

AVU-E-10-04

**Important Notice for Idaho Electric
Residential and Small Farm Customers**

September 2010

On September 15, 2010, Avista filed a request with the Idaho Public Utilities Commission (Commission) to reduce a rate credit to qualifying residential and small farm customers to be effective November 1, 2010. The credit results from a residential exchange program aimed at giving electric customers a share of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA).

The proposed rate credit of 0.147¢ per kilowatt-hour is a reduction from the existing credit of 0.289¢ per kilowatt-hour, which the new rate credit will replace. The proposed credit of 0.147¢ is designed to pass through the expected level of benefits to be received from BPA during the period November 1, 2010 through October 31, 2011. The proposed rate credit would result in an increase to Idaho electric revenue of approximately \$1.7 million, since a lesser amount of benefits will be passed through to customers, and will have no effect on Avista's net income.

The proposed rate credit of 0.147¢ per kilowatt-hour would apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For a residential customer using 1,000 kilowatt-hours per month, the reduction in the credit would result in an increase of \$1.42 per month, or about 1.65%.

The Company's application is a proposal, subject to public review and a Commission decision. A copy of the application is available for public review at the offices of the Commission and the Company as well as their respective websites, www.puc.idaho.gov, and www.avistautilities.com. If you would like to submit comments on this proposed increase, or review the application, you can do so by going to the Commission website.

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