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October 24, 2008

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

Re: Tariff WN U-28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit
Docket No. UE-081769 – Substitute Tariff Filing – Please Do Not Redocket

Dear Mr. Danner:

Attached for filing with the Commission is one copy of the following tariff sheet proposed to be effective November 1, 2008:

Substitute Eighth Revision Sheet 59 Canceling Seventh Revision Sheet 59

Please substitute the attached tariff sheet for Eighth Revision Sheet 59 that was issued September 30, 2008 in Docket No. UE-081769. Avista requests that the proposed substitute tariff sheet be approved on less than statutory notice and that a waiver of customer notice rules in WAC 480-100-194 be granted to allow the tariff sheet to become effective on November 1, 2008.

The proposed substitute tariff sheet reflects a rate adjustment related to a revised, lesser amount of residential exchange program benefits that Avista is expected to receive from the Bonneville Power Administration (BPA) related to BPA's 2009 fiscal year. Avista's prior tariff filing was based on a \$2.027 million benefit applicable to Washington qualifying residential and small farm customers. The benefit has been revised downward from \$2.027 million to \$1.587 million.

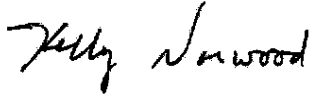
Attachment A is a spreadsheet prepared by BPA showing the calculation of the revised benefit amount of \$2.35 million to be distributed to electric customers we serve in both our Idaho and Washington jurisdictions. The Washington share of the \$2.35 million amounts to \$1.587 million.

Attachment B consists of workpapers that show the derivation of the proposed 0.068¢ per kilowatt-hour rate credit to pass through the revised program benefit amount during the period of November 1, 2008 through October 31, 2009. The proposed rate credit of 0.068¢ is 0.222¢ less than the existing rate credit of 0.290¢, which the new credit will replace. Implementing the new, lower rate credit of 0.068¢ per kilowatt-hour would result in a monthly increase of \$2.22, or a 3.27% increase for a customer using 1,000

kilowatt-hours per month as compared with existing rates. The actual increase will vary based on customer usage. The proposed rate credit will have no effect on Avista's net income.

Avista informed customers of the initial rate filing using a customer notice as a bill insert. Customers will be informed of the lower benefit level and the resulting lower rate credit through newsletters included as bill inserts. The proposed tariff is also available on Avista's website at www.avistautilities.com. Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood
Vice President State and Federal Regulation

RM
Enclosures