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UTILITIES COMMISSION

AVU-~~E~~-06-03

AVISTA UTILITIES

Exhibit "B"

Notice to Public of Applicant's Proposed Tariffs

September 28, 2006

AVISTA UTILITIES
NOTICE OF IDAHO TARIFF CHANGE
(Natural Gas Service Only)

Notice is hereby given that the Company has requested the withdrawal of the Purchased Gas Cost Adjustment (PGA) filed with the Commission on September 14, 2006 as case number AVU-G-06-03. In replacement of that filing the "Sheets" listed below of Tariff IPUC No. 27, covering natural gas service applicable to Idaho customers of Avista Utilities have been filed with the Idaho Public Utilities Commission (IPUC) in Boise, Idaho.

Ninth Revision Sheet 150 canceling Eighth Revision Sheet 150,
Original Sheet 150A and,
Sixth Revision Sheet 155 canceling Fifth Revision sheet 155

Ninth Revision Sheet 150 *decreases* the cost of natural gas by \$.02547 per therm for all firm sales customers and by \$.00701 per therm for interruptible sales customers.

Sixth Revision Sheet 155 *decreases* the amortization rate by 1.607 cents per therm for customers on Schedules 101, 111 and 121.

If the proposed tariff is approved by the IPUC, total Company Idaho revenues will *decrease* by approximately \$2.8 million per year, or about 3.4%. This request is a Purchased Gas Cost Adjustment (PGA) that is filed annually to reflect changes in the cost of gas purchased to serve customers. Any increases or decreases resulting from these PGA filings directly result from the cost of gas purchased in the marketplace; Avista makes no additional profits from these rate changes.

A residential or small business customer served under Schedule 101 using an average of 65 therms per month can expect to see their monthly bill *decrease* by approximately \$2.70 or about 3.4%, from \$80.43 to \$77.73 per month. Larger commercial customers served under Schedules 111 and 121 can expect to see an average *decrease* of about 3.8% and 4.0% respectively, with the higher percentages due to lower base rates. However, actual customer increases will vary based on therms consumed.

This filing requests an effective date of November 1, 2006.

Copies of the proposed tariff changes are available for inspection in the Company's offices or can be obtained by calling (509) 495-4067 or writing:

Avista Utilities
Attention: Ms. Patty Olsness
P.O. Box 3727
Spokane, WA. 99220-3727

September 28, 2006

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UTILITIES COMMISSION

AUG-5-06-03

AVISTA UTILITIES

Exhibit "B - 1"

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

September 28, 2006

In response to falling natural gas prices in September, Avista revises original rate request and proposes a 2.0% decrease in natural gas prices effective Nov. 1

On Sept 29, Avista filed with the Idaho Public Utilities Commission (IPUC) a revised request that would result in a net decrease in natural gas rates by an average of 2.0% to be effective Nov. 1, 2006. The revised 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. On Sept. 13, Avista originally filed a PGA request to increase natural gas rates by an average of 3.2% - some customers received a notice regarding the original request. Since that time, natural gas prices have fallen substantially and Avista has been able to purchase some of this lower cost gas and revise its original request to reflect an average decrease of 3.4%.

Important Notice for Idaho Natural Gas Customers

On Sept. 13, Avista also filed a request to increase the rates charged to fund natural gas conservation programs. This request would result in an average increase of 1.4% and would generate an additional \$1.1 million per year to fund these programs. Avista Utilities makes no additional profits from these rate changes.

As previously mentioned, the wholesale price of natural gas has fallen substantially during September. The price for natural gas has been extremely volatile and fluctuates daily based on supply and demand, similar to the price for crude oil. Because of this volatility, Avista purchases natural gas throughout the year for future delivery to serve customers' needs for the forthcoming year. While Avista had purchased over half of this estimated need prior to September, it was able to purchase additional gas

[Continued on reverse.]

www.avistautilities.com



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supplies during September at these lower prices, resulting in a proposed PGA decrease of 3.4%, as compared to the original request of a 3.2% increase.

Regarding the request to increase the rates to fund conservation programs, Avista has had a natural gas rate surcharge in place since 2001 to fund these programs. The surcharge provides for partial financial reimbursement to customers who install certain conservation measures and use less natural gas as a result. With the increase in the cost of natural gas over the past several years, there has been a substantial increase in the installation of conservation measures and the need for additional funding to support these programs.

If the proposed requests are approved by the IPUC, a residential or small commercial customer using an average of 65 therms per month can expect to see an average decrease of \$1.64 per month, or about 2.0 percent. The bill for 65 therms would decrease from a present amount of \$80.43 to \$78.79. Larger commercial and industrial customers served under Schedules 111 and 121 can expect to see an average decrease of 2.4% and 2.6% respectively. The higher percentages for larger commercial and industrial customers are due to lower base rates.

These requests are subject to review by the public and the IPUC. A final decision on the requests will be issued by the IPUC on or before Nov. 1. A copy of these requests are available for review in Avista's local offices and at the office of the IPUC.

Ways to save on your energy bill

Take time to check to ensure that your home is properly sealed and insulated. Check the caulking around your windows and door frames. Also check the insulation in your attic. A well-insulated residence will keep the heat from escaping and can save in heating costs. Avista has partial rebate programs for the cost of additional insulation and other weatherization measures.

If you are not already on Comfort Level Billing, consider applying for this service. Comfort Level Billing averages your annual bill into equal monthly payments.

For information on conservation tips and rebates, energy assistance programs, and bill payment plans, visit our Web site at www.avistautilities.com or call us at (800) 227-9187.

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AVISTA UTILITIES

Exhibit "E"

Press Release

September 28, 2006

AVO-5-06-03

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Contact:

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Investors: Jason Lang (509) 495-2930, jason.lang@avistacorp.com

Avista 24/7 Media Access (509) 495-4174

Avista Reduces Original Rate Requests in Response to Lower Natural Gas Prices

Avista proposes increased funding in Washington for natural gas conservation

SPOKANE, Wash. – Sept. 29, 2006, 5:30 a.m. PDT: Avista (NYSE:AVA) today filed revised purchased gas cost adjustments (PGAs) with the Idaho and Washington utility commissions that would result in an overall natural gas price decrease of 2 percent in Idaho, and a price increase of 2.5 percent in Washington. Avista's filings propose an effective date of Nov. 1, 2006, in both states.

Previously, Avista's had requested to increase natural gas rates by 8.1 percent in Washington, and by 3.2 percent in Idaho. Since that time, natural gas prices have fallen substantially, and Avista has been able to purchase some of this lower-cost natural gas and reduce its original requests.

The price for natural gas is extremely volatile and fluctuates daily based on supply and demand. Because of this volatility, Avista purchases natural gas at fixed prices throughout the year for future delivery to serve customers' needs for the coming year. Avista had purchased over half of this estimated need prior to September; however, it was able to purchase additional natural gas during September at lower prices, resulting in these revised filings.

Avista is also requesting an increase to rates to fund natural gas conservation programs in Washington. This request represents about half of the proposed 2.5 percent increase and would generate an additional \$2.3 million per year to fund these programs. These programs, in place since 2001, provide for partial financial reimbursement to customers who install certain conservation measures and use less natural gas as a result. To date, these programs have saved 4.5 million annual therms of natural gas, that's enough natural gas to supply 5,300 homes for a year. A similar request to increase funding for natural gas conservation is pending in Idaho. Even with this pending increase, Idaho customers would still see a decrease of about 2 percent.

If approved by the respective utility commissions, an Idaho customer using an average of 70 therms per month can expect to see an average decrease of \$1.76 per month for a total monthly bill of \$84.60. A Washington customer using an average of 70 therms of natural gas per month can expect to see an average increase of \$2.16 per month for a total monthly bill of \$88.81.

These requests are subject to review by the respective state utility commissions. Copies of these requests are available for review in Avista's local offices and at the offices of the Washington Utilities and Transportation Commission and the Idaho Public Utilities Commission.

Avista encourages the wise and efficient use of energy. For information and tips on Avista's energy assistance programs, conservation tips and bill payment plans, visit www.AvistaUtilities.com, or call Avista at (800) 227-9187.

Avista is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides service to 339,000 electric and 298,000 natural gas customers in three western states. Avista's non-regulated subsidiaries include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation.

This news release contains forward-looking statements, including statements regarding expected rates, costs and demand for natural gas. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond the company's control, and many of which could have a significant impact on the company's operations, results of operations and financial condition, and could cause actual results to differ materially from those anticipated.

For a further discussion of these factors and other important factors, please refer to the company's Annual Report on Form 10-K for the year ended Dec. 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2006. The forward-looking statements contained in this news release speak only as of the date hereof. The company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the company's business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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