

AVO-6-07-02

AVISTA UTILITIES

Exhibit "B - 1"

Notice Mailed to Each Idaho Gas Customer
of Applicant's Proposed Tariff Change

September 14, 2007

Important Notice for Idaho Natural Gas Customers

Avista proposes 4.6% decrease in natural gas prices effective Nov. 1

On Sept 14, Avista filed with the Idaho Public Utilities Commission (IPUC) a request to decrease natural gas rates by an average of 4.6% to be effective Nov. 1, 2007. The request is a purchased gas cost adjustment (PGA) that is filed annually to reflect changes in the cost of gas purchased by Avista to serve customers. The PGA decrease will result in an annual revenue reduction for Avista of approximately \$4.0 million, or 4.6%, reflecting a direct pass through of natural gas cost savings.

The wholesale price for natural gas fluctuates daily based on supply and demand, similar to the price for crude oil. While natural gas prices remain volatile, over the past year prices have generally been lower as compared to the previous year. The proposed decrease reflects gas purchased during the past year at these lower prices.

If the proposed decreases are approved by the IPUC, a residential or small commercial customer using an average of 65 therms per month can expect to see an average decrease of \$3.65 per month, or about 4.6 percent. The bill for 65 therms would decrease from a present amount of \$78.79 to \$75.14. Larger commercial and industrial customers served under Schedules 111 and 121 can expect to see an average decrease of 5.2% and 5.5% respectively. The higher decrease percentages for larger commercial and industrial customers are due to lower base rates.

This request is subject to review by the public and the IPUC. A final decision on the request will be issued by the IPUC on or before Nov. 1. A copy of this request is available for review in Avista's local offices and at the office of the IPUC.

Ways to save on your energy bill

Take time to check to ensure that your home is properly sealed and insulated. Check the caulking around your windows and door frames. Also check the insulation in your attic. A well-insulated residence will keep the heat from escaping and can save in heating costs. Avista has partial rebate programs for the cost of additional insulation and other weatherization measures.

If you are not already on Comfort Level Billing, consider applying for this service. Comfort Level Billing averages your annual bill into equal monthly payments.

For information on conservation tips and rebates, energy assistance programs, and bill payment plans, visit our Web site at www.avistautilities.com or call us at 1-800-227-9187.