

Avista Corp.  
1411 East Mission PO Box 3727  
Spokane, Washington 99220-3727  
Telephone 509-489-0500  
Toll Free 800-727-9170



May 18, 2009

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:

Eleventh Revision Sheet 155 canceling Tenth Revision Sheet 155

This filing proposes to decrease rates for the Company's Washington natural gas customers by approximately 10 cents per therm, or about 8.1% for residential and small commercial (Schedule 101) customers. Larger-use customers served under Schedule 111 and Schedule 121 would see an average decrease of 9.1% and 8.3%, respectively. The Company requests that the proposed tariff change be made effective on June 1, 2009, with less than statutory notice.

Over the course of this past winter and early spring, wholesale natural gas prices continued to fall. In addition, the weather in the company's service area was colder than normal during this time, resulting in customer usage that was higher than projected. These two factors have resulted in a large deferred gas cost refund balance due customers. In January 2009, the company reduced natural gas rates 3.0% for most customers, to amortize approximately 80% of the deferral balance at the end of November 2009. This filing proposes to adjust the amortization rate(s) to refund additional deferred amounts accumulated since November 2008 (December-April) to customers over a twelve-month period. These additional deferred amounts result in an incremental balance of approximately \$17.9 million accumulated since November. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

The company has received considerable feedback from customers regarding lower wholesale natural gas prices. Given this feedback, higher winter heating bills, and the on-going recession, the Company believes that it is appropriate to again reduce natural gas rates.

The proposed rate decrease and Schedule 155 amortization rate by service schedule is as follows:

	<u>Present Amort. Rate</u>	<u>Decrease per therm</u>	<u>Proposed Amort. Rate</u>
Sch. 101 - Residential & Small Commercial	(\$0.08371)	(\$0.10028)	(\$0.18399)
Sch. 111 – Large Commercial	(\$0.08106)	(\$0.09749)	(\$0.17855)
Sch. 121 – Lg. Comm. & Ind. (over 60k therms/year)	(\$0.06917)	(\$0.08595)	(\$0.15512)

The slightly different amortization rates by rate schedule result from the allocation of pipeline transportation costs.

The proposed decrease would result in a monthly bill reduction of \$7.02 for a residential customer using an average of 70 therms per month, from a present bill of \$86.45 to \$79.43 per month. The Company will issue a media release coincident with this filing, which is enclosed herewith.

The company will also file its annual PGA in the fall. Given the level of the proposed amortization rate reflected in this filing, there may be an increase (a smaller refund rate) to reflect the deferral balance at that time. However, the company has purchased over a third of its projected gas requirements for the 2009-10 PGA year at prices substantially below the present weighted cost of gas in rates. As long as wholesale prices do not escalate considerably prior to the PGA filing, the company expects that it will be able to decrease natural gas rates again this fall.

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, and a copy of the bill insert that will accompany customers' June bill.

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

Sincerely,



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 & Secretary  
1300 Evergreen Park Dr. SW  
Olympia, WA 98504  
Sent via the UTC Web Portal

Mr. Simon ffitch  
Office of the Attorney General  
800 Fifth Avenue, Suite 2000  
Seattle, WA 98164

Spokane County  
Ron Oscarson, Director of Facilities  
1211 W. Gardner Avenue  
Spokane, WA 99260-0060

SCC and SFCC-Purchasing  
2000 N Greene Street  
Spokane, WA 99207

Gonzaga University  
P.O. Box 3464  
Spokane, WA 99220

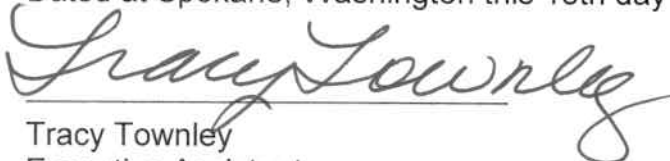
Washington Department of Corrections  
P.O. Box 1899  
Airway Heights, WA 99001

Franz Bakery  
Attn: Jim Groenenthal  
110 N. Fancher  
Spokane, WA 99212

St. Lukes  
Attn: Accounts Payable  
P.O. Box 469  
Spokane, WA 99210

Quarry Tile  
6328 East Utah  
Spokane Valley, WA 99212

Dated at Spokane, Washington this 18th day of May 2009.



Tracy Townley  
Executive Assistant