

**Avista Corporation**  
**(d.b.a. Avista Utilities)**  
**NOTICE OF TARIFF CHANGE**

August 30, 2006  
(Electric Service)

---

**Important Notice for Washington Customers**

*Avista proposes 8.8 percent increase in electric rates s  
Unrelated decrease in residential rates of 1.7% effective Nov. 1*

On Aug. 31, Avista filed with the Washington Utilities and Transportation Commission (WUTC) a request to increase electric rates by an average of 8.8% to be effective Feb. 1, 2007. The proposed increase is driven by substantial capital investments in Avista's electric generating plants and transmission system, and by higher costs for purchasing and generating electricity to serve customers. The capital investments include upgrades to several of Avista's hydroelectric generating units (dams), as well as upgrades to Avista's high-voltage transmission system to increase reliability and capability to serve growing customer demand. The higher costs associated with purchasing and generating electricity mostly reflect increasing costs of fuel needed to operate thermal generating plants.

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

	<u>Rate Sch.</u> <u>No.</u>	<u>Proposed</u> <u>Increase</u>
Residential	1	9.7%
General Service (sm. commercial)	11&12	7.0%
Large General Service (commercial/sm. industrial)	21&22	7.8%
Ex. Lg. General Service (lg. industrial)	25	9.6%
Pumping Service	31&32	8.8%
Street & Area Lights	41-48	8.8%

The difference in the proposed increase percentages for different customer rate 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 1,000 kilowatt-hours (kwhs) per month is \$5.80. The present bill for 1,000 kwhs is \$60.16 and the bill with the proposed increase of \$5.80 would be \$65.96. The proposed increase for all customers will vary depending on their service schedule and monthly usage.

**The WUTC has the authority to set final rates that may be different from the requested increase based on the results of their investigation. If you would like to comment on this filing, 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 [wutc.wa.gov](mailto:wutc.wa.gov).**

If you would like to be added to the Commission's mailing list to be notified of the open (public) meeting dates, or 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.

**Decrease in Residential Electric Rates of 1.7% effective Nov. 1**

On Aug. 31, Avista also filed with the WUTC a request to implement an average rate decrease of 1.7% to residential electric customers effective Nov. 1. The decrease results from an additional credit received from the Bonneville Power Administration (BPA) under the "Residential Exchange Program". The Program provides residential and small farm customers in the Northwest a share of the benefits associated with federal hydroelectric projects operated by BPA. Avista passes the amounts it receives from BPA on to its residential customers.

The proposed decrease is 0.102 cents per kwh for all residential and small farm customers. The decrease for a residential customer served under rate Schedule 1 using a monthly average of 1,000 kilowatt-hours would be \$1.02 per month, or 1.7%. Residential customers served under other rate schedules will see a decrease between 1% and 2%.

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) 482-4067 or (800) 227-9187, or writing:

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

***Ways to save on your energy bill***

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. Avista has partial rebate programs for the cost of additional insulation and other weatherization measures.

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

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

---

Issue Date: August 30, 2006  
Keep Posted Until: September 30, 2006