

Avista Corp.

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December 17, 2009

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

Attention: Mr. David Danner, Executive Director and Secretary

Tariff WN U-29, Natural Gas Service

Enclosed for filing with the Commission is an electronic copy of the following tariff sheet:

Sixteenth Revision Sheet 158 Canceling Fifteenth Revision Sheet 158

The purpose of this filing is to pass through an increase in the utility tax imposed on gross operating revenues for the distribution and sale of manufactured or natural gas to customers within the City of Connell to 6% as specified by Ordinance No. 865. The fee increase is requested to become effective January 20, 2010 and is estimated to increase annual revenues by approximately \$10,700.

On November 4, 2009 the City Council for the City of Connell passed Ordinance No. 865 increasing the utility tax from 5% to 6%. The City enacted the natural gas change through Ordinance No. 865 which becomes effective January 20, 2010.

The Company provides natural gas service to 133 residential, 58 commercial, and 2 transportation customers in the City of Connell.

Gas customers in the City of Connell will see the following notice on their bills for one billing cycle beginning January 20th:

**CONNELL INCREASES GAS UTILITY TAX FROM
5% TO 6% EFFECTIVE JAN 20 PER ORD 865**

The Company requests that the Commission approve the proposed tariff changes included in this filing to be effective January 20, 2010. Enclosed is a copy of the pertinent city ordinance, as well as a "Notice of Tariff Change" which will be posted in the Company's Washington offices coincident with the date of this filing.

Questions or comments regarding this filing should be directed to Joe Miller at (509) 495-4546.

Sincerely,

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

Kelly Norwood
Vice President, State & Federal Regulation
Enclosures

AVISTA CORPORATION
DBA AVISTA UTILITIES

NOTICE OF TARIFF CHANGE
(Natural Gas Service Only)

Notice is hereby given that the "Sheets" listed below of Tariff WN U-29, covering natural gas service, has been filed with the Washington Utilities and Transportation Commission at Olympia:

Sixteenth Revision Sheet 158 Canceling Fifteenth Revision Sheet 158

The purpose of this filing is to pass through an increase in the utility tax imposed on gross operating revenues for the distribution and sale of manufactured or natural gas to customers within the City of Connell to 6% as specified by Ordinance No. 865. The fee increase is requested to become effective January 20, 2010 and is estimated to increase annual revenues by approximately \$10,700.

On November 4, 2009 the City Council for the City of Connell passed Ordinance No. 865 increasing the utility tax from 5% to 6%. The City enacted the natural gas change through Ordinance No. 865 which becomes effective January 20, 2010.

Copies of the proposed tariff changes are available for inspection in the Company's offices and on the Company website at:

www.avistautilities.com/services/energypricing/Pages/default.aspx.

Issue Date: December 17, 2009

Post Until: February 20, 2010

CITY OF CONNELL, WASHINGTON

ORDINANCE NO. 865

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CONNELL, WASHINGTON, AMENDING THE UTILITY TAX ORDINANCE TO INCREASE REVENUE FOR CITY SERVICES AND CAPITAL REQUIREMENTS; ESTABLISHING A SPECIAL REFERENDUM PROCEDURE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council has determined that there will be a deficit balance in the General Fund in upcoming years; and

WHEREAS, the City has availed itself of all appropriate revenue sources currently authorized, and has reduced expenditures; and

WHEREAS, the basic City service levels would be greatly reduced without additional sources of revenue; and

WHEREAS, the City Council has determined that the public interest is best served by increasing the utility tax and applying the income from the utility tax to the General Fund;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONNELL, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Section 3.30.010 of the Connell Municipal Code is hereby amended to read as follows:

3.30.010 Definitions.

For the purposes of this chapter, unless otherwise required by the context, the following definitions will be applied:

(a) "City" means the city of Connell, Washington.

(b) "Competitive telephone service" means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus, such as repair or maintenance service, if the equipment or apparatus are of a type which may be provided by persons not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made. Transmission of communication through cellular telephones is classified as "telephone business" rather than "competitive telephone service".

(c) "Gross operating revenue" means the value proceeding or accruing from the sale of tangible property or service, and receipts (including all sums earned or charged, whether received or not) by reason of the investment of capital in the business engaged in, including rentals, royalties, fees, taxes, or other emoluments, however designated (excluding receipts or proceeds from the use or sale of real property or any interest therein, and proceeds from the sale of notes, bonds, mortgages, or other evidences of indebtedness, or stocks and the like), and without any deduction on account of the cost of the property sold, the cost of

materials used, labor costs, interest or discount paid, or any expense whatsoever, and without any deduction on account of losses.

(d) "Person" or "persons" means individuals of either sex, firms, copartnerships, corporations, and other associations of natural persons, whether acting by themselves or by servants, agents or employees, and shall include the water and sewer department of the city.

(e) "Taxpayer" means any person liable for the license fee or tax imposed by this chapter.

(f) "Telephone business" means the business of providing access to a local telephone network, local telephone network switching service, toll service, cellular telephone service, coin telephone service, telephonic, video, data, or similar communications, or transmissions for hire via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. It further indicates cooperative or farmer line telephone companies or associations operating an exchange. "Telephone business" does not include the providing of cable television service, or the providing of broadcast services by radio or television stations.

(g) "Cellular telephone service" is a two-way voice and data telephone/telecommunications system based in whole, or substantially in part, on wireless radio communications, and which is not subject to regulation by the Washington Utilities and Transportation Commission (WUTC). This includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS), and any other evolving wireless radio communications technology which accomplishes a purpose similar to cellular mobile service.

(h) "Pager service" means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, via satellite or any other form of voice or data transmission.

(i) "Tax year" or "taxable year" means the year commencing January 1st and ending December 31st of the same year, or in lieu thereof, the taxpayer's fiscal year when permission is obtained from the city clerk/treasurer to use the same as the tax period. (Ord. 765 § 1, 2003; Ord. 641 § 1, 1994; Ord. 558 § 1 (part), 1989).

Section 2. Section 3.30.020 of the Connell Municipal Code is hereby amended to read as follows:

3.30.020 Occupations subject to tax.

(a) Electrical Utility. There is levied upon and shall be collected from every person or business selling or distributing electricity and electrical energy, a tax equal to six (6) percent of the gross income derived from sale of such electricity to the ultimate users within the city; provided, however, that there shall not be any tax levied or collected for the installation charges of electrical service units.

(b) Gas Systems. There is levied upon and shall be collected from every person, firm, company or corporation which operates within the city; works, plants, or other facilities for the distribution and sale of manufactured or natural gas, a tax equal to six (6) percent of the gross income derived from the sale of such gas to the ultimate consumers within the city; provided, however, that there shall not be levied or collected any tax for the installation charges for gas services.

(c) Gas Line Use Tax. There is levied upon and shall be collected from every person, firm, company or corporation in the city a use tax for the privilege of using natural

gas or manufactured gas within the city as a consumer. Such use tax shall not exceed one hundred forty thousand dollars per person, firm, company or corporation per calendar year.

(1) The tax shall be imposed at the rate of six (6) percent of the value of the article used by the taxpayer within the city. The "value of the article used" does not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas subject under this subsection, if those amounts are subject to tax under subsection (b) of this section;

(2) The tax imposed under this section shall not apply to use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under subsection (b) of this section, with respect to the gas for which exemption is sought under this subsection;

(3) There shall be a credit against this tax levied under this subsection in an amount equal to any tax paid by:

(A) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 35.21.870 by another state with respect to the gas for which a credit is sought under this subsection, or

(B) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection;

(4) The use tax herein imposed shall be paid by the consumer. The administration and collection of the tax hereby imposed shall be pursuant to RCW 82.14.050;

(5) The mayor is authorized to execute a contract with the Department of Revenue of the state of Washington for the administration and collection of the tax imposed by this section.

(d) Cable TV. There is levied upon and shall be collected from every person or business engaged in or carrying on the business of transmitting television signals by cable, a tax equal to six (6) percent of the gross income derived from such business, and the sale of the service to the ultimate user within the city; provided, however, that there shall not be any tax levied or collected for the installation charge for the cable television service.

(e) Water System. There is levied upon and shall be collected from every person or business selling domestic water via a public water supply and distribution system, a tax equal to six (6) percent of the gross operating revenues from such sales within the limits of the city.

(f) Sewer System. There is levied upon and shall be collected from every person or business selling sanitary sewer services via a collection grid, a tax equal to six (6) percent of the gross operating revenues from such sales within the limits of the city.

(g) Sanitation Service. There is levied upon and shall be collected from every person or business engaged in or carrying on the business of collecting, handling or processing garbage and refuse, a tax equal to six (6) percent of the gross income derived from the sale of such services with the city.

(h) Telephone Business. Upon any telephone business there shall be levied a tax equal to six (6) percent of the total gross operating revenues, including revenues from intrastate toll, derived from the operation of such business within the city.

(i) Cellular Telephone Service. There is hereby levied upon and there shall be collected from every person engaging in or carrying on the cellular telephone or pager service business a fee or tax equal to six (6) percent of the total gross income from such

business conducted within the city of Connell, as indicated by billings and/or charges to Connell customers. The effective date of the tax for both cellular telephone business and the pager service business shall be January 1, 2004. (Ord. 849 § 1, 2009; Ord. 765 § 2, 2003; Ord. 641 § 2, 1994; Ord. 633 § 1, 1994; Ord. 603 § 1, 1992; Ord. 558 § 1 (part), 1989).

Section 3. Section 3.30.025 of the Connell Municipal Code is hereby amended to read as follows:

3.30.025 Fee proceeds.

(a) The tax collected by the city pursuant to Section 3.30.020(b), Gas Systems, Section 3.30.020(c), Gas Line Use Tax, and Section 3.30.020(d), Cable TV, shall be paid into the funds as follows: sixty percent of said sums shall be deposited to the street improvement reserve of the capital facilities fund; twenty percent of said sums shall be deposited to the parks and recreation improvement reserve of the capital facilities fund; and twenty percent of said sums shall be deposited to the general fund.

(b) The tax collected by the city pursuant to Section 3.30.020(e), Water System, shall be deposited into the general fund.

(c) The tax collected by the city pursuant to Section 3.30.020(f), Sewer System, shall be deposited into the general fund.

(d) The tax collected by the city pursuant to Section 3.30.020(g), Sanitation Service, shall be deposited into the general fund.

(e) All remaining taxes collected by the city pursuant to Chapter 3.30 of the Municipal Code shall be paid into the current expense fund of the city. (Ord. 661 § 1, 1995; Ord. 633 § 1, 1994).

Section 4. A new section is added to Chapter 3.30 to read as follows:

Section 4. Referendum Procedure. The provisions of this ordinance are subject to the referendum procedure as follows:


1. A referendum petition seeking to repeal this ordinance shall be filed with the City Clerk, who shall be designated the person to receive petitions of all types, within seven days of the passage by the City Council of this ordinance or publication thereof, whichever is later.
2. Within ten days, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue an identification number for the petition, and cause to be written a ballot title for the measure.
3. The ballot title shall be posed as a question, so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or tax rate increase being imposed, and a negative answer to the question and a negative vote on the measure results in the tax rate increase not being imposed. The petitioner shall be notified of the identification number and ballot title within this ten-day period.
4. After notification of the identification number and ballot title, the petitioner shall have 30 days in which to secure on petition forms the signatures of not less than

15% of the registered voters of the City and to file the signed petitions with the City Clerk.

5. Each petition form shall contain the ballot title and the full text of the measure to be referred. The City Clerk shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted, the City Clerk shall cause the referendum measure to be submitted to the City voters at the next election within the city or at a special election as provided pursuant to RCW 35.17.260(2).

Section 5. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force sixty (60) days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF CONNELL, WASHINGTON, at a Regular meeting thereof this 4 day of November, 2009.



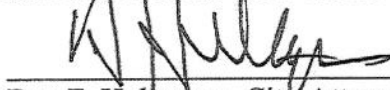
Garland D. Walton, Mayor

ATTEST / AUTHENTICATED:



Maria Peña, City Clerk-Treasurer

APPROVED AS TO FORM:



Dan F. Hultgren, City Attorney

Filed with the City Clerk:	<u>11/4/09</u>
Passed by the City Council:	<u>11/4/09</u>
Published:	<u>11/12/09</u>
Effective Date:	<u>1/20/09</u>
Ordinance Number:	<u>865</u>