

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

December 30, 2008

State of Idaho
Idaho Public Utilities Commission
Statehouse
Boise, Idaho 83720

AVU-09-02

Attention: Ms. Jean D. Jewell

I.P.U.C. No. 27 – Natural Gas Service

Enclosed for filing with the Commission is the following revised tariff sheet:

Ninth Revision Sheet 155 canceling Eighth Revision Sheet 155

This filing proposes to decrease rates for the Company's Idaho natural gas customers by approximately 6.0 cents per therm, or about 4.7% for residential and small commercial (Schedule 101) customers. Larger-use customers served under Schedule 111 would see an average decrease of 5.4%. The Company requests that the proposed tariff change be made effective on January 6, 2009, under modified procedure with less than statutory notice.

Since the Company's 2008 PGA filing, dated September 12th, wholesale natural gas prices have continued to fall, even below projected prices included in that filing. As a result of lower-cost gas purchases over the past several months, deferred gas costs due customers have grown significantly since the PGA filing. This filing proposes to adjust the amortization rate(s) to refund additional deferred amounts to customers from January through October 2009. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

With the present state of the economy and customers experiencing higher winter heating bills, the Company believes that it is appropriate to reduce natural gas rates at this time. While the Company could support a larger decrease in this filing, it is also concerned about rate volatility in the future, i.e., a larger decrease now could increase the possibility of a PGA increase in the fall of 2009.

The proposed amortization rate included in this filing is a refund rate of approximately 7.7 cents per therm, reflecting a 6.0 cents per therm decrease compared to the present amortization (refund) rate of 1.7 per therm. The proposed amortization rate would refund to customers approximately \$4.0 million by October 31, 2009, based on projected customer usage. This amount reflects 72% of the deferral balance of \$5.6 million at the

end of November 2008. Refunding the entire \$5.6 million would result in a refund rate of approximately ten cents per therm and, again, would increase the possibility of an increase in the 2009 PGA filing.

The proposed decrease would result in a monthly bill reduction of \$3.89 for a residential customer using an average of 65 therms per month, from a present bill of \$82.12 to \$78.23 per month. The Company will issue a media release coincident with this filing. If the proposed decrease is approved, the Company will include a message on customer bills informing them of the decrease.

Also enclosed is a copy of the media release and the workpapers supporting the proposed decrease.

If you have any questions regarding this filing, please contact Brian Hirschorn at (509) 495-4723 or Craig Bertholf at (509) 495-4124.

Sincerely,

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

Kelly Norwood
Vice President, State and Federal Regulation

Enc.

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IDAHO PUBLIC
UTILITIES COMMISSION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation dba Avista Utilities' filing with Tariff IPUC No. 27 Natural Gas Service via electronic mail where available or by mailing a copy thereof, postage prepaid to the following:

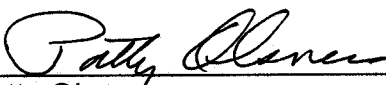
Jean D Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83720-5983

Paula Pyron
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035-1827

Chad Stokes
Cable Huston Benedict Haagensen &
Lloyd, LLP
1001 SW 5th, Suite 2000
Portland, OR 97204-1136

Curt Hibbard
St. Joseph Regional Medical Center
PO Box 816
Lewiston, ID 83501

Dated at Spokane, Washington this 30th day of December 2008.



Patty Olsness
Rates Coordinator

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IDAHO PUBLIC
UTILITIES COMMISSION

AVISTA UTILITIES

Exhibit "A"

Proposed Tariff Sheets

December 30, 2008

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 155
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by 7.711¢ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by 6.574¢ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued December 30, 2008

Effective January 6, 2009

Issued by Avista Utilities

By

Kelly Norwood

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 155
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SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued December 30, 2008

Effective January 6, 2009

Issued by Avista Utilities

By Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 155
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by ~~1.727¢~~ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by ~~1.727¢~~ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

Issued September 12, 2008

Effective October 1, 2008

Issued by Avista Utilities

By Kelly Norwood, Vice President, State & Federal Regulation



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IDAHO PUBLIC
UTILITIES COMMISSION

AVISTA UTILITIES

Exhibit "C"

Workpapers

December 30, 2008

Avista Utilities
 State of Idaho
 Average Increase Per Customer

Sch	Average Mo. Usage Per Cust.	Present Rate	Total Present Cost	Proposed Rate	Total Proposed Cost	Estimated Monthly Increase	Estimated Increase Percentage
101	65	\$1.20190	\$78.12	\$1.14206	\$74.23		
	Basic Charge	\$4.00	\$4.00		\$4.00		
			<u>\$82.12</u>		<u>\$78.23</u>	(\$3.89)	-4.74%
111	1,841						
	First 200	\$1.18553	\$237.11	\$1.12569	\$225.14		
	Next 800	\$1.12375	\$899.00	\$1.06391	\$851.13		
	1,0001 - 10,000	\$1.05069	\$883.63	\$0.99085	\$833.30		
	Over 10,000	\$1.01069	\$0.00	\$0.95085	\$0.00		
			<u>\$2,019.74</u>		<u>\$1,909.57</u>	(\$110.17)	-5.45%
132	35,082	\$0.95262	<u>\$33,419.81</u>	\$0.95262	<u>\$33,419.81</u>	\$0.00	

Avista Utilities
 Calculation of Idaho Present Rates

Sch No.	Description	Present Tariff Rate	Present Schedule 150	Present Schedule 155	Present Schedule 191 (DSM)	Total Present Rate
101	General	\$0.85153	\$0.34701	(\$0.01727)	\$0.02063	\$1.20190
111	Large General					
	First 200	\$0.83762	\$0.34701	(\$0.01727)	\$0.01817	\$1.18553
	Next 800	\$0.77584	\$0.34701	(\$0.01727)	\$0.01817	\$1.12375
	1,0001 - 10,000	\$0.70278	\$0.34701	(\$0.01727)	\$0.01817	\$1.05069
	Over 10,000	\$0.66278	\$0.34701	(\$0.01727)	\$0.01817	\$1.01069
112	Large General					
	First 200	\$0.83762	\$0.34701		\$0.01817	\$1.20280
	Next 800	\$0.77584	\$0.34701		\$0.01817	\$1.14102
	1,0001 - 10,000	\$0.70278	\$0.34701		\$0.01817	\$1.06796
	Over 10,000	\$0.66278	\$0.34701		\$0.01817	\$1.02796
131	Interruptible	\$0.60082	\$0.33657	(\$0.01727)	\$0.01523	\$0.93535
132	Interruptible	\$0.60082	\$0.33657		\$0.01523	\$0.95262
146	Transportation	\$0.11062				\$0.11062

Special Amortization Rates (Note 1)
 St. Joseph Hospital

Note 1 - Customer has the option of the special amortization rate or a lump sum payment or refund

Avista Utilities
 Calculation of Idaho Proposed Rates

Sch No.	Description	Present Rate	Present Schedule 150	Proposed Schedule 155	Present Schedule 191 (DSM)	Total Proposed Rate
101	General	\$0.85153	\$0.34701	(\$0.07711)	\$0.02063	\$1.14206
111	Large General					
	First 200	\$0.83762	\$0.34701	(\$0.07711)	\$0.01817	\$1.12569
	Next 800	\$0.77584	\$0.34701	(\$0.07711)	\$0.01817	\$1.06391
	Next 9,000	\$0.70278	\$0.34701	(\$0.07711)	\$0.01817	\$0.99085
	Over 10,000	\$0.66278	\$0.34701	(\$0.07711)	\$0.01817	\$0.95085
112	Large General					
	First 200	\$0.83762	\$0.34701		\$0.01817	\$1.20280
	Next 800	\$0.77584	\$0.34701		\$0.01817	\$1.14102
	Next 9,000	\$0.70278	\$0.34701		\$0.01817	\$1.06796
	Over 10,000	\$0.66278	\$0.34701		\$0.01817	\$1.02796
131	Interruptible	\$0.60082	\$0.33657	(\$0.06574)	\$0.01523	\$0.88688
132	Interruptible	\$0.60082	\$0.33657		\$0.01523	\$0.95262
146	Transportation	\$0.11062				\$0.11062
Special Amortization Rates (Note 1)						
	St. Joseph Hospital			(\$0.06080)		(\$0.06080)

Note 1 - Customer has the option of a special amortization rate or a lump sum payment or refund

Avista Utilities
Idaho Gas Tracker
Calculation of New Amortization Rate
Schedule 155

	All Firm Customers	All Sales Customers	Total Amortization Rate
Schedule 101	(\$0.01137)	(\$0.06574)	(\$0.07711)
Schedule 111	(\$0.01137)	(\$0.06574)	(\$0.07711)
Schedule 112			\$0.00000
Schedule 131		(\$0.06574)	(\$0.06574)
Schedule 132			\$0.00000

Avista Utilities
 Idaho Gas Tracker
 Actual Balances at 11/30/08

	Unamortized Deferrals (Acct 191000)	Current Deferrals (Acct 191010)	Total	Adjustments	Total
All Firm Customers	(213,380.14)	(605,753.76)	(819,133.90)		(819,133.90)
All Sales Customers	(2,035,485.55)	(2,730,737.61)	(4,766,223.16)		(4,766,223.16)
Interstate Asphalt - Hayden	(101.43)	(1.44)	(102.87)		(102.87)
Lignetics	34.11	(1.91)	32.20		32.20
Stimson Lumber		(40.58)	(40.58)		(40.58)
St. Joseph Hospital	(24,867.69)	(120.99)	(24,988.68)		(24,988.68)
	<u>(2,273,800.70)</u>	<u>(3,336,656.29)</u>	<u>(5,610,456.99)</u>		<u>(5,610,456.99)</u>

Avista Utilities
Idaho Gas Tracker
Calculation of Amortization Rate
Firm Customers (Schedules 101 & 111)

		Estimated Sch 101 Therms	Estimated Sch 111 Therms	Total Estimated Therms	Amortization (\$0.01137)	Interest 5.00%	Balance To Be Amortized
							(819,133.90)
November	2008	6,689,413	2,168,632	8,858,045	100,715.97	(3,203.23)	(721,621.16)
December		9,659,127	2,765,442	12,424,569	141,267.35	(2,712.45)	(583,066.26)
January	2009	9,904,193	2,584,699	12,488,892	141,998.70	(2,133.61)	(443,201.17)
February		7,633,726	2,023,730	9,657,456	109,805.27	(1,617.91)	(335,013.81)
March		6,340,767	1,758,042	8,098,809	92,083.46	(1,204.05)	(244,134.40)
April		3,606,134	1,056,725	4,662,859	53,016.71	(906.78)	(192,024.47)
May		2,698,853	908,454	3,607,307	41,015.08	(714.65)	(151,724.04)
June		1,817,346	774,682	2,592,028	29,471.36	(570.78)	(122,823.46)
July		1,150,320	606,600	1,756,920	19,976.18	(470.15)	(103,317.43)
August		1,014,303	735,163	1,749,466	19,891.43	(389.05)	(83,815.05)
September		1,832,429	977,809	2,810,238	31,952.41	(282.66)	(52,145.30)
October	2009	3,150,886	1,441,928	4,592,814	52,220.30	(108.48)	(33.48)

Avista Utilities
Idaho Gas Tracker
Calculation of Amortization Rate
Sales Customers (Schedules 101, 111 & 131)

		Estimated Sch 101 Therms	Estimated Sch 111 Therms	Estimated Sch 131 Therms	Total Estimated Therms	Amortization (\$0.06574)	Interest 5.00%	Balance To Be Amortized
								(4,766,223.16)
November	2008	6,689,413	2,168,632	38,477	8,896,522	584,857.36	(18,640.81)	(4,200,006.61)
December		9,659,127	2,765,442	45,250	12,469,819	819,765.90	(15,792.18)	(3,396,032.89)
January	2009	9,904,193	2,584,699	48,931	12,537,823	824,236.48	(12,432.98)	(2,584,229.39)
February		7,633,726	2,023,730	45,493	9,702,949	637,871.87	(9,438.72)	(1,955,796.24)
March		6,340,767	1,758,042	38,680	8,137,489	534,958.53	(7,034.65)	(1,427,872.36)
April		3,606,134	1,056,725	35,442	4,698,301	308,866.31	(5,306.00)	(1,124,312.05)
May		2,698,853	908,454	32,045	3,639,352	239,251.00	(4,186.19)	(889,247.24)
June		1,817,346	774,682	39,894	2,631,922	173,022.55	(3,344.73)	(719,569.42)
July		1,150,320	606,600	33,482	1,790,402	117,701.03	(2,753.00)	(604,621.39)
August		1,014,303	735,163	32,191	1,781,657	117,126.13	(2,275.24)	(489,770.50)
September		1,832,429	977,809	28,919	2,839,157	186,646.18	(1,651.86)	(304,776.18)
October	2009	3,150,886	1,441,928	54,127	4,646,941	305,489.90	(633.46)	80.26

Avista Utilities											
State of Idaho											
Account 191000 Detail											
	PGA	10/31/08	10/31/08	10/31/08	10/31/08	11/30/08	11/30/08	11/30/08	11/30/08	11/30/08	11/30/08
	Transfer	Amortization	Interest	Balance	Large Customer PGA Refunds <Surcharges>	Amortization	Interest	Balance	Amortization	Interest	Balance
Firm Customers	(596,695.95)	76,369.30	(3,124.78)	(714,886.63)		111,878.48	(2,745.61)	(605,753.76)			
All Sales Customers	(2,967,854.57)	18,595.89	(11,427.54)	(2,744,739.88)		25,385.80	(11,383.53)	(2,730,737.61)			
CDA Fiber Fuel											
CDA Resort											
Interstate Asphalt - Sandpoint											
Interstate Asphalt - Hayden	(280.81)		(0.72)	(173.08)	172.00		(0.36)	(1.44)			
Lignetics	(291.09)		(1.21)	(292.30)	291.00		(0.61)	(1.91)			
Stimson Lumber	(6,339.08)		(26.91)	(6,486.01)	6,459.00		(13.57)	(40.58)			
St. Joseph	(16,285.18)		(79.79)	(19,228.76)	19,148.00		(40.23)	(120.99)			
Total Acct 191.40	(3,587,746.68)	94,965.19	(14,660.95)	(3,485,806.66)	26,070.00	137,264.28	(14,183.91)	(3,336,656.29)			

Avista Utilities									
State of Idaho									
Account 191000 Detail									
	7/31/08	8/31/08	8/31/08	8/31/08	9/30/08	9/30/08	9/30/08	9/30/08	9/30/08
	Balance	Amortization	Interest	Balance	Amortization	Interest	Balance	Amortization	Balance
Firm Customers	(234,657.89)	19,376.12	(937.38)	(216,219.15)	25,631.47	(847.52)	(191,435.20)		
All Sales Customers	157,798.78	24,371.10	708.27	182,878.15	32,239.03	829.16	215,946.34		
CDA Fiber Fuel									
CDA Resort									
Interstate Asphalt - Sandpoint									
Interstate Asphalt - Hayden	107.55		0.45	108.00		0.45	108.45		
Lignetics									
Stimson Lumber	(119.02)		(0.50)	(119.52)		(0.50)	(120.02)		
St. Joseph	(2,840.08)		(11.83)	(2,851.91)		(11.88)	(2,863.79)		
Total Acct 191.40	(79,710.66)	43,747.22	(240.99)	(36,204.43)	57,870.50	(30.29)	21,635.78		

	Balance 9/30/08	PGA Transfer	Demand & Capacity Rel. Deferrals	10/31/08 Commodity Deferral	Interest	Balance 10/31/08	Demand & Capacity Rel. Deferrals	11/30/08 Commodity Deferral	Interest	Balance 11/30/08
Avista Utilities										
State of Idaho										
Recap of Acct 191010										
CDA Resort										
CDA Fiber Fuel										
Interstate Concrete/Asphalt - Sandpoint (111)	(280.81)	280.81	(0.12)	(285.61)	(0.60)	(286.33)	(6.48)	192.19	(0.81)	(101.43)
Interstate Concrete/Asphalt - Hayden (112)										
Interstate Concrete/Asphalt - Rathdrum (111)	(291.09)	291.09					(3.32)	37.36	0.07	34.11
Lignetics	(6,339.08)	6,339.08								
Stimson Lumber (River Ave)	(16,285.18)	16,285.18		(28,874.87)	(60.16)	(28,935.03)		4,179.20	(111.86)	(24,867.69)
St. Joseph										
Firm Customers	(596,695.95)	596,695.95	(2,626.46)		(5.47)	(2,631.93)	(210,299.12)		(449.09)	(213,380.14)
Sales Customers	(3,005,191.84)	3,005,191.84		(2,755,763.73)	(5,741.17)	(2,761,504.90)		735,992.29	(9,972.94)	(2,035,485.55)
	(3,625,083.95)	3,625,083.95	(2,626.58)	(2,784,924.21)	(5,807.40)	(2,793,358.19)	(210,308.92)	740,401.04	(10,534.63)	(2,273,800.70)

	Balance 7/31/08	Demand & Capacity Rel. Deferrals	Estimated Terasen Release	8/31/08 Commodity Deferral	Interest	Balance 8/31/08	Demand & Capacity Rel. Deferrals	Terasen Release	9/30/08 Commodity Deferral	Interest
Avista Utilities										
State of Idaho										
Recap of Acct 191010										
CDA Resort										
CDA Fiber Fuel										
Interstate Concrete/Asphalt - Sandpoint (111)										
Interstate Concrete/Asphalt - Hayden (112)	(278.48)				(1.16)	(279.64)				(1.17)
Interstate Concrete/Asphalt - Rathdrum (111)										
Lignetics		1.12	0.18	(66.96)	(0.14)	(65.80)	4.36	0.64	(229.55)	(0.74)
Stimson Lumber (River Ave)	(634.12)	68.87	11.24	(5,744.33)	(14.44)	(6,312.78)				(26.30)
St. Joseph	(6,826.76)				(28.44)	(6,855.20)			(9,381.87)	(48.11)
Firm Customers	(1,399,728.66)	333,276.99	54,376.58	(458,897.22)	(5,024.59)	(1,017,099.68)	369,371.45	54,387.36		(3,355.08)
Sales Customers	(1,781,498.58)				(8,378.95)	(2,248,774.75)			(745,494.08)	(10,923.01)
	(3,188,966.60)	333,346.98	54,388.00	(464,708.51)	(13,447.72)	(3,279,387.85)	369,375.81	54,388.00	(755,105.50)	(14,354.41)

Avista Utilities
 State of Idaho
 Schedule 155 Refund

	Sch 101	Sch 111	Total
January	9,904,193	2,584,699	12,488,892
February	7,633,726	2,023,730	9,657,456
March	6,340,767	1,758,042	8,098,809
April	3,606,134	1,056,725	4,662,859
May	2,698,853	908,454	3,607,307
June	1,817,346	774,682	2,592,028
July	1,150,320	606,600	1,756,920
August	1,014,303	735,163	1,749,466
September	1,832,429	977,809	2,810,238
October	3,150,886	1,441,928	4,592,814
	<u>39,148,957</u>	<u>12,867,832</u>	<u>52,016,789</u>
Proposed Amortization Rate	\$ (0.07711)	\$ (0.07711)	
	<u>\$ (3,018,776)</u>	<u>\$ (992,239)</u>	<u>\$ (4,011,015)</u>
Large Customer Refunds			\$ (25,100)
Total Estimated Refund			<u>\$ (4,036,115)</u>
Deferral Balance			(5,610,457)
Percentage			<u><u>72%</u></u>