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IDAHO PUBLIC
UTILITIES COMMISSION

May 18, 2009

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

AVU-5-09-03

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:

Tenth Revision Sheet 155 canceling Ninth Revision Sheet 155

This filing proposes to decrease rates for the Company's Idaho natural gas customers by 8.1 cents per therm, or about 6.7% for residential and small commercial (Schedule 101) customers. Larger-use customers served under Schedule 111 would see an average decrease of 7.8%. The Company requests that the proposed tariff change be made effective on June 1, 2009, under modified procedure with less than statutory notice.

Over the course of this past winter and early spring, wholesale natural gas prices continued to fall. In addition, the weather in the company's service area was colder than normal during this time, resulting in customer usage that was higher than projected. These two factors have resulted in a large deferred gas cost refund balance due customers. In January 2009, the company reduced natural gas rates 4.7% for most customers, to amortize approximately 72% of the deferral balance at the end of November 2009. This filing proposes to adjust the amortization rate(s) to refund additional deferred amounts accumulated since November 2008 (December-April) to customers over a twelve-month period. These additional deferred amounts result in an incremental balance of approximately \$6.4 million accumulated since November. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

The company has received considerable feedback from customers regarding lower wholesale natural gas prices. Given this feedback, higher winter heating bills, and the on-going recession, the Company believes that it is appropriate to again reduce natural gas rates.

The proposed rate decrease and Schedule 155 amortization rate for both Schedule 101 and 111 is as follows:

<u>Present</u>	<u>Decrease</u>	<u>Proposed</u>
<u>Amort. Rate</u>	<u>per therm</u>	<u>Amort. Rate</u>
(\$0.07711)	(\$0.08094)	(\$0.15805)

The proposed decrease would result in a monthly bill reduction of \$5.26 for a residential customer using an average of 65 therms per month, from a present bill of \$78.23 to \$72.97 per month. The Company will issue a media release coincident with this filing, which is enclosed herewith.

The company will also file its annual PGA in the fall. Given the level of the proposed amortization rate reflected in this filing, there may be an increase (a smaller refund rate) to reflect the deferral balance at that time. However, the company has purchased over a third of its projected gas requirements for the 2009-10 PGA year at prices substantially below the present weighted cost of gas in rates. As long as wholesale prices do not escalate considerably prior to the PGA filing, the company expects that it will be able to decrease natural gas rates again this fall.

Also enclosed is a copy of the workpapers supporting the proposed decrease, and a copy of the bill insert that will accompany customers' June bill.

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

Sincerely,



Kelly Norwood
Vice President, State and Federal Regulation

Enc.

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CERTIFICATE OF SERVICE

IDAHO PUBLIC
UTILITIES COMMISSION

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:

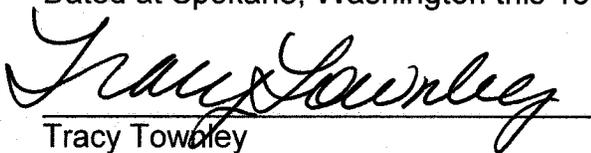
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Dated at Spokane, Washington this 18th day of May 2009.



Tracy Towley
Executive Assistant