

Avista Corp.

1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



October 8, 2007

Public Utility Commission of Oregon
Attn: Filing Center
Administrative Regulatory Operations
550 Capitol St. N.E. Suite 215
Salem, OR 97308-2551

RE: Advice No. 07-08-G Glendale Surcharge

Avista Corporation d/b/a/ Avista Utilities, hereby submits for electronic filing the following replacement pages to the above referenced filing made October 5, 2007:

- Page 1 of the Advice Letter No. 07-08-G – Substitute Page
- Revised Exhibit B, page 3 of 5
- Revised Exhibit B, page 4 of 5

Please direct any questions regarding this filing to myself at (509) 495-4975 or Jeanne Pluth at (509) 495-2204.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com

c: Ms. Deborah Garcia

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



October 8, 2007

Advice No. 07-08-G –Substitute Page

Oregon Public Utility Commission
550 Capitol Street, NE
Salem, OR 97310-1380

Attention: Ms. Vikie Bailey-Googins

Enclosed for filing with the Commission is a copy of the following tariff sheet applicable to Avista's Oregon natural gas sales customers/schedules:

First Revision Sheet 495 – Glendale Surcharge
Canceling Original Sheet 495 – Glendale Surcharge

In Advice No. 07-02-G, Avista filed Original Schedule 495 for illustrative purposes, a surcharge tariff related to the conversion of the town of Glendale from propane air to natural gas service. The Stipulation related to the Glendale conversion was provided with that filing. In compliance with the Stipulation, filed herewith is the proposed Glendale Surcharge (Surcharge) tariff to become effective Nov. 1, 2007, coincident with the Company's proposed PGA rate change. The Stipulation is also filed herewith for Commission approval, attached as Exhibit A. The Surcharge tariff is designed to recover \$122,000 annually from gas sales customers, based on projected sales volumes for the Nov. 2007 – Oct. 2008 period. The derivation of the proposed surcharge rate is shown on Page 1 of Exhibit B. The Company's sales customers presently pay approximately \$122,000 annually through the 2006 PGA rates, representing the difference in cost between propane and natural gas to serve Glendale. This amount will now be collected through this Surcharge tariff and is not included in the Company's 2007 PGA filing, therefore, there will be no net rate change to customers associated with service to Glendale. A separate filing requesting authorization to utilize deferred accounting related to the proposed tariff has been submitted by the Company coincident with this filing.

Construction of the gas main to provide service to Glendale has been completed and natural gas has begun flowing. As part of this filing, page 4 of the Stipulation requires the Company to provide workpapers showing that the revenue requirement associated with providing natural gas service to Glendale is at least \$122,000. Page 2 of Exhibit B shows the estimate of the first-year revenue requirement to be \$195,428, based on a total project cost of approximately 1.5 million. The estimated first-year revenue requirement excludes any effect of the Business Energy Tax Credit (BETC) the Company will receive related to Glendale. The Company plans to file a

AVISTA UTILITIES
Estimated Depreciation - Glendale
For Period Ended October 31, 2008

Acct 303 tax deprec. Rate 3.33% 6.67%
 Acct 375-380 tax deprec. Rate 5.00% 9.50%
 Acct 397 tax deprec. Rate 14.29% 24.49%

| Project # | FERC Acct. | Estimated Cost (1) | Current Depreciation Rate | Estimated Annual | | | 2007 Tax Depreciation | 2008 Tax Depreciation | Accum DFIT 11/01/07 | Accum DFIT 10/31/08 |
|-------------------------------|------------|--------------------|---------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| | | | | Depreciation Expense | Accum Deprec 11/01/07 | Accum Deprec 10/31/08 | | | | |
| Glendale Gas Conversion: 9/07 | | | | | | | | | | |
| various | 303000 | 67,374 | 20.00% | 13,475 | 1,684 | 15,159 | 2,244 | 4,494 | (196) | 2,947 |
| various | 375000 | 5,646 | 3.00% | 169 | 21 | 190 | 282 | 536 | (91) | (219) |
| various | 376000 | 760,640 | 3.40% | 25,862 | 3,233 | 29,095 | 38,032 | 72,261 | (12,180) | (28,420) |
| various | 378000 | 82,517 | 4.80% | 3,961 | 495 | 4,456 | 4,126 | 7,839 | (1,271) | (2,628) |
| various | 379000 | 271,438 | 4.70% | 12,758 | 1,595 | 14,353 | 13,572 | 25,787 | (4,192) | (8,752) |
| various | 380000 | 87,799 | 4.60% | 4,039 | 505 | 4,544 | 4,390 | 8,341 | (1,360) | (2,866) |
| various | 397000 | 19,625 | 12.79% | 2,510 | 314 | 2,824 | 2,804 | 4,806 | (872) | (1,676) |
| Project Total | | | | 62,773 | 7,847 | 70,620 | 65,450 | 124,064 | (20,162) | (41,614) |

(1) From Exhibit B, Page 4 of 5

Rate Base - Average of Monthly Averages

| | Cost | AD | DFIT | Net Rate Base |
|----------|-----------|--------|----------|---------------|
| 11/01/07 | 1,295,039 | 7,847 | (20,162) | 1,307,354 |
| 11/30/07 | 1,295,039 | 13,078 | (21,950) | 1,303,911 |
| 12/31/07 | 1,295,039 | 18,309 | (23,737) | 1,300,467 |
| 1/31/08 | 1,295,039 | 23,540 | (25,525) | 1,297,024 |
| 2/28/08 | 1,295,039 | 28,771 | (27,313) | 1,293,580 |
| 3/31/08 | 1,295,039 | 34,002 | (29,100) | 1,290,137 |
| 4/30/08 | 1,295,039 | 39,234 | (30,888) | 1,286,693 |
| 5/31/08 | 1,295,039 | 44,465 | (32,676) | 1,283,250 |
| 6/30/08 | 1,295,039 | 49,696 | (34,463) | 1,279,806 |
| 7/31/08 | 1,295,039 | 54,927 | (36,251) | 1,276,363 |
| 8/31/08 | 1,295,039 | 60,158 | (38,039) | 1,272,920 |
| 9/30/08 | 1,295,039 | 65,389 | (39,826) | 1,269,476 |
| 10/31/08 | 1,295,039 | 70,620 | (41,614) | 1,266,033 |
| 39,234 | | | | (30,888) |

AVISTA UTILITIES
Glendale Project
Summary of Estimated Costs by Type & FERC Account

| | Intangible (1) | Pipeline, Gate Station & Reg. Station | 4 Miles 6" PE Pipe (2) | Telemetry | Meter & Distribution (3) | Total |
|-----------------------|-------------------|--|---------------------------|-----------------|-----------------------------|---------------------|
| Total Costs: | | | | | | |
| Avista Labor | \$ 24,814 | \$ 26,125 | \$ 6,824 | \$ 2,000 | \$ 46,576 | \$ 106,339 |
| Avista Materials | \$ 57 | \$ 19,005 | \$ 114,995 | \$ 2,997 | \$ 35,759 | \$ 172,814 |
| AFUDC | \$ 2,349 | \$ 17,718 | \$ 4,991 | \$ 91 | \$ 198 | \$ 25,348 |
| Contractor Work | \$ 41,109 | \$ 284,478 | \$ 620,078 | \$ - | \$ - | \$ 945,666 |
| Other - Final Project | \$ 13,081 | \$ 12,274 | \$ 244 | \$ 500 | \$ 18,774 | \$ 44,872 |
| Project Totals | \$ 81,410 | \$ 359,601 | \$ 747,132 | \$ 5,589 | \$ 101,307 | \$ 1,295,039 |

Allocation Percentages to FERC Accounts (4):

| | | | | | |
|--------|---------|---------|---------|---------|---------|
| 303000 | 82.76% | | | | |
| 375000 | | 1.57% | | | |
| 376000 | | | 100.00% | | 13.33% |
| 378000 | | 22.95% | | | |
| 379000 | | 75.48% | | | |
| 380000 | | | | | 86.67% |
| 397000 | 17.24% | | | 100.00% | |
| | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Allocated Costs by FERC Accounts:

| | | | | | | |
|--------|-----------|------------|------------|----------|------------|--------------|
| 303000 | \$ 67,374 | \$ - | \$ - | \$ - | \$ - | \$ 67,374 |
| 375000 | \$ - | \$ 5,646 | \$ - | \$ - | \$ - | \$ 5,646 |
| 376000 | \$ - | \$ - | \$ 747,132 | \$ - | \$ 13,508 | \$ 760,640 |
| 378000 | \$ - | \$ 82,517 | \$ - | \$ - | \$ - | \$ 82,517 |
| 379000 | \$ - | \$ 271,438 | \$ - | \$ - | \$ - | \$ 271,438 |
| 380000 | \$ - | \$ - | \$ - | \$ - | \$ 87,799 | \$ 87,799 |
| 397000 | \$ 14,036 | \$ - | \$ - | \$ 5,589 | \$ - | \$ 19,625 |
| | \$ 81,410 | \$ 359,601 | \$ 747,132 | \$ 5,589 | \$ 101,307 | \$ 1,295,039 |

(1) Primary engineering work.

(2) Avista supplied pipe/contractor installation.

(3) Includes Avista gas meters and distribution pipe pressure work. Excludes \$183,654 of costs for equipment on customer-side of meter.

(4) The allocation percentages were derived from initial cost estimates.