CORPORATION

9
10 BY 
11 Kelly Norwood
12 Vice President
13 State and Federal Regulation
14

