

AVISTA UTILITIES  
NOTICE OF TARIFF CHANGE  
(Gas Service Only)

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

Fifth Revision Sheet 150 canceling Fourth Revision Sheet 150,  
Fifth Revision Sheet 150A canceling Fourth Revision Sheet 150A and,  
Fifth Revision Sheet 155 canceling Fourth Revision Sheet 155

The effect of the proposed change is an estimated increase to annual revenue of about \$17.3 million or about 12%.

Since this filing is a purchased gas cost adjustment (PGA) filing it will have no effect on annual net income of the Company since any change to allowable revenue will be offset by a change in allowable gas costs.

The weighted average cost of gas (WACOG) included in the proposed rates is 55.9 cents per therm, compared to the current WACOG of 45.3 cents per therm. The 55.9 cents proposed WACOG is estimated based on forward natural gas prices on July 13<sup>th</sup> and fixed price hedges executed to date. The company executes hedges prior to the winter for approximately one-half of projected customer usage during the forthcoming November through March heating season. Approximately one-quarter of the volumes scheduled for hedging had been hedged as of the date of this filing.

If approved as filed customers will see the following rate changes:

		Rate Change Per Therm Increase <Decrease>	Estimated Monthly Percentage Increase <Decrease>
Schedule 101	Residential	\$0.10325	11.99%
Schedule 111	Large General Service	\$0.10430	13.90%
Schedule 121	Large General Service	\$0.10566	15.16%
Schedule 131	Interruptible Service	\$0.10614	15.82%
Schedule 146	Transportation	\$0.00051	0.92%

The average residential customer using 78 therms per month will see an estimated monthly increase of approximately \$8.06. The actual increase will vary based on customer usage.

The Company is requesting that the Washington Utilities and Transportation Commission approve the company's filing effective October 1, 2004. A copy of the proposed tariff changes is available for review in the Spokane business office or can be obtained by calling (509) 495-4067 or writing:

Avista Utilities  
Attention: Ms. Patty Olsness  
P.O. Box 3727  
Spokane, WA. 99220

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August 19, 2004

# Avista Proposes 12% Increase in Gas Prices effective Oct. 1

**O**n Aug. 20, 2004, Avista filed with the Washington Utilities and Transportation Commission (WUTC) a request to increase natural gas rates by an average of 12 percent to be effective Oct. 1, 2004. This request is a purchased gas cost adjustment (PGA) that is filed annually to reflect changes in the cost of gas purchased by Avista to serve customers. Any increases or decreases resulting from these PGA filings directly result from the cost of gas purchased in the marketplace. Avista Utilities makes no additional profits from these rate changes.

**Important notice for Washington natural gas customers**

This proposed increase reflects higher wholesale natural gas prices during 2004 as compared to 2003. These higher prices are expected to continue at or near current levels through the coming winter. The market price for natural gas can fluctuate based on supply and demand, similar to the prices for commodities such as wheat or crude oil. The increase in the wholesale cost of gas during 2004 is due to factors that affect short-term supply and demand, as well as the overall increase seen in other energy prices.

If the proposed increase is approved by the WUTC, a residential or small commercial customer using an average of 78 therms per month can expect to see an average increase of \$8.06 per month, or about 12 percent. Larger commercial and industrial customers served under Schedules 111 and 121 can expect to see an average increase of 14 percent and 15.3 percent respectively. The higher increase percentages for commercial and industrial customers are due to lower base rates.

## Additional increase of 6.2 percent proposed for 2005

Also on Aug. 20, 2004, Avista filed a separate request with the WUTC to increase natural gas rates by an additional 6.2 percent to cover increases in Avista's costs associated with the delivery of natural gas to customers. This filing is a general rate request, which reflects costs associated with Avista's gas distribution system, whereas the PGA request described above reflects only changes in Avista's actual cost of purchasing the gas. The WUTC can take up to eleven months to review and rule on a general rate request. Therefore, customers should not see a change in rates resulting from this request until 2005. Avista's last general increase in gas rates was in December 2000.

The proposed general increase requests additional revenue of \$8.6 million annually, an increase of 6.2 percent over current revenue. The proposed increase by customer class and rate schedule are as follows:

[Continued on reverse.]



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[Continued on reverse.]



AVISTATA  
Number  
Proposed Increase

Residential & Small Commercial (less than 200 therms/month)	101	7.1%
Commercial & Industrial (over 200 therms/month)	111	3.7%
Large Commercial & Industrial (over 60,000 therms/year)	121	4.4%
Large Interruptible Service (over 250,000 therms/year)	131	2.9%
Large Transportation Service (over 250,000 therms/year)	146	30.8%*

\*increase does not include gas cost

The difference in the proposed increase percentages for different customer classes is based on a comparison of the cost of providing service to those customers and the present rates billed for service. The proposed monthly increase for a residential customer using an average of 78 therms per month is \$4.45 or 7.1 percent. The present and proposed rates for residential and small commercial customers served under Schedule 101 are as follows:

Basic Charge	\$5.00/month	Prop. General Rates (incl. PGA)	\$5.50/month
Usage Charge	79.78¢/thm	Prop. General Rates (incl. PGA)	95.17¢/thm
Proposed PGA Increase	10.325¢/thm	Prop. General Rates (incl. PGA)	95.17¢/thm

If you have questions about the proposed filings and how they will affect you call Avista at 1-800-227-9187.

The WUTC has the authority to set final rates that may be different from the requested increase(s) based on the results of their investigation. If you have questions about the rate making process or comments about these filings, you may contact the Washington Utilities and Transportation Commission at the following address: WUTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; call toll-free at 1-800-562-6150, or by e-mail comments at wuttc.wa.gov.

If you would like to be added to the Commission's mailing list to be notified of the open (public) meeting dates, please call 1-800-562-6150 and leave your name, complete mailing address, the company's name (Avista), and a description of the proposal you are interested in.

**Now is the time to prepare for winter heating bills.**  
Take time to check to ensure that your home is properly sealed and insulated. Check the caulking around your windows and door frames. Also check the insulation in your attic. A well-insulated residence will keep the heat from escaping and can save in heating costs.

If you are not already on Comfort Level Billing, consider applying for this free service. Comfort Level Billing averages your annual bill into equal monthly payments.

For information on conservation tips, energy assistance programs, and bill payment plans, visit our website at [www.avistautilities.com](http://www.avistautilities.com) or call us at 1-800-227-9187.



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