

Avista Corp.

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December 30, 2008

David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

WN U-29 – Natural Gas Service

Dear Mr. Danner:

Enclosed for filing with the Commission is the following revised tariff sheet:

Tenth Revision Sheet 155 canceling Ninth Revision Sheet 155

This filing proposes to decrease rates for the Company's Washington natural gas customers by approximately 3.7 cents per therm, or about 3.0% for residential and small commercial (Schedule 101) customers. Larger-use customers served under Schedule 111 Schedule 121 would see an average decrease of 3.4% and 3.7%, respectively. The Company requests that the proposed tariff change be made effective on January 16, 2009, with less than statutory notice.

Since the Company's 2008 PGA filing, dated September 15th, wholesale natural gas prices have continued to fall, even below projected prices included in that filing. As a result of lower-cost gas purchases over the past several months, deferred gas costs due customers have grown significantly since the PGA filing. This filing proposes to adjust the amortization rate(s) to refund additional deferred amounts to customers from January through October 2009. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

With the present state of the economy and customers experiencing higher winter heating bills, the Company believes that it is appropriate to reduce natural gas rates at this time. While the Company could support a larger decrease in this filing, it is also concerned about rate volatility in the future, i.e., a larger decrease now could increase the possibility of a PGA increase in the fall of 2009.

The proposed amortization rate included in this filing is a refund rate of approximately 8.4 cents per therm for most customers (reflecting a 3.7 cents per therm decrease)

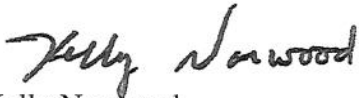
compared to the present amortization (refund) rate of 4.7 per therm. The proposed amortization rate would refund to customers approximately \$9.2 million by October 31, 2009, based on projected customer usage. This amount reflects 80% of the deferral balance of \$11.5 million at the end of November 2008. Refunding the entire \$11.5 million would result in a refund rate of approximately ten cents per therm and, again, would increase the possibility of an increase in the 2009 PGA filing.

The proposed decrease would result in a monthly bill reduction of \$2.60 for a residential customer using an average of 65 therms per month, from a present bill of \$88.00 (including the 1/1/09 rate change) to \$85.40 per month. The Company will issue a media release coincident with this filing, which is enclosed herewith.

Also enclosed is a form requesting that the proposed rates be made effective on less than statutory notice and a copy of the workpapers supporting the proposed decrease.

If you have any questions regarding this filing, please contact Brian Hirschhorn at (509) 495-4723 or Craig Bertholf at (509) 495-4124.

Sincerely,

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

Kelly Norwood
Vice President, State and Federal Regulation

Enc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Tariff WUTC WN-U-29 Natural Gas Service via electronic mail where available or by mailing a copy thereof, postage prepaid to the following:

Chad M. Stokes
Cable Huston Benedict Haagensen &
Lloyd, LLP
1001 SW 5th, Suite 2000
Portland, OR 97204-1136

Paula Pyron
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035-1827

Washington Utilities & Transportation Commission
David W. Danner, Executive Director and
Secretary
1300 Evergreen Park Dr. SW
Olympia, WA 98504
Sent via the UTC Web Portal

Mr. Simon ffitch
Office of the Attorney General
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Spokane County
Ron Oscarson, Director of Facilities
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2000 N Greene Street
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PO Box 1899
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Franz Bakery
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St. Lukes
Attn: Accounts Payable
PO Box 469
Spokane, WA 99210

Quarry Tile
6328 East Utah
Spokane Valley, WA 99212

Dated at Spokane, Washington this 30th day of December 2008.



Patty Olsness
Rates Coordinator