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IDAHO PUBLIC UTILITIES COMMISSION

## **AVISTA UTILITIES**

Exhibit "B - 1"

Notice of Revised Request of Applicant's Proposed Tariff Change Published in the major North Idaho daily newspapers

September 12, 2008

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## Important Notice for Avista's Idaho Natural Gas Customers

Avista reduces its request to increase natural gas rates to 4.0% from 14.2%

On Sept. 15, 2008, Avista filed a revised purchased gas adjustment (PGA) with the Idaho Public Utilities Commission (IPUC) to be effective Oct. 1, 2008. The request reflects an average increase in natural gas rates of 4.0%, as compared to the original request of 14.2% filed Aug. 18, 2008. The lower request reflects a significant decrease in natural gas prices since the original filing. The PGA is filed each year to recover changes in the cost of natural gas purchased by Avista to serve customers. PGA changes do not impact company earnings.

Avista is able to reduce its Idaho PGA request because of falling natural gas prices in the

market as it acquires natural gas to serve its customers during the upcoming heating season. Avista follows a structured natural gas purchasing plan that allows for flexibility based on market prices and conditions. Currently, about two-thirds of estimated customer demand for the upcoming year is either pre-purchased or placed in storage. Storage is a valuable asset that allows Avista to purchase lower-cost gas during the spring and summer months and store it for use during the heating season when wholesale gas prices are typically highest. Although prices for natural gas have decreased recently, prices during this past spring were at record levels, and the average price has been higher thus far in 2008 compared to 2007.

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 \$2.96 per month, or about 3.9%. The bill for 65 therms would increase from a present amount of \$75.14 to \$78.10. Larger commercial and industrial customers can expect to see an average increase of 4.4%.

## 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.

This request is subject to review by the IPUC. A final decision on the request is expected by the IPUC on or before Oct. 1. 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 website at www.puc.idaho.gov.

For more information, visit our website at www.avistautilities.com or call us at 1-800-227-9187.

