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IDAHO PUBLIC
UTILITIES COMMISSION



September 15, 2010

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

AVU-E-10-04

Re: Advice No. 10-04-E
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 proposed to be effective November 1, 2010:

Eleventh Revision Sheet 59 Canceling Tenth Revision Sheet 59

The proposed tariff sheet reflects a rate adjustment related to lower residential exchange program benefits than are reflected in the current rate credit. The current 0.289¢ per kilowatt-hour rate credit, to pass through residential exchange program benefits, was approved effective August 1, 2009. That rate credit resulted from a Settlement Agreement with the Bonneville Power Administration (BPA) and was based on two years of assumed payments from BPA for their 2009 and 2010 fiscal years, as well as an amount from the settlement of the outstanding Deemer Account. The current rate credit was designed to pass through the total of those benefits, net of an over-refunded balance, over a period of fifteen months, August 1, 2009 through October 31, 2010. The refund period of fifteen months resulted from the Settlement Agreement being executed towards the end of BPA's 2009 fiscal year, and a requirement from BPA that governs the timing of the pass-through of benefits.

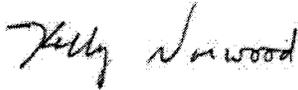
The proposed rate credit of 0.147¢ per kilowatt-hour is designed to pass through the amount of expected benefits from BPA for their 2011 fiscal year over a refund period of twelve months, November 1, 2010 through October 31, 2011. Enclosed is a set of workpapers that shows the derivation of the proposed 0.147¢ per kilowatt-hour rate credit proposed to be effective November 1, 2010. The proposed rate credit of 0.147¢ is 0.142¢ less than the existing rate credit of 0.289¢, which the new credit will replace. For a customer using 1,000 kilowatt-hours per month, implementing the new, lower rate credit would result in a monthly increase of \$1.42, or 1.65%. The actual increase will vary based on customer usage.

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The proposed rate credit will have no effect on Avista's net income. The proposed rate credit would result in an increase to Idaho electric revenue of approximately \$1.7 million, since a lesser amount of benefits will be passed through to customers. The Company requests that, if appropriate, the Commission adopt the procedures prescribed by Rule 201-210, Modified Procedure.

In addition to the proposed tariff and workpapers, also enclosed are the following items: 1) an affidavit, 2) a tariff sheet showing changes by using strikeouts and underlining, 3) a copy of the customer notice, and 4) a press release. Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

Handwritten signature of Kelly Norwood in cursive script.

Kelly Norwood
Vice President State and Federal Regulation

RM
Enclosures

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 0.147¢ 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 September 15, 2010

Effective November 1, 2010

Issued by Avista Utilities
By

Kelly Norwood – Vice President, State and Federal Regulation

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 ~~0.289¢~~ per kWh. 0.147¢

SPECIAL TERMS AND CONDITIONS:

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

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 June 30, 2009

Effective August 1, 2009

Issued by Avista Utilities
By

Kelly Norwood – Vice President, State and Federal Regulation