

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION DBA AVISTA) **CASE NOS. AVU-E-07-11**
UTILITIES FOR AN ORDER) **AVU-G-07-03**
AUTHORIZING A CHANGE IN)
DEPRECIATION RATES) **NOTICE OF APPLICATION**
)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
)
) **ORDER NO. 30467**

On November 1, 2007, Avista Corporation dba Avista Utilities filed an Application requesting that the Commission approve changes to the Company's depreciation rates for electric and natural gas property. Avista serves customers in Washington, Idaho and a small portion of Oregon. The Company seeks an effective date for the proposed changes to its depreciation rates of January 1, 2008.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista last changed its Idaho depreciation rates in September 2004 in accordance with Order No. 29602. In that Order, the Commission adopted an agreement between the Company and Staff to synchronize depreciation rates so that Idaho rates would become effective with new depreciation rates approved by the Washington Utilities and Transportation Commission (WUTC).

YOU ARE FURTHER NOTIFIED that in April 2007, Avista filed an application with the WUTC to increase its rates for electric and natural gas service. Included in the Company's Application was a proposal to change its depreciation rates based upon a new depreciation study completed by Gannett Fleming, Inc. The depreciation study was based upon depreciable electric, gas and common plant in-service as of December 31, 2004. Application at 2.

YOU ARE FURTHER NOTIFIED that in October 2007, Avista, the WUTC staff, and other intervenors in the Washington rate case agreed to accept the depreciation rates proposed in the depreciation study with four exceptions proposed by the WUTC staff. The

NOTICE OF APPLICATION
NOTICE OF INTERVENTION DEADLINE
ORDER NO. 30467

WUTC staff proposed reductions in negative net salvage values Avista uses to determine new depreciation rates in four electric accounts – changes which result in lowered depreciation accrual rates than were proposed in the study. The four accounts include: Account 311 – Structures & Improvements; Account 312 – Boiler Plant Equipment; Account 356 – Overhead Conductor and Devices; and Account 369 – Services. *Id.* at 3. On October 29, 2007, the parties in the Washington case settled all remaining issues in the general rate case including an agreement for an effective date of January 1, 2008. The Company notes that neither the stipulated depreciation rates nor the settlement of all the remaining issues has yet been approved by the Washington Commission.

YOU ARE FURTHER NOTIFIED that the Company's Idaho depreciation Application updates the Company's depreciation study based upon all plant in-service as of December 31, 2006. Commensurate with the depreciation settlement in Washington, the Company asserts that the annual depreciating expense for electric property in Idaho should be increased by approximately \$128,000 and decreased by approximately \$132,000 for its natural gas property. *Id.* at 4. Approval of the new depreciation rates would be for accounting purposes only and the Company does not seek a change in customer service rates at this time. If approved, the new depreciation rates would become effective January 1, 2008 and the net change in depreciation rates "would be reflected in Avista's next general rate case." *Id.* at 4-5. Staff anticipates that the Company's next general rate case will be filed in the spring of 2008.

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission process its depreciation application under Modified Procedure. In support of its Application, the Company has submitted prefiled testimony of David DeFelice, Senior Business Analyst, with four exhibits.

YOU ARE FURTHER NOTIFIED that the Application, prefile testimony of Mr. DeFelice and his exhibits are available for public inspection during regular business hours at the Commission offices. The Application and prefile testimony and exhibits are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" icon and then "Electric Cases" and "Gas Cases."

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearing must file a Petition to Intervene **on or before December 5, 2007**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate further service in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary shall issue a Notice of Parties. After the Notice of Parties is issued, the Commission anticipates that the parties will informally convene to devise a recommended schedule to process this case and discuss the proposed changes in depreciation rates. In addition to the schedule, the parties may discuss discovery logistics, electronic service, and other scheduling matters.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code and specifically *Idaho Code* § 61-525. The Commission may enter any final Order consistent with its authority under Title 61.

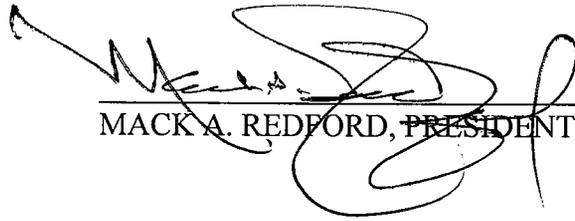
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

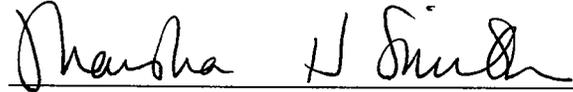
ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this case shall file a Petition to Intervene with the Commission no later than December 5, 2007.

IT IS FURTHER ORDERED that after the Notice of Parties is issued, the Staff shall convene an informal prehearing conference with the parties to discuss the processing and the issues in this case.

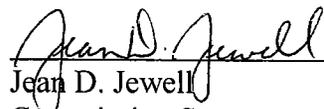
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th
day of November 2007.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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NOTICE OF APPLICATION
NOTICE OF INTERVENTION DEADLINE
ORDER NO. 30467