

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION REQUESTING) CASE NO. AVU-G-07-01
APPROVAL OF A NATURAL GAS)
TRANSPORTATION SERVICE) NOTICE OF APPLICATION
AGREEMENT)
)
) NOTICE OF MODIFIED
) PROCEDURE
)
) ORDER NO. 30271

On February 20, 2007, Avista Corporation (“Avista” or “Company”) filed an Application with the Commission requesting approval of a Natural Gas Transportation Service Agreement (the “Agreement”) between the Company and Potlatch Forest Products Corporation (“Potlatch”). This Commission has the jurisdiction over such request pursuant to *Idaho Code* §§ 61-307, 61-622 and 61-623.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that, according to the Application, Avista has been providing natural gas transportation service to Potlatch’s Lewiston, Idaho plant under an existing agreement since 1993. During that time, Potlatch has increased its efficiency and reduced its annual natural gas consumption from 64 million therms to 38 million therms. In addition, Avista has seen considerable load growth in the Moscow/Lewiston area and an increased need for pipeline capacity. Avista and Potlatch negotiated a capacity release agreement, and Potlatch expressed its desire to negotiate a new gas distribution agreement as well.

YOU ARE FURTHER NOTIFIED that the initial term of the Agreement is ten years, beginning the day following Commission approval and ending November 30, 2016. The parties have agreed on charges based upon Potlatch’s desire to pay Avista for distribution service in the future that more reasonably reflects the alternative cost of connecting directly to a different pipeline, and Avista’s desire to retain a reasonable level of distribution charges. Based on Potlatch’s usage in 2006, its annual bill under the existing agreement is \$264,000. Under the Agreement, Potlatch would pay: \$185,000 through November 2007; \$150,000 from December 2007 through November 2008; \$111,000 from December 2008 through November 2009; and

\$74,000 per annum from December 2009 through the end of the Agreement. The Company believes that the current and projected rate of growth it is experiencing in north Idaho should offset a portion of the lost revenue/margin received from Potlatch under the existing agreement.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Application in this case and has preliminarily determined that the public interest in this matter may not require a hearing to consider the issues presented, and that the issues raised by the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.210-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Avista's Application and the use of Modified Procedure in this case is **twenty-one (21) days after the service date of this Order**. 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 Applicant at the addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street
Boise, Idaho 83702-5983

Kelly Norwood
Vice President, State and Federal Regulation
Avista Corporation
1411 E. Mission Ave., MSC-13
Spokane, WA 99220
E-mail: kelly.norwood@avistacorp.com

David J. Meyer
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Ave., MSC-13
Spokane, WA 99220
E-mail: david.meyer@avistacorp.com

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 comment form using the case number as it appears on the front of this document. These comments must also be sent to Avista at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If written comments or protests are received within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written comments before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Application and Agreement have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's website, www.puc.idaho.gov under "File Room."

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, and specifically *Idaho Code* §§ 61-307, 61-622 and 61-623.

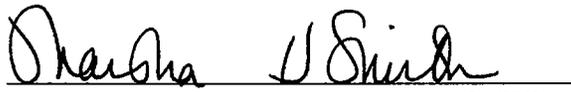
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that the Application of Avista Corporation be processed by Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments in this matter or protesting the use of Modified Procedure must do so no later than twenty-one (21) days from the issuance of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of March 2007.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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