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September 30, 2004

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

State of Washington
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive
Olympia, Washington 98504-8002

Attention: Ms. Carole Washburn, Executive Secretary

Tariff WN U-28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit

Enclosed for filing with the Commission are an original and three copies of the following tariff sheet:

Fourth Revision Sheet 59 Canceling Third Revision Sheet 59

The revised tariff sheet sets forth a proposed residential and small farm energy rate adjustment credit of 0.421¢ per kilowatt-hour. The credit results from a residential exchange program aimed at giving electric customers a share of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA). Avista uses the rate credit to pass on to its qualifying electric customers the residential exchange benefits it receives from BPA.

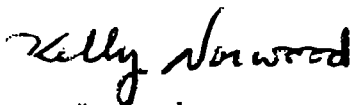
The revised tariff bears an effective date of November 4, 2004. The Company respectfully requests that the revised tariff sheet be approved on less than statutory notice by allowing the tariff to be effective on November 1, 2004. An effective date of November 1, 2004 will allow implementation of the revised rate credit several days sooner than it would otherwise be effective.

The Company is proposing that the rate credit be increased from the existing credit of 0.277¢ per kilowatt-hour to 0.421¢ per kilowatt-hour. The credit was last revised on February 1, 2003 when the existing credit of 0.277¢ was made effective. The proposed credit of 0.421¢ is designed to pass through the projected balance of accumulated benefits at October 31, 2004, as well as the expected level of benefits to be received from BPA during the period November 1, 2004 through October 31, 2005.

The proposed rate credit is a uniform cents per kilowatt-hour decrease of 0.421¢ and would apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. The proposed increase in the rate credit will result in an annual overall reduction in Washington electric revenue of approximately \$3.4 million. The increase in the rate credit will have no effect on Avista's net income. For a residential customer using 1,000 kilowatt-hours per month the new credit would be \$4.21 per month or \$1.44 more than the existing credit of \$2.77 per month. With the new higher credit in place, residential customers' bills will be about 2.5% lower than they were before the increase in the rate credit. The actual reduction will vary based on customer usage.

Enclosed are three copies of the following items: 1) a Certificate of Service, 2) a notice to customers that will be posted in the Company's offices and included as an insert in customer bills, 3) a press release, and 4) workpapers supporting the proposed tariff. Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,



Kelly Norwood
Vice President State and Federal Regulation

RM
Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's residential and small farm energy rate adjustment tariff filing by mailing a copy thereof, postage prepaid to the following parties:

Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation
Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

Robert Cromwell
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900 Fourth Avenue, Suite 2000
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Attorney General of Washington
1400 S. Evergreen Park Dr. SW
P.O. Box 40128
Olympia, WA 98504-0128

Dated at Spokane, Washington this 30th day of September 2004.



Patty Olsness
Rates and Regulation