

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



FILED ELECTRONICALLY AND VIA OVERNIGHT MAIL

July 26, 2010

Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702

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UTILITIES COMMISSION

Re: Case Nos. AVU-E-10-01 and AVU-G-10-01  
Avista's Motion for Approval of Stipulation and Settlement

Enclosed for filing with the Commission in the above-referenced docket are the original and seven copies of Avista's Motion for Approval of Stipulation and Settlement (with Stipulation attached) dated July 26, 2010.

Certain parties to the Stipulation intend to file testimony in support of the Stipulation, on or before August 5, 2010.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood  
Vice President, State and Federal Regulation

Enclosures

c: Service List

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 26th day of July, 2010, served the foregoing Settlement Stipulation in Docket No. AVU-E-10-01 and AVU-G-10-01 upon the following parties, by mailing a copy thereof, properly addressed with postage prepaid to:

Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
Statehouse  
Boise, ID 83720-5983  
[Jean.jewell@puc.idaho.gov](mailto:Jean.jewell@puc.idaho.gov)

Brad M. Purdy  
Attorney at Law  
2019 N 17<sup>th</sup> Street  
Boise, ID 83720  
[bmpurdy@hotmail.com](mailto:bmpurdy@hotmail.com)

Kristine Sasser  
Donald Howell  
Deputy Attorneys General  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702-0659  
[kristine.sasser@puc.idaho.gov](mailto:kristine.sasser@puc.idaho.gov)  
[donald.howell@puc.idaho.gov](mailto:donald.howell@puc.idaho.gov)

Peter J. Richardson  
Greg M. Adams  
Richardson & O'Leary PLLC  
515 N. 27<sup>th</sup> Street  
PO Box 7218  
Boise, ID 83702  
[peter@richardsonandoleary.com](mailto:peter@richardsonandoleary.com)  
[greg@richardsonandoleary.com](mailto:greg@richardsonandoleary.com)

Howard Ray  
Clearwater Paper  
803 Mill Road  
P.O. Box 1126  
Lewiston, ID 83501-1126  
[howard.ray@clearwaterpaper.com](mailto:howard.ray@clearwaterpaper.com)

Dean J. Miller  
McDevitt & Miller, LLP  
420 W. Bannock St.  
PO Box 2564-83701  
Boise, ID 83701-2564  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)

Scott Atkison  
Idaho Forest Products  
171 Highway 95 N.  
Grangeville, ID 83530  
[scotta@idahoforestgroup.com](mailto:scotta@idahoforestgroup.com)

Larry Crowley  
Energy Strategies Institute  
5549 South Cliffs Edge Avenue  
Boise, ID 83716  
[crowleyla@aol.com](mailto:crowleyla@aol.com)

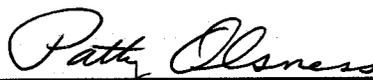
Rowena Pineda  
3450 Hill Rd  
Boise, ID 83703-4715  
[Rowena@idahocan.org](mailto:Rowena@idahocan.org)

Lee Ann Hall  
3518 S. Edmunds St.  
Seattle, WA 98118  
[leann@nwfco.org](mailto:leann@nwfco.org)

Ken Miller  
Snake River alliance  
Box 1731  
Boise, ID 83701  
[kmiller@snakeriveralliance.org](mailto:kmiller@snakeriveralliance.org)

Rob Pluid, President  
Clark Fairchild, Vice President  
Tom Ozford, Secretary Treasurer  
North Idaho Energy Logs Inc.  
P.O. Box 571  
Moyie Springs, ID 83845  
[robpluid@gmail.com](mailto:robpluid@gmail.com)  
[energylogs@gmail.com](mailto:energylogs@gmail.com)  
[oxford@meadowcrk.com](mailto:oxford@meadowcrk.com)

Benjamin J. Otto  
Idaho Conservation league  
710 N. 6<sup>th</sup> St.  
PO Box 844  
Boise, ID 83702  
[botto@idahoconservation.org](mailto:botto@idahoconservation.org)

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Patty Olsness  
Rates Coordinator

David J. Meyer, Esq.  
Vice President and Chief Counsel For  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Avenue  
P.O. Box 3727  
Spokane, Washington 99220  
Phone: (509) 495-4316, Fax: (509) 495-8851

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IDAHO PUBLIC  
UTILITIES COMMISSION

Donald L. Howell, II  
Kristine Sasser  
Deputy Attorneys General  
Idaho Public Utilities Commission Staff  
P.O. Box 83720  
Boise, ID 83720-0074  
Phone: (208) 334-0312, Fax: (208) 334-3762

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF AVISTA CORPORATION FOR THE	)	CASE NOS. AVU-E-10-01
AUTHORITY TO INCREASE ITS RATES	)	AVU-G-10-01
AND CHARGES FOR ELECTRIC AND	)	
NATURAL GAS SERVICE TO ELECTRIC	)	MOTION FOR APPROVAL OF
AND NATURAL GAS CUSTOMERS IN THE	)	STIPULATION AND
STATE OF IDAHO	)	SETTLEMENT AND
		REVISIONS TO
		PROCEDURAL SCHEDULE

COMES NOW, Avista Corporation ("Avista" or "Company") and the Commission Staff, and hereby move the Commission for an Order accepting the settlement Stipulation filed herewith and revising the procedural schedule. RP 56; 272; 274. This Motion is based on the following:

1. On March 23, 2010, Avista filed an Application with the Commission for authority to increase revenue from electric and natural gas service in Idaho by 14% and 3.6%, respectively. If approved, the Company's revenues for electric base retail rates would have

increased by \$32.1 million annually; Company revenues for natural gas service would have increased by \$2.6 million annually. The Company requested an effective date of April 23, 2010 for its proposed electric/natural gas rate increase. By Order No. 31038, dated April 9, 2010, the Commission suspended the proposed schedules of rates and charges for electric and natural gas service for a period of thirty (30) days plus five (5) months, from April 23, 2010, until such time as the Commission enters an Order accepting, rejecting or modifying the Application in this matter.

2. Petitions to intervene in this proceeding were filed by Clearwater, Idaho Forest, CAPAI, the Idaho Conservation League, the Idaho Community Action Network (“ICAN”), the Snake River Alliance, and North Idaho Energy Logs. By various orders, the Commission granted these interventions. *See*, IPUC Order Nos. 31041, 31052, 31054, 31058, 31068, 31069 and 31070.

3. Public workshops for Avista customers were held on June 28, 2010, in Lewiston, Idaho, and on June 29, 2010, in Coeur d’Alene, Idaho, for the purpose of explaining the Company’s Application, and in order to provide an opportunity for customers to ask questions of Staff. No customers attended the workshop in Lewiston, and approximately five customers attended in Coeur d’Alene. Settlement conferences were subsequently noticed and held in the Commission offices on July 6 and 8, 2010, and were attended by signatories to this Stipulation.

4. Based on settlement discussions, the Parties whose signatures appear on the Stipulation have agreed to resolve and settle all of the issues in the case. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment 1.

5. The Parties recommend that the Commission grant this Motion and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274.

6. The Parties respectfully request that the Commission consider the Motion, the Stipulation, and the pre-filed testimony in support of the Stipulation at the time of the technical evidentiary hearings.

7. As noted in the Stipulation, all of the Parties agree that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

8. The technical hearing was previously scheduled to begin on September 22, 2010. As part of this Motion, the Parties request that the procedural schedule be modified to vacate the existing schedule for technical hearings and establish August 26, 2010 as the new date for technical hearings on the proposed settlement (assuming Commissioner availability). This will afford the Commission additional time to deliberate on the proposed settlement prior to the requested effective date of October 1, 2010. The existing date of August 5, 2010 for the pre-filing of staff/intervener testimony would be used as the date for filing testimony concerning the settlement itself. The Parties otherwise understand that the Commission will set additional Public Hearings for the receipt of testimony from interested customers.

NOW, THEREFORE, the Parties respectfully request that the Commission issue orders in Case Nos. AVU-E-10-01 and AVU-G-10-01:

1. Granting this Motion and accepting the Stipulation (Attachment 1), in its entirety, without material change or condition; and

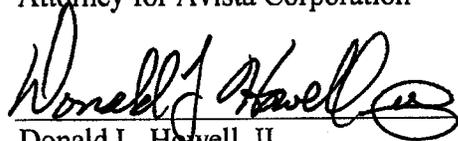
2. Authorizing the Company to implement revised tariff schedules designed to recover the additional annual electric and natural gas revenue from Idaho customers consistent with the terms of the Stipulation; and

3. Authorizing that revised tariff schedules be made effective October 1, 2010.

Respectfully submitted this 23<sup>rd</sup> day of July 2010.



David J. Meyer  
Attorney for Avista Corporation



Donald L. Howell, II  
Kristine Sasser  
Deputy Attorneys General  
Idaho Public Utilities Commission Staff