

Avista Corporation
(d.b.a. Avista Utilities)
NOTICE OF TARIFF CHANGE
January 23, 2009
(Natural Gas and Electric Service)

Important Notice for Washington Customers

*Avista proposes 8.6 percent increase in electric rates
And 2.4 percent increase in natural gas rates*

On January 23, 2009, Avista filed with the Washington Utilities and Transportation Commission (Commission) a request to increase electric rates billed to customers by an average of 16.0 percent, or \$69.8 million annually, and natural gas rates by an average of 2.4 percent, or \$4.9 million annually. The electric increase is based on a requested 16.0 percent increase in billed rates with an offsetting 7.4 percent reduction in the current Energy Recovery Mechanism surcharge, for a net increase of 8.6 percent.

This filing is a general rate request to recover increased costs associated with operating and maintaining Avista's electric and natural gas systems. Additionally, the proposed increase in electric rates reflects, among other things, upgrades to Avista's hydroelectric generating plants and transmission system, and an increase in the cost of fuel to produce electricity from the company's thermal generating plants.

The Commission will investigate the Company's filing and can take up to 11 months to issue its ruling. The Commission has the authority to set final rates that may be different from the requested increase(s) based on the results of their investigation.

Proposed Electric Price Increase

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

	<u>Schedule</u> <u>No.</u>	<u>Proposed Net</u> <u>Increase</u>
Residential	1	9.2%
General Service (small commercial)	11&12	5.6%
Lg. General Service (commercial/sm. industrial)	21&22	8.6%
Ex. Lg. General Service (large industrial)	25	9.2%
Pumping Service	31&32	8.6%
Street & Area Lights	41-48	8.6%

The proposed monthly increase for a residential customer using an average of 1,000 kilowatt-hours (kwhs) per month is \$6.99, or 9.2%. The present bill for 1,000 kwhs is \$75.94 and the

bill with the proposed increase would be \$82.93. The present and proposed rates for Residential Service are as follows:

	<u>Present Rate</u>	<u>Proposed Increase</u>	<u>Proposed Rates</u>
Basic Charge	\$5.75/month	\$0.25/month	\$6.00/month
1 st 600 kwhs/month	6.543¢/kwh	0.668¢/kwh	7.231¢/kwh
Next 600 kwhs/month	7.734¢/kwh	0.652¢/kwh	8.386¢/kwh
Over 1,300 kwhs/month	9.192¢/kwh	0.841¢/kwh	10.033¢/kwh

Proposed Natural Gas Price Increase

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

	<u>Schedule No.</u>	<u>Original Prop. Change</u>
Residential & Sm. Commercial (less than 200 therms/mo)	101	2.5%
Commercial & Industrial (over 200 therms/mo)	111	2.0%
Lg. Commercial & Industrial (over 60,000 therms/yr)	121	2.0%
Lg. Interruptible Service. (over 250,000 therms/yr)	131	0.9%
Lg. Transportation Service. (over 250,000 therms/yr)	146	6.8%*

*increase does not include gas cost

The proposed monthly increase for a residential customer using an average of 70 therms per month is \$2.11 or 2.5 percent. The present bill for 70 therms is \$85.40 and the bill with the proposed increase would be \$87.51. The present and proposed rates for residential and small commercial customers is as follows:

	<u>Present Rate</u>	<u>Proposed Increase</u>	<u>Proposed Rates</u>
Basic Charge	\$5.75/month	\$0.25/month	\$6.00/month
Usage Charge	\$1.13781/therm	\$0.02663/therm	\$1.16444/therm

Avista has a number of customer assistance programs, as well as energy efficiency programs that provide rebates and incentives for the installation of certain energy conservation measures. For information on these programs and other ways to save on your energy bill, visit our website at www.avistautilities.com or call us at (800)227-9187.

If you would like to comment on this filing or have questions about the rate making process, you can 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. Or you can contact the Commission by phone at (800)562-6150, by fax at (360)664-4291, or by e-mail at utc.wa.gov. Please leave your name, complete mailing address, the company's name (Avista), and a description of the proposal you are interested in.

If you have questions about the proposed filing, call Avista at (800)-227-9187.

If you would like to be added to the Commission's mailing list to be notified of the open (public) meeting dates, or if you have questions about the rate making process, please call (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.

A copy of the proposed tariff changes is available for review in any of the local business offices or can be obtained by calling (509) 495-4067 or 1-800-227-9187, or writing:

Avista Utilities
Attention: P. Olsness, MSC-29
PO Box 3727
1411 E. Mission
Spokane, WA 99220

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Keep Posted Until: March 1, 2009