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July 13, 2007

Hon. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First St., N.E.  
Washington, DC 20426

RE: ***Avista Corporation***  
***Docket No. OA07-\_\_-000***  
***Order No. 890 Compliance Filing under Section 206 of the Federal Power Act***

Dear Secretary Bose:

Pursuant to 18 C.F.R. Part 35, Section 206 of the Federal Power Act, 16 U.S.C. § 824d, and Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*, 118 FERC ¶ 61,119 (2007) (“Order No. 890”), Avista Corporation (“Avista”) hereby submits for filing with the Federal Energy Regulatory Commission (“Commission”) Avista’s compliance filing as required by Order No. 890 and the Commission Order dated April 11, 2007 extending the compliance date until July 13, 2007.

**I. CONTENTS OF FILING**

Avista respectfully tenders for filing an electronic copy of the following documents:

1. Transmittal letter;
2. Redlined pages showing revisions to Avista’s Tariff pursuant to the Commission’s redline OATT attached to Order No. 890; and
3. Clean version of a new Fourth Revised Volume No. 8 FERC Electric Tariff which replaces entirely Avista’s Third Revised Volume No. 8 FERC Electric Tariff.

## II. COMMUNICATION

Avista respectfully requests that the following persons be included on the official service list in these proceeding and that all communications concerning this filing be addressed to them:

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## III. DESCRIPTION OF FILING

This filing is submitted on behalf of Avista in response to Order No. 890 and the Notice of Electronic Filing Guidelines for Open Access Transmission Tariffs issued on April 6, 2007. Avista submits this filing under Section 206 of the Federal Power Act as required by the Commission. The accompanying redline document shows changes from Avista's Third Revised Volume No. 8 of both Order 890 changes and new provisions submitted in accordance with Order 890 as set out below. The redline does not show changes in the Tables of Contents and its pagination is different than in the clean version. A copy of this filing has been posted on Avista's OASIS.

Avista has chosen the option provided in Order No. 890 at ¶ 135 n.106 of filing a completely revised Volume for its Tariff, rather than just submitting revised pages. Thus, Avista's Tariff is renumbered as its Fourth Revised Volume No. 8, and has been repaginated with a new and up to date Table of Contents. This is being done to make the Tariff easier to use for Avista and its Transmission Customers.

Avista previously filed on April 16, 2007, an optional Section 205 filing in Docket No. OA07-05-000 identifying provisions of Avista's then existing Third Revised Volume No. 8 which Avista intended to carry over to its compliance filing, and which Avista indicated were not substantively affected by the Commission's redline changes to the pro forma OATT but nonetheless requested the Commission's concurrence with such indication. All of the provisions from that filing have been carried over to the enclosed filing, anticipating that they will be accepted by the Commission.

In this filing, Avista has also included the forms of the LGIA, LGIP, SGIA and SGIP as previously ordered by the Commission and deemed to be in Avista's Third Revised Volume No. 8 as a result of those orders.<sup>1</sup> Thus, each of these Attachments is filed here in a form that complies with all prior Commission orders. The redline shows that portion of the SGIA Rehearing edits, which were not yet physically included in the Third Revised Volume.

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<sup>1</sup> Letter Orders issued in Docket Nos. ER05-577 and ER05-1320 issued on April 18, 2005 and October 12, 2005, respectively; *see also Standardization of Small Generator Interconnection Agreements and Procedures*, 111 FERC ¶ 61,220, ¶ 544 (2005).

Avista further submits a number of changes to the Commission's redline pro forma OATT text from Order No. 890, which Avista believes are intended by the Commission, or which are non-substantive changes required to be consistent with the paragraph lettering conventions and defined terms previously accepted by the Commission and included in Avista's Tariff. These changes of an errata nature include the following:

1. Capitalization of the "C" in the words curtail or curtailment throughout per the defined terms in Avista's Tariff.
2. Replace subparagraph numbers with letters, to fit the style and to be consistent with the standard convention of Avista's Tariff.
3. Addition of an omitted "of" in the definition of Load Ratio Share in Section 1.19.
4. Capitalization of "Reserved Capacity" in Section 3 where it appears the defined term is being used.
5. Capitalization of "Transmission Service" in Section 3 where it appears the defined term is being used.
6. Insert the word "Transmission" in Section 13.6 to be consistent with the defined term.
7. Capitalization of "Application" in Section 17.7 where it appears the defined term is being used.
8. Capitalization of "Service Agreement" in Section 23.1 where it appears the defined term is being used.
9. Capitalization of "Network Resources" in Section 29.2 where it appears the defined term is being used.
10. Insert May 14, 2007, as the date referred to in Section 30.9.
11. Capitalization of "S" in Section to be consistent with similar uses in the pro forma OATT, such as in Section 31.6.
12. Deletion of the reference to "WSCC" in Section 35.2 to parallel the Commission's deletion of the reference to "NERC" in favor of "ERO".
13. Revise Avista's LGIA and SGIA Attachment designations as Attachments M and N respectively.

In addition, Avista is proposing certain additions to the pro forma OATT as directed or permitted by the terms of Order 890. These include:

1. Provisions to Credit the Penalty Portion of Energy Imbalance and Generator Imbalance Charges – Per the Commission's direction in ¶ 727 of Order No. 890, Avista has added language to the end of Section 4 (Energy Imbalance Service) and Section 9 (Generation Imbalance Service) to provide a mechanism for "Qualifying Transmission Customers" to be credited their respective load ratio share of the penalty portion of Energy Imbalance Service charges and Generator Imbalance Service charges, i.e., where an offending Transmission Customer is charged for imbalance energy at a rate greater than the defined incremental cost;
2. Allocation Methodology for Windows Associated with "No Earlier Than" Requirements for Transmission Service Requests – Avista's business practices have established "no earlier than" requirements for reservation requests for Firm Point-to-Point Transmission

Service. Additionally, Section 18.3 of the Commission's pro forma OATT prescribes "no earlier than" requirements for reservation requests for Non-Firm Point-to-Point Transmission Service. Per the Commission's direction in ¶ 1418-1422 of Order No. 890, Avista has proposed new language to establish a five-minute window wherein, in the event applicable standard reservation priorities (e.g., duration, price, pre-confirmation, etc.) do not apply, and the lone remaining priority standard is time of submittal, such reservation requests are deemed to be simultaneous and available transmission capacity is allocated among the competing requests. Avista's proposed allocation is set forth in Sections 13.2 and 14.2 of the Tariff;

3. Attachment L Credit Provisions – Avista has incorporated its Transmission Credit Policy as Attachment L to the Tariff, per the Commission's direction in ¶ 1656-1658 of Order No. 890. This policy has previously been posted to Avista's OASIS and has been updated and revised to conform to the defined terms of the Tariff and to incorporate the required provisions outlined in Attachment L to the Commission's pro forma OATT of Order No. 890; and
4. Proposal for the Clustering of Studies – Per the Commission's direction in ¶ 1371 of Order No. 890, Avista has added new Sections 19.10 and 32.6 to incorporate a process to consider the clustering of System Impact Studies and Facilities Studies. The proposed sections describe how Avista will process requests to cluster studies and specifies the obligations of Eligible Customers who have elected to join a cluster.

## V. CONCLUSION

For the reasons set forth above, Avista respectfully requests that the Commission accept the provisions discussed herein and highlighted on the attached tariff sheets for filing with an effective date of July 13, 2007. Thank you for your consideration of the documents submitted herewith.

Very truly yours,

PAINE HAMBLEN LLP

*Gary A. Dahlke*

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Attorneys for Avista Corporation