

Avista Corp.
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Spokane, Washington 99220-0500
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September 30, 2010

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

VIA Email and US mail

Re: Docket Nos. UE - 100467 and UG – 100468 (consolidated)

In accordance with WAC 480-90/100-198, please be advised the required customer notice in the above-referenced dockets was mailed as a bill insert in customer's regular monthly bill commencing with billings issued on and after September 1, 2010. A copy of the bill insert is attached.

Approximately 233,862 electric customers and approximately 147,016 natural gas customers are affected by the Company's filing.

Please contact Paul Kimball at (509) 495-4584 for additional information about this filing or the posting.

Sincerely,

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

Kelly Norwood
VP, State & Federal Regulation

Enclosures

cc: Service List

HOW CAN YOU PARTICIPATE IN THE RATE PROPOSAL PROCESS?

The UTC will conduct Public Hearings and take comments from the public on **October 6, 2010**. Council Chambers, City of Spokane
808 W. Spokane Falls Blvd | 5:30 p.m. to 7:00 p.m.

You may contact the UTC with questions or to share your comments several ways.

Write to: UTC online comment form:
WA UTC / P.O. Box 47250 www.utc.wa.gov/comment
Olympia, WA, 98504-7250

By e-mail at: By phone at By fax at:
comments@utc.wa.gov (888) 333-WUTC(9882) 360-664-4291

For more information, go to www.utc.wa.gov. If you write, include your name and mailing address, the name of the company (Avista), and Docket UE-100467/JUG-100468. If you are unable to attend, you may still share your comments.

COMMISSION INVESTIGATION

The UTC is conducting an investigation and will hold hearings to examine the requested increase(s). The UTC has the authority to set final rates that may be different from the requested increase(s) based on the results of the investigation. The UTC can take up to eleven months to review the filing and will issue its ruling on or before February 22, 2011.

For more information about the proposed rate increase, conservation tips and energy efficiency programs, energy assistance programs and bill payment plans, visit us at www.avistautilities.com or contact us at (800) 227-9187.

The public is represented by the Public Counsel Section of the Washington State Attorney General's Office. You can contact them via the web at www.atg.wa.gov/utilities.aspx, or by email at utility@atg.wa.gov.

Avista Utilities

PO Box 3727 • 1411 E. Mission
Spokane, WA 99220

BILL ASSISTANCE & PAYMENT OPTIONS

Payment Arrangements can be made on an individual basis to those in need. Customers may qualify for a special payment arrangement—and with an online account, these can even be made online.

Comfort Level Billing can help smooth out the seasonal highs and lows of energy bills by dividing yearly usage into 12 equal monthly payments. To qualify, the account must be in good standing with at least 12 months of payment history.

Preferred Due Date can help align the billing due date with payday. Avista may be able to adjust the payment due date, depending on account status and specific situation.

Energy Assistance Grants, such as Project Share, are available for limited-income and low-income customers. These funds are distributed to qualifying customers through local community agencies.

ONE OF THE MOST IMPORTANT STEPS IN RECEIVING ASSISTANCE IS LETTING AN AVISTA CUSTOMER SERVICE REPRESENTATIVE KNOW THAT HELP IS NEEDED.

To find out more, go to avistautilities.com/billassistance or call

1-800-227-9187

ENERGY EFFICIENCY

Avista offers energy efficiency programs, rebates and tips to help you reduce your use.

To learn more, visit us at everylittlebit.com



AVA# 901

NOTICE OF REQUEST FOR RATE INCREASE SEPTEMBER 2010

PUBLIC HEARINGS TO BE HELD OCTOBER 6TH IN THE CITY OF SPOKANE ON AVISTA'S PROPOSED ELECTRIC & NATURAL GAS RATE INCREASES

On March 23, 2010, Avista filed with the Washington Utilities and Transportation Commission (UTC) a request to increase electric rates billed to customers by an average of 13.4 percent or \$55.3 million annually. The filing also includes a request to increase natural gas rates by an average of 6 percent, or \$8.5 million annually. The request to increase electric rates reflects increased costs associated with an increase in production and transmission expenses, due to the addition of the Lancaster plant Power Purchase Agreement (PPA), the termination of some low cost power purchases, reduced hydro generation, and increased fuel costs and higher retail loads. A general description of the major components of the requested

increase is shown in the pie-chart on the reverse side. The request to increase natural gas rates is primarily driven by the inclusion in this case of the increased plant investment and inventory associated with the transfer of the Jackson Prairie Storage facility from Avista Energy to Avista Utilities effective May 1, 2011. Changes in the cost of natural gas used by customers are not reflected in this filing – changes in the cost of natural gas are directly passed through to customers in an annual Purchased Gas Adjustment in the fall of each year. The differences in the proposed increase for each customer class / rate schedule are designed to more closely align the proposed rates with the actual cost to provide service to each customer class.



PROPOSED ELECTRIC RATE INCREASE

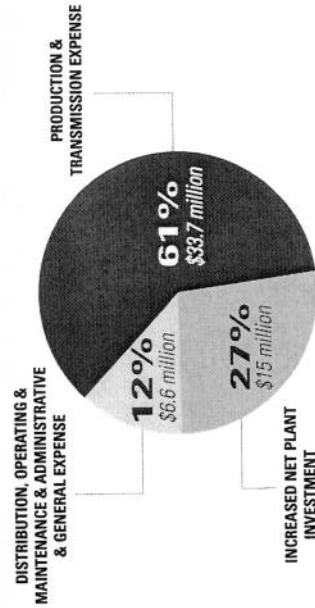
The average proposed net electric increase by customer class and rate schedule are as follows:

SCHED. NO.	PROP. CHANGE
1	14.6 %
11 & 12	11.9 %
21 & 22	12.7 %
25	12.0 %
31 & 32	14.1 %
41 & 48	13.1 %
Proposed Overall Electric Increase	13.4%

The proposed monthly increase for a residential customer using an average of 1,000 kilowatt-hours (kWhs) per month is \$10.62, or 14.8%. The proposed increase includes an increase of \$4.00 in the monthly Basic Charge. The present bill for 1,000 kWhs is \$71.79 and the bill with the proposed increase would be \$82.41. The present and proposed rates for Residential. Service are as follows:

PRESENT BILL RATE	PROPOSED NET INCREASE	PROPOSED RATES
\$6.00/month	\$4.00/month	\$10.00/month
6.180¢/kwh	0.621¢/kwh	6.801¢/kwh
7.178¢/kwh	0.723¢/kwh	7.901¢/kwh
8.401¢/kwh	0.846¢/kwh	9.247¢/kwh

COMPONENTS OF ELECTRIC RATE FILING



Includes increase of \$5.7 M return on investment, depreciation and taxes, offset by the tax benefit of interest.

PROPOSED NATURAL GAS RATE INCREASE

The average proposed natural gas increase by customer class and rate schedule are as follows:

SCHED. PROP. CHANGE NO.	PROP. CHANGE
101	6.8 %
111	3.8 %
121	3.8 %
131	3.3 %
146	11.4%
Proposed Overall Natural Gas Increase	6%

*Increase does not include wholesale natural gas costs which are procured directly by these customers.

The proposed monthly increase for a residential customer using an average of 69 therms per month is \$62.79 or 6.8 percent. The proposed increase includes an increase of \$4.00 in the monthly Basic Charge. The present bill for 69 therms is \$58.79 and the bill with the proposed increase would be \$62.79. The present and proposed rates for residential and small commercial customers is as follows:

SCHEDULE # 101	PRESENT RATE	PROPOSED INCREASE	PROPOSED RATES
*Basic Charge	\$6.00/month	\$4.00/month	\$10.00/month
Usage Charge	\$0.76509/therm	\$0.00/therm	\$0.76509/therm

*Avista has requested an increase in the basic customer charge for both electric and natural gas service. The basic charge covers related costs of service, such as the cost of meters, service drops, meter reading and billing for residential customers.

