

ISSUED: May 14, 2009

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 171(1)
Phase II

In the Matter of

AVISTA CORPORATION, dba AVISTA
UTILITIES,

SB 408 Tax Report for Calendar Year 2007.

PREHEARING CONFERENCE
MEMORANDUM

DISPOSITION: SCHEDULE ESTABLISHED

The Public Utility Commission of Oregon (Commission) held a prehearing conference in this docket on May 13, 2009. Appearing at the conference were Commission Staff, Avista Corporation, dba Avista Utilities (Avista), the Citizens' Utility Board of Oregon, and the Northwest Industrial Gas Users.

The purpose of the conference was to set a schedule for the second phase of this docket. The parties proposed, and I adopted, the following procedural schedule:

| EVENT | DATE |
|------------------------------------------|---------------------------|
| Avista's Opening Testimony | June 15, 2009 |
| Settlement Conference | July 7, 2009 ¹ |
| Staff's & Intervenor's Opening Testimony | July 28, 2009 |
| Avista's Rebuttal Testimony | August 21, 2009 |
| Hearing | September 23, 2009 |
| Simultaneous Post-Hearing Briefs | October 16, 2009 |
| Oral Argument | October 23, 2009 |
| End of Tariff Suspension | December 1, 2009 |

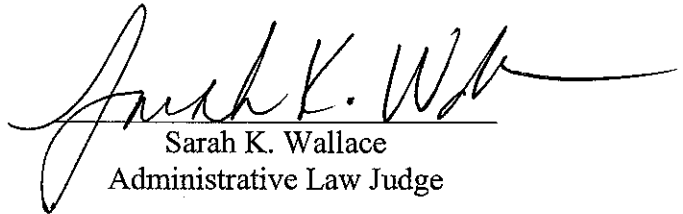
In addition, I clarified the Commission's expectations for this docket, including the following points:

- Temporary rule OAR 860-022-0041(1), adopted April 14, 2009, applies in this case.

¹ The parties may reschedule the settlement conference without notifying the Commission. Staff will provide notice of the conference.

- The parties should submit evidence and argument relating to all of the various factors the courts have considered in determining whether rates are confiscatory, and not limit evidence and argument to Avista's rate of return on equity.
- The parties should submit evidence on the effect of reducing the refund amount or spreading the refund over several years on Avista's rates during the period the refund would be in effect.
- If the parties are able to reach a settlement in this case, any stipulation should include sufficient information for the Commission to independently find that allowing the automatic adjustment clause to go into effect would result in confiscatory rates.

Dated this 14th day of May, 2009, at Salem, Oregon.



Sarah K. Wallace
Administrative Law Judge