

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

March 29, 2005
(Natural Gas and Electric Service)

Important Notice for Washington Customers

Avista proposes 12.5 percent increase in electric rates and 1.8 percent increase in natural gas rates

On Mar. 30, 2005, Avista filed with the Washington Utilities and Transportation Commission (WUTC) a request to increase electric rates by an average of 12.5 percent and natural gas rates by an average of 1.8 percent. This filing is a general rate request proposed to be effective May 1, 2005, however, the WUTC will conduct a thorough investigation of the filing and can take up to 11 months to review and rule on the request.

Proposed Electric Price Increase

The proposed increase for electricity reflects increased costs associated with the generation and purchase of electricity to meet customer requirements, as well as increased costs associated with operating and maintaining Avista's electrical system. Earlier this year, Avista purchased the second half of the Coyote Springs 2 generating resource to meet current customer energy needs during certain months and increasing needs into the future. The purchase of this additional resource will allow Avista to be less dependent on market purchases and volatile prices. Additionally, Avista has had to invest millions to upgrade its transmission system in order to continue to provide reliable service to customers.

The proposed electric increase requests additional revenue of \$35.8 million annually, an increase of 12.5 percent over current revenue. The average proposed increase by customer class and rate schedule is as follows:

	Schedule <u>No.</u>	Proposed <u>Increase</u>
Residential	1	14.3%
General Service (small commercial)	11&12	7.9%
Large General Service (commercial/small industrial)	21&22	9.4%
Extra Large General Service (large industrial & institutional)	25	11.9%
Pumping Service	31&32	10.8%
Street & Area Lights	41-48	11.0%

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 \$7.92. The present bill for 1,000 kwhs is \$55.09 and the bill

with the proposed increase of \$7.92 would be \$63.01. The present and proposed rates for Residential Service Schedule 1 are as follows:

	<u>Present Rate</u>	<u>Proposed Increase</u>	<u>Proposed Rates</u>
Basic Charge	\$5.00/month	\$.50/month	\$5.50/month
Energy Charge:			
1 st 600 kwhs/mo.	4.633¢/kwh	0.742¢/kwh	5.375¢/kwh
next 700 kwhs/mo.	5.574¢/kwh	0.742¢/kwh	6.316¢/kwh
over 1,300 kwhs/mo.	6.726¢/kwh	0.742¢/kwh	7.468¢/kwh

The proposed monthly increase for a small commercial customer (Schedule 11 or 12) using an average of 1,250 kwhs per month is \$8.68. The proposed increase for all customers will vary depending on their service schedule and monthly usage.

Proposed Natural Gas Price Increase

The proposed increase for natural gas requests additional revenue of \$2.9 million annually, an increase of 1.8 percent over current revenue. The proposed increase reflects increased operating costs associated with the delivery of natural gas to customers. The average proposed increase by customer class and rate schedule are as follows:

	<u>Schedule No.</u>	<u>Proposed Change</u>
Residential & Small Commercial (less than 200 therms/month)	101	2.1%
Commercial & Industrial (over 200 therms/month) -	111	0.8%
Large Commercial & Industrial (over 60,000 therms/year)	121	0.7%
Large Interruptible Service (over 250,000 therms/year)	131	(3.2%)
Large Transportation Service (over 250,000 therms/year)	146	2.2%*

*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 75 therms per month is \$1.48 or 2.0 percent. The present bill for 75 therms is \$74.77 and the bill with the proposed increase of \$1.48 would be \$76.25. The present and proposed rates for residential and small commercial customers served under Schedule 101 are as follows:

	<u>Present Rate</u>	<u>Proposed Increase</u>	<u>Proposed Rates</u>
Basic Charge	\$5.50/month	-	\$5.50/month
Usage Charge	92.361¢/thm	1.969¢/therm	94.330¢/thm

If you have questions about the proposed filing, call Avista at (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 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; by fax at (360) 664-4291, or by e-mail at 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 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) 482-4067 or 1-800-227-9187, or writing:

Avista Utilities
Attention: P. Olsness, MSC-29
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Keep Posted Until: April 30, 2005