

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



RECEIVED

2009 JAN 23 PM 12: 27

IDAHO PUBLIC
UTILITIES COMMISSION

January 22, 2009

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

Tariff I.P.U.C. No. 28 (Electric) and Tariff IPUC No. 27 (Natural Gas)
Docket Nos. AVU-E-09-01 and AVU-G-09-01

Enclosed for filing with the Commission is an original and nine copies of an Application by Avista Corporation dba Avista Utilities (Avista) dated January 22, 2009 for approval of revised electric and natural gas rates. This filing reflects a general rate increase for both electric and natural gas service in the State of Idaho, to be effective February 23, 2009.

Avista has also included for filing nine copies of its prepared direct testimony, and exhibits in support of its revised rates, as well as eight copies of workpapers showing how test year data were adjusted. Please note that the workpapers of Clint G. Kalich are being provided in electronic format only due to the electronic and voluminous nature of these files. Computer readable copies of the testimony, exhibits, and workpapers, required under Rule 231.05, are included on the attached compact disc.

Attached to the Application is the form of Customer Notice and form of Press Release to be issued by the Company. Additionally, Avista has included a signed copy of the Protective Agreement between Avista and the Commission Staff, and the Attorney's Certificate and Claim of Confidentiality Relating to Portions of Avista's Workpapers.

Sincerely,

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

Kelly O. Norwood
Vice President

Enclosures

RECEIVED

2009 JAN 23 PM 12: 27

IDAHO PUBLIC
UTILITIES COMMISSION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 22nd day of January, 2009, served the foregoing application, and Avista's Direct Testimony and Exhibits in Docket No. AVU-E-09-01 and AVU-G-09-01 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

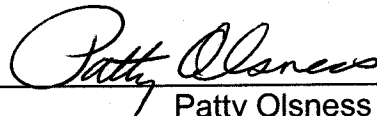
Scott Woodbury
Deputy Attorney
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702-0659

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

Howard Ray
Potlatch Corporation
803 Mill Road
P.O. Box 1126
Lewiston, ID 83501-1126

Dean J. Miller
McDevitt & Miller, LLP
420 W. Bannock St.
Boise, ID 83701-2564

Scott Atkison
Bennett Forest Industries, Inc.
171 Highway 95 N.
Grangeville, ID 83530



Patty Olsness
Rates Coordinator

RECEIVED

2009 JAN 23 PM 12:28

IDAHO PUBLIC
UTILITIES COMMISSION

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL OF
REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
FACSIMILE: (509) 495-8851

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

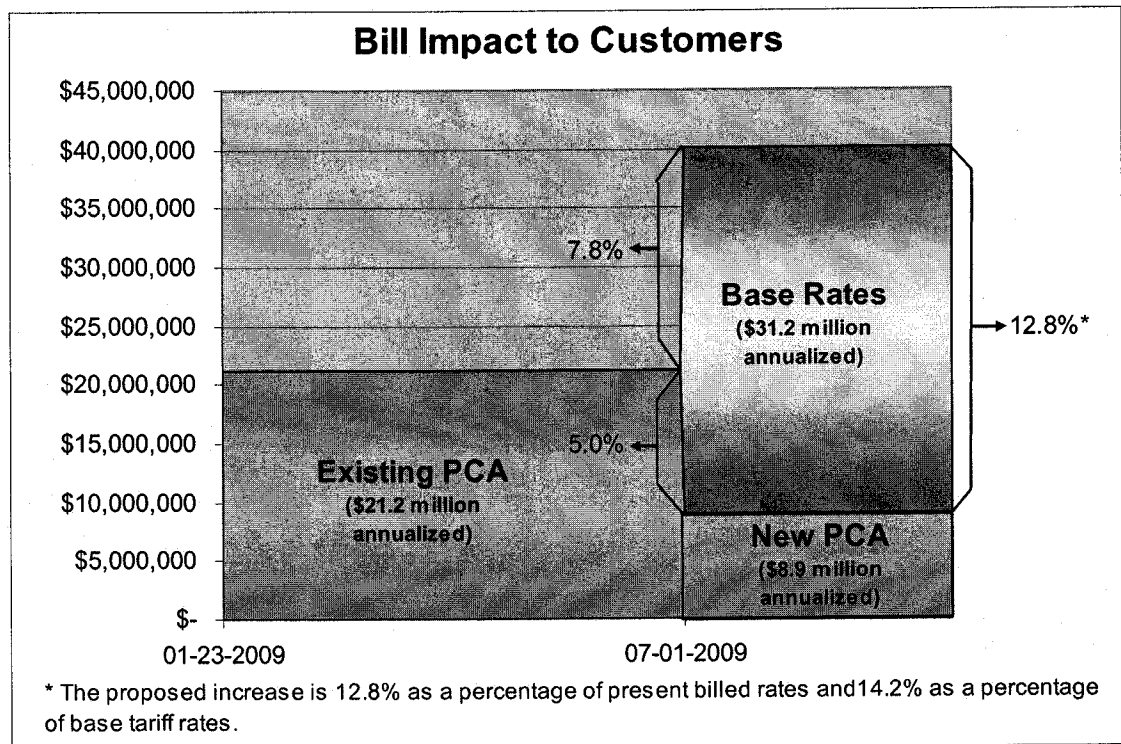
IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-E-09-01
OF AVISTA CORPORATION FOR THE)	CASE NO. AVU-G-09-01
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES FOR ELECTRIC AND)	
NATURAL GAS SERVICE TO ELECTRIC AND)	
NATURAL GAS CUSTOMERS IN THE STATE)	
OF IDAHO)	

APPLICATION OF AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

1 Application is hereby made to the Idaho Public Utilities
 2 Commission for an Order granting Avista Corporation
 3 ("Applicant," "Company," or "Avista") the authority to
 4 increase its rates and charges for electric and natural gas
 5 service to electric and natural gas customers in the State of
 6 Idaho to be effective on and after February 23, 2009.

7 In this filing Avista is proposing a net increase in
 8 electric retail rates of 7.8%. The proposal consists of an
 9 increase in electric base retail rates of \$31.2 million or
 10 12.8%, and a reduction in the current Power Cost Adjustment
 11 (PCA) surcharge of 5.0%. We are proposing that the reduction
 12 in the PCA surcharge become effective coincident with the
 13 effective date of new retail rates from this general rate case
 14 filing. The following illustrates how the estimated electric
 15 net increase was derived.



1 The proposed natural gas increase in the filing is \$ 2.74
2 million, or 3.0%.

3 In support of this Application, Applicant states as
4 follows:

5 I.

6 The name of the Applicant is Avista Corporation, dba
7 Avista Utilities, a Washington corporation whose principal
8 business office is 1411 East Mission Avenue, Spokane,
9 Washington, and is qualified to do business in the State of
10 Idaho. Avista maintains district offices in Moscow, Lewiston,
11 Sandpoint and Coeur d'Alene, Idaho. Communications in
12 reference to this Application should be addressed to the
13 following:

14 David J. Meyer, Esq.
15 Vice President and Chief Counsel of
16 Regulatory & Governmental Affairs
17 Avista Corporation
18 P.O. Box 3727
19 1411 E. Mission Ave
20 Spokane, WA 99220-3727
21 Phone: (509) 495-4316
22 Fax: (509) 495-2581
23

24 Kelly Norwood
25 Vice President - State and Federal Regulation
26 Avista Utilities
27 P.O. Box 3727
28 1411 E. Mission Ave
29 Spokane, WA 99220-3727
30 Phone: (509) 495-4267
31 Fax: (509) 495-2581

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

II.

Avista is a public utility primarily engaged in the generation, transmission and distribution of electric power and the distribution of natural gas in certain portions of eastern and central Washington, northern Idaho, as well as distribution of natural gas in northeast and southwest Oregon. The Company is subject to the jurisdiction of this Commission, the Washington Utilities and Transportation Commission, the Oregon Public Utility Commission, the Montana Public Service Commission and the Federal Energy Regulatory Commission.

III.

Applicant's existing base rates and charges for electric service were approved as a result of the Commission's Order No. 30647 dated September 30, 2008, in Case No. AVU-E-08-01. The existing rates and charges for electric service on file with the Commission (designated as Applicant's Tariff No. 28) are incorporated herein as though fully attached hereto.

IV.

Applicant's existing base rates and charges for natural gas service were approved as a result of the Commission's Order No. 30647 dated September 30, 2008, in Case No. AVU-G-08-01. The existing rates and charges for natural gas service on file with the Commission (designated as Applicant's Tariff No. 27) are incorporated herein as though fully attached hereto.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

V.

The electric and natural gas rates and charges which Applicant desires to have the Commission approve are filed herewith as Exhibit A. Also included in Exhibit A are copies of the tariff schedules showing the proposed changes by striking over the existing rates and underlining the proposed rates. Company witness Mr. Hirschhorn fully describes in his testimony and exhibits the proposed changes herein.

VI.

The circumstances and conditions relied upon and justification for approval of the proposed increase in rates for electric and natural gas service are as follows:

Applicant's present electric and natural gas rates will not produce sufficient revenue to provide operating income required to allow the Applicant the opportunity to earn the 8.8% rate of return being requested and supported in this Application.

The Applicant's last electric and natural gas general rate case (Case Nos. AVU-E-08-01 and AVU-G-08-01) in Idaho was effective in October 2008. The proposed revenue increases are driven primarily by increased power supply costs, capital investments in upgrading aging infrastructure to increase capacity and reliability, litigation and relicensing costs for Avista's Spokane River hydropower projects and Lake Coeur d'Alene, and changes in other various costs of providing electric and natural gas services to our customers.

1 Unless the increased rates as requested in this filing are
2 approved, Applicant's rates will not be fair, just and
3 reasonable and it will not have the opportunity to realize a
4 fair rate of return on its investment.

5 Applicant's evidence in support of its need for increased
6 electric and natural gas rates is based on a 12-month ended
7 September 30, 2008 test year. Applicant's rate base evidence
8 is presented on an average basis. Documentation showing how
9 the test year data was adjusted is provided in the testimony
10 and exhibits of Company witness Andrews.

11 Applicant provides utility service in states other than
12 Idaho. A jurisdictional separation of all investments,
13 revenues and expenses allocated or assigned in whole or in part
14 to the Idaho utility business regulated by this Commission is
15 described in the testimony and exhibits of Company witness
16 Andrews.

17 **VII.**

18 Applicant's evidence will show that an overall rate of
19 return of 8.80% is fair, just and reasonable. The Company's
20 exhibits and testimony support an increase in retail electric
21 and natural gas revenue of \$31.2 million and \$3 million,
22 respectively. Simultaneous with the filing of this
23 Application, Applicant has filed its prepared direct
24 testimony, and exhibits in support of its revised rates, as well
25 as workpapers showing how test year data were adjusted.

1 **VIII.**

2 A complete justification of the proposed increases in
3 electric and natural gas rates is provided in the testimony and
4 exhibits of Company witnesses. These witnesses and a brief
5 summary of their testimony are as follows.

6
7 Mr. Scott L. Morris, Chairman, President, and Chief
8 Executive Officer of Avista Utilities, presents the Company's
9 policy testimony and provides an overview of Avista Corporation
10 and Avista Utilities. He summarizes the Company's rate requests
11 in this filing, and the primary factors driving the Company's
12 need for general rate relief. He provides an overview of some
13 of the initiatives that the Company has undertaken in recent
14 years to achieve operating efficiencies in an effort to mitigate
15 a portion of the increase in costs that Avista, as well as other
16 utilities in the industry are experiencing. He also briefly
17 explains the Company's customer support programs that are in
18 place to assist our customers. Finally, he introduces each of
19 the other witnesses providing testimony on the Company's behalf.

20 Company witness Morris explains that this case is about
21 more than just year-over-year changes in utility operating
22 costs, such as power costs, fuel, materials and supplies, and
23 labor. It is also investing large amounts of capital to preserve
24 and upgrade our existing utility infrastructure to meet growing
25 customer demand. It is also continuing to experience major cost
26 impacts related to meeting new reliability standards,
27 environmental compliance, and litigation related to the

1 preservation of what have historically been its low-cost
2 resources it has used for decades to serve its customers.

3 Several examples of significant cost increases are as
4 follows:

- 5 • **Compensation to the Coeur d' Alene Tribe (Tribe):**
6 The recently announced Settlement Agreement among the
7 Tribe, Avista, and the U.S. Department of Interior,
8 provides compensation to the Tribe related to their
9 ownership of the Southern one-third of Lake Coeur d' Alene
10 (CDA). Although these costs were reviewed in the prior
11 general rate case, they were deferred for future recovery
12 in a subsequent rate case and are included in the current
13 filing.
14
- 15 • **Spokane River Relicensing:** The resolution of issues with
16 the CDA Tribe helps clear the way for the Federal Energy
17 Regulatory Commission (FERC) to issue a new license for
18 the Post Falls Hydroelectric Project in the State of
19 Idaho. There is, however, one remaining issue for the
20 Projects in the State of Washington related to water
21 quality. The Company expects this issue to be resolved
22 in the first half of 2009 and a new license to be issued.
23 The majority of the relicensing costs were reviewed in the
24 prior general rate case filing, but were deferred for
25 later recovery in this filing.
26
- 27 • **Mitigation of Mercury and Thermal O&M Cost Increases:**
28 During 2009, the Colstrip owners, including Avista, will
29 begin to incur significant costs to comply with new
30 Mercury emissions laws in the State of Montana. Avista
31 is also experiencing a significant increase in O&M at its
32 thermal plants, due in part to the rapid increase in the
33 cost of materials and the age of the plants.
34
- 35 • **Increase in Power Supply Costs:** In our last rate case the
36 Company included a "rate mitigation adjustment" such that
37 the full increase in power supply costs was not included
38 in retail rates resulting from that case. This case
39 reflects the total power supply costs to serve customers'
40 loads. The increase in costs is also driven by, among
41 other things, the expiration of low-cost Mid-Columbia
42 contracts, and an increase in retail loads.
43
- 44 • **Investment in Facilities to Serve Customers:** As other
45 witnesses will explain in more detail, the Company is
46 continuing to invest significant dollars in utility
47 infrastructure. The investment is necessary to serve new
48 customers, upgrade aging facilities - some of which are

1 over 70 years old - and meet recently-enacted reliability
2 requirements for our energy delivery facilities.
3
4

5 Mr. Morris explains a number of cost-cutting and efficiency
6 measures that have been undertaken recently in an effort to
7 mitigate the overall cost impacts to its customers. He describes
8 how the Company continues to aggressively manage costs to
9 achieve the appropriate balance in providing safe and reliable
10 service at cost-effective rates, and realize a high level of
11 customer satisfaction, while preserving the financial health of
12 the utility.

13 In addition to working diligently to gain efficiencies and
14 control the cost of providing energy service, Avista continues
15 to provide a number of energy assistance programs to aid
16 customers who are most affected by rising energy costs. These
17 efforts, among others, include Project Share, CARES, Senior
18 Energy Outreach and energy efficiency workshops.

19 Finally, Avista's energy efficiency programs offer a
20 portfolio of programs covering all customer classes. Total
21 savings of over 62.1 million annual kWhs and 1.7 million therms
22 were achieved during January 1, 2008 through November 30, 2008.
23

24 Mr. Mark Thies, Senior Vice President and Chief Financial
25 Officer, will describe, among other things, the overall
26 financial condition of the Company, its current credit ratings,
27 the Company's plan for improving its financial health, its
28 ongoing capital requirements, the proposed capital structure,

1 and the overall rate of return proposed by the Company. Mr. Thies
2 explains that:

- 3 • Avista's plans call for significant capital
4 expenditure requirements for the utility over
5 the next two years to assure reliability in
6 serving growth in the number of customers and
7 customer demand. Capital expenditures of
8 approximately \$420 million are planned for
9 2009-2010 for customer growth, investment in
10 generation, transmission and distribution
11 facilities for the electric utility business as
12 well as necessary maintenance and replacements
13 of our natural gas utility systems. Avista
14 needs adequate cash flow from operations to
15 fund these requirements, together with access
16 to capital from external sources under
17 reasonable terms.
18
- 19 • Avista's corporate rating from Standard &
20 Poor's is currently BBB-. Avista Utilities
21 needs to operate at a level that will support
22 a strong investment grade corporate credit
23 rating, meaning "BBB" or "BBB+", in order to
24 access debt capital markets at reasonable
25 rates, which will decrease long-term costs to
26 customers. Maintaining solid credit metrics
27 and credit ratings will also help support a
28 stock price necessary to issue equity to fund
29 capital requirements.
30
- 31 • The Company has proposed an overall rate of
32 return of 8.80%, including a 50.00% equity
33 ratio and an 11.0% return on equity. We believe
34 the 11.0% provides a reasonable balance of the
35 competing objectives of continuing to improve
36 our financial health, and the impacts that
37 increased rates have on our customers.
38
39

40 Dr. William E. Avera, as President of Financial Concepts
41 and Applications (FINCAP), Inc., has been retained to present
42 testimony with respect to the Company's cost of common equity.
43 He concludes that:

- 1 • Application of quantitative methods to alternative
2 groups of proxy companies imply a cost of equity range
3 of 11.3 percent to 13.3 percent.
- 4 • Because Avista's requested ROE of 11.0% percent falls
5 below the lower end of the recommended range, it
6 represents a conservative estimate of investors'
7 required rate of return.
- 8 • Considering investors' expectations for capital
9 markets and the need to support financial integrity
10 and fund crucial capital investment even under
11 adverse circumstances, 11.0% percent is a reasonable,
12 albeit conservative, ROE for Avista.
- 13 • Because of Avista's reliance on hydroelectric
14 generation, the Company is exposed to relatively
15 greater risks of power cost volatility.
- 16 • Investors view the Power Cost Adjustment ("PCA") as
17 supportive of the Company's financial integrity, but
18 they understand that the PCA does not insulate Avista
19 from the need to finance accrued power production and
20 supply costs or shield the Company from potential
21 regulatory disallowances.
- 22 • Avista's requested capitalization is consistent with
23 the Company's need to strengthen its credit standing
24 and financial flexibility as it seeks to raise
25 additional capital to fund significant system
26 investments and meet the requirements of its service
27 territory.
- 28 • The reasonableness of a minimum 11.0% percent ROE for
29 Avista is also supported by the greater risks
30 associated with the Company's relatively small size
31 and the need to consider flotation costs.

32
33 Mr. Richard Storro, Vice President of Energy Resources,
34 will provide an overview of Avista's resource planning and power
35 operations. He will discuss the Company's resources, its current
36 and future load and resource position, and future resource
37 plans. He will also discuss the Company's hydroelectric
38 upgrades, current hydro relicensing issues, and mercury
39 abatement at Colstrip. Mr. Storro explains:

- 40 • Avista's electric generation portfolio, including
41 power supply operations;
- 42 • The Company is in an annual balanced-to-surplus
43 energy position through 2017 with the addition of the
44 Lancaster Power Purchase Agreement (PPA);

- 1 • The Company's involvement with the Chicago Climate
2 Exchange; and
3 • Avista's risk management policy for energy resources,
4 including the electric hedging plan.
5

6 Mr. Clint Kalich, Manager of Resource Planning & Power
7 Supply Analyses, will describe the Company's AURORA_{xmp} model
8 (Dispatch Model) inputs, assumptions, and results related to the
9 economic dispatch of Avista's resources to serve load
10 requirements, and market forecast of electricity prices. He
11 explains:

- 12 • The key assumptions driving the Dispatch Model's
13 market forecast of electricity prices. This
14 discussion includes the variables of natural gas,
15 Western Interconnect loads and resources, and
16 hydroelectric conditions.
17 • The model dispatches Avista's resources and contracts
18 in a manner that maximizes benefits to customers.
19 • The use of quantitative rate-period loads for July
20 2009 through June 2010, for modeling pro forma net
21 power supply expenses.
22 • The output results from the model, including thermal
23 generation and short-term wholesale sales and
24 purchases, were provided to Mr. Johnson to
25 incorporate into the power supply pro forma
26 adjustments.
27

28 Mr. William Johnson, Wholesale Marketing Manager, will
29 identify and explain the proposed normalizing and pro forma
30 adjustments to the test period power supply revenues and
31 expenses. He will also explain the new base level of power supply
32 costs for Power Cost Adjustment (PCA) calculation purposes using
33 the pro forma costs proposed by the Company in this filing. Mr.
34 Johnson describes:

- 35 • The adjustment of revenues and expenses based on
36 normal streamflow and weather conditions, and
37 expected wholesale market power prices.

- 1 • Adjustments made to reflect known and measurable
2 changes in power contracts, thermal generation fuel
3 expense, and transmission expense, between the test
4 period, and the pro forma period.
- 5 • The net effect of the adjustments to the test period
6 power supply expense is an increase of \$27,645,000 on
7 a system basis, \$9,789,095 which is allocated to
8 Idaho.
- 9 • This increase in pro forma power supply expense over
10 the expense currently in base rates is based on
11 numerous factors, primarily reduced hydro generation
12 due to the elimination of the rate mitigation
13 adjustment included in last year's general rate case
14 and higher retail loads.
- 15 • Certain proposed revisions to the PCA, including a
16 95%/5% sharing mechanism.
17

18 Mr. Don Kopczynski, Vice President of Transmission and
19 Distribution Operations, will describe Avista's electric and
20 natural gas energy delivery facilities and operations, and
21 recent efforts to increase efficiency and improve customer
22 service. Mr. Kopczynski describes:

- 23 • Avista's customer service programs such as energy
24 efficiency, Project Share, CARES program, Senior
25 Outreach Program, and payment plans. Some of these
26 programs will serve to mitigate the impact on
27 customers of the proposed rate increase.
- 28 • The Company's multi-faceted effort to increase
29 customer service automation, including replacement
30 and upgrade of the new Interactive Voice Response
31 (IVR) system, Mobile Dispatch, Outage Management
32 System, transmission and distribution system
33 efficiencies, and Web Redesign.
- 34 • The decision by the Company to outsource our bill
35 printing and mailing services. This decision was
36 based on Company needs for disaster recovery
37 compliance, added scalability and flexibility, and
38 cost savings.
39

40 Mr. Scott Kinney, Director, Transmission Operations, will
41 discuss the electric transmission and distribution investments
42 included in this case, and presents the Company's pro forma

1 period transmission revenues and expenses. In addition, he
2 describes the Company's Asset Management Program. Mr. Kinney
3 explains:

- 4 • Avista is expecting to invest over \$15.1 million
5 (system) in electric transmission projects with
6 completion dates in 2009.
- 7 • Several revisions have been made to transmission
8 expenses for the 2009/2010 pro forma period.
- 9 • Changes in replacement and maintenance costs
10 associated with the Company's asset management.
11

12 Mr. Dave DeFelice, Senior Business Analyst, will describe
13 the pro forma adjustment for non-revenue capital expenditures.

14 Mr. DeFelice explains:

- 15 • The rising cost of essential materials specific to the
16 utility industry is causing significant increases in
17 capital project funding requirements.
- 18 • These costs must be pro formed into historical
19 test-year computations in order to allow necessary
20 recovery of our costs to serve customers.
21
22

23 Ms. Elizabeth Andrews, Manager of Revenue Requirements,
24 will discuss the Company's overall revenue requirement
25 proposals. In addition, her testimony generally provides
26 accounting and financial data in support of the Company's need
27 for the proposed increase in rates. She sponsors:

- 28 • Electric and natural gas revenue requirement
29 calculations.
- 30 • Electric and natural gas results of operations.
- 31 • Pro forma operating results including expense and
32 rate base adjustments.
- 33 • System and jurisdictional allocations.
34

35 Ms. Tara Knox, Senior Regulatory Analyst, sponsors the cost
36 of service studies for electric and natural gas service, the

1 revenue normalization adjustments to results of operations, and
2 the proposed retail revenue credit rate for the PCA. Ms. Knox
3 studies indicate:

- 4 • Electric residential service, extra large general
5 service and street and area lighting service
6 schedules are earning less than the overall rate of
7 return under present rates, while general service,
8 large general service and pumping service schedules
9 are earning more than the overall rate of return
10 under present rates. However, all customer groups
11 are currently providing a rate of return lower than
12 the rate of return requested in this case.
- 13 • Natural Gas small firm service is earning less than
14 the overall rate of return at present rates, while
15 residential, interruptible and transportation
16 service schedules are earning more than the overall
17 rate of return to varying degrees. All of the
18 schedules are relatively close to the overall return
19 indicating the current rate spread is fair.
- 20 • In the absence of new load study information, she
21 performed a "sensitivity" analysis under a variety
22 of assumptions, and demonstrated that the
23 cost-of-service results will not change
24 significantly with respect to each schedule's
25 returns relative to "unity".
26

27 Mr. Brian Hirschhorn, Manager of Pricing, discusses the
28 spread of the proposed annual revenue changes among the
29 Company's general service schedules. He explains, among other
30 things, that:

- 31 • The proposed net increase in electric retail rates is
32 7.8%, which consists of an increase in electric base
33 retail rates of \$31.2 million or 12.8%, and a
34 reduction in the current PCA Surcharge.
- 35 • The monthly bill for a residential customer using an
36 average of 982 kWhs per month would increase from
37 \$78.47 to \$85.18 per month, an increase of \$6.71 or
38 8.6%. This includes the proposed increase in the
39 monthly basic or customer charge from \$4.60 to \$5.00.
- 40 • To achieve this, the Company is requesting that the
41 reduction in the PCA Surcharge become effective
42 coincident with the effective date of new retail
43 rates.

- 1 • The proposed natural gas annual revenue increase is
- 2 \$2.7 million, or 3.0%.
- 3 • The monthly bill for a residential customer using 66
- 4 therms per month would increase from \$79.38 to \$81.94
- 5 per month, an increase of \$2.56 or 3.2%. This includes
- 6 the proposed increase in the monthly basic or customer
- 7 charge from \$4.00 to \$4.25.
- 8
- 9

10 Mr. Bruce Folsom, Senior Manager of Demand Side Management ,
11 provides an overview of the Company's DSM programs and documents
12 Avista's expenditures for electric and natural gas energy
13 efficiency programs. Mr. Folsom explains that:

- 14 • The Company exceeded its 2008 electric efficiency
- 15 targets by approximately 40% and 2008 natural gas
- 16 efficiency target by approximately 34%.
- 17 • Avista's expenditures for electric and natural gas
- 18 energy efficiency programs from January 1, 2008
- 19 through November 30, 2008 have been prudently
- 20 incurred.
- 21
- 22

22 **IX.**

23 Avista has provided under separate cover an Attorney's
24 Certificate And Claim Of Confidentiality Relating To Portions
25 Of Avista's Workpapers pursuant to Idaho Code Section 9-340D
26 and IDAPA 31.01.01.067 and 31.01.01.233.

27 **X.**

28 Notice to the public of the proposed rates and charges,
29 pursuant to IDAPA 31.21.02.102, will be given simultaneously
30 with the filing of the Application by posting a notice at each
31 of the Company's district offices in Idaho, and by a news
32 release, both of which are attached as Exhibit B. Notice of
33 proposed rates will also be given to all Idaho customers by
34 individual bill insert as required by rule.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

XI.

Portions of the Company's Application and accompanying testimony and exhibits are based on computer models. Documentation and explanation on some of the models have already been provided to Commission Staff. Additional documentation and explanation are provided with testimony, exhibits and work papers in this filing. Further information can be provided upon request.

XII.

The Applicant stands ready for immediate consideration of this Application.

WHEREFORE Applicant requests the Commission issue its Order finding the proposed rates and charges attached as part of witness Mr. Hirschhorn's testimony to be fair, just, reasonable and nondiscriminatory, and effective for electric and natural gas service rendered on and after February 23, 2009.

1 DATED at Spokane, Washington, this 22nd day of January,
2 2009

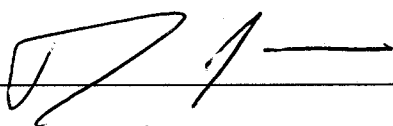
3
4 AVISTA CORPORATION

5

6

7

By



8

9

10

11

12

David J. Meyer
Vice President and Chief Counsel of
Regulatory & Governmental Affairs
Avista Corporation

1 STATE OF WASHINGTON)

2 : SS

3 County of Spokane)

4

5 David J. Meyer, being duly sworn, on oath deposes and
6 says:

7 That he is the Vice President and Chief Counsel of Regulatory
8 and Governmental Affairs of Avista Corporation;

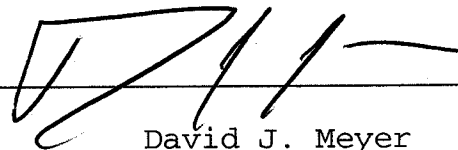
9 That he has read the foregoing Application, knows the contents
10 thereof, and believes the same to be true.

11

12

13

14



15

David J. Meyer

16

17

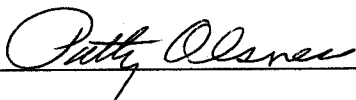
18 Subscribed and sworn to before me this 22nd day of January, 2009.

19

20

21

22



23

Notary Public in and for the State

24

Washington, residing in Spokane

