

Avista Corp.
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December 7, 2009

Mr. David Danner
Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: Filing of Power Purchase Agreement Between Avista Turbine Power and Avista Corporation pursuant to RCW 80.16.020 (Affiliated Interest)/ See Also Docket No. UE-090134

Dear Mr. Danner:

In Avista's pending general rate case, Docket UE-090134, the Company advised the Commission and all parties of record that Avista Turbine Power would enter into a Power Purchase Agreement (PPA) with Avista Corporation pursuant to which Avista Turbine Power will transfer the right to all of the capacity and all of the electrical output from the Lancaster project under the Lancaster PPA to Avista Corporation for the period of 1/1/2010 through 10/31/2026. This transfer would reflect the same commercial terms as previous transfers to both Avista Energy (6/15/2000 – 6/30/2007) and Coral Power (6/30/2007 – 12/31/2009), and would be at cost. See Post-Hearing Brief of Avista Corporation, at p. 17 (fn. 14) (Docket No's UE-090134 & UG-090135) The Company also advised the Commission that this transfer would only become effective upon receipt of acceptable regulatory approvals from this Commission. (Id. at pp. 16-18)

The Company also informed the Commission that, although the details of the Lancaster transaction have already been fully disclosed and examined in the pending GRC docket (UE-090134) and a decision on cost recovery is pending, the Company would be filing a copy of the contract between Avista Turbine Power and Avista Corporation when executed and before it becomes effective, pursuant to the affiliated interest provisions of RCW 80.16.020 and WAC 480-100-245. (See Avista Brief at p. 18, fn. 15) Enclosed for filing with the Commission is a copy of the Lancaster PPA, which was recently executed as

part of Avista's filing with FERC to implement the transfer of rights on January 1, 2010, but which, by its express terms, will not become effective unless and until this Commission has provided necessary regulatory approvals. (The copy of the PPA and the related FERC filing are contained within the enclosed CD).

Please feel free to contact me at 509.495.4316 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'DMeyer', with a horizontal line extending to the right.

David Meyer
Vice President and Chief Counsel of
Regulatory and Governmental Affairs

Enclosure

cc: Judge Torem
All Parties in Docket Nos. UE-090134, UG-090135 & UG-060518 (consolidated)