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IDAHO PUBLIC  
UTILITIES COMMISSION



June 28, 2012

Ms. Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

AVU-E-12-05  
AVU-G-12-04

Re: *Annual Compliance Filing of Asset Retirement Obligation (SFAS 143)*  
*Case Nos. AVU-E-05-09 & AVU-G-05-03*

Dear Ms. Jewell:

In Order No. 29962, the Commission directed the Company to record regulatory assets or liabilities associated with the implementation of Statement of Financial Accounting Standards (SFAS) 143. As a result of the Order, the Company is required to file annually, and as part of any rate case filing, all journal entries made under the requirements of SFAS 143.

Enclosed, please find three copies of the 2011 SFAS 143 annual compliance filing.

These ARO transactions are removed from the monthly Results of Operations and are therefore, not included in the Company's earnings or in any rate request in the Company's general rates cases.

The Company requests that the Commission eliminate the annual filing requirement that is required by Order No. 29962. Avista has filed the journal entries in compliance filings for the past five years. The journal entries have been routine in nature, including recording accretion of the ARO liabilities and depreciation of the ARO assets. Because of this, and the fact that all ARO transactions are removed from Idaho results of operation, the Company is requesting that filing obligations under the Commission's prior order be removed. The Company will maintain the same records regarding the ARO transactions and would have them available to Staff and any other party upon request.

Please direct any questions regarding this filing to Liz Andrews at (509) 495-8601.

Sincerely,

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

Kelly Norwood  
Vice President, State and Federal Regulation

Enclosure  
LA

**Avista Utilities**  
**FAS 143 Accounting - Asset Retirement Obligations**  
**Year Ended December 31, 2011**

	<b>FERC Account</b>	<b>Dr.</b>	<b>Cr.</b>
<b><u>December 31, 2010 Balances</u></b>			
ARO Assets	101000	1,437,593	
Accumulated Depreciation	108000		615,216
Regulatory Assets	182376	3,065,032	
ARO Liabilities	230000		3,887,409

**Recorded Journal Entries**

**Calendar Year 2011 Accretion, Depreciation and Removal Costs Entries**

1	Regulatory Assets	182376	(374,591)	
	ARO Liabilities	230000		(374,591)
	To record accretion expense, net of removal costs, on AROs.			
2	Regulatory Assets	182376	27,049	
	Accumulated Depreciation	108000		27,049
	To record depreciation on the ARO assets.			

**Calendar Year 2011 Other Changes**

3	ARO Assets	101000	96	
	Accumulated Depreciation	108000		-
	Regulatory Assets	182376	-	
	ARO Liabilities	230000		
	O&M Loadings	various		96
	To record 2011 impact due to HVAC remodel.			

**December 31, 2011 Balances**

ARO Assets	101000	1,437,689	
Accumulated Depreciation	108000		642,265
Regulatory Assets	182376	2,717,489	
ARO Liabilities	230000		3,512,817