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July 13, 2007

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

RE: *Avista Corporation*  
*Docket No. ER07-\_\_\_\_-000*  
*Section 205 Filing of Proposed Changes to July 13, 2007 OATT Compliance*  
*Filing*

Dear Secretary Bose:

Pursuant to 18 C.F.R. Part 35, Section 205 of the Federal Power Act, 16 U.S.C. § 824d, Avista Corporation (“Avista”) hereby submits for filing revised tariff sheets for its pending FERC Electric Tariff Revised Volume 4 (Open Access Transmission Tariff) (“Tariff”). Avista understands that this voluntary Section 205 filing will be assigned an ER docket number, and it is not under the electronic filing rules as indicated at page 4 of the April 16, 2007 Guidance Order.

**I. CONTENTS OF FILING**

Avista respectfully tenders for filing an original and six (6) copies of the following documents. Additionally, please conform and return one copy in the enclosed self-addressed stamped envelope.

1. Transmittal letter;
2. Redlined revised Tariff sheets showing changes from Avista’s Order No. 890 Compliance Filing being submitted separately, but concurrently; and

3. Clean versions of the following revised Tariff sheets:

- First Revised Sheet Nos. 16, 29 and 34 (Sections 1.41, 13.2 and 14.2)
- First Revised Sheet Nos. 16, 17, 18 and 55 (Sections 1.43 and 23.1)
- First Revised Sheet No. 18 (Section 1.57)
- First Revised Sheet No. 27 (Section 12)
- First Revised Sheet No. 41 (Section 17.1)
- First Revised Sheet No. 45 (Section 18.3)
- First Revised Sheet No. 46 (Section 19.1)
- First Revised Sheet Nos. 90, 91, 92 and 93 (Schedule 9)
- First Revised Sheet No. 101 (Attachment A-1)
- First Revised Sheet No. 111 (Attachment E).

Avista will mail notice to its transmission customers and post a copy of this filing on its OASIS. Avista will correct its OATT on its web site when Avista receives acceptance of the proposed changes from the Commission.

## **II. COMMUNICATION**

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

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## **III. DESCRIPTION OF FILING**

Concurrent with this filing and pursuant to the Commission's Guidance on Order No. 890 Compliance, Avista is submitting separately its electronic filing of a completely revised volume for its Tariff (Docket No. OA07-28-000), with the compliance effective date of July 13, 2007.

Avista submits this filing pursuant to Section 205 of the Federal Power Act and the procedures from Order No. 890 for seeking variations from the pro forma OATT contained in that compliance filing. Avista submits that each of the variations set forth below are consistent with or superior to the Order No. 890 pro forma OATT. Avista seeks approval of the revised tariff sheets submitted herewith, with an effective date of July 13, 2007. This date would be consistent with Avista's compliance filing effective date and would conform Avista's Tariff to correct the language for the reasons set forth below.

Additionally, Avista will be submitting a separate Section 205 filing, jointly with other Pacific Northwest Investor-Owned Utilities, wherein Avista is filing a revision to Section 30.3 related to the timing of resource un-designations.

**A. Pre-Confirmed Requests for Transmission Service.** Sections 13.2 and 14.2 of the Order No. 890 pro forma OATT use the new defined term “Pre-Confirmed Application” in reference to the processes to obtain Short-Term Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service. The Order No. 890 pro forma OATT also defines Pre-Confirmed Application in the context of an “application” for Transmission Service followed by the execution of a Service Agreement. In practice, the Short-Term Firm and Non-Firm Point-to-Point Transmission Service processes only require a “request” on the Transmission Provider’s OASIS from a Transmission Customer who has previously executed an enabling Service Agreement. No separate written application is needed and no new Service Agreement will be tendered. Pre-confirmations only have meaning in the context of reservation requests on OASIS. Additionally, the Order No. 890 pro forma OATT appropriately uses the term “Pre-Confirmed Request” in Sections 17.2 and 18.2. Therefore, for clarity and consistency, Avista proposes to change the definition in Section 1.41 from “Pre-Confirmed Application” to “Pre-Confirmed Request,” delete the reference in the definition to another “Service Agreement” which is not, in fact, required, and make the applicable revisions to the references to the defined term (from “Pre-Confirmed Application” to “Pre-Confirmed Request”) in Sections 13.2 and 14.2 of the Tariff.

**B. Definition of Reseller.** The pro forma OATT, prior to Order No. 890, contained an internal definition of “Reseller” in Section 23.1. Order No. 890 requires the use of this term elsewhere in the OATT, not in juxtaposition with Section 23.1, including Attachment A-1. Avista proposes to move the definition of “Reseller” to the definitions section as new Section 1.43, and delete the internal definition from Section 23.1.

**C. Definition of Working Day.** Avista’s pre-Order No. 890 Tariff, as approved by the Commission, contained a definition of Working Day used throughout the Tariff. Avista proposes to conform this definition to current practice by inserting the term “NERC” prior to the exception for “holidays” in Section 1.57 in order to make it clear that the holidays intended to be recognized are those identified by NERC in its standard practices.

**D. Introduction to Section 12.** The introduction to Section 12 (Dispute Resolution) of Avista’s pre Order No. 890 OATT contains a paragraph which references alternate procedures for dispute resolution in the event that both the Transmission Provider and the Transmission Customer are members of a “Regional Transmission Group” (“RTG”). This is an outdated reference. The RTG in Avista’s subregion (the Northwest Regional Transmission Association) has been dissolved, and termination of the rate schedules for this RTG was accepted by the Commission in Docket No. ER05-774, on May 20, 2005. Accordingly, Avista proposes to delete the reference to an RTG as a qualification to the OATT dispute resolution procedures.

**E. Notices under the Tariff.** Section 17.1 provides for requests for Firm Point-to-Point Transmission Service to be addressed to the attention of the “Transmission Contracts Agent.” Avista wishes to change this to “Manager, Transmission Services” to properly reflect its current organization of responsibilities for administering the Tariff.

**F. Timing of Non-Firm Reservations.** Section 18.3 of the Commission’s pro forma OATT specifies a “no earlier than” restriction (noon on the Working Day before service is to commence) for submitting hourly Non-Firm Point-to-Point Transmission Service requests. In order to allow Avista staff more time to process requests, Avista proposes to change the “no earlier than” restriction specified in the Tariff to 10:00am on the Working Day before service commences. Avista recognizes that it might establish such a change via its business practices, but feels the OASIS capabilities within the region have advanced to such a point that it is appropriate to implement this less restrictive criterion in Avista’s Tariff.

**G. Conflict in Sections 19.1 and 19.3.** Avista proposes to clarify a potential conflict in the interpretation of Sections 19.1 and 19.3. Section 19.1 requires the Transmission Provider to inform the Eligible Customer if a System Impact Study is required. The Eligible Customer is required to notify the Transmission Provider if it elects not to have the Transmission provider study redispatch or conditional curtailment as part of the System Impact Study. Thus, the default under Section 19.1 is for the Transmission Provider to study redispatch and conditional curtailment, unless the Eligible Customer affirmatively opts out.

In contrast, Section 19.3 requires the Transmission Provider to complete the System Impact Study, including identifying redispatch options and conditional curtailment only “(when requested by a Transmission customer).” Thus, under Section 19.3, the Transmission Provider will not study redispatch options and conditional curtailment unless the customer opts in.

This inconsistency can be addressed by deleting the word “not” in Section 19.1 so that it reads: “Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study.” In this way, the default in both sections is not to study redispatch and conditional curtailment unless the customer requests that the Transmission Provider study those items (*i.e.*, opts in).

**H. Generator Imbalance Service.** Revisions to Schedule 9 – Generator Imbalance Service have been made to conform Schedule 9 to the same structure, terms and conditions included in Avista’s Schedule 4 – Energy Imbalance Service, consistent with the Commission’s pro forma Schedules 4 and 9 set forth in Order No. 890. Avista’s existing Schedule 4, as accepted by the Commission in Docket No. ER06-1475-000 and submitted by Avista for the Commission’s confirmation in Avista’s optional Section 205 filing in OA07-05-000, already incorporates the three-tiered bandwidth approach set forth by the Commission in Order No. 890. The existing Schedule 4 provides additional flexibility for the Transmission Customer to elect to settle imbalances in Band 1 either physically or financially and also provides a specific definition for incremental cost (the index-based “Hourly Pricing Proxy”) for simplicity and clarity in the settlement of imbalances in all bands. With this proposed revision, Schedules 4 and 9 will be the same, apart from their respective applications to loads and generators within Avista’s balancing authority area (Control Area).

**I. Use of Schedule A-1 for Short-Term Firm Assignments.** The title to Schedule A-1 from Order No. 890 identifies the form as applicable to “Long Term” resale assignments, which would appear to limit its use to transactions of twelve months or longer. Avista proposes

to use this same form for resale of Transmission Service purchased for periods of less than twelve months, if necessary. Accordingly, Avista proposes to delete the reference in the title of Schedule A-1 to "Long Term."

**J. Reference to Customers in Attachment E.** Attachment E of Avista's pre-Order No. 890 Tariff contains an outdated reference to a list of customers for Point-to-Point Transmission Service. These customers are currently shown on Avista's Electronic Quarterly Report. Avista proposes to delete the reference in Attachment E to a list of customers, and to add "Customers are identified on Transmission Provider's Electronic Quarterly Report."

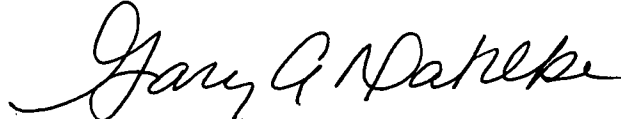
**V. CONCLUSION**

For the reasons set forth above, Avista respectfully requests that the Commission accept the provisions discussed herein and highlighted on the attached tariff sheets with an effective date of July 13, 2007. Avista respectfully requests waiver of the sixty (60) day prior notice requirement so that the enclosed revisions can be effective on the same date as Avista's OATT compliance filing.

Thank you for your consideration of the documents submitted herewith.

Very truly yours,

PAINE HAMBLEN LLP



Gary A. Dahlke

Attorneys for Avista Corporation

Enclosures

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**REDLINE VERSION**

**OF**

**OPEN ACCESS TRANSMISSION TARIFF**

**OF**

**AVISTA CORPORATION**

**FERC ELECTRIC TARIFF**

**FOURTH REVISED VOLUME NO. 8**

**("TARIFF")**

**POINT-TO-POINT TRANSMISSION SERVICE**

**AND**

**NETWORK INTEGRATION TRANSMISSION SERVICE**

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**1.37 Point(s) of Delivery:**

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

**1.38 Point(s) of Receipt:**

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

**1.39 Point-to-Point Transmission Service:**

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

**1.40 Power Purchaser:**

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

**1.41 ~~Pre-Confirmed Application Request:~~**

~~An Application request for short-term firm or non-firm Point-to-Point Transmission Service on the Transmission Provider's OASIS that commits the Transmission Customer to the purchase execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested of such Transmission Service upon acceptance of the request by the Transmission Provider.~~

**1.42 Receiving Party:**

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

**1.43 Regional Transmission Group (RTG):**

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

**1.44 Reseller:**

A Transmission Customer that sells, assigns or transfers its rights under its Service Agreement.

**1.445 Reserved Capacity:**

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**1.465 Service Agreement:**

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

**1.476 Service Commencement Date:**

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

**1.487 Short-Term Firm Point-to-Point Transmission Service:**

Firm Point-to-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.498 System Condition:**

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the Curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

**1.5049 System Impact Study:**

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-to-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

**1.510 Third-Party Sale:**

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

**1.521 Transmission Customer:**

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

**1.532 Transmission Provider:**

Avista Corporation (Avista Corp.), or its Designated Agent, which owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

**1.543 Transmission Provider's Monthly Transmission System Peak:**

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

**1.554 Transmission Service:**

Point-to-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.565 Transmission System:**

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

**1.576 Working Day:**

The days Monday through Friday, excluding NERC holidays.

**2. Initial Allocation and Renewal Procedures**

**2.1 Initial Allocation of Available Transfer Capability:** For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

