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September 5, 2008

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

**RE: Avista Corporation
Docket No. OA08-_____
Compliance Filing for Order No. 890-B**

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-B, *Preventing Undue Discrimination and Preference in Transmission Service*, 123 FERC ¶ 61,299 (2008) ("Order No. 890-B"), Avista Corporation ("Avista") hereby submits for filing with the Federal Energy Regulatory Commission ("Commission") its compliance filing as required by Order No. 890-B.¹

I. Contents of Filing

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

1. Transmittal letter;
2. Redline versions of the revised pages of Avista's Open Access Transmission Tariff ("OATT") incorporating those revisions specified by the Commission in Order 890-B; and
3. Clean versions of the revised pages of Avista's OATT.

¹ Order No. 890-B at P 6.

II. Communications

Avista respectfully requests that the following persons be included on the official service list in these proceedings 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 the Commission's June 23 Order 890-B. Avista submits this filing under section 206 of the Federal Power Act as required by the Commission. A copy of this filing has been posted on Avista's OASIS.

In this filing, Avista makes the following revisions to its OATT:

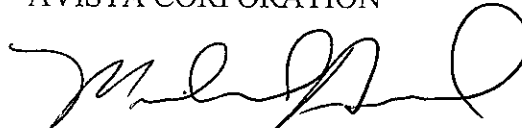
- Revised Sheet No. 15 – Avista revises Section 1.28 of its OATT to clarify the definition of Network Resource as specified in the pro forma OATT provided in Order 890-B; and
- Revised Sheet No. 19 – Avista revises Section 2.2 of its OATT regarding Reservation Priority For Existing Firm Service Customers as specified in the pro forma OATT provided in Order 890-B; and
- Revised Sheet No. 64 – Avista revises Section 29.2(viii) of its OATT to clarify the attestation requirements regarding Network Resources as specified in the pro forma OATT provided in Order 890-B; and
- Revised Sheet Nos. 65 and 66 – Avista revises Sections 30.1 and 30.2 of its OATT regarding the designation of Network Resources as specified in the pro forma OATT provided in Order 890-B; and
- Revised Sheet No. 67 – Avista revises Section 30.4 of its OATT regarding the operation of Network Resources as specified in the pro forma OATT provided in Order 890-B.

IV. Conclusion

Avista respectfully requests that the Commission accept Avista's compliance filing and each of the revised tariff sheets with an effective date of September 8, 2008. Thank you for your consideration of the documents submitted herewith.

Sincerely,

AVISTA CORPORATION

A handwritten signature in black ink, appearing to read "Michael G. Andrea", written over a horizontal line.

Michael G. Andrea
Staff Attorney

Enclosures

Redline Versions
Avista Corporation's Revised OATT Pages
Order No. 890-B Compliance Filing

1.28 Network Resource:

Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a ~~Commission approved~~ reserve sharing program.

1.29 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.30 Non-Firm Point-to-Point Transmission Service:

Point-to-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-to-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.31 Non-Firm Sale:

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

1.32 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.33 Part I:

Tariff definitions and common service provisions contained in Sections 1 through 12.

1.34 Part II:

Tariff Sections 13 through 27 pertaining to Point-to-Point Transmission Service in conjunction with the applicable common service provisions of Part I and appropriate schedules and attachments.

1.35 Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable common service provisions of Part I and appropriate schedules and attachments.

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.

2.2 Reservation Priority For Existing Firm Service Customers:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to ~~the longest~~ a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more.

The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890] or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890]; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the [date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890].

3. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following

- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the Network Resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable

efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities:

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement:

The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30. Network Resources

30.1 Designation of Network Resources:

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. For purposes of temporary termination under Section 30.3, all or part of such generation associated with a NERC-registered Point of Receipt, behind which there are no transmission constraints, may be treated as a single Network Resource. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources:

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (i) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (ii)

The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources:

The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated or, where appropriate, identification of the NERC-registered Point of Receipt to which Network Resources are assigned and the capacity to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
- (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be

deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a ~~Commission-approved-reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load.~~ This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation:

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practicable, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

Clean Versions
Avista Corporation's Revised OATT Pages
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