

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	
CORPORATION'S ANNUAL POWER COST)	CASE NO. AVU-E-10-03
ADJUSTMENT (PCA) FOR RECOVERY OF)	
POWER COSTS DEFERRED JULY 1, 2009)	NOTICE OF APPLICATION
THROUGH JUNE 30, 2010.)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32044

On July 27, 2010, Avista Corporation dba Avista Utilities filed its annual Power Cost Adjustment (PCA) Application. Avista requests an order approving a PCA surcharge of 0.532¢/kWh for recovery of power costs deferred for the period of July 1, 2009 through June 30, 2010. Application at 1. The Company requests that its Application be processed by Modified Procedure and that its rates become effective on October 1, 2010.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista's PCA mechanism is used to track changes in revenues and costs associated with variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenues and expenses. The Company's existing PCA methodology and method of recovery were approved in 2007 in Case No. AVU-E-07-01, Order No. 30361. In that case, the Commission approved a change in the PCA methodology from a trigger and cap mechanism to a single annual PCA rate adjustment filing requirement. The Commission also approved a change in the method of PCA deferral recovery from a uniform percentage basis to a uniform cents per kWh basis.

YOU ARE FURTHER NOTIFIED that the proposed 0.532¢/kWh PCA surcharge will replace an existing 0.344¢/kWh surcharge, for an increase of 0.188¢/kWh (or 2.61%). The proposed surcharge is designed to recover power costs deferred by the Company for the period of July 1, 2009 through June 30, 2010, as well as the unrecovered balance related to the July 1, 2008 through June 30, 2009 deferral period, and interest during the recovery period of October 1, 2010 through September 30, 2011. The primary factors contributing to the higher power supply

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expenses during the deferral period are low hydro generation and costs associated with the Lancaster plant.¹

YOU ARE FURTHER NOTIFIED that, under the Company's proposal, an average residential customer using 1,000 kWh per month will experience an increase in their monthly bill of \$1.88. The actual percentage increase will vary by rate schedule as shown below.

Customer Group (Schedule)	Percentage Increase
Residential (Schedule 1)	2.30%
General Service (Schedules 11, 12)	1.91%
Large General Service (Schedules 21, 22)	2.46%
Extra Large General Service (Schedule 25)	3.53%
Clearwater (Schedule 25P)	3.83%
Pumping Service (Schedules 31, 32)	2.34%
Street and Area Lights (Schedules 41-49)	0.81%

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal evidentiary hearing in this matter and will proceed under Modified Procedure pursuant to the Commission's Rules of Procedure 201 through 204, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure (with written comments) has proven to be an effective means for obtaining public input and participation in cases of this nature.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than September 16, 2010**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the parties at the addresses reflected below:

¹ Lancaster costs are currently being recovered through the PCA because the power purchase agreement became effective after base rates were established in AVU-E-09-01. Stipulation and Settlement at 10, approved by Order No. 30856.

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Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
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These 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. Click the "Comments and Questions" icon, and complete the form, using the case number as it appears on the front of this document. E-mail comments should also be sent to Avista at the addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and other workpapers are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

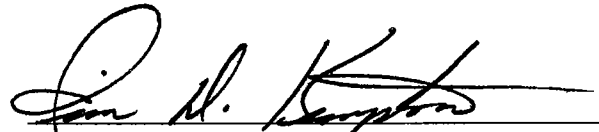
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-118, 61-119, 61-502, and 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

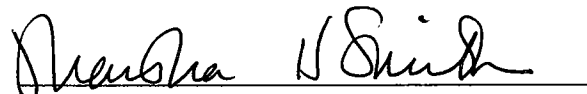
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

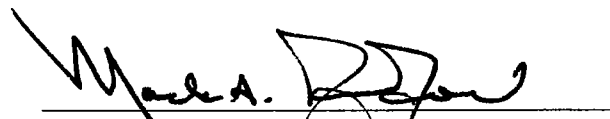
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments must do so no later than September 16, 2010.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 4th day of August 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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