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IDAHO PUBLIC  
UTILITIES COMMISSION

AVU-6-08-03

AVISTA UTILITIES

Exhibit "B - 1"

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

August 15, 2008

**IMPORTANT NOTICE FOR IDAHO  
NATURAL GAS CUSTOMERS**

***Avista proposes 14.2% increase in natural gas  
prices effective Oct. 1***

On Aug. 18, Avista filed with the Idaho Public Utilities Commission (IPUC) a request to increase natural gas rates by an average of 14.2% to be effective Oct. 1, 2008. 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. Avista does not earn any additional profit as a result of PGA filings. The PGA will result in an annual revenue increase for Avista of approximately \$11.6 million, or 14.2%, reflecting a direct pass through of higher natural gas costs.

The wholesale price for natural gas fluctuates as a result of many factors, similar to the price for crude oil. Because of the unpredictable nature of wholesale prices, Avista purchases gas throughout the year to meet customer needs. Much of the gas needed by customers this coming winter is purchased by Avista at fixed prices periodically throughout the year. During this past spring, wholesale natural gas prices rose to near record levels. Similar to the price of oil, since July the price of natural gas has fallen considerably. However, even with the recent fall, the average wholesale price of natural gas has been considerably higher than in 2008 as compared to 2007, resulting in this proposed PGA increase.

If the proposed increase is approved by the IPUC, a residential or small commercial customer using an average of 65 therms per month can expect to see an average increase of \$10.44 per month, or about 13.9 percent. The bill for 65 therms would increase from a present amount of \$75.14 to \$85.58.

(more on reverse)

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Larger commercial and industrial customers can expect to see an average increase of 15.7%.

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 Oct. 1. A copy of this request is available for review in Avista's local offices and at the office of the IPUC. You can submit comments to the IPUC in writing at: Idaho Public Utilities Commission, P.O. Box 83720, Boise, ID 83720-0074, or through the IPUC's web-site at: [www.puc.idaho.gov](http://www.puc.idaho.gov).

***Ways to save on your energy bill***

Avista offers a number of billing options, energy efficiency programs, incentives and rebates to help customers proactively manage their natural gas consumption. Information on Avista's energy efficiency offerings and no-cost conservation information is available at [www.everylittlebit.com](http://www.everylittlebit.com). In addition, Avista's Comfort Level Billing option gives customers the opportunity to smooth seasonal energy bill highs and lows by averaging energy bills over 12 months.

For more information, visit our web-site at [www.avistautilities.com](http://www.avistautilities.com) or call us at 1-800-227-9187.

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