

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

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IDAHO PUBLIC
UTILITIES COMMISSION

August 7, 2008

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702

Re: Case Nos. AVU-E-08-01 and AVU-G-08-01
Avista's Motion for Approval of Stipulation

Enclosed for filing with the Commission in the above-referenced docket are the original and seven copies of Avista's Motion for Approval of Stipulation dated August 7, 2008.

The parties to the Stipulation intend to file testimony in support of the Stipulation.

Sincerely,

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

Kelly O. Norwood
Vice President

Enclosures

c: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 7th day of August, 2008, served the Avista's Motion For Approval of Stipulation in Docket No. AVU-E-08-01 and AVU-G-08-01 upon the following parties, by mailing a copy thereof, property addressed with postage prepaid to:

Jean D Jewell, Secretary
Idaho Public Utilities Commission
Statehouse
Boise, ID 83720-5983

Brad M. Purdy
Attorney at Law
2019 N 17th Street
Boise, ID 83720

Scott Woodbury
Deputy Attorney
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702-0659

Conley E. Ward
Givens Pursley LLP
602 W. Bannock Street
Boise, ID 83702-2720


Patty Olsness
Rates Coordinator

David J. Meyer, Esq.
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue
P. O. Box 3727
Spokane, Washington 99220
Phone: (509) 425-4316, Fax: (509) 495-8851

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE) CASE NOS. AVU-E-08-01
AUTHORITY TO INCREASE ITS RATES) AVU-G-08-01
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC) MOTION FOR APPROVAL OF
AND NATURAL GAS CUSTOMERS IN THE) STIPULATION
STATE OF IDAHO)

COMES NOW, Avista Corporation (“Avista” or “Company”), the
Commission Staff and the other Parties to the settlement Stipulation, and hereby move
the Commission for an Order accepting the settlement Stipulation filed herewith. RP 56;
272; 274. This Motion is based on the following:

1. On April 3, 2008, Avista filed an Application with the Commission for
authority to increase revenue for electric and natural gas service in Idaho by 16.7% and
5.8%, respectively. If approved, the Company’s revenues for electric base retail rates
would have increased by \$32.3 million annually; Company revenues for natural gas
service would have increased by \$4.7 million annually. The Company requested an
effective date of May 5, 2008 for its proposed electric/gas rate increase. By Order No.
30528, dated April 16, 2008, the Commission suspended the proposed schedules of rates

and charges for electric and natural gas service for a period of thirty (30) days plus five (5) months from May 5, 2008, or until such time as the Commission entered an Order accepting, rejecting or modifying the Application in this matter.

2. Petitions to intervene in this proceeding were filed by Potlatch Corporation (“Potlatch”) and Community Action Partnership Association of Idaho (“CAPAI”). By various orders, the Commission granted these interventions. See, IPUC Order Nos. 30550 and 30551.

3. Public workshops for Avista customers were held on July 23, 2008 in Moscow, Idaho, and on July 24, 2008 in Coeur d’Alene, Idaho, for the purpose of explaining the Company’s Application and in order to provide an opportunity for customers to ask questions of Staff.

4. Based on settlement discussions, the Parties whose signatures appear on the Stipulation have agreed to resolve and settle all of the issues in the case. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment 1.

5. The Parties recommend that the Commission grant this Motion and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274.

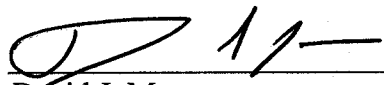
6. The Parties respectfully request an evidentiary hearing for the purpose of presenting the Stipulation and intend to pre-file supporting testimony in advance thereof. In addition, it is understood that the Commission may schedule hearings for the receipt of public testimony at a time and place of its own choosing.

7. As noted in the Stipulation, all of the Parties agree that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

NOW, THEREFORE, the Parties respectfully request that the Commission issue a final order in Case Nos. AVU-E-08-01 and AVU-G-08-01:

1. Granting this Motion and accepting the Stipulation (Attachment 1), in its entirety, without material change or condition; and
2. Authorizing the Company to implement revised tariff schedules designed to recover \$23,163,000 in additional annual electric revenue and \$3,878,000 in additional annual natural gas revenue from Idaho customers consistent with the terms of the Stipulation; and
3. Authorizing that revised tariff schedules be made effective October 1, 2008.

Respectfully submitted this 7th day of August, 2008.



David J. Meyer
Attorney for Avista Corporation

ATTACHMENT 1

