

**Avista Corp.**

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*2008 December 30 PM 4:34*  
**IDAHO PUBLIC**  
**UTILITIES COMMISSION**



December 30, 2008

State of Idaho  
Idaho Public Utilities Commission  
Statehouse  
Boise, Idaho 83720

Attention: Ms. Jean D. Jewell

**I.P.U.C. No. 27 – Natural Gas Service**

Enclosed for filing with the Commission is the following revised tariff sheet:

Ninth Revision Sheet 155 canceling Eighth Revision Sheet 155

This filing proposes to decrease rates for the Company's Idaho natural gas customers by approximately 6.0 cents per therm, or about 4.7% for residential and small commercial (Schedule 101) customers. Larger-use customers served under Schedule 111 would see an average decrease of 5.4%. The Company requests that the proposed tariff change be made effective on January 6, 2009, under modified procedure with less than statutory notice.

Since the Company's 2008 PGA filing, dated September 12th, wholesale natural gas prices have continued to fall, even below projected prices included in that filing. As a result of lower-cost gas purchases over the past several months, deferred gas costs due customers have grown significantly since the PGA filing. This filing proposes to adjust the amortization rate(s) to refund additional deferred amounts to customers from January through October 2009. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

With the present state of the economy and customers experiencing higher winter heating bills, the Company believes that it is appropriate to reduce natural gas rates at this time. While the Company could support a larger decrease in this filing, it is also concerned about rate volatility in the future, i.e., a larger decrease now could increase the possibility of a PGA increase in the fall of 2009.

The proposed amortization rate included in this filing is a refund rate of approximately 7.7 cents per therm, reflecting a 6.0 cents per therm decrease compared to the present amortization (refund) rate of 1.7 per therm. The proposed amortization rate would refund to customers approximately \$4.0 million by October 31, 2009, based on projected customer usage. This amount reflects 72% of the deferral balance of \$5.6 million at the

end of November 2008. Refunding the entire \$5.6 million would result in a refund rate of approximately ten cents per therm and, again, would increase the possibility of an increase in the 2009 PGA filing.

The proposed decrease would result in a monthly bill reduction of \$3.89 for a residential customer using an average of 65 therms per month, from a present bill of \$82.12 to \$78.23 per month. The Company will issue a media release coincident with this filing. If the proposed decrease is approved, the Company will include a message on customer bills informing them of the decrease.

Also enclosed is a copy of the media release and the workpapers supporting the proposed decrease.

If you have any questions regarding this filing, please contact Brian Hirschorn at (509) 495-4723 or Craig Bertholf at (509) 495-4124.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood  
Vice President, State and Federal Regulation

Enc.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation dba Avista Utilities' filing with Tariff IPUC No. 27 Natural Gas Service via electronic mail where available or by mailing a copy thereof, postage prepaid to the following:

Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83720-5983

Paula Pyron  
Northwest Industrial Gas Users  
4113 Wolfberry Court  
Lake Oswego, OR 97035-1827

Chad Stokes  
Cable Huston Benedict Haagensen &  
Lloyd, LLP  
1001 SW 5th, Suite 2000  
Portland, OR 97204-1136

Curt Hibbard  
St. Joseph Regional Medical Center  
PO Box 816  
Lewiston, ID 83501

Dated at Spokane, Washington this 30th day of December 2008.



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Patty Olsness  
Rates Coordinator

AVISTA UTILITIES

Exhibit "A"

Proposed Tariff Sheets

December 30, 2008

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 155  
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by 7.711¢ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by 6.574¢ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued December 30, 2008

Effective January 6, 2009

Issued by Avista Utilities

By Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 155  
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by 7.711¢ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by 6.574¢ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued December 30, 2008

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Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
d/b/a Avista Utilities

SCHEDULE 155  
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by ~~4.727¢~~ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by ~~4.727¢~~ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued September 12, 2008

Effective October 1, 2008

Issued by Avista Utilities

By

Kelly Norwood, Vice President, State & Federal Regulation

