

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION FOR THE)	CASE NOS. AVU-E-08-01
AUTHORITY TO INCREASE ITS RATES)	AVU-G-08-01
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC)	NOTICE OF APPLICATION
AND NATURAL GAS CUSTOMERS IN THE)	
STATE OF IDAHO)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	NOTICE OF
)	PREHEARING CONFERENCE

YOU ARE HEREBY NOTIFIED that on April 3, 2008, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to increase the Company's general rates for electric and natural gas service in Idaho by averages of 15.8% and 5.8%, respectively. If approved, the Company revenues for electric base retail rates would increase by \$32.3 million annually; Company revenues for natural gas service would increase by \$4.7 million annually. The net amount of actual increase varies by class of customer and usage.

Electric

Under the Company's electric rate proposal, an average residential customer (Schedule 1) using 977 kilowatt hours of electricity per month would see a \$10.70 per month increase or 15.9% for a revised monthly bill of \$78.08. This includes a Company-proposed increase in the basic monthly customer service charge from \$4.00 to \$4.60. Other electric customers would see an increase between 15.4% and 16.5%.

The proposed revenue increase for electric service requested in this case, the Company states, is driven primarily by increased power supply costs, capital investments in upgrading aging infrastructure to increase capacity and reliability, relicensing costs for Avista's Spokane River Hydropower Project, and the Company's investment in advanced meter reading (AMR).

Natural Gas

Under the Company's natural gas rate proposal, an average residential customer (Schedule 101) who uses 65 therms per month would see a \$4.91 increase or 6.5%, for a revised monthly bill of \$80.05. This includes a proposed increase in the monthly basic customer service charge from \$3.28 to \$4.00. Larger commercial natural gas customers would see no more than a 3.3% increase. The proposed rate change for natural gas customers, the Company states, does not reflect changes in the cost of natural gas purchased by Avista to serve customers. Changes in the cost of natural gas are reflected in annual Purchased Gas Adjustment.

Driving the natural gas rate request in this case is Avista's investment in expanding the natural gas storage and delivery capacity at its Jackson Prairie Storage Facility and the Company's investment in advanced meter reading (AMR).

Evidence in support of the Company's need for a rate increase for electric and natural gas is based on a 2007 test year. The Company proposes an average rate of return on rate base of 8.74%, with a 47.94% common equity ratio and a 10.8% return on equity. Avista alleges that unless it is authorized to increase rates as requested, the Company's rates will not be fair, just and reasonable and it will not have the opportunity to realize a fair return on its investment.

The Company's base rates and charges for electric and natural gas service were last adjusted in 2004 (Case Nos. AVU-E-04-01/AVU-G-04-01, Order No. 29602). An additional electric rate adjustment related to the Coyote Springs II generating project was implemented April 12, 2005 (Case No. AVU-E-05-01).

YOU ARE FURTHER NOTIFIED that the Commission in Order No. 30528 has suspended the Company-proposed May 5, 2008 effective date for a period of thirty (30) days plus five (5) months from May 5, 2008, or until such time as the Commission may issue an Order accepting, rejecting or modifying the Application in this matter.

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in Case Nos. AVU-E-08-01 and/or AVU-G-08-01 for the purpose of becoming a party, i.e., to present evidence, to acquire rights of cross-examination, to participate in settlement or negotiation conferences, and to make and argue motions **must file a Petition to Intervene** with the Commission pursuant to Rules 72 and 73 of the Commission's Rules of Procedure, IDAPA 31.01.01.072 and .073. Persons desiring to acquire intervenor rights of participation must file a

Petition to Intervene **on or before Friday, May 9, 2008**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate future communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that a **prehearing conference** in Case Nos. AVU-E-08-01 and AVU-G-08-01 has been scheduled to commence at **1:30 p.m. on Wednesday, May 14, 2008 at the Commission Hearing Room, 472 West Washington Street, Boise, Idaho (208) 334-0300**. Persons desiring to participate telephonically should make prior arrangements with the Commission Secretary (208-334-0338); secretary@puc.idaho.gov. The purpose of the prehearing conference is to identify intervening parties, to identify issues not readily apparent from a review of the Company's Application, and to establish hearing dates and deadlines for the filing of testimony.

YOU ARE FURTHER NOTIFIED that discovery is available in Case Nos. AVU-E-08-01 and AVU-G-08-01 pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.221-234.

YOU ARE FURTHER NOTIFIED that the Company's Application and supporting testimony, exhibits and workpapers in Case Nos. AVU-E-08-01 and AVU-G-08-01 can be reviewed at the Commission's office in Boise, Idaho and at the Idaho offices of Avista Utilities during regular business hours. The Application is also available for public inspection on the Commission's website at www.puc.idaho.gov under "File Room" and then "Electric Cases" and/or "Gas Cases."

YOU ARE FURTHER NOTIFIED that the following persons are designated as Avista's representatives in this matter:

DAVID J. MEYER
VICE PRESIDENT, CHIEF COUNSEL, REG. & GOV'T AFFAIRS
AVISTA CORPORATION
PO BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WA 99220-3727
E-mail: david.meyer@avistacorp.com

KELLY NORWOOD
VICE PRESIDENT – STATE & FEDERAL REGULATION
AVISTA UTILITIES
PO BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WA 99220-3727
E-mail: kelly.norwood@avistacorp.com

YOU ARE FURTHER NOTIFIED that Avista's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Avista retail customers, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

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YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

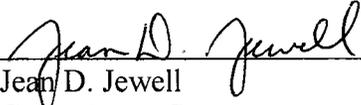
YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted according to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-mail: secretary@puc.idaho.gov

DATED at Boise, Idaho this *16th* day of April 2008.



Jean D. Jewell
Commission Secretary

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