DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: SCOTT WOODBURY

DATE: MARCH 15, 2010

RE: UPDATE TO PUBLISHED AVOIDED COST RATES TO REFLECT AN UPDATED NATURAL GAS PRICE FORECAST OF THE NORTHWEST POWER AND CONSERVATION COUNCIL, SMR-E-10-01

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 Avoided Resource (SAR) methodology for calculation of the avoided cost rates paid to PURPA qualifying cogeneration and small power production facilities (QFs) by Idaho Power Company, Avista and PacifiCorp. Avoided cost rates are the purchase price paid to QFs for purchases of QF capacity and energy.

One of the key input variables in the computation of avoided cost rates is a long-term natural gas price forecast. In accordance with the methodology approved in Order No. 29124, the medium natural gas price forecast of the Northwest Power and Conservation Council (NPCC; Council) is to be used as the basis for computing avoided cost rates. In Order No. 29124 the Commission also found that the release of a new fuel price forecast by the Council or the Council's general advisory committees automatically triggers a recalculation of the published avoided cost rates.

A new Council natural gas price forecast was approved on March 2, 2010 in conjunction with the Council's approval and release of its Sixth Power Plan (Plan). The forecast was posted on the Council's website on March 8, 2010. The forecast is Appendix A to the Plan. A copy of the medium natural gas price forecast contained in Appendix A to the Plan is attached. In accordance with the approved methodology, east-side delivered prices are to be used for avoided cost computations.

Commission Staff has recomputed avoided cost rates using the Council's most recent gas price forecast. Staff provided Idaho Power, Avista and PacifiCorp with worksheets on March 9, 2010 for review and comment showing the computation of the revised avoided cost rates. Idaho Power, Avista and PacifiCorp accept Staff's avoided cost calculations as accurately incorporating the Council's March 8, 2010 revised natural gas price forecast and as consistent with the Commission's approved SAR methodology. A copy of the rates for all three utilities is attached.

Staff recognizes that the recomputed avoided cost rates, if approved by the Commission, are significantly lower than the rates currently in effect. Staff also realizes that there are probably several developers in active negotiations with the utilities for power sales agreements based on the higher existing rates. Nevertheless, Staff recommends that the Commission not establish grandfathering criteria for entitlement to existing rates. Staff believes that developers share equal responsibility with Commission Staff and the utilities to be aware of changes in fuel price forecasts and to negotiate accordingly. Regardless of whether new fuel price forecasts cause avoided cost rates to increase or to decrease, Staff believes the Commission should be prompt in approving revised rates. Consequently, Staff recommends that the revised rates become effective upon Commission approval.

STAFF RECOMMENDATION

Staff recommends that the attached avoided cost rates for Avista, Idaho Power and PacifiCorp be approved with an effective date of the Commission's Order.

COMMISSION DECISION

Presented in this case for Commission approval are revised published avoided cost rates incorporating the Council's March 8, 2010 medium natural gas price forecast. The calculation of the fuel cost adjustment to published avoided cost rates is arithmetic. Does the Commission find it reasonable to approve the change in rates?

Scott Woodbury

i:udmemos/avoided cost 3-09-10 update

Appendix A1: Medium Case Fuel Price Forecast Tables

Table A1-1: Natural Gas Prices at Key Hubs and Northwest Generators
2006$/MMBtu
Medium Case

Year	Henry Hub Natural Gas Price	AECO Price	Sumas Price	West-Side Delivered	East-Side Delivered
2005	7.95	6.98	7.08	7.70	7.58
2006	6.72	5.84	5.95	6.56	6.42
2007	6.53	5.67	5.78	6.38	6.24
2008	8.12	7.08	7.72	8.41	7.68
2009	3.95	3.35	3.94	4.59	3.91
2010	4.62	3.95	4.54	5.28	4.56
2011	4.90	4.20	4.80	5.61	4.86
2012	5.20	4.47	5.07	5.90	5.19
2013	5.52	4.76	5.36	6.20	5.48
2014	5.86	5.06	5.67	6.52	5.79
2015	6.22	5.38	6.00	6.85	6.11
2016	6.32	5.48	6.09	6.96	6.22
2017	6.43	5.57	6.19	7.06	6.32
2018	6.54	5.67	6.29	7.16	6.44
2019	6.65	5.77	6.39	7.27	6.54
2020	6.77	5.87	6.50	7.38	6.64
2021	6.93	6.02	6.64	7.53	6.79
2022	7.09	6.16	6.79	7.68	6.94
2023	7.25	6.31	6.94	7.83	7.09
2024	7.42	6.46	7.09	7.99	7.25
2025	7.60	6.62	7.25	8.16	7.41
2026	7.70	6.71	7.35	8.26	7.51
2027	7.81	6.81	7.45	8.36	7.61
2028	7.92	6.91	7.55	8.47	7.71
2029	8.03	7.01	7.65	8.57	7.82
2030	8.15	7.11	7.75	8.68	7.92

AVISTA
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2010	2011	2012	2013	2014	2015		
1	56.94	60.32	64.06	67.60	71.41	75.50	2010	56.94
2	58.56	62.11	65.76	69.43	73.37	76.63	2011	60.32
3	60.25	63.80	67.49	71.29	74.74	77.71	2012	64.06
4	61.87	65.47	69.25	72.73	75.94	78.80	2013	67.60
5	63.47	67.16	70.70	73.98	77.07	79.87	2014	71.41
6	65.09	68.60	71.97	75.15	78.16	80.93	2015	75.50
7	66.50	69.87	73.15	76.26	79.21	82.01	2016	77.85
8	67.76	71.05	74.26	77.31	80.27	83.10	2017	80.16
9	68.92	72.16	75.31	78.36	81.34	84.20	2018	82.68
10	70.02	73.20	76.35	79.40	82.40	85.30	2019	85.15
11	71.05	74.22	77.37	80.44	83.46	86.40	2020	87.71
12	72.05	75.23	78.38	81.47	84.51	87.45	2021	90.73
13	73.03	76.21	79.37	82.48	85.52	88.47	2022	93.88
14	73.99	77.18	80.36	83.46	86.50	89.46	2023	97.15
15	74.93	78.13	81.30	84.40	87.45	90.42	2024	100.55
16	75.84	79.04	82.21	85.31	88.37	91.35	2025	104.08
17	76.72	79.92	83.09	86.20	89.26	92.29	2026	107.09
18	77.57	80.76	83.94	87.05	90.16	93.21	2027	110.18
19	78.39	81.58	84.76	87.91	91.04	94.11	2028	113.37
20	79.17	82.37	85.58	88.75	91.89	94.99	2029	116.67
							2030	120.06
							2031	124.62
							2032	128.62
							2033	132.76
							2034	137.04
							2035	141.48

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference Order No. 30480).

AVISTA
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2010	2011	2012	2013	2014	2015		
1	21.93	22.26	22.60	22.94	23.28	23.63	2010	21.93
2	22.09	22.42	22.76	23.10	23.45	23.80	2011	22.26
3	22.24	22.58	22.92	23.26	23.61	23.97	2012	22.60
4	22.40	22.73	23.07	23.42	23.77	24.13	2013	22.94
5	22.55	22.88	23.23	23.58	23.93	24.29	2014	23.28
6	22.69	23.03	23.38	23.73	24.09	24.45	2015	23.63
7	22.83	23.18	23.53	23.88	24.24	24.61	2016	23.99
8	22.97	23.32	23.67	24.03	24.39	24.76	2017	24.35
9	23.11	23.46	23.81	24.17	24.53	24.90	2018	24.71
10	23.24	23.59	23.95	24.31	24.67	25.05	2019	25.09
11	23.37	23.72	24.08	24.44	24.81	25.19	2020	25.46
12	23.50	23.85	24.21	24.58	24.95	25.32	2021	25.85
13	23.62	23.98	24.34	24.70	25.08	25.46	2022	26.24
14	23.74	24.10	24.46	24.83	25.20	25.58	2023	26.63
15	23.86	24.22	24.58	24.95	25.33	25.71	2024	27.04
16	23.97	24.33	24.70	25.07	25.45	25.83	2025	27.45
17	24.08	24.44	24.81	25.19	25.56	25.95	2026	27.86
18	24.19	24.55	24.92	25.30	25.68	26.07	2027	28.28
19	24.29	24.66	25.03	25.40	25.79	26.18	2028	28.71
20	24.39	24.76	25.13	25.51	25.89	26.28	2029	29.14
							2030	29.58
							2031	30.03
							2032	30.49
							2033	30.95
							2034	31.42
							2035	31.89

EFFECTIVE DATE	ADJUSTABLE COMPONENT
Draft	35.01

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 2010 on-line date would receive the following rates:

Years	Rate
1	24.39 + 35.01
2-20	24.39 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2010 on-line date would receive the following rates:

Years	Rate
1	21.93 + 35.01
2	22.26 + Adjustable component in year 2011
3	22.60 + Adjustable component in year 2012
4	22.94 + Adjustable component in year 2013

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference Order No. 30480).

IDAHO POWER COMPANY
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2010	2011	2012	2013	2014	2015		
1	56.67	60.06	63.78	67.32	71.13	75.21	2010	56.67
2	58.30	61.85	65.48	69.15	73.09	76.34	2011	60.06
3	59.99	63.53	67.22	71.01	74.46	77.43	2012	63.78
4	61.61	65.21	68.99	72.46	75.66	78.52	2013	67.32
5	63.23	66.91	70.44	73.72	76.80	79.60	2014	71.13
6	64.85	68.36	71.72	74.90	77.89	80.66	2015	75.21
7	66.27	69.64	72.91	76.01	78.95	81.75	2016	77.56
8	67.54	70.83	74.03	77.07	80.03	82.85	2017	79.87
9	68.72	71.94	75.09	78.13	81.10	83.96	2018	82.38
10	69.82	73.00	76.14	79.19	82.18	85.07	2019	84.85
11	70.87	74.04	77.18	80.24	83.25	86.19	2020	87.40
12	71.89	75.06	78.20	81.28	84.32	87.26	2021	90.42
13	72.89	76.06	79.21	82.31	85.35	88.30	2022	93.57
14	73.86	77.04	80.21	83.31	86.35	89.31	2023	96.83
15	74.82	78.01	81.18	84.27	87.32	90.29	2024	100.23
16	75.76	78.95	82.11	85.21	88.26	91.24	2025	103.76
17	76.66	79.85	83.01	86.11	89.18	92.20	2026	106.75
18	77.53	80.72	83.88	87.00	90.10	93.15	2027	109.85
19	78.37	81.56	84.73	87.88	91.00	94.08	2028	113.03
20	79.19	82.38	85.58	88.74	91.89	94.99	2029	116.32
							2030	119.71
							2031	124.27
							2032	128.26
							2033	132.39
							2034	136.67
							2035	141.10

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference 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 2008 general rate case.

IDAHO POWER COMPANY
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR 2010	2011	2012	2013	2014	2015	CONTRACT YEAR	NON-LEVELIZED RATES
1	21.67	21.99	22.32	22.66	23.00	23.35	2010	21.67
2	21.82	22.15	22.48	22.82	23.17	23.51	2011	21.99
3	21.98	22.31	22.64	22.98	23.33	23.68	2012	22.32
4	22.13	22.46	22.80	23.14	23.49	23.84	2013	22.66
5	22.28	22.61	22.95	23.30	23.65	24.00	2014	23.00
6	22.42	22.76	23.10	23.45	23.80	24.16	2015	23.35
7	22.56	22.90	23.25	23.60	23.95	24.31	2016	23.70
8	22.70	23.04	23.39	23.74	24.10	24.47	2017	24.06
9	22.84	23.18	23.53	23.89	24.25	24.61	2018	24.42
10	22.97	23.32	23.67	24.03	24.39	24.76	2019	24.79
11	23.10	23.45	23.80	24.16	24.53	24.90	2020	25.16
12	23.23	23.58	23.93	24.30	24.66	25.03	2021	25.54
13	23.35	23.71	24.06	24.43	24.79	25.17	2022	25.93
14	23.47	23.83	24.19	24.55	24.92	25.30	2023	26.32
15	23.59	23.95	24.31	24.67	25.05	25.43	2024	26.71
16	23.71	24.06	24.43	24.79	25.17	25.55	2025	27.12
17	23.82	24.18	24.54	24.91	25.29	25.67	2026	27.53
18	23.93	24.29	24.65	25.02	25.40	25.79	2027	27.94
19	24.03	24.39	24.76	25.14	25.51	25.90	2028	28.37
20	24.13	24.50	24.87	25.24	25.62	26.01	2029	28.80
							2030	29.23
							2031	29.68
							2032	30.13
							2033	30.58
							2034	31.05
							2035	31.52

EFFECTIVE DATE	ADJUSTABLE COMPONENT
Draft	35.01

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 2010 on-line date would receive the following rates:

Years	Rate
1	24.13 + 35.01
2-20	24.13 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2010 on-line date would receive the following rates:

Years	Rate
1	21.67 + 35.01
2	21.99 + Adjustable component in year 2011
3	22.32 + Adjustable component in year 2012
4	22.66 + Adjustable component in year 2013

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference 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 2008 general rate case.

PACIFICORP
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR 2010	2011	2012	2013	2014	2015	CONTRACT YEAR	NON-LEVELIZED RATES
1	56.85	60.24	63.97	67.51	71.32	75.40	2010	56.85
2	58.48	62.03	65.67	69.34	73.28	76.53	2011	60.24
3	60.17	63.71	67.40	71.20	74.66	77.62	2012	63.97
4	61.79	65.39	69.17	72.65	75.85	78.72	2013	67.51
5	63.40	67.09	70.63	73.91	76.99	79.79	2014	71.32
6	65.03	68.54	71.91	75.08	78.08	80.85	2015	75.40
7	66.44	69.82	73.09	76.19	79.14	81.94	2016	77.76
8	67.71	71.01	74.21	77.25	80.21	83.04	2017	80.07
9	68.89	72.12	75.27	78.31	81.29	84.15	2018	82.58
10	69.99	73.17	76.32	79.37	82.36	85.26	2019	85.05
11	71.04	74.21	77.35	80.42	83.43	86.37	2020	87.61
12	72.05	75.22	78.37	81.45	84.50	87.44	2021	90.63
13	73.05	76.22	79.38	82.48	85.53	88.47	2022	93.78
14	74.02	77.20	80.38	83.48	86.52	89.48	2023	97.05
15	74.97	78.17	81.34	84.44	87.49	90.45	2024	100.44
16	75.91	79.10	82.26	85.37	88.42	91.40	2025	103.98
17	76.80	79.99	83.16	86.27	89.33	92.36	2026	106.98
18	77.67	80.86	84.03	87.14	90.25	93.30	2027	110.07
19	78.51	81.70	84.87	88.02	91.15	94.23	2028	113.26
20	79.31	82.51	85.71	88.88	92.03	95.13	2029	116.56
							2030	119.95
							2031	124.51
							2032	128.50
							2033	132.64
							2034	136.92
							2035	141.35

Note: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference 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).

PACIFICORP
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
Draft
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2010	2011	2012	2013	2014	2015		
1	21.85	22.17	22.51	22.85	23.19	23.54	2010	21.85
2	22.00	22.33	22.67	23.01	23.36	23.71	2011	22.17
3	22.16	22.49	22.83	23.17	23.52	23.88	2012	22.51
4	22.31	22.65	22.99	23.33	23.68	24.04	2013	22.85
5	22.46	22.80	23.14	23.49	23.84	24.20	2014	23.19
6	22.61	22.95	23.29	23.64	24.00	24.36	2015	23.54
7	22.75	23.09	23.44	23.79	24.15	24.51	2016	23.89
8	22.89	23.23	23.58	23.94	24.30	24.66	2017	24.25
9	23.03	23.37	23.72	24.08	24.44	24.81	2018	24.62
10	23.16	23.51	23.86	24.22	24.59	24.96	2019	24.99
11	23.29	23.64	24.00	24.36	24.73	25.10	2020	25.37
12	23.42	23.77	24.13	24.49	24.86	25.24	2021	25.75
13	23.54	23.90	24.26	24.62	24.99	25.37	2022	26.14
14	23.66	24.02	24.38	24.75	25.12	25.50	2023	26.53
15	23.78	24.14	24.50	24.87	25.25	25.63	2024	26.93
16	23.90	24.26	24.62	24.99	25.37	25.75	2025	27.34
17	24.01	24.37	24.74	25.11	25.49	25.87	2026	27.75
18	24.12	24.48	24.85	25.22	25.60	25.99	2027	28.17
19	24.22	24.59	24.96	25.33	25.72	26.10	2028	28.60
20	24.32	24.69	25.06	25.44	25.82	26.21	2029	29.03
							2030	29.47
							2031	29.92
							2032	30.37
							2033	30.83
							2034	31.30
							2035	31.77

EFFECTIVE DATE	ADJUSTABLE COMPONENT
Draft	35.01

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 2010 on-line date would receive the following rates:

Years	Rate
1	24.32 + 35.01
2-20	24.32 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2010 on-line date would receive the following rates:

Years	Rate
1	21.85 + 35.01
2	22.17 + Adjustable component in year 2011
3	22.51 + Adjustable component in year 2012
4	22.85 + Adjustable component in year 2013

Note: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's Fuel Price Forecast contained in its Sixth Power Plan approved on February 10, 2010. See page A1-19, East-Side Delivered prices. (Reference 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).

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

AVISTA Corp.

March 10, 2010

VIA EMAIL AND REGULAR MAIL
Idaho Public Utilities Commission
Attn: Scott Woodbury, Deputy Attorney General
PO Box 83720
Boise, ID 83720-0074
Email: scott.woodbury@puc.idaho.gov

Re: **IN THE MATTER OF THE ADJUSTMENT OF AVOIDED COST RATES FOR NEW PURPA CONTRACTS FOR AVISTA CORPORATION DBA AVISTA UTILITIES, IDAHO POWER COMPANY, AND PACIFICORP DBA ROCKY MOUNTAIN POWER**
IPUC Case No. GNR-E-10-01

Dear Mr. Woodbury:

In a letter dated March 9, 2010, you provided notice that the Idaho Public Utilities Commission ("Commission") Staff has recomputed avoided cost rates using the Northwest Power and Conservation Council's ("Council") most recent gas price forecast. You also included with your March 9 Letter, the results from the recalculated avoided cost rates using the new Council natural gas price forecast. You requested that Avista review the recalculated avoided cost rates and file a response with the Commission by March 12, 2010.

Avista has reviewed the recalculated avoided cost rates that were computed using the Council's most recent natural gas price forecast and were attached to the March 9 Letter. Avista agrees that the recalculated avoided cost rates accurately reflect the Council's most recent natural gas price forecast.

Sincerely,

Clint Kalich
Manager of Resource Planning and
Power Supply Analysis

cc: Bob Lafferty
Steve Silkworth
Michael Andrea

KPS

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An IDACORP Company

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UTILITIES COMMISSION

BARTON L. KLINE
Lead Counsel
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March 10, 2010

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. GNR-E-10-01
In the Matter of the Adjustment of Avoided Cost Rates for New PURPA Contracts for Avista Corporation, d/b/a Avista Utilities; Idaho Power Company; and PacifiCorp, d/b/a Rocky Mountain Power

Dear Ms. Jewell:

On March 9, 2010, Idaho Power Company received a letter from the Commission Staff regarding the above-referenced proceeding. In that March 9 letter, Commission Staff included sheets showing the results of Staff's recomputation of the Company's avoided costs rates using the new Northwest Power and Conservation Council gas forecast. This will advise the Commission that Idaho Power has reviewed the revised rates provided by the Commission Staff and has concluded that the revised rates represent an accurate computation of Idaho Power Company's posted-avoided cost rates consistent with the methodology previously approved by the Commission. As such, Idaho Power believes that it would be in the public interest for the Commission to approve the rate sheets provided to the Company by the Commission Staff.

Very truly yours,

Barton L. Kline

BLK:csb

P.O. Box 70 (83707)
1221 W. Idaho St.
Boise, ID 83702

RPS

ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

201 South Main, Suite 2300
Salt Lake City, Utah 84111

RECEIVED
2010 MAR 12 AM 10: 05
IDAHO PUBLIC
UTILITIES COMMISSION

March 12, 2010

VIA OVERNIGHT DELIVERY

Idaho Public Service Commission
472 West Washington
Boise, ID 83702-5983

Attention: Ms. Jean D. Jewell
Commission Secretary

RE: CASE NO. GNR-E-10-01
IN THE MATTER OF THE ADJUSTMENT OF AVOIDED COST RATES FOR NEW PURPA CONTRACTS FOR AVISTA CORPORATION DBA AVISTA UTILITIES, IDAHO POWER COMPANY, AND PACIFICORP DBA ROCKY MOUNTAIN POWER.

Pursuant to the Idaho Public Utilities Commission (Commission) Order No. 29124, issuance of a new gas forecast by the Northwest Power and Conservation Council (NPCC) automatically triggers recalculation of the published avoided cost rate.

On March 2, 2010 NPCC approved a new natural gas forecast and on March 8, 2010 this forecast was posted on NPCC's website. Commission staff has updated the avoided costs rates based on the new gas forecast and provided the updated rates to Rocky Mountain Power for review.

This letter is to inform the Commission that Rocky Mountain Power has reviewed the Commission staff's calculation of the updated avoided cost rates and acknowledges that the updated rates are calculated correctly.

Very Truly Yours,

Jeff Larsen

Jeffrey K. Larsen
Vice President, Regulation

cc:
Scott Woodbury
Rick Sterling