



Important Notice for Idaho Electric Customers

AUGUST 2008

Proposed Power Cost Adjustment (PCA) Increase Filed to be Effective October 1, 2008

Avista has filed for approval of a proposed PCA rate surcharge with the Idaho Public Utilities Commission (IPUC) to be effective October 1, 2008. The PCA is an annual rate adjustment to reflect differences between Avista's actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. The proposed surcharge is designed to recover additional power costs that the Company incurred during the twelve-month period ended June 30, 2008.

The proposed surcharge is 0.610¢ per kilowatt-hour applicable to all of the Company's electric rate schedules. The proposed surcharge will replace the existing surcharge of 0.267¢ per kilowatt-hour that expires on September 30, 2008.

The proposed revenue increase that will result from the Company's proposal is approximately \$12.2 million or an overall increase of approximately 5.94%. The percentage increases will vary by rate schedule as shown below:

Residential Schedule 1	5.35%
General Service Schedules 11 & 12	4.29%
Large Gen Service Schedules 21 & 22	5.54%
Extra Large Gen Service Schedule 25	7.84%
Extra Large Gen Service Schedule 25P	8.38%
Pumping Service Schedules 31 & 32	5.29%
Street and Area Lights Schedules 41-49	1.78%

The variation in the percentage increase by rate schedule results from the proposed surcharge being spread on a uniform cents per kilowatt-hour basis.

The monthly bill for an average residential customer using 1,000 kilowatt-hours per month will increase by \$3.43, from \$63.44 to \$66.87, and will be about 5.4% higher than the bill under present rates.

Avista's request is a proposal, subject to public review and a decision by the IPUC. Copies of Avista's filings are available for public review at the offices of both the IPUC and Avista. Copies of rate filings are also available on our website at www.avistautilities.com under "Energy Prices," "Rates and Tariffs."

If you would like information on energy conservation tips, energy assistance programs, and bill payment plans, visit our website at www.avistautilities.com, or call us at 1-800-227-9187.



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