

Avista Corp.
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Public Utilities Commission

May 25, 2006

State of Idaho Public Utilities Commission
Mr. Rick Sterling
Statehouse Mail
West 472 Washington
Boise, ID 83720

RE: Case No. GNR-E-06-1

Dear Mr. Sterling:

Avista is responding to the notice dated May 17, 2006 regarding the annual revision and updated calculation of the adjustable portion of the avoided cost rates. The Company is in agreement with the Colstrip adjustable rate of 9.38 mill/kWh and the annual average gas price of \$7.80/mmbtu for the 2006-2007 year.

Thank you,

A handwritten signature in black ink, appearing to read "Clint Kalich", written over a horizontal line.

Clint Kalich
Manager of Resource Planning and Power Supply Analyses