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IDAHO PUBLIC
UTILITIES COMMISSION

May 20, 2008

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

RE: Case No. GNR-E-08-01

Dear Mr. Sterling:

Avista is responding to the notice dated May 5, 2008 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 12.06 mill/kWh and the annual average gas price of \$7.18/MMBtu for the 2008-2009 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