

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION DBA AVISTA) **CASE NO. AVU-G-09-03**
UTILITIES FOR AUTHORITY TO)
DECREASE ITS NATURAL GAS RATES) **NOTICE OF APPLICATION**
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **NOTICE OF**
) **COMMENT/PROTEST DEADLINE**
)
) **INTERLOCUTORY**
) **ORDER NO. 30826**

YOU ARE HEREBY NOTIFIED that on May 19, 2009, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to adjust its natural gas tariff Schedule 155 amortization rates to refund additional deferred amounts in its Purchased Gas Cost Adjustment (PGA) balancing account.

More specifically, the Company seeks to increase its monthly Schedule 155 amortization rate by 8.1¢ per therm from 7.711¢ to 15.805¢ for Schedules 101 (General Service) and 111 (Large General Service) customers. Schedule 101 residential and small commercial customers using an average of 65 therms per month will see a monthly bill reduction of \$5.26 (or 6.7%), from a present bill of \$78.23 to a bill of \$72.97 per month. Large interruptible customers (Schedule 131) will see a decrease in gas rates as their Schedule 155 amortization rate increases from 6.574¢ to 12.033¢ per therm. The Company requests that the proposed tariff changes be made effective on June 1, 2009.

The Commission in this Interlocutory Order approves the Company's Application for a natural gas rate reduction effective June 1, 2009, and establishes a schedule for Modified Procedure (IDAPA 31.01.01.201-204) and written comment.

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BACKGROUND

On September 30, 2008, the Commission in Avista's annual Purchased Gas Cost Adjustment (PGA) filing authorized the use of a \$0.78646 per therm weighted average cost of gas (WACOG) for the Company's Schedule 150 tariff and approved an amortization rate of 1.727¢/therm for the Schedule 155 tariff used to refund the credit amount in the deferred gas cost balancing account to customers. Case No. AVU-G-08-03, Order No. 30646.

Since September 30, 2008, wholesale natural gas prices have fallen below the projected prices used to calculate the approved WACOG. As a result of lower gas cost purchases, deferred gas costs (i.e., the refund balance) due customers have grown significantly.

On January 6, 2009, the Commission approved the Company's request to increase the Schedule 155 amortization rate from 1.727¢ per therm to 7.711¢ per therm to refund an increase in the credit balance for customers of approximately \$4 million through October 31, 2008. Case No. AVU-G-09-02, Order No. 30714.

Avista states that it has received considerable feedback from customers regarding lower wholesale natural gas prices. Given this feedback, higher winter heating bills, and the ongoing recession, the Company believes that it is appropriate to again reduce natural gas rates. In this filing, the Company proposes to adjust the amortization rate to refund additional deferred amounts accumulated since November 2008 (December-April) to customers over a 12-month period. These additional deferred amounts result in an incremental balance of approximately \$6.4 million accumulated since November. The Company is not proposing to change the WACOG approved in 2008.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. AVU-G-09-03. We find the June 1, 2009, effective date requested by the Company for a decrease in its natural gas rates does not allow sufficient time for notice, investigation and comment. It is fair, just and reasonable, however, to approve the Company's request for an increase in its Schedule 155 amortization rate and related reduction in natural gas rates by Interlocutory Order for the proposed effective date. We establish the schedule below for Modified Procedure and written comments and will take up and consider the Company's Application and continued reasonableness of our Interlocutory Order again following the written comment deadline.

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NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-G-09-03. The Commission has preliminarily determined that the public interest regarding the Company's Application may not require a hearing to consider the issues presented and that issues raised by the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. AVU-G-09-03 is **Friday, June 19, 2009**. Persons desiring a hearing must specifically request a hearing in their written protest or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and enter its Order without a formal hearing. If comments or protests are filed 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 positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-G-09-03 should be mailed to the Commission and the Company 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, ID 83702-5918

Brian Hirschhorn
Craig Bertholf
Avista Utilities
1411 E. Mission
PO Box 3727
Spokane, WA 99220-3727
E-mail: brian.hirschhorn@avistacorp.com
craig.bertholf@avistacorp.com

All 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.

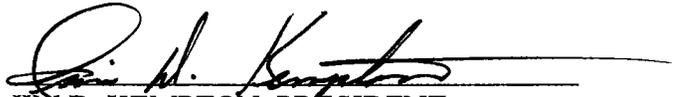
YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-G-09-03 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho offices of Avista Utilities.

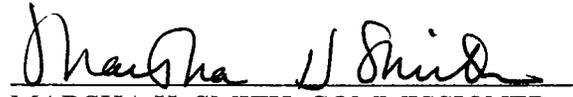
ORDER

In consideration of the foregoing and as more particularly described above, the Commission by this Interlocutory Order approves Avista's Application and revised amortization rates for Schedule 155 for an effective date of June 1, 2009. The Company is directed to file conforming tariffs.

IT IS FURTHER ORDERED and the Commission approves the foregoing schedule for Modified Procedure and deadline for written comments.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of May 2009.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:AVU-G-09-03_sw

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