

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AN ADJUSTMENT TO THE PUBLISHED AVOIDED COST RATES OF AVISTA UTILITIES TO REFLECT A CHANGE IN THE COMPANY'S COST OF CAPITAL))))))	CASE NO. AVU-E-09-08 ORDER NO. 30887
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Pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC), the Idaho Public Utilities Commission (Commission) has approved a surrogate avoidable resource (SAR) methodology for calculation of the published avoided cost rates paid to PURPA qualifying cogeneration and small power production facilities (QFs). Avoided cost rates are the purchase price paid to QFs for purchases of QF capacity and energy.

One of the input variables in the avoided cost computations for PURPA rates is a utility's weighted cost of capital. The conclusion of a general rate case triggers a revision and updated calculation of new PURPA avoided cost rates. On July 17, 2009, the Commission issued final Order No. 30856 approving a Settlement Stipulation in Avista Corporation dba Avista Utilities (Avista; Company) general rate case No. AVU-E-09-01. The Company's cost of capital was adjusted in that case from 8.451% to 8.550%. Avista's carrying charge rate, in turn, changes from 11.850% to 12.074%. When these new variables are input into the avoided cost model, Avista's avoided cost rates increase slightly. Commission Staff has computed the revised avoided cost rates for Avista using the new cost of capital figures. The revised rates are shown in the attached tables. The effect of Avista's new cost of capital is an increase in avoided cost rates of less than \$1.00 per megawatt-hour for a 20-year levelized contract.

COMMISSION FINDINGS

The Commission has reviewed the methodology for calculating published rates for PURPA QFs, the Commission's Order changing Avista's cost of capital in Case No. AVU-E-09-01 and Staff's revised avoided cost rates for Avista using the new cost of capital figures. We find that a change in Avista's cost of capital triggers a revision and updated calculation of the Company's published avoided cost rates. We find Staff's proposed revision to be correct and find it reasonable to approve same for an implementation date of September 1, 2009. We further find it reasonable to implement said change without further notice or procedure.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.


ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby approve modification of Avista's published avoided cost rates as depicted in the attached tables to reflect the change in the Company's cost of capital approved in Order No. 30856, Case No. AVU-E-09-01.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

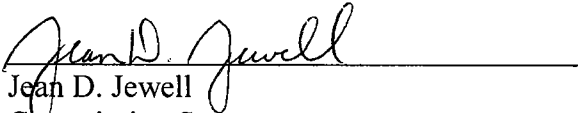
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th
day of August 2009.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

AVISTA
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
September 1, 2009
\$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	76.82	75.91	78.04	80.32	82.23	84.18	2009	76.82
2	76.38	76.93	79.13	81.24	83.17	85.14	2010	75.91
3	76.89	77.97	80.08	82.14	84.09	86.12	2011	78.04
4	77.65	78.91	80.98	83.03	85.03	87.07	2012	80.32
5	78.42	79.80	81.86	83.93	85.94	88.02	2013	82.23
6	79.19	80.66	82.73	84.80	86.85	88.94	2014	84.18
7	79.96	81.50	83.58	85.67	87.73	89.85	2015	86.18
8	80.74	82.33	84.42	86.52	88.60	90.73	2016	88.34
9	81.50	83.14	85.24	87.35	89.45	91.60	2017	90.43
10	82.25	83.93	86.04	88.17	90.28	92.45	2018	92.70
11	82.99	84.70	86.82	88.96	91.10	93.29	2019	94.89
12	83.71	85.45	87.59	89.74	91.90	94.10	2020	97.15
13	84.42	86.19	88.34	90.51	92.68	94.92	2021	99.46
14	85.11	86.90	89.07	91.25	93.46	95.74	2022	101.83
15	85.78	87.60	89.78	92.00	94.24	96.56	2023	104.26
16	86.44	88.29	90.49	92.74	95.02	97.37	2024	106.74
17	87.09	88.97	91.20	93.48	95.79	98.17	2025	109.29
18	87.73	89.64	91.90	94.21	96.55	98.95	2026	112.40
19	88.36	90.31	92.60	94.93	97.28	99.70	2027	115.61
20	88.99	90.97	93.28	95.62	97.99	100.44	2028	118.91
							2029	122.31
							2030	125.82
							2031	128.66
							2032	132.11
							2033	135.65
							2034	139.30

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480).

AVISTA
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
September 1, 2009
\$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	21.61	21.93	22.26	22.60	22.94	23.28	2009	21.61
2	21.76	22.09	22.42	22.76	23.10	23.45	2010	21.93
3	21.91	22.24	22.58	22.92	23.26	23.61	2011	22.26
4	22.06	22.40	22.73	23.07	23.42	23.77	2012	22.60
5	22.21	22.55	22.88	23.23	23.58	23.93	2013	22.94
6	22.35	22.69	23.03	23.38	23.73	24.09	2014	23.28
7	22.50	22.83	23.18	23.53	23.88	24.24	2015	23.63
8	22.63	22.97	23.32	23.67	24.03	24.39	2016	23.99
9	22.77	23.11	23.46	23.81	24.17	24.53	2017	24.35
10	22.90	23.24	23.59	23.95	24.31	24.67	2018	24.71
11	23.03	23.37	23.72	24.08	24.44	24.81	2019	25.09
12	23.15	23.50	23.85	24.21	24.58	24.95	2020	25.46
13	23.27	23.62	23.98	24.34	24.70	25.08	2021	25.85
14	23.39	23.74	24.10	24.46	24.83	25.20	2022	26.24
15	23.50	23.86	24.22	24.58	24.95	25.33	2023	26.63
16	23.61	23.97	24.33	24.70	25.07	25.45	2024	27.04
17	23.72	24.08	24.44	24.81	25.19	25.56	2025	27.45
18	23.83	24.19	24.55	24.92	25.30	25.68	2026	27.86
19	23.93	24.29	24.66	25.03	25.40	25.79	2027	28.28
20	24.03	24.39	24.76	25.13	25.51	25.89	2028	28.71
							2029	29.14
							2030	29.58
							2031	30.03
							2032	30.49
							2033	30.95
							2034	31.42

EFFECTIVE DATE

ADJUSTABLE COMPONENT

9/1/2009

55.21

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	23.66 + 55.21
2-20	23.66 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	21.26 + 55.21
2	21.58 + Adjustable component in year 2010
3	21.91 + Adjustable component in year 2011
4	22.23 + Adjustable component in year 2012

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480).

ATTACHMENT
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