



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

February 9, 2009

Avista Corporation

Blair Strong
Paine, Hamblen, et al
717 W. Sprague Avenue, Suite 1200
Spokane, WA 99201-3505

Clint Kalich
Avista Utilities
1411 E. Mission
PO Box 3727
Spokane, WA 99220-3727

Michael Andrea
Avista Utilities
1411 E. Mission
PO Box 3727
Spokane, WA 99220-3727

Rocky Mountain Power

Daniel Solander
PacifiCorp dba Rocky Mountain Power
201 S. Main Street, Suite 2300
Salt Lake City, UT 84111

Greg Duvall
Laren Hale
PacifiCorp dba Rocky Mountain Power
825 NE Multnomah Street
Portland, OR 97232

Mark Moench
General Counsel
201 S. Main Street, Suite 2300
Salt Lake City, UT 84111

Ted Weston
PacifiCorp dba Rocky Mountain Power
One Utah Center
201 S. Main Street, Suite 2300
Salt Lake City, UT 84111

Idaho Power Company

Barton L. Kline
Idaho Power Company
PO Box 70
Boise, ID 83707-007

Randy Allphin
Idaho Power Company
PO Box 70
Boise, ID 83707-0070

Re: Case No. GNR-E-09-01

On September 10, 2007, Idaho Power filed a petition with the Idaho Public Utilities Commission (Commission) to modify the methodology for determining fuel costs used to establish published rates for PURPA qualifying

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facilities (QFs). Reference Case No. IPC-E-07-15. On December 28, 2007, the Commission in Order No. 30480 adopted Staff's proposed change for calculating the fuel cost component and published avoided cost rates.

Published avoided cost rates are adjusted as new fuel-related SAR values become available from the Northwest Power and Conservation Council (Council) or the Council's general advisory committees. A new Council natural gas price forecast was released on December 29, 2008.

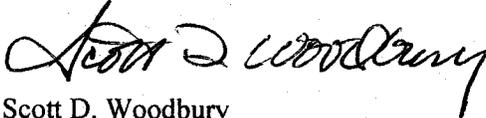
Accompanying this letter are worksheets showing the computation of the revised avoided cost rates. If after reviewing the revisions, you accept them as accurate please indicate your approval by letter (or other filing) directed to the Commission in reserved Case No. GNR-E-09-01. The case heading for the generic adjustment docket will read as follows:

IN THE MATTER OF THE FUEL COST RELATED ADJUSTMENT TO PUBLISHED
IDAHO AVOIDED COST RATES FOR IDAHO POWER COMPANY, PACIFICORP DBA
ROCKY MOUNTAIN POWER, AND AVISTA CORPORATION DBA AVISTA UTILITIES.

Please file your respective responses with the Commission Secretary on or prior to February 18, 2009.

Thank you for your cooperation, please feel free to contact me, or Rick Sterling, if you have any questions.

Sincerely,



Scott D. Woodbury
Deputy Attorney General

**

Enclosures

bls/L:GNR-E-09-01_sw_avoided costs

** The parties are advised that this adjustment is proposed separately and in advance of any avoided cost adjustments that may result from the Stipulation submitted in Case No. GNR-E-08-02. In the GNR-E-08-02 docket a stipulation on November 5, 2008 was presented to the Commission proposing changes in non-fuel related surrogate avoided resource costs. A Notice of Petition was issued on November 26, 2008. A December 17, 2008 comment deadline was established. No comments were filed.

On January 23, 2009, the Council released its planning assumptions for advanced combined cycle power plants. Commission Staff, on January 26, 2009, computed revised avoided cost rates that incorporated the Council's gas forecast and its combined cycle planning assumptions, and circulated those computations for review by the utilities. Avista, Idaho Power and PacifiCorp all submitted comments. Some of the comments received by Staff clearly indicated that, despite all parties signing a Stipulation agreeing to adopt Council assumptions, there is no longer a meeting of the minds with regard to interpretation of the Stipulation. Consequently, to avoid further delay, Staff has computed revised avoided cost rates incorporating the Council's gas forecast, but none of the "generic variables" now being disputed. The revised rates also reflect a change in Idaho Power's weighted cost of capital as a result of Order No. 30722 in the Company's recent general rate case. Staff seeks approval of the attached rates since changes due to new fuel price forecasts can be made in accordance with existing Commission Orders and methodology.

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**AVISTA
 AVOIDED COST RATES FOR NON-FUELED PROJECTS
 SMALLER THAN TEN MEGAWATTS
 February 24, 2009
 \$/MWh**

		LEVELIZED					NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	68.55	68.06	70.54	73.21	75.53	77.93	2009	68.55
2	68.31	69.25	71.82	74.32	76.68	79.12	2010	68.06
3	69.00	70.47	72.96	75.43	77.83	80.33	2011	70.54
4	69.93	71.58	74.06	76.53	78.98	81.51	2012	73.21
5	70.87	72.66	75.13	77.63	80.11	82.70	2013	75.53
6	71.82	73.70	76.20	78.72	81.25	83.86	2014	77.93
7	72.77	74.74	77.25	79.80	82.36	85.01	2015	80.41
8	73.73	75.75	78.29	80.87	83.46	86.14	2016	83.07
9	74.67	76.75	79.32	81.92	84.54	87.25	2017	85.69
10	75.60	77.74	80.32	82.95	85.61	88.35	2018	88.53
11	76.52	78.71	81.31	83.97	86.65	89.43	2019	91.33
12	77.43	79.65	82.29	84.97	87.69	90.49	2020	94.23
13	78.33	80.59	83.25	85.96	88.70	91.56	2021	97.21
14	79.21	81.50	84.19	86.92	89.72	92.63	2022	100.30
15	80.07	82.40	85.11	87.89	90.74	93.71	2023	103.48
16	80.92	83.28	86.03	88.86	91.76	94.77	2024	106.77
17	81.75	84.16	86.95	89.83	92.77	95.83	2025	110.17
18	82.58	85.04	87.87	90.78	93.77	96.85	2026	114.21
19	83.40	85.91	88.78	91.73	94.74	97.86	2027	118.40
20	84.22	86.76	89.67	92.65	95.70	98.86	2028	122.75
							2029	127.27
							2030	131.96
							2031	135.96
							2032	140.70
							2033	145.60
							2034	150.68

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).

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AVISTA
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
\$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	15.11	15.46	15.82	16.18	16.56	16.94	2009	15.11
2	15.28	15.63	15.99	16.36	16.74	17.13	2010	15.46
3	15.45	15.80	16.17	16.54	16.92	17.31	2011	15.82
4	15.61	15.97	16.34	16.72	17.10	17.50	2012	16.18
5	15.77	16.13	16.51	16.89	17.28	17.68	2013	16.56
6	15.93	16.29	16.67	17.06	17.45	17.85	2014	16.94
7	16.08	16.45	16.83	17.22	17.62	18.03	2015	17.33
8	16.24	16.61	16.99	17.39	17.79	18.20	2016	17.73
9	16.39	16.76	17.15	17.55	17.95	18.37	2017	18.14
10	16.53	16.91	17.31	17.71	18.12	18.53	2018	18.56
11	16.68	17.06	17.46	17.86	18.27	18.70	2019	18.99
12	16.82	17.21	17.60	18.01	18.43	18.86	2020	19.43
13	16.96	17.35	17.75	18.16	18.58	19.01	2021	19.88
14	17.09	17.49	17.89	18.31	18.73	19.16	2022	20.35
15	17.22	17.62	18.03	18.45	18.88	19.31	2023	20.82
16	17.35	17.76	18.17	18.59	19.02	19.46	2024	21.30
17	17.48	17.88	18.30	18.72	19.16	19.60	2025	21.79
18	17.60	18.01	18.43	18.85	19.29	19.74	2026	22.30
19	17.72	18.13	18.55	18.98	19.42	19.87	2027	22.82
20	17.84	18.25	18.68	19.11	19.55	20.00	2028	23.35
							2029	23.89
							2030	24.45
							2031	25.01
							2032	25.60
							2033	26.19
							2034	26.80

EFFECTIVE DATE	ADJUSTABLE COMPONENT
2/24/2009	53.43

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:

<u>Years</u>	<u>Rate</u>
1	17.84 + 53.43
2-20	17.84 + Adjustable component in each year

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

<u>Years</u>	<u>Rate</u>
1	15.11 + 53.43
2	15.46 + Adjustable component in year 2010
3	15.82 + Adjustable component in year 2011
4	16.18 + 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).

PACIFICORP
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
 February 24, 2009
 \$/MWh

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		LEVELIZED					NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	68.68	68.21	70.68	73.36	75.68	78.09	2009	68.68
2	68.45	69.40	71.97	74.48	76.84	79.28	2010	68.21
3	69.14	70.61	73.11	75.58	77.98	80.49	2011	70.68
4	70.07	71.73	74.21	76.69	79.14	81.68	2012	73.36
5	71.02	72.81	75.29	77.79	80.28	82.87	2013	75.68
6	71.98	73.86	76.36	78.89	81.42	84.04	2014	78.09
7	72.93	74.90	77.42	79.98	82.54	85.19	2015	80.56
8	73.89	75.92	78.47	81.05	83.65	86.33	2016	83.23
9	74.84	76.93	79.50	82.11	84.73	87.45	2017	85.86
10	75.78	77.93	80.52	83.15	85.81	88.55	2018	88.70
11	76.72	78.90	81.52	84.18	86.87	89.64	2019	91.50
12	77.63	79.86	82.50	85.19	87.91	90.72	2020	94.40
13	78.54	80.80	83.47	86.18	88.93	91.80	2021	97.39
14	79.43	81.73	84.42	87.16	89.97	92.89	2022	100.48
15	80.30	82.64	85.35	88.14	91.00	93.97	2023	103.67
16	81.16	83.53	86.29	89.13	92.03	95.05	2024	106.96
17	82.00	84.43	87.23	90.11	93.05	96.12	2025	110.36
18	82.85	85.32	88.16	91.08	94.07	97.17	2026	114.40
19	83.69	86.20	89.08	92.04	95.06	98.19	2027	118.60
20	84.52	87.08	89.99	92.98	96.03	99.20	2028	122.96
							2029	127.48
							2030	132.18
							2031	136.18
							2032	140.92
							2033	145.83
							2034	150.91

Notes: (1) 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). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).

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PACIFICORP
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
\$/MWh

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LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	15.25	15.60	15.96	16.33	16.71	17.10	2009	15.25
2	15.42	15.78	16.14	16.51	16.89	17.29	2010	15.60
3	15.59	15.95	16.32	16.69	17.08	17.47	2011	15.96
4	15.75	16.12	16.49	16.87	17.26	17.66	2012	16.33
5	15.91	16.28	16.66	17.04	17.44	17.84	2013	16.71
6	16.07	16.45	16.83	17.21	17.61	18.02	2014	17.10
7	16.23	16.61	16.99	17.38	17.78	18.20	2015	17.49
8	16.39	16.77	17.15	17.55	17.95	18.37	2016	17.89
9	16.54	16.92	17.31	17.71	18.12	18.54	2017	18.31
10	16.69	17.07	17.47	17.87	18.29	18.71	2018	18.73
11	16.84	17.22	17.62	18.03	18.45	18.87	2019	19.17
12	16.98	17.37	17.77	18.18	18.60	19.03	2020	19.61
13	17.12	17.52	17.92	18.33	18.76	19.19	2021	20.06
14	17.26	17.66	18.07	18.48	18.91	19.35	2022	20.53
15	17.39	17.80	18.21	18.63	19.06	19.50	2023	21.00
16	17.53	17.93	18.34	18.77	19.20	19.65	2024	21.49
17	17.65	18.06	18.48	18.91	19.35	19.79	2025	21.99
18	17.78	18.19	18.61	19.04	19.48	19.93	2026	22.50
19	17.90	18.32	18.74	19.17	19.62	20.07	2027	23.02
20	18.02	18.44	18.87	19.30	19.75	20.21	2028	23.55
							2029	24.10
							2030	24.66
							2031	25.23
							2032	25.82
							2033	26.42
							2034	27.03

EFFECTIVE DATE

ADJUSTABLE COMPONENT

2/24/2009

53.43

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	18.02 + 53.43
2-20	18.02 + 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	15.25 + 53.43
2	15.60 + Adjustable component in year 2009
3	15.96 + Adjustable component in year 2010
4	16.33 + Adjustable component in year 2011

Notes: (1) 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). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).

IDAHO POWER COMPANY
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
 February 24, 2009
 \$/MWh

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LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	68.58	68.10	70.58	73.25	75.57	77.97	2009	68.58
2	68.35	69.29	71.86	74.37	76.72	79.16	2010	68.10
3	69.04	70.51	73.00	75.47	77.87	80.38	2011	70.58
4	69.97	71.63	74.10	76.57	79.03	81.56	2012	73.25
5	70.92	72.71	75.18	77.68	80.17	82.75	2013	75.57
6	71.88	73.76	76.26	78.78	81.31	83.92	2014	77.97
7	72.83	74.80	77.31	79.87	82.43	85.08	2015	80.45
8	73.79	75.82	78.36	80.94	83.54	86.21	2016	83.11
9	74.74	76.83	79.40	82.00	84.63	87.34	2017	85.74
10	75.69	77.83	80.42	83.05	85.70	88.45	2018	88.58
11	76.62	78.81	81.42	84.08	86.76	89.54	2019	91.38
12	77.54	79.77	82.41	85.09	87.81	90.62	2020	94.27
13	78.45	80.72	83.38	86.09	88.84	91.70	2021	97.26
14	79.34	81.65	84.33	87.07	89.88	92.79	2022	100.35
15	80.22	82.56	85.27	88.06	90.91	93.88	2023	103.53
16	81.08	83.46	86.21	89.05	91.95	94.97	2024	106.82
17	81.93	84.36	87.15	90.03	92.98	96.05	2025	110.22
18	82.78	85.25	88.09	91.01	94.01	97.10	2026	114.26
19	83.63	86.14	89.02	91.98	95.00	98.13	2027	118.45
20	84.46	87.02	89.94	92.93	95.98	99.15	2028	122.81
							2029	127.33
							2030	132.02
							2031	136.02
							2032	140.75
							2033	145.66
							2034	150.74

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). These rates also reflect a change in Idaho Power's weighted cost of capital as a result of Order No. 30722 in the Company's recent general rate case.

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IDAHO POWER COMPANY AVOIDED COST RATES FOR FUELED PROJECTS SMALLER THAN TEN MEGAWATTS

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February 24, 2009
\$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	15.15	15.50	15.86	16.22	16.60	16.98	2009	15.15
2	15.32	15.67	16.03	16.40	16.78	17.17	2010	15.50
3	15.48	15.84	16.21	16.58	16.96	17.36	2011	15.86
4	15.65	16.01	16.38	16.76	17.14	17.54	2012	16.22
5	15.81	16.17	16.55	16.93	17.32	17.72	2013	16.60
6	15.97	16.34	16.71	17.10	17.50	17.90	2014	16.98
7	16.12	16.50	16.88	17.27	17.67	18.08	2015	17.37
8	16.28	16.65	17.04	17.43	17.84	18.25	2016	17.78
9	16.43	16.81	17.20	17.60	18.00	18.42	2017	18.19
10	16.58	16.96	17.35	17.76	18.17	18.59	2018	18.61
11	16.73	17.11	17.51	17.91	18.33	18.75	2019	19.04
12	16.87	17.26	17.66	18.07	18.48	18.91	2020	19.48
13	17.01	17.40	17.81	18.22	18.64	19.07	2021	19.93
14	17.15	17.54	17.95	18.37	18.79	19.23	2022	20.39
15	17.28	17.68	18.09	18.51	18.94	19.38	2023	20.87
16	17.41	17.82	18.23	18.65	19.08	19.53	2024	21.35
17	17.54	17.95	18.37	18.79	19.23	19.67	2025	21.84
18	17.67	18.08	18.50	18.93	19.36	19.81	2026	22.35
19	17.79	18.21	18.63	19.06	19.50	19.95	2027	22.87
20	17.91	18.33	18.75	19.19	19.63	20.09	2028	23.40
							2029	23.95
							2030	24.50
							2031	25.07
							2032	25.65
							2033	26.25
							2034	26.86

EFFECTIVE DATE

ADJUSTABLE COMPONENT

2/24/2009

53.43

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	17.91 + 53.43
2-20	17.91 + 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	15.15 + 53.43
2	15.50 + Adjustable component in year 2010
3	15.86 + Adjustable component in year 2011
4	16.22 + 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). These rates also reflect a change in Idaho Power's weighted cost of capital as a result of Order No. 30722 in the Company's recent general rate case.