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Idaho Public Utilities Commission
Office of the Secretary
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JAN 19 2005

Boise, Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-05-1
OF AVISTA CORPORATION FOR AUTH-)
ORITY TO INCLUDE IN BASE RATES)
THE OWNERSHIP AND OPERATING)
COSTS OF THE REMAINING SHARE OF)
THE COYOTE SPRINGS 2 GENERATING)
PLANT AND TO REDUCE THE POWER)
COST ADJUSTMENT SURCHARGE TO)
OFFSET THE INCREASE IN BASE RATES)

APPLICATION OF AVISTA CORPORATION

Pursuant to Rule 52 of the IPUC Rules of Procedure, Avista Corporation (Avista) hereby requests authority to include in its Idaho electric base rates its additional investment in the Coyote Springs 2 (CS2) generating plant and the associated operating costs, reflecting its purchase of Mirant Oregon, LLC's (Mirant) interests.¹ The Company also requests a corresponding decrease in the Power Cost Adjustment (PCA) surcharge rate to offset the CS2 increase in base rates such that the net effect is no overall change in retail rates for customers.

I. INTRODUCTION

On January 19, 2005 Avista plans to execute the final documents to purchase Mirant's 50% ownership interest in the Coyote Springs 2 generating plant. Avista will assume ownership and begin operating the second half of CS2 at 12:01 a.m. January 20, 2005. CS2 is a 280 MW

¹ Mirant Oregon, LLC is a subsidiary of the Mirant Corporation.

natural gas-fired, combined-cycle, combustion turbine project, located in Morrow County, Oregon. Avista's purchase price for Mirant's 50% share of this project is \$62.5 million, which is equal to approximately 58 cents on the dollar of the original investment. The sale of Mirant's interest to Avista was previously approved in Mirant's bankruptcy proceeding.²

This Commission previously approved, for rate base treatment, Avista's initial 50% share of the CS2 project, doing so in its recent Order No. 29602, issued on October 8, 2004, in Case No. AVU-E-04-1. After the purchase of Mirant's 50% interest, Avista now owns 100% of CS2.

By this Application, Avista is requesting authority to include in base rates the remaining 50% interest previously owned by Mirant. As a result of this acquisition, Avista is not seeking an increase in overall rates presently in effect; instead, Avista proposes to reduce the PCA surcharge by an amount (approximately 1.9%) sufficient to offset the base rate increase required as a result of the acquisition of Mirant's share of CS2. The only changes in rate base and revenues and expenses proposed by the Company in this filing, from the base rates recently approved by this Commission, are the ownership and operating costs associated with Avista's acquisition of the second half of CS2.³ No other changes are being proposed, other than a reduction in the PCA surcharge to offset the rate impact.

Finally, for reasons discussed below, Avista respectfully requests that this Application be processed under Modified Procedure, in accordance with Rule 201.

In summary, this Application will demonstrate that: (1) Avista had the opportunity to acquire Mirant's share of CS2 at a very favorable price (\$439/kW) compared to other generation alternatives; (2) Avista has a demonstrated need for the additional generation made possible by

² All other approvals for the transfer of Mirant's interest to Avista have been received; these include FERC's approval under Section 203 of the Federal Power Act, which was provided on December 30, 2004, as well as other necessary transfer authorizations under Oregon's siting requirements (State of Oregon Energy Facility Siting Council).

³ The additional ownership costs include the recent acquisition of the spare generator step-up transformer.

this acquisition; and (3) the recovery of the costs of this acquisition will not result in a net increase in present rates.

In support of this Application, Avista states as follows:

A. Identification of Applicant

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

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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 and northern Idaho, as well as distribution of natural gas in northeast and southwest Oregon and in the South Lake Tahoe region of California. The Company is subject to the jurisdiction of this Commission, the Washington Utilities and Transportation Commission, the Oregon Public Utility Commission, the California Public Utilities Commission, the Montana Public Service Commission, and the Federal Energy Regulatory Commission.

B. Recently-Concluded Rate Case Examined the Company's Books and Records

Applicant's existing base rates and charges for electric service were approved as a result of the Commission's Order No. 29602 dated October 8, 2004 in Case No. AVU-E-04-1. 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. In its Order No. 29602, supra, this Commission recently authorized an increase in the Company's Idaho electric base revenue requirement which was offset, in part, by a reduction in the PCA surcharge rate and a reduction in an energy efficiency rider. These offsetting adjustments served to reduce the authorized rate increase to \$3,182,000, or 1.9%.

In arriving at a revenue requirement, the Commission addressed a variety of proforma adjustments to both results of operations and rate base, and approved a return on common equity of 10.40% and an overall rate of return of 9.25%. This fully litigated case resulted in a very recent determination of the Company's revenue requirement, based on a complete examination of the Company's books and records.

In that recently concluded case, the Commission also heard extensive testimony from the Company, Staff and Intervenors concerning the Company's request to include in rates its 50% share of CS2. Evidence was presented concerning the Company's need for the resource, including the Company's 2000 Request for Proposals (RFP) for an additional 300 MW(s) of capacity and energy. This process resulted in the selection of the 280 MW CS2 combined cycle turbine as the preferred supply side option.⁴ Subsequently, as will be discussed below, Avista sold 50% of the CS2 project to Mirant on December 12, 2001, due to Company financial constraints brought on by record-low hydroelectric conditions and unprecedented high market prices.

⁴ The Company also selected two demand-side management proposals as part of the 2000 RFP process.

In its Order No. 29602, the Commission found that Avista's interest in CS2 ". . . was a needed resource and that the acquisition of CS2 by Avista Utilities was reasonable and prudent." (Order No. 29602, supra at p. 21.) Moreover, the Commission found that ". . . the purchase cost was reasonable in the context of other resource alternatives offered in the Company's 2000 RFP." (Id.) Accordingly, the Commission has recently considered substantial testimony with respect to the history of the project, as well as Avista's analysis of resource needs and its review of alternatives. Moreover, this was all in the context of a freshly-determined revenue requirement, addressing Avista's entire results of operations and rate base.

C. Overview of Transaction at Issue: Avista's Acquisition of Mirant's Share of CS2

By way of a brief synopsis, 100% of the 280 MW CS2 project was selected as part of an all-resource RFP process in December of 2000.⁵ Avista subsequently sold 50% to Mirant in December 2001, due to financial challenges faced by the Company. The plant began commercial operation on July 1, 2003 and, after problems with the generator step-up transformer were addressed, the plant has operated efficiently; its heat rate averages below 7,000 Btu's/kwh, and the plant is operating at a high equivalent availability factor of 97.6%.

In April 2004, financial difficulties faced by Mirant prompted it to offer to Avista the opportunity to reacquire the second half of CS2. It should be remembered that Avista's 2003 IRP preferred resource strategy for the period 2004-2013 included an additional 149 average MW of combined cycle combustion turbine resources. Accordingly, the acquisition of Mirant's share of CS2 (representing 140 MW) is consistent with this preferred resource strategy, as will be discussed below.

⁵ The IRP conducted in 2000 demonstrated a need for approximately 300 MW of capacity and energy in the form of a base-load resource, beginning in 2004.

Moreover, the cost of acquiring Mirant's share of CS2 was very attractive: Avista paid \$62.5 million, which translates to \$439/kW of installed capacity. The \$62.5 million purchase price represents approximately 58% of the original investment for this portion of the CS2 project. Navigant Consulting was retained to review Avista's analysis of this purchase from Mirant and to perform its own independent analysis and evaluation. As part of its analysis, Navigant reviewed other comparable transactions for combined cycle plants, and determined that the average value of comparable natural gas asset transactions in the western half of the United States was \$569/kW, which was well in excess of Avista's cost of \$439/kW for Mirant's share. Navigant concluded that Avista's negotiated price of \$62.5 million was reasonable – indeed, it was below the economic valuations performed by the Company that were in the range of \$67 million. Simply put, this provided a very attractive opportunity to acquire a needed resource at a very competitive price.

D. No Net Rate Change to Customers Will Result

Avista, by this Application, is proposing no net rate change to customers. Even though Avista is requesting that the Commission authorize Avista to reflect the second half of CS2 in base rates, the associated general revenue requirement would be offset by a proposed decrease in the present PCA surcharge rates.

Including the costs of the second half of CS2 in base rates would increase the Company's revenue requirement by \$3,235,000, or 1.89%. The pro forma adjustments associated with the increased ownership and operating costs of the Coyote Springs 2 project lowers the Company's Idaho rate of return (ROR) to 8.79%. A base rate increase of \$3.2 million is necessary to bring the 8.79% return back up to the 9.25% ROR that the Commission recently approved in Case No.

AVU-E-04-1. The Company is also proposing a \$3.2 million reduction to the PCA surcharge currently in effect so that the requested *net* electric rate increase would be reduced to zero.

Attached as Exhibit A to this Application are four pages showing the recently authorized and the proposed electric operating results and rate base for Avista's State of Idaho electric operations, as well as the calculation of the proposed revenue requirement in this filing.⁶ Exhibit A illustrates the impact of including the impact on power supply operations and the capital investment associated with the Company's addition of the second half of the CS2 project, as well as the spare transformer for the CS2 project, on Avista's authorized Idaho net operating income and rate base.

In Exhibit A, no methodology or time period changes have been introduced to the approved Idaho electric results of operations and revenue requirement calculations. Only the impact of the power supply operations and the additional capital investment in the CS2 project have been added. Additional explanation of the calculations on Exhibit A are provided on page 5 of Exhibit A.

The proposed increase in base rates, and the corresponding decrease in the present PCA surcharge rates, by class, are shown in column (e) of Exhibit B. The proposed tariff sheets reflecting the increase in base tariff rates and the corresponding decrease in the PCA rates are attached as Exhibit C.

The proposed reduction in the PCA rates would extend recovery of the deferred power cost balance by approximately 12 months to September 2007.

⁶ The Company's most recent general rate change was implemented September 9, 2004 pursuant to IPUC Order No. 29602. It was slightly amended on December 2, 2004, pursuant to IPUC Order No. 29638.

II. REQUEST FOR MODIFIED PROCEDURE

Avista respectfully requests a determination under Rule 201, that the public interest does not require a hearing to consider the issues presented in this matter, and that this matter can be processed under modified procedure, i.e., by written submissions rather than by hearing.

This Commission has very recently heard extensive testimony concerning the CS2 project and its history, and has had the opportunity to examine the 2000 RFP/IRP process leading up to Avista's decision to initially acquire the entirety of the 280 MW CS2 plant. Accordingly, the Commission is familiar with the project and the underlying analysis. This Application, with its supporting materials, sets forth in detail the justification for reacquiring Mirant's share of CS2, including the need for the resource and the reasonableness of the price paid. Moreover, Avista's decision, in this regard, was supported by the analysis of an independent consultant, Navigant Consulting. Thus, the framework for the Commission's decision with respect to this Application, is well established. This Application presents a single issue (the costs associated with the second half of CS2), following on the heels of a thorough examination of the Company's books and records in the context of its just-completed rate case.

Moreover, as of January 20, 2005, Avista is in possession of the second half of CS2, and stands as owner of 100% of the project. Accordingly, 90% of any margins earned from the second half of CS2 will immediately begin to be credited to customers through the PCA process currently in place in Idaho, while Avista bears the capital costs associated with the acquisition. Therefore, there is a mismatch in who receives the costs and benefits of the second half of CS2 until the Commission approves the inclusion of the remaining share of CS2 in base rates.

For its part, Avista has supplied what it believes are all pertinent exhibits along with this Application, containing an analysis of the need for, and economics of, the purchase from Mirant.

In addition, supporting workpapers are being provided at the same time to Staff and Interested Parties, in order to expedite their review. Avista stands ready to quickly respond to discovery requests. To this end, Avista invites Staff and Interested Parties to immediately provide any discovery requests to Avista.

Avista respectfully proposes the following timeline for Commission consideration, for purposes of processing this Application under Modified Procedure:

- January 26, 2005: Commission issues its Notice of Modified Procedure under Rule 202.
- March 1, 2005: Staff/Interested Parties submit comments on the Application, after conducting their discovery.
- March 15, 2005: Avista files reply comments, and the matter is finally submitted to the Commission for decision under Modified Procedure.

III. IDENTIFICATION OF EXHIBITS

In support of this Application, the Company provides the following exhibits.⁷

Exhibit A	Recently Authorized and Proposed Electric Operating Results
Exhibit B	Proposed Increase in General Rates/Decrease in PCA Rates
Exhibit C	Revised Base Rate Tariffs and PCA Tariffs
Exhibit D	Location of Coyote Springs Plant Relative to Avista Utilities Service Area
Exhibit E	Excerpts from 2000 Updated Integrated Resource Plan
Exhibit F	Letter of Intent
Exhibit G	2003 Integrated Resource Plan Excerpts re Preferred Resource Mix
Exhibit H	August/September 2004 Loads and Resources Position
Exhibit I	May 2004 Analysis
Exhibit J	September 2004 Analysis
Exhibit K	Navigant Consulting Analysis and Valuation
Exhibit L	Purchase and Sale Agreement
Exhibit M	Power Supply Proforma and Net Power Supply Expense
Exhibit N	Bill Inserts for Idaho Electric Customers

IV. TOPICAL OUTLINE OF CS2 DISCUSSION

In the following sections, the history and assessment of the Coyote Springs 2 project is

⁷ Avista is not asserting confidentiality with respect to those documents otherwise identified in the attached exhibits as confidential at the time of their preparation.

described. This is presented as follows.

<u>Issue</u>	<u>Page Number</u>
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V. HISTORY OF COYOTE SPRINGS 2 PROJECT

As stated earlier, Avista’s general rate case filing in Case No. AVU-E-04-1 included extensive testimony, exhibits and workpapers supporting the Company’s acquisition and ownership of the first half of the CS2 Project. In Order No. 29602 in that case, the Commission approved Avista’s request for rate base treatment for the first half of the CS2 Project.⁸ Therefore, with regard to the history of the CS2 Project, a brief description of the Project will be provided here, along with a brief chronology of events leading up to Avista’s acquisition of the second half of CS2.

⁸ In its Order, the Commission approved rate base treatment of \$108,023,400 of Avista’s \$108,369,200 investment in the CS2 project (on a system basis).

A. Description of the CS2 Project

CS2 is a 280 MW natural gas-fired, combined-cycle combustion turbine project, located in Morrow County, Oregon. Page 1 of Exhibit D shows the location of the plant in relation to Avista's electric service area. The plant is physically interconnected to the 500 kilovolt (kV) transmission system of the Bonneville Power Administration (BPA), and is approximately 18.5 miles west of the Pacific Gas Transmission (PGT) pipeline, near the Washington/Oregon border. Although the resource is located to the southwest of Avista's service area, electronic equipment has been installed at the plant so that the resource is electrically located within the control area operated by Avista Utilities.

The Coyote Springs site was originally developed by Portland General Electric (PGE), and was designed for two gas-fired combined-cycle units. Coyote Springs 1 (CS1), the first unit, was completed in 1995, and is owned and operated by PGE. With Avista's recent acquisition of Mirant's 50% share of CS2, Avista now owns 100% of the second unit. The CS1 and CS2 buildings are connected physically, as shown in the photograph on page 2 of Exhibit D. For efficiency purposes, CS2 was designed to be operated from the same control center as CS1, and Avista has an operating agreement with PGE for PGE to operate CS2 for Avista.

B. 100% of CS2 Acquired by Avista Through the RFP in 2000

Integrated Resource Plan (IRP) and Request for Proposals (RFP) in 2000

In 2000, 100% of the CS2 project was selected by Avista as the resource to meet Avista's long-term resource needs. Avista's update to the IRP in 2000 showed a long-term resource need for approximately 300 MW of capacity and energy, and the need for a base-load resource in 2004. (Excerpts from the updated IRP in 2000 are attached as Exhibit E; the entire updated IRP is included in workpapers.) In August 2000 Avista issued an "all-resource" RFP requesting

offers for all resource types, including supply-side and demand-side resources. The RFP was developed with input from the Idaho and Washington Commission staffs, and other parties outside the Company.

Avista received 32 proposals from 23 bidders in response to the RFP, for a total of 2,700 MW of resources. The proposals included a variety of resources including energy efficiency and supply-side projects, including renewable resources.

Selection of Resources Under the 2000 RFP

Supply-side and demand-side resources were subjected to an evaluation and screening process developed in advance of opening the bids. The evaluation process included both price and non-price factors. Analyses and results of the evaluations were shared with Idaho and Washington Commission staffs.

Avista also retained R.W. Beck to conduct a third-party review and evaluation of the Company's dispatch and economic modeling analyses. The R.W. Beck report included the following assessment of the Company's analytical approach and methodology:

Based on our review, R.W. Beck believes the approach taken by Avista in its analysis of the alternative resource proposals provides a fair comparison of the resource options including in the bid proposals or the self-build option. We believe that comparing Avista's total system cost with and without each of the resource options, and the net project benefit of each proposed resource, is a reasonable way to determine which options are the most financially and economically viable for Avista.

Avista has used an adequate level of care to include the necessary assumptions and methodology in both the Prosym™ modeling of the bids and in the economic analysis spreadsheets. R.W. Beck did not find any material deficiencies (such as miscalculation of formulas or omission of essential data) in either the input files or the electronic spreadsheet analyses.

At the conclusion of the RFP process in December 2000, Avista selected 100% of the CS2 project as the preferred supply-side resource option. Construction of the CS2 project began in January 2001.

C. Avista's Sale of 50% of CS2 to Mirant in the Fall of 2001

During 2001 Avista experienced the worst hydroelectric generation conditions on record, coupled with unprecedented high wholesale market prices. The combination of low water conditions and high market prices caused the Company to incur significant expenditures for replacement power, which created serious financial challenges. Avista was not able to secure project financing for the CS2 project, and was unable to otherwise finance the project on its own under reasonable terms.

After considering and evaluating the available options, Avista entered into an agreement with the Mirant Corporation. The December 2001 agreement transferred half-ownership in the CS2 project to Mirant, in return for payment of one-half of the capital costs (both prior and prospective) of the plant.

D. Completion and Operation of the CS2 Project

Commercial operation of the CS2 project was originally scheduled for June 2002. The commercial operation of the project was ultimately delayed until July 1, 2003, because of the Enron bankruptcy, and problems with the generator step-up transformer.⁹

Excluding the period when CS2 was down with transformer problems, the Project has operated with a high equivalent availability factor at 97.6%, and a forced-outage rate of less than 2%. In addition, recent tests in December 2004 showed a favorable heat rate for the CS2 project of 6,814 Btu/kWh.

In addition, Avista purchased a spare generator step-up transformer from a different manufacturer. The spare transformer is at the CS2 site, is available for use, and is part of the overall incremental investment in CS2.

⁹ The circumstances and costs associated with the delay in the commercial operation of CS2 were addressed in detail in Case No. AVU-E-04-1.

VI. OFFER BY MIRANT TO SELL ITS 50% SHARE OF CS2

On July 14, 2003, Mirant filed for Chapter 11 bankruptcy protection, citing in their press release “strain on our liquidity and [a lack of timely support by creditors] threatened the feasibility of our business plan ...[and with] uncertainty about the timing of the recovery in power prices and a slow economic recovery in the U.S. ...it became clear that a comprehensive financial reorganization was the best approach for our stakeholders.”

In April 2004, representatives of Mirant-Oregon LLC approached Avista to indicate that its interest in the CS2 project was for sale.¹⁰ On July 12, 2004 the Company and Mirant-Oregon LLC executed a non-binding Letter of Intent (LOI) for Avista to purchase the plant. A copy of the LOI is provided as Exhibit F.

VII. AVISTA’S ASSESSMENT OF RESOURCE NEED RELATED TO MIRANT’S SHARE OF CS2

A. Avista’s Integrated Resource Plan in April 2003

Avista’s most recent IRP (April 2003) identified a Preferred Resource Strategy (Resource Strategy) including a mix of wind, coal, conservation, and natural gas-fired resources. The report focused on supply diversity and the need to reduce both future costs and price volatility. In total, the need for new resource additions through 2013 totaled more than 400 aMW. Following the 2003 IRP, the Company acquired 35 MW of wind capacity through a 2003 Wind RFP.

The natural gas-fired combined-cycle component of the 2003 IRP Resource Strategy equaled 149 aMW. The opportunity to acquire the remaining half of CS2, at 140 MW, is consistent with the 2003 IRP long-term Resource Strategy. Excerpted pages from the 2003 IRP

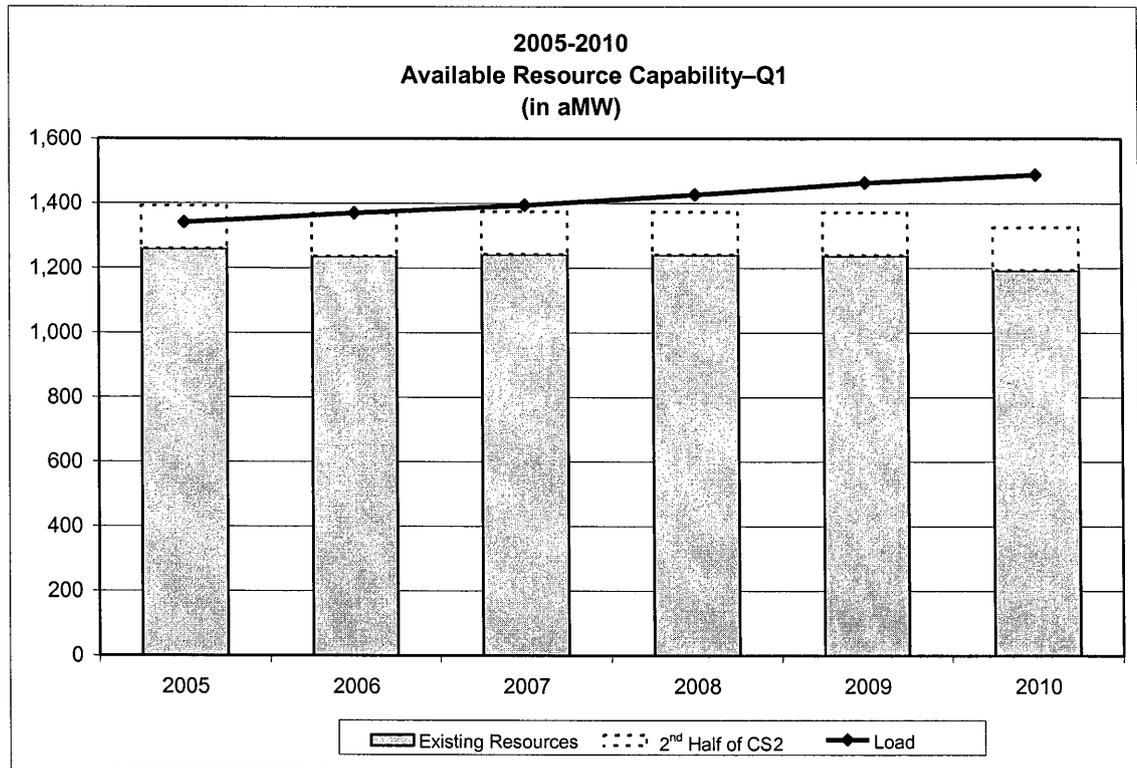
¹⁰ Mirant-Oregon, LLC, a subsidiary of Mirant, is the actual half-owner of CS2. As of this filing data, the Mirant-Oregon, LLC subsidiary of Mirant Corporation has not itself filed for bankruptcy protection.

showing the natural gas-fired combined cycle component of the Resource Strategy are attached in Exhibit G. A complete copy of the 2003 IRP has been provided in the workpapers of this filing.

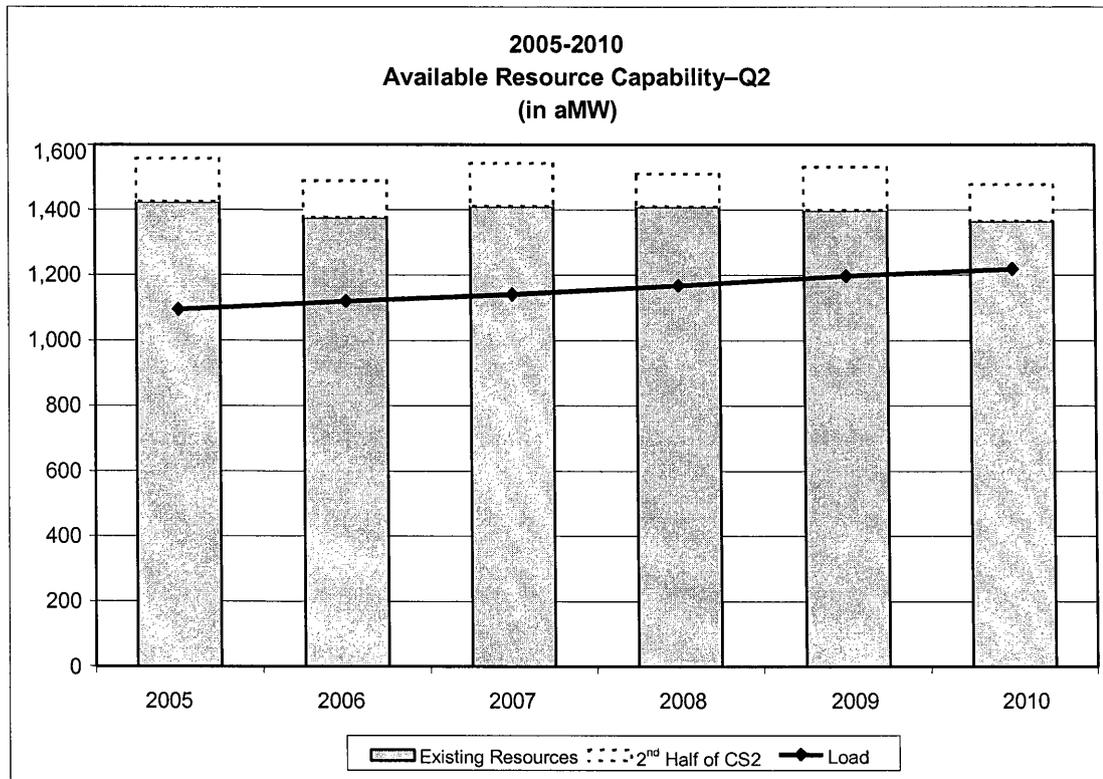
B. Avista's Loads and Resources Positions at Time of Final Analysis

The Company's loads and resources (L&R) positions are updated periodically to reflect various resource additions, deletions, and modifications, as well as changes in Avista's load obligations. The Company's L&R at the time the Company entered into the agreement to acquire Mirant's share of CS2, showed resource deficiencies in the 1st, 3rd and 4th quarters of 2005 and future years, absent the second half of CS2. (Excerpts from the Company's August/September 2004 loads and resources position are included in Exhibit H; the entire reports have been included in workpapers.) Although the addition of the second half of CS2 adds to Avista's surplus energy during the 2nd quarter, under many operating conditions, a natural gas-fired combined cycle project such as CS2 would be displaced by lower priced power during the spring runoff period in the 2nd quarter, and would not be running. The second half of CS2, however, is a needed addition to Avista's resource base by covering deficits in Q1, Q3, and Q4.

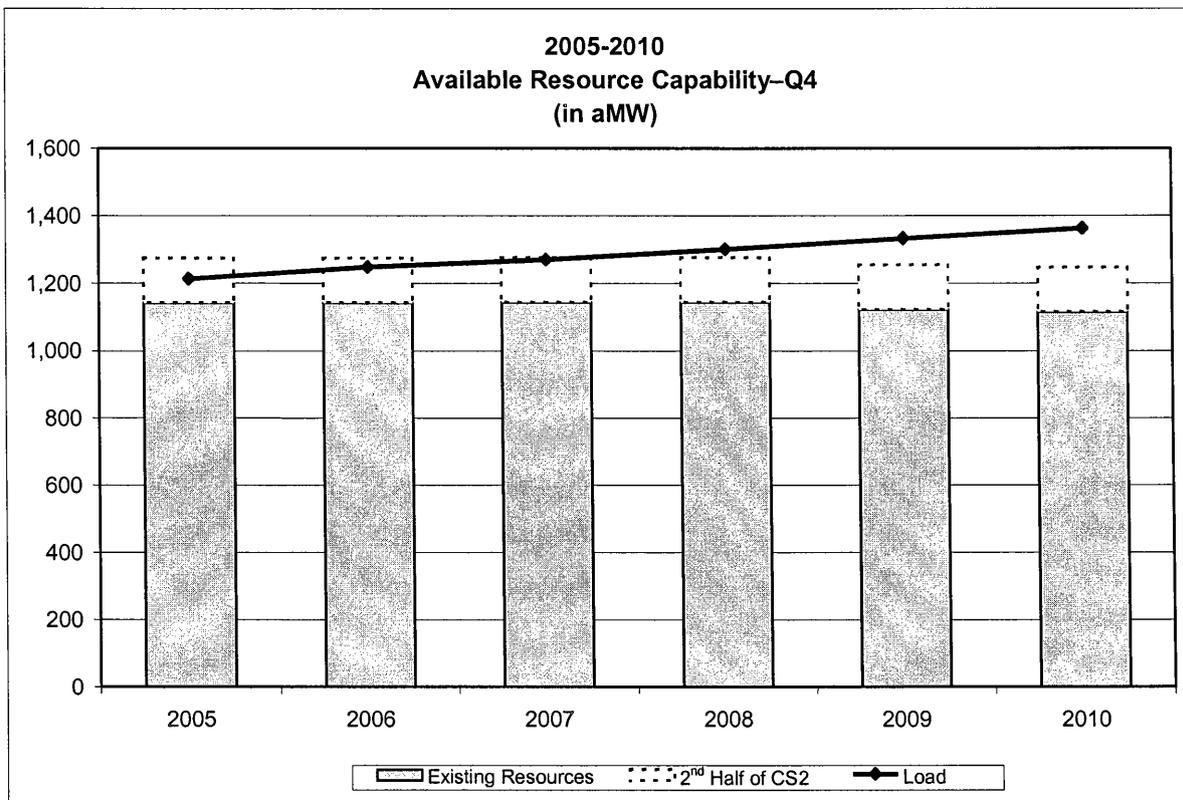
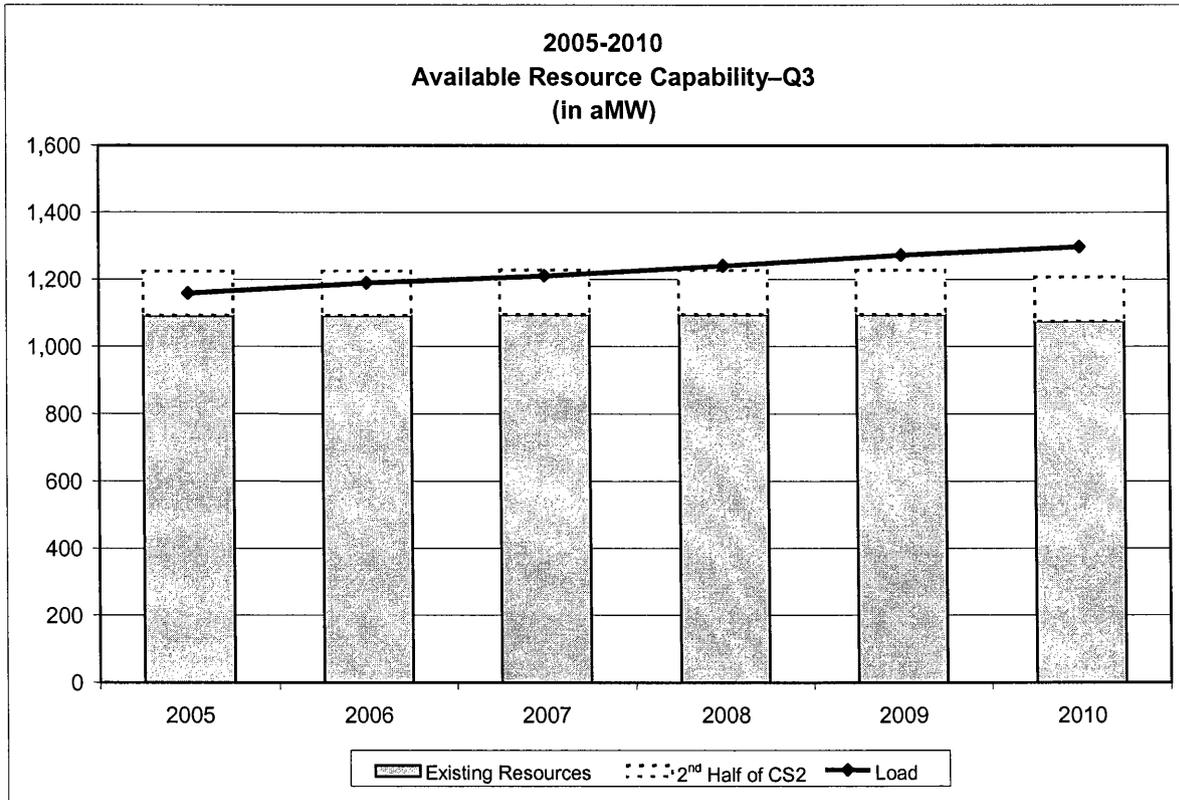
The following chart shows the Company's L&R positions for the 1st quarter of each year from 2005 through 2010. The chart shows that Avista's existing resources for the 1st quarter of each year, for planning purposes, are not sufficient to cover the Company's load. As the loads continue to grow over time, they exceed available resources including the second half of CS2.



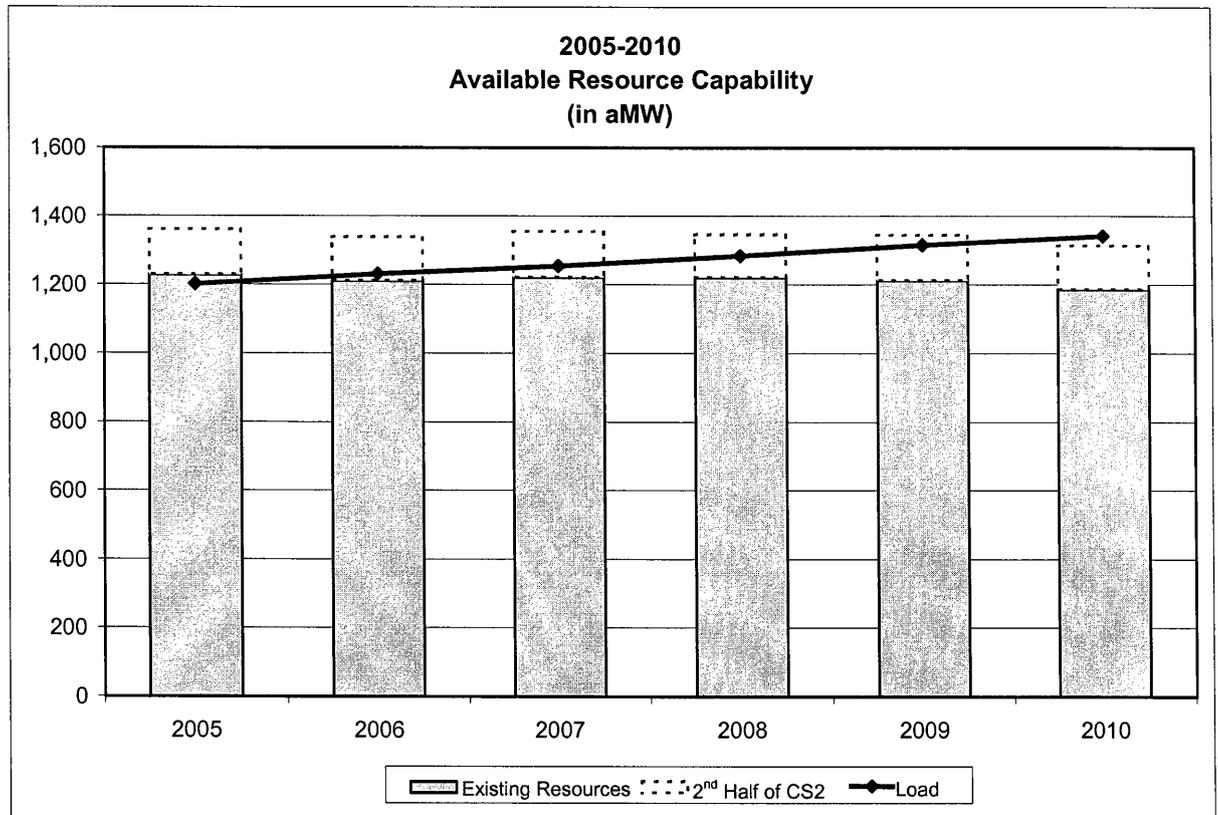
The next chart shows the Company's L&R positions for the 2nd quarter of each year from 2005 through 2010. The chart shows a surplus on Avista's system for the 2nd quarter, both with and without the second half of CS2. This is caused by the increased availability of hydroelectric generation in the 2nd quarter, as well as the fact that loads are generally lower given the relatively mild temperatures in the same period.



The following two charts show the Company's L&R positions for the 3rd and 4th quarters of each year from 2005 through 2010. The charts show that Avista's existing resources for the 3rd and 4th quarters of each year, for planning purposes, are not sufficient to cover the Company's load. Again, as the loads continue to grow over time, they exceed available resources including the second half of CS2.



The final chart below shows the Company's L&R positions for each calendar year 2005 through 2010. In developing this chart, the surpluses in the 2nd quarter of each year are averaged with the deficiencies in the 1st, 3rd and 4th quarters. The 2nd quarter surpluses "mask" the deficiencies in the other three quarters.



These charts illustrate how the addition of the second half of CS2 will fit very well in Avista's resource base by covering deficiencies in the 1st, 3rd and 4th quarters of each year.

VIII. ECONOMIC ANALYSES AND PURCHASE PRICE FOR THE SECOND HALF OF CS2

Avista purchased Mirant's 50% share of the CS2 project for a negotiated price of \$62.5 million, or \$439 per kW of installed capacity. This purchase price is equal to approximately 58 cents on the dollar of the original investment in the project.¹¹

A. Avista's Economic Evaluation of the Second Half of CS2

With regard to the economic analyses underlying the purchase price of \$62.5 million, the Company performed two separate evaluations of Mirant's half of CS2: one in May 2004 and a second in September 2004. The first evaluation, completed on May 7, 2004, was comprised of eight scenarios. The eight scenarios came from four different forward analyses of the marketplace, combined with two transmission scenarios.¹² The analyses evaluated the procurement of firm transmission on a year-around basis, and a second scenario was examined where the plant would be constrained during the second quarter due to transmission curtailments on the BPA system.¹³

The Company performed various scenarios to reflect the potential future value of CS2. The May 2004 Base Case scenario included a combination of forward market prices through 2008, followed by 2003 IRP prices through the end of the study period, and the assumption that the plant would not be available to serve load or sell into the wholesale marketplace in the second quarter due to transmission constraints.

¹¹ Avista's cost for the first half of CS2 was \$108 million. As a 50% owner in the CS2 project, Mirant's investment in CS2 would have been comparable to Avista's \$108 million investment in the project, apart from some possible differences in costs such as interest costs during construction.

¹² Mirant did not procure firm transmission for its share of CS2. Avista will "firm up" transmission for the plant, as explained later in this Application.

¹³ Firm transmission is currently not available on an annual basis primarily due to peak hydroelectric generation during the second quarter.

The Base Case value from the May analysis, which was used by Avista in its negotiations with Mirant, was \$68.0 million. The remaining scenarios ranged from between \$43.1 and \$116.9 million. The May analysis showed an expected net ratepayer savings of \$7.5 million over the study period based on the purchase price of \$62.5 million. The May 2004 analysis is provided in Exhibit I.

Avista continued to perform analyses after signing the non-binding Letter of Intent (LOI) in July 2004. Transmission alternatives were also reviewed. Avista completed its second economic evaluation in September 2004. Six of the original scenarios were revisited, resulting in a Base Case valuation equal to \$66.7 million, as compared to the original study estimate of \$68.0 million. The September 2004 analysis is provided in Exhibit J.

In addition to the economic value and ability to meet retail load requirements, full ownership of CS2 brings other benefits to the Company and its customers. Full ownership by Avista would improve the Company's ability to economically operate CS2. When Mirant was a partner in the CS2 project, it periodically chose to not run the plant when Avista wanted to. Although the joint operating agreement for CS2 allowed the entity interested in running the plant to take the entire output of CS2, this arrangement did not allow Avista to plan on a forward basis to meet load with the plant. If Avista was already in a balanced load and resource position at the pre-schedule time when Mirant made its decision not to operate, the Company would need to go to the market on a very short timeframe (1-2 hours). Full ownership will prevent this last-minute decision-making, and enhance the value of CS2 by allowing dispatch decisions to be made days and months ahead of actual operations.

Further, decisions can be made faster in the event of unexpected plant de-rating or outages, or in the event capital upgrades or replacements are necessary. While each of these

items is not in and of itself greatly significant, together they add up to a meaningful improvement in the ownership and operation of the CS2 project.

Electric Transmission

Avista included in its analyses the cost of BPA long-term firm transmission to move power from the second half of the CS2 project to its system. BPA currently indicates that no additional annual long-term firm transmission capability is available to move more power from CS2 to the Company's system, due to transmission constraints during the spring hydroelectric runoff period. BPA indicates that constraints occur in the second quarter under certain system conditions during the time of high hydroelectric generation levels. Transmission is generally available, however, during the 1st, 3rd and 4th quarters of the year when Avista needs the generation.

As part of this transaction, Avista has the option to acquire Mirant's higher position in the BPA queue for long-term firm transmission requests. Avista also has made its own long-term firm transmission request to BPA for the CS2 transaction. Avista may acquire firm long-term BPA transmission through either of those processes. Avista also plans to participate in the 2005 BPA open season for transmission upgrades to the John Day – McNary 500 kV transmission line that will, if agreements are reached, provide adequate long-term firm transmission from the CS2 project to our system.

In the near-term Avista plans to contract with third parties for short-term BPA transmission, for buy-sell arrangements, and/or for energy exchange arrangements. These opportunities will allow the same energy transfer that would occur with a firm BPA transmission purchase. Preliminary discussions with BPA indicate that adequate short-term transmission capacity will be available for Q1, Q3, and Q4. In the Company's experience, non-firm

transmission has very seldom been curtailed by BPA. Avista's Base Case valuation of the CS2 transaction factors in costs relating to transmission and recognizes that BPA may have a constraint that restricts the Company's ability to transfer additional CS2 power during the second quarter of each year. This conservative view of Q2 transmission availability over the life of the project has only a modest impact on the value of CS2; the plant produces a small portion of its economic value during the second quarter.

Natural Gas Transportation

Natural gas transportation for CS2 includes three components: AECO to Kingsgate; Kingsgate to the Coyote Springs Lateral; and the Coyote Springs Lateral. At full load, the 280 MW CS2 project (100% share) consumes approximately 43,000 decatherms (dth) per day.

For the AECO to Kingsgate portion, Avista holds 34,138 dth per day from the TransCanada Pipeline's 2003 expansion project, through October 2028. Avista Utilities also has available an additional 10,268 dth of capacity for its retail natural gas distribution business that can be reassigned through October 2008. This results in total delivery to CS2 equal to 44,406 dth per day.

Avista holds 16,500 dth per day through October 2027 on the Kingsgate to Coyote Springs lateral. This capacity was obtained as part of Gas Transportation Northwest's (GTN) 2003 expansion. Avista also holds 10,000 dth per day on GTN that has been reassigned from its retail natural gas distribution business, resulting in total delivery capability of 26,500 dth per day. The Company plans to acquire an additional 16,500 dth per day, bringing the total capacity on this leg to 43,000 dth per day.

Avista and Mirant each hold contracts for 28,626 dth per day through October 2015 on the Coyote Springs Lateral. Mirant has agreed as part of the CS2 transaction to transfer its existing rights on the lateral to Avista as part of the sale.

B. Comparison With Other Combined Cycle Combustion Turbine Plants

As part of its review, Avista looked at the costs of other comparable natural gas-fired combined cycle projects for the CS2 transaction. While few combined cycle plants have changed hands in the West, there is an abundance of documentation on new plants. The table below provides a comparison of available information. The information consists of data on new combined cycle construction cost estimates, and some information on the few combined cycle sale transactions that have occurred in the Northwest. The CS2 purchase price of \$62.5 million, or \$439 per kW of installed capacity, is significantly below the cost of comparable projects, including prices for larger projects with a different configuration that tend to have a lower cost per-kW due to economies of scale.¹⁴

Market Comparables for Northwest Combined Cycle Costs

Source	Installed Cost (\$/kW)	Notes
2nd Half CS2 Price	\$439	1x1 configuration
AVA 2003 IRP	\$757	1x1 configuration
NWPPC Estimate	\$606	2x1 configuration
IPUC SAR	\$736	Order 26017, 1x1
PSE Frederickson - Low	\$558	WSJ article
PSE Frederickson - High	\$590	PSE press release
PGE Port Westward - Low	\$590	2x1 configuration
PGE Port Westward - High	\$670	1x1 configuration
Idaho Power Draft '04 IRP	\$617	2x1 configuration
PacifiCorp 2003 IRP	\$670	Unit type unknown
PSE 2003 IRP	\$661	2x1 configuration

¹⁴ Some larger gas-fired projects are configured with two combustion turbines “attached” to one heat recovery steam generator (2x1 combined cycle project). 1x1 plants have one combustion turbine attached to a heat recovery steam generator. The 2x1 configuration generally results in a lower cost per installed capacity due to economies of scale.

C. Independent Review of the CS2 Transaction

The Company hired an external consultant to provide an independent assessment that could be used by management in its decision-making. This assessment was designed to take a fresh look at the valuation analysis, through independent eyes. Accordingly, Avista hired Navigant Consulting, Incorporated to complete three tasks prior to the Company proceeding with the transaction: 1) review Avista's overall methodology and analyses; 2) develop an independent valuation of Mirant's share of CS2, to include base, low, and high scenarios; and 3) compare the CS2 price to comparable power plant transactions occurring in the Northwest and Western United States Region. The Navigant report is attached to this filing as Exhibit K.

Navigant developed an independent assessment of the future value of Mirant's share of CS2. The consultant modeled low, base, and high valuation cases using a Prosym™ model. Navigant found a base case value of \$67.2 million for Mirant's interest in CS2, which is very close to the Avista September 2004 results of \$66.7 million.

The Navigant evaluation indicated that the acquisition of Mirant's share of CS2 for utility customers was reasonable. In its conclusions, Navigant stated:

Avista's base case valuation ... for the remaining 50% of Coyote Springs II reflects a reasonable valuation for this facility and compares favorably to the other transactions consummated in the Pacific Northwest which have averaged \$561/kW. (Page 15 of the Navigant report) (emphasis added)

Navigant went further to explain:

NCI's independent analyses and base case valuation results reflect a value of \$67.2 million (\$472/kW) for 50% of the Coyote Springs II facility... Therefore, based upon our review of the Avista analyses, our own independent analyses, and comparable generation transactions consummated in the market, NCI believes that Avista's negotiated purchase price of \$62.5 million for 50% of the Coyote Springs II facility is reasonable. The negotiated purchase price is below the Avista and NCI base case valuation results of \$66.7 million and \$67.2 million respectively. (Page 15 of the Navigant report) (emphasis added)

IX. AVISTA PURCHASE OF SECOND HALF OF CS2

A. Purchase and Sale Agreement

The Purchase & Sale Agreement for Avista to purchase the second half of the plant was signed on October 13, 2004. A copy of the Purchase & Sale Agreement is provided as Exhibit L. The negotiated purchase price in the agreement was \$62.5 million.

B. Auction Process

A competitive auction process was included as one of the conditions in the Purchase & Sale Agreement. After completion of the auction process, the judge involved in Mirant's bankruptcy process approved Avista's \$62.5 million bid on December 15, 2004.

C. Other Approvals

The Company was also required to obtain approvals from the State of Oregon Energy Facility Siting Council (OEFSC). Avista submitted its request to OEFSC on October 22, 2004, and the asset transfer was approved on December 2, 2004. It was also necessary to allow for the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The waiting period expired without issues on November 24, 2004.

The Company's FERC Section 203 Request to Transfer Jurisdictional Asset was submitted on November 23, 2004. The comment period ran through December 29, 2004. No comments or interventions were received, and FERC approved the transfer of CS2 to Avista on December 30, 2004.

D. Closing of the Transaction

On January 19, 2005 Avista plans to execute the final documents to purchase the second half of CS2. Avista will assume ownership and begin operating 100% of the CS2 project effective at 12:01 a.m. January 20, 2005.

X. CS2 IMPACT ON NET POWER SUPPLY OPERATING EXPENSES

A. Net Change in Power Supply Costs

The addition of the second half of CS2 reduces Avista's annual net power supply operating expenses by \$4.1 million on a system basis (this change in net expenses excludes all rate base related costs such as depreciation and return on investment). The only changes in power supply revenues and expenses proposed in this filing, from those approved by the IPUC in the Company's recently concluded general rate case in Case No. AVU-E-04-1 (Avista 2004 Rate Case), are those related to the addition of the second half of CS2.

The addition of the second half of CS2 results in the following changes in net power supply costs (system basis):

	Change in Expenses (\$ in Millions)
An increase in wholesale electric sales revenue	(\$28.4)
A decrease in wholesale electric market purchases	(11.2)
An increase in natural gas purchases	30.4
An increase in natural gas transportation costs	2.9
An increase in electric transmission costs	1.7
A decrease in revenue from Mirant related to CS2 ¹⁵	<u>0.5</u>
Change in Net Power Supply Expenses	(\$4.1)

In calculating the change in net power supply expenses, Avista re-ran the power supply model used in the Avista 2004 rate case (AVU-E-04-1). The only change included in the model was the addition of the second half of CS2. All other inputs remained the same as those approved by the IPUC in the 2004 rate case, including wholesale electric and natural gas prices,

¹⁵ Avista provided reserves and load control services to Mirant for its share of the CS2 project. Avista's purchase of Mirant's share eliminated this annual revenue from Mirant of \$542,000 (system basis).

thermal fuel costs, thermal availabilities, retail loads, etc. The natural gas costs to fuel the second half of CS2 are based on the same price that was approved by the IPUC in the 2004 rate case for the first half of CS2.

Pages 1 and 2 of Exhibit M include a power supply exhibit showing each of the changes in net power supply costs related to the addition of the second half of CS2. Detailed workpapers have also been provided with this filing.

B. Changes in Base Power Supply Costs for the PCA

The changes in costs associated with the addition of the second half of CS2 would result in a new lower level of base power supply costs for the Power Cost Adjustment calculations. The proposed new base power supply numbers for PCA purposes are shown on page 3 of Exhibit M. Avista is proposing no other changes in this filing to the PCA mechanism or the PCA calculations.

XI. FORM OF CUSTOMER NOTICE

Notice to the public of the proposal, pursuant to IDAPA 31.21.02.102, will be given simultaneously with the filing of the Application by a news release and a bill insert that will be mailed to all customers. All customers should receive the bill insert, which is attached as Exhibit N, no later than February 21, 2005.

XII. AUTHORIZATIONS REQUESTED

WHEREFORE, Avista requests that the Commission issue an Order, under Modified Procedure, that approves Avista's proposed tariff revisions to include in base rates the incremental ownership and operating costs associated with CS2. Avista also requests approval of tariff revisions that reflect a corresponding reduction in PCA surcharge rates, such that there will not be a change in overall rates paid by customers. Finally, the Company requests approval

of the proposed new lower level of base power supply costs to be used in future PCA calculations.

DATED at Spokane, Washington, this 18th day of January 2005.

AVISTA CORPORATION

By: 

David J. Meyer
Chief Counsel for Regulatory and
Governmental Affairs

VERIFICATION

I, Kelly Norwood, am Vice President – State and Federal Regulation of Avista Corporation, and am authorized to make this verification on its behalf. I have reviewed the foregoing Application and hereby attest that the information contained within the Application is true and correct to the best of my knowledge and belief.

Executed on the 18th day of January, 2005.

AVISTA CORPORATION

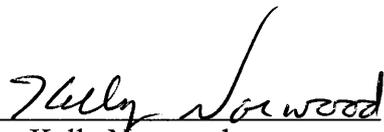
By: 
Kelly Norwood
Vice President – State and Federal
Regulation

EXHIBIT A

Recently Authorized and Proposed Electric Operating Results

AVISTA UTILITIES
IDAHO ELECTRIC RESULTS OF OPERATION
IDAHO PRO FORMA RESULTS
Currently Authorized plus CS2 Incremental Impacts
(000'S OF DOLLARS)

Line No.	DESCRIPTION	WITH PRESENT RATES			WITH PROPOSED RATES	
		Authorized Per Order #29602	CS2 Adjustments	Pro Forma Results	Proposed Revenues & Related Exp	Proposed Total
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$170,964		\$170,964	\$3,235	\$174,199
2	Interdepartmental Sales					
3	Sales for Resale	16,976	9,566	26,542		26,542
4	Total Sales of Electricity	187,940	9,566	197,506	3,235	200,741
5	Other Revenue	4,967		4,967		4,967
6	Total Electric Revenue	192,907	9,566	202,473	3,235	205,708
EXPENSES						
Production and Transmission						
7	Operating Expenses	37,562	13,071	50,633		50,633
8	Purchased Power	46,559	(3,858)	42,701		42,701
9	Depreciation and Amortization	9,886	902	10,788		10,788
10	Taxes	3,861	24	3,885		3,885
11	Total Production & Transmission	97,868	10,139	108,007	0	108,007
Distribution						
12	Operating Expenses	6,353		6,353		6,353
13	Depreciation	5,322		5,322		5,322
14	Taxes	4,406	(7)	4,399	35	4,434
15	Total Distribution	16,081	(7)	16,074	35	16,109
16	Customer Accounting	4,018		4,018	10	4,028
17	Customer Service & Information	1,478		1,478		1,478
18	Sales Expenses	355		355		355
Administrative & General						
19	Operating Expenses	17,126	83	17,209	8	17,217
20	Depreciation	3,700		3,700		3,700
21	Taxes	1		1		1
22	Total Admin. & General	20,827	83	20,910	8	20,918
23	Total Electric Expenses	140,627	10,215	150,842	53	150,895
24	OPERATING INCOME BEFORE FIT	52,280	(649)	51,631	3,182	54,813
FEDERAL INCOME TAX						
25	Current Accrual	10,605	(583)	10,022	1,114	11,136
26	Deferred Income Taxes	2,445		2,445		2,445
27	NET OPERATING INCOME	\$39,230	(\$66)	\$39,164	\$2,068	\$41,232
RATE BASE						
PLANT IN SERVICE						
28	Intangible	\$11,353		\$11,353		\$11,353
29	Production	303,082	20,631	323,713		323,713
30	Transmission	109,412	1,502	110,914		110,914
31	Distribution	257,165		257,165		257,165
32	General	36,483		36,483		36,483
33	Total Plant in Service	717,495	22,133	739,628	0	739,628
34	ACCUMULATED DEPRECIATION	219,654	451	220,105		220,105
35	ACCUM. PROVISION FOR AMORTIZATION	1,893		1,893		1,893
36	Total Accum. Depreciation & Amort.	221,547	451	221,998	0	221,998
37	GAIN ON SALE OF BUILDING	(625)		(625)		(625)
38	DEFERRED TAXES	(71,209)	(40)	(71,249)		(71,249)
39	TOTAL RATE BASE	\$424,114	\$21,642	\$445,756	\$0	\$445,756
40	RATE OF RETURN	9.25%		8.79%		9.25%

AVISTA UTILITIES
Calculation of Incremental Revenue Requirement
Idaho - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2002
(000'S OF DOLLARS)

Line No.	Description	IDAHO
1	Pro Forma Rate Base	\$445,756
	Proposed Rate of Return	9.250%
2	Net Operating Income Requirement	<u>\$41,232</u>
3	Authorized Net Operating Income (incl levelized return)	39,230
4	Additional CS2 investment and Pwr Supply impacts	<u>66</u>
5	Revised Authorized Net Operating Income	39,164
6	Net Operating Income Deficiency	\$2,068
7	Conversion Factor	0.63926135
8	Revenue Requirement	<u>\$3,235</u>
9	Total General Business Revenues	\$170,964
10	Percentage Revenue Increase	<u><u>1.89%</u></u>

**AVISTA UTILITIES
 AUTHORIZED CONVERSION FACTOR: IDAHO ELECTRIC
 PURSUANT TO ORDER NO. 29602**

Line Number	Description	Factor
1	Revenue:	1.00000000
	Expense:	
2	Uncollectibles (1)	0.00316400
3	Commission Fees (2)	0.00257700
4	Idaho Income Tax (3)	0.01078000
5	Total Expense	<u>0.01652100</u>
6	Net Operating Income Before FIT	0.98347900
7	Federal Income Tax @ 35%	0.34421765
8	REVENUE CONVERSION FACTOR	<u>0.63926135</u>

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
IDAHO AUTHORIZED RESULTS OF OPERATIONS
Plus CS2 Investment and Power Supply Impact
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Authorized Per Order #29602	Incremental Coyote Springs 2	Revised Power Supply	Restate Debt Interest	Pro Forma TOTAL
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$170,964				\$170,964
2	Interdepartmental Sales					
3	Sales for Resale	16,976		9,566		26,542
4	Total Sales of Electricity	187,940	0	9,566	0	197,506
5	Other Revenue	4,967				4,967
6	Total Electric Revenue	192,907	0	9,566	0	202,473
EXPENSES						
Production and Transmission						
7	Operating Expenses	37,562	1,029	12,042		50,633
8	Purchased Power	46,559		(3,858)		42,701
9	Depreciation and Amortization	9,886	902			10,788
10	Taxes	3,861	24			3,885
11	Total Production & Transmission	97,868	1,955	8,184	0	108,007
Distribution						
12	Operating Expenses	6,353				6,353
13	Depreciation	5,322				5,322
14	Taxes	4,406	(22)	15		4,399
15	Total Distribution	16,081	(22)	15	0	16,074
16	Customer Accounting	4,018				4,018
17	Customer Service & Information	1,478				1,478
18	Sales Expenses	355				355
Administrative & General						
19	Operating Expenses	17,126	83			17,209
20	Depreciation	3,700				3,700
21	Taxes	1				1
22	Total Admin. & General	20,827	83	0	0	20,910
23	Total Electric Expenses	140,627	2,016	8,199	0	150,842
24	OPERATING INCOME BEFORE FIT	52,280	(2,016)	1,367	0	51,631
FEDERAL INCOME TAX						
25	Current Accrual	10,605	(706)	478	(355)	10,022
26	Deferred Income Taxes	2,445				2,445
27	NET OPERATING INCOME	\$39,230	(\$1,310)	\$889	\$355	\$39,164
RATE BASE						
PLANT IN SERVICE						
28	Intangible	\$11,353				\$11,353
29	Production	303,082	20,631			323,713
30	Transmission	109,412	1,502			110,914
31	Distribution	257,165				257,165
32	General	36,483				36,483
33	Total Plant in Service	717,495	22,133	0	0	739,628
34	ACCUMULATED DEPRECIATION	219,654	451			220,105
35	ACCUM. PROVISION FOR AMORTIZATION	1,893				1,893
36	Total Accum. Depreciation & Amort.	221,547	451	0	0	221,998
37	GAIN ON SALE OF BUILDING	(625)				(625)
38	DEFERRED TAXES	(71,209)	(40)			(71,249)
39	TOTAL RATE BASE	\$424,114	\$21,642	\$0	\$0	\$445,756
40	RATE OF RETURN	9.25%				8.79%

Revenue Requirement Description

- Page 1 of Exhibit A shows the currently authorized and proposed electric operating results and rate base for the State of Idaho.
- Page 2 shows the calculation of the \$3,235,000 revenue requirement at the currently authorized 9.25% rate of return.
- Page 3 shows the derivation of the currently authorized net operating income to gross revenue conversion factor.
- Page 4 begins with the currently authorized operating results and rate base in column (b). The impact of the changes in operating expense and capital investment associated with the additional ownership of CS2 and transformer are shown in column (c). Related changes to power supply revenues and expenses are shown in column (d). Column (e), entitled Restate Debt Interest, reflects the income tax benefit of the interest expense deduction associated with capital investment financed by debt. Column (f) is the final proposed operating results and rate base.

EXHIBIT B

Proposed Increase in General Rates/Decrease in PCA Rates

Avista Utilities
 Idaho - Electric
 Case No. AVU-E-05-1

Proposed Increase in General Rates / Decrease in PCA Rates

Line No.	Schedule (a)	Pro Forma Revenue under Pres. Base Rates (b)	Base Rev. Increase/ PCA Decrease (c)	Divided by: Pro Forma kWhs (d)	Increase in General / Decrease in PCA Rates (e)	Pro Forma Revenue under Prop. Base Rates (f)	Present PCA Rates (g)	Proposed PCA Rates (h)
1	Residential Sch. 1	\$64,272,857	\$1,215,528	988,379,551	\$0.00123	\$65,488,385	\$0.00286	\$0.00163
2	General Svc. 11 & 12	\$17,216,889	\$325,606	225,328,497	\$0.00145	\$17,542,495	\$0.00335	\$0.00190
3	Lg. Gen. Svc. 21 & 22	\$39,450,291	\$746,084	674,177,247	\$0.00111	\$40,196,375	\$0.00256	\$0.00145
4	Ex. Lg. Gen. Svc. 25	\$12,557,791	\$237,493	303,707,481	\$0.00078	\$12,795,284	\$0.00181	\$0.00103
5	Potlatch Sch. 25P	\$32,361,353	\$612,018	870,085,620	\$0.00070	\$32,973,371	\$0.00163	\$0.00093
6	Pumping Sch. 31 & 32	\$2,959,677	\$55,973	48,921,582	\$0.00114	\$3,015,650	\$0.00265	\$0.00151
7	St. & Area Lgts. 41-49	\$2,240,495	\$42,372		1.891%	\$2,282,867	4.385%	2.448%
8	Total	\$171,059,353	\$3,235,074			\$174,294,427		

EXHIBIT C

Revised Base Rate Tariffs and PCA Tariffs

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 1

RESIDENTIAL SERVICE - IDAHO

(Single phase & available voltage)

AVAILABLE:

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

APPLICABLE:

To service for domestic purposes in each individual residence, apartment, mobile home, or other living unit when all such service used on the premises is supplied through a single meter.

Where a portion of a dwelling is used regularly for the conduct of business or where a portion of the electricity supplied is used for other than domestic purposes, the appropriate general service schedule is applicable. However, if the service for all domestic purposes is metered separately, this schedule will be applied to such service. When two or more living units are served through a single meter, the appropriate general service schedule is applicable.

MONTHLY RATE:

\$4.00 Basic Charge, plus		
First	600 kWh	5.842¢ per kWh
All over	600 kWh	6.612¢ per kWh

Monthly Minimum Charge: \$4.00

OPTIONAL SEASONAL MONTHLY CHARGE:

A \$4.00 monthly charge shall apply to Customers who close their account on a seasonal or intermittent basis, provided no energy usage occurs during an entire monthly billing cycle while the account is closed. Customers choosing this option are required to notify the Company in writing or by phone in advance and the account will be closed at the start of the next billing cycle following notification. If energy is used during a monthly billing cycle, the above listed energy charges and basic charge of \$4.00 shall apply.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

Issued January 19, 2005

Effective April 15, 2005

Issued by Avista Utilities

By

Kelly D. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 11

GENERAL SERVICE - IDAHO

(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

First	3650 kWh	7.295¢ per kWh
-------	----------	----------------

All Over	3650 kWh	6.223¢ per kWh
----------	----------	----------------

Demand Charge:

No charge for the first 20 kW of demand.

\$3.50 per kW for each additional kW of demand.

Minimum:

\$6.00 for single phase service and \$13.10 for three phase service; unless a higher minimum is required under contract to cover special conditions.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

Issued January 19, 2005

Effective April 15, 2005

Issued by Avista Utilities

By

Kelly O. Norwood - Vice President, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 21
LARGE GENERAL SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and may be required to enter into a written contract for five (5) years or longer.

MONTHLY RATE:

The sum of the following demand and energy charges:

Energy Charge:

First	250,000 kWh	4.800¢ per kWh
All Over	250,000 kWh	4.097¢ per kWh

Demand Charge:

\$250.00 for the first 50 kW of demand or less.
\$3.00 per kW for each additional kW of demand.

Primary Voltage Discount:

If Customer takes service at 11 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kW of demand per month.

Power Factor Adjustment Charge:

If Customer has a reactive kilovolt-ampere (kVAR) meter, he will be subject to a Power Factor Adjustment charge, as set forth in the Rules & Regulations.

Minimum:

\$250.00, unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM:

The current 12-month billing including any charges for power factor correction shall be not less than \$10.00 per kW of the highest demand established during the current 12-month period provided that such highest demand shall be adjusted by the elimination of any demand occasioned by an operation totally abandoned during such 12-month period.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Customers served at 11 kv or higher shall provide and maintain all transformers and other necessary equipment on their side of the point of delivery.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

Issued January 19, 2005

Effective April 15, 2005

Issued by Avista Utilities

By

Kelly O. Norwood - Vice President, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 25

EXTRA LARGE GENERAL SERVICE - IDAHO
(Three phase, available voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

First	500,000 kWh	3.942¢ per kWh
All Over	500,000 kWh	3.339¢ per kWh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.
\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$511,470

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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By

Kelly O. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 25P

EXTRA LARGE GENERAL SERVICE TO POTLATCH LEWISTON FACILITY - IDAHO
(Three phase, available voltage)

AVAILABLE:

To Potlatch Corporation's Lewiston, Idaho Facility.

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

3.404¢ per kwh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.

\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$482,440

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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SCHEDULE 31
PUMPING SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To service through one meter for pumping water or water effluents, including incidental power used for other equipment and lighting essential to the pumping operation. For such incidental service, Customer will furnish any transformers and other necessary equipment. Customer may be required to enter into a written contract for five (5) years or longer and will have service available on a continuous basis unless there is a change in ownership or control of property served.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

6.555¢ per kWh for the first 85 kWh per kW of demand, and for the next 80 kWh per kW of demand but not more than 3,000 kWh.

5.589¢ per kWh for all additional kWh.

Annual Minimum:

\$10.00 per kW of the highest demand established in the current year ending with the November billing cycle. If no demand occurred in the current year, the annual minimum will be based on the highest demand in the latest previous year having a demand.

Demand:

The average kW supplied during the 15-minute period of maximum use during the month determined, at the option of Company, by a demand meter or nameplate input rating of pump motor.

SPECIAL TERMS AND CONDITIONS:

If Customer requests the account to be closed by reason of change in ownership or control of property, the unbilled service and any applicable annual minimum will be prorated to the date of closing.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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AVISTA UTILITIES
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SCHEDULE 41

COMPANY OWNED STREET LIGHT SERVICE-IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
							Direct Burial			
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single Mercury Vapor</u>										
7000			411	\$ 10.76					416	\$ 10.76
10000			511	13.04						
20000			611	18.38						

*Not available to new customers accounts, or locations.

#Decorative Curb.

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AVISTA CORPORATION
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SCHEDULE 42

COMPANY OWNED STREET LIGHT SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
							Direct Burial	Developer		
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	
<u>Single High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
50W	235	\$7.58					234#	\$ 9.45		
100W							434#	9.93		
100W	435	9.21	431	\$ 9.67	432	\$17.41	433	17.41	436	\$ 9.67
200W	535	15.30	531	15.75	532	23.46	533	23.46	536	15.75
250W	635	17.95	631	18.41	632	26.13	633	26.13	636	18.41
400W	835	26.93	831	27.38	832	35.12	833	35.12	836	27.38
150W									936	14.39
<u>Double High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
100W			441	\$ 19.40	442	\$ 27.65			446	\$ 19.40
200W	545	\$30.57			542	39.74			546	31.02
#Decorative Curb										
<u>Decorative Sodium Vapor</u>										
100W Granville							474*	18.01		
100W Post Top							484*	17.27		

*16' fiberglass pole

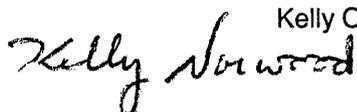
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SCHEDULE 43

**CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE -
IDAHO**
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility								
	No Pole		Wood Pole		Metal Standard				
	Code	Rate	Code	Rate	Pedestal Base		Direct Burial		
				Code	Rate	Code	Rate	Code	Rate
<u>Single Mercury Vapor</u>									
10000						512	\$ 9.75		
20000	615	\$ 14.29	611	\$ 14.29	612	14.29			
<u>Single Sodium Vapor</u>									
25000						632	11.94		
50000						832	19.01		

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SCHEDULE 44

CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard Direct Burial		Developer Contributed	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single High-Pressure Sodium Vapor</u>										
100W	435	\$ 7.04	431	\$ 7.04	432	\$ 7.04	433	\$ 7.04		
200W	535	10.61	531	10.61	532	10.61	533	10.61	534	10.61
250W	635	11.94	631	11.94	632	11.94	633	11.94		
310W	735	13.59	731	13.59	732	13.59	733	13.59		
400W	835	19.01	831	19.01	832	19.01	833	19.01		
150W	935	9.23	931	9.23	932	9.23	933	9.23	936	9.23
<u>Double High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)										
100W			441	13.47	442	13.47	443	13.47		
200W					542	20.79	543	20.79		
310W					742	26.73				

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing and owning standards, luminaires and necessary circuitry and related facilities to connect with Company designated points of delivery. All such facilities will conform to Company's design, standards and specifications. Customer is also responsible for painting (if desired) and replacing damaged pole facilities.

Company will furnish the necessary energy, repairs and maintenance work including lamp and glassware cleaning and replacement. Repairs and maintenance work will be performed by Company during regularly scheduled working hours.

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SCHEDULE 45

CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO (Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	Code	Rate	Code	Rate
<u>Mercury Vapor</u>				
10000	515	\$5.16	519	\$ 3.49
20000#	615	9.38	619	6.48

#Also includes Metal Halide.

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

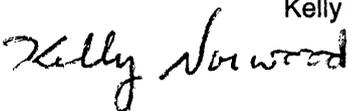
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SCHEDULE 46
CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	Code	Rate	Code	Rate
<u>High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)				
100W	435	\$ 3.21	439	\$ 2.23
200W	535	5.99	539	4.21
250W	635	7.38	639	5.24
310W	735	8.77	739	6.01
400W	835	11.18	839	8.45
150W	935	4.63		

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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SCHEDULE 47

AREA LIGHTING - MERCURY VAPOR - IDAHO (Single phase and available voltage)

AVAILABLE:

In all Idaho territory served by Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with mercury vapor lamps upon receipt of a Customer contract for five (5) years or more. Mercury vapor lamps will be available only to those customers receiving service on October 23, 1981.

MONTHLY RATE:

	Charge per Unit Nominal Lumens)		
	<u>7,000</u>	<u>10,000</u>	<u>20,000</u>
Luminaire (on existing standard)	\$ 10.76	\$ 13.04	\$ 18.52
Luminaire and Standard:			
30-foot wood pole	13.47	15.75	21.22
Galvanized steel standards:			
25 foot	17.70	19.97	25.45
30 foot	18.41	20.70	26.17
Aluminum standards:			
25 foot	19.21	21.49	26.97

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SCHEDULE 49

AREA LIGHTING - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

In all territory served by the Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with high-pressure sodium vapor lamps upon receipt of a Customer contract for five (5) years or more.

MONTHLY RATE:

	Charge per Unit			
	<u>(Nominal Rating in Watts)</u>			
	<u>100W</u>	<u>200W</u>	<u>250W</u>	<u>400W</u>
<u>Luminaire</u>				
Cobrahead	\$ 8.59	\$ 11.34	\$ 13.12	\$ 16.84
Decorative Curb	\$ 8.59			

100W Granville w/16-foot decorative pole	\$ 21.61
100W Post Top w/16-foot decorative pole	20.72

	<u>Monthly Rate</u>
	<u>per Pole</u>
<u>Pole Facility</u>	
30-foot wood pole	\$ 4.42
40-foot wood pole	7.26
55-foot wood pole	8.58
20-foot fiberglass	4.42
25-foot galvanized steel standard*	6.93
30-foot galvanized steel standard*	7.65
25-foot galvanized aluminum standard*	8.45
30-foot fiberglass-pedestal base	21.16
30-foot steel-pedestal base	19.52

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SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	0.163¢ per kwh
Schedules 11 & 12	0.190¢ per kwh
Schedules 21 & 22	0.145¢ per kwh
Schedules 25	0.103¢ per kwh
Schedule 25P	0.093¢ per kwh
Schedules 31 & 32	0.151¢ per kwh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service are to be increased by the following percentage:

Schedules 41-49	2.448%
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SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

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SCHEDULE 1

RESIDENTIAL SERVICE - IDAHO

(Single phase & available voltage)

AVAILABLE:

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

APPLICABLE:

To service for domestic purposes in each individual residence, apartment, mobile home, or other living unit when all such service used on the premises is supplied through a single meter.

Where a portion of a dwelling is used regularly for the conduct of business or where a portion of the electricity supplied is used for other than domestic purposes, the appropriate general service schedule is applicable. However, if the service for all domestic purposes is metered separately, this schedule will be applied to such service. When two or more living units are served through a single meter, the appropriate general service schedule is applicable.

MONTHLY RATE:

\$4.00 Basic Charge, plus		
First	600 kWh	5.719¢ per kWh
All over	600 kWh	6.489¢ per kWh

Monthly Minimum Charge: \$4.00

OPTIONAL SEASONAL MONTHLY CHARGE:

A \$4.00 monthly charge shall apply to Customers who close their account on a seasonal or intermittent basis, provided no energy usage occurs during an entire monthly billing cycle while the account is closed. Customers choosing this option are required to notify the Company in writing or by phone in advance and the account will be closed at the start of the next billing cycle following notification. If energy is used during a monthly billing cycle, the above listed energy charges and basic charge of \$4.00 shall apply.

SPECIAL TERMS AND CONDITIONS:

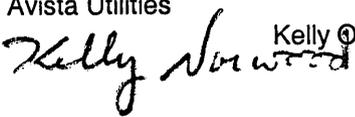
Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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SCHEDULE 11

GENERAL SERVICE - IDAHO

(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

First 3650 kWh 7.150¢ per kWh

All Over 3650 kWh 6.078¢ per kWh

Demand Charge:

No charge for the first 20 kW of demand.

\$3.50 per kW for each additional kW of demand.

Minimum:

\$6.00 for single phase service and \$13.10 for three phase service; unless a higher minimum is required under contract to cover special conditions.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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SCHEDULE 21
LARGE GENERAL SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and may be required to enter into a written contract for five (5) years or longer.

MONTHLY RATE:

The sum of the following demand and energy charges:

Energy Charge:

First	250,000 kWh	4.689¢ per kWh
All Over	250,000 kWh	3.986¢ per kWh

Demand Charge:

\$250.00 for the first 50 kW of demand or less.
\$3.00 per kW for each additional kW of demand.

Primary Voltage Discount:

If Customer takes service at 11 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kW of demand per month.

Power Factor Adjustment Charge:

If Customer has a reactive kilovolt-ampere (kVAR) meter, he will be subject to a Power Factor Adjustment charge, as set forth in the Rules & Regulations.

Minimum:

\$250.00, unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM:

The current 12-month billing including any charges for power factor correction shall be not less than \$10.00 per kW of the highest demand established during the current 12-month period provided that such highest demand shall be adjusted by the elimination of any demand occasioned by an operation totally abandoned during such 12-month period.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Customers served at 11 kv or higher shall provide and maintain all transformers and other necessary equipment on their side of the point of delivery.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

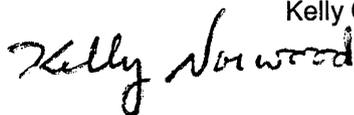
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SCHEDULE 25

EXTRA LARGE GENERAL SERVICE - IDAHO
(Three phase, available voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

First	500,000 kWh	3.864¢ per kWh
All Over	500,000 kWh	3.261¢ per kWh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.
\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: ~~\$502,890~~

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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SCHEDULE 25P

EXTRA LARGE GENERAL SERVICE TO POTLATCH LEWISTON FACILITY - IDAHO
(Three phase, available voltage)

AVAILABLE:

To Potlatch Corporation's Lewiston, Idaho Facility.

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

3.334¢ per kwh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.

\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$474,740

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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By

Kelly O. Norwood - Vice President, State & Federal Regulation

Kelly Norwood

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 31
PUMPING SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To service through one meter for pumping water or water effluents, including incidental power used for other equipment and lighting essential to the pumping operation. For such incidental service, Customer will furnish any transformers and other necessary equipment. Customer may be required to enter into a written contract for five (5) years or longer and will have service available on a continuous basis unless there is a change in ownership or control of property served.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

6.441¢ per kWh for the first 85 kWh per kW of demand, and for the next 80 kWh per kW of demand but not more than 3,000 kWh.

5.475¢ per kWh for all additional kWh.

Annual Minimum:

\$10.00 per kW of the highest demand established in the current year ending with the November billing cycle. If no demand occurred in the current year, the annual minimum will be based on the highest demand in the latest previous year having a demand.

Demand:

The average kW supplied during the 15-minute period of maximum use during the month determined, at the option of Company, by a demand meter or nameplate input rating of pump motor.

SPECIAL TERMS AND CONDITIONS:

If Customer requests the account to be closed by reason of change in ownership or control of property, the unbilled service and any applicable annual minimum will be prorated to the date of closing.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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Kelly Norwood

AVISTA UTILITIES
dba Avista Utilities

SCHEDULE 41

COMPANY OWNED STREET LIGHT SERVICE-IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate		
<u>Single Mercury Vapor</u>										
7000			411	\$ 10.56					416	\$ 10.56
10000			511	12.80						
20000			611	18.04						

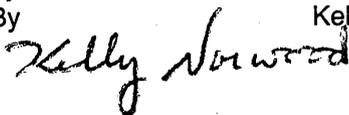
*Not available to new customers accounts, or locations.
#Decorative Curb.

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Kelly O. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 42

COMPANY OWNED STREET LIGHT SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
							Direct Burial			
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
50W	235	\$7.44					234#	\$ 9.28		
100W							434#	9.75		
100W	435	9.04	431	\$ 9.50	432	\$17.09	433	17.09	436	\$ 9.50
200W	535	15.01	531	15.46	532	23.03	533	23.03	536	15.46
250W	635	17.62	631	18.06	632	25.65	633	25.65	636	18.06
400W	835	26.43	831	26.87	832	34.47	833	34.47	836	26.87
150W									936	14.12
<u>Double High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
100W			441	\$ 19.04	442	\$ 27.14			446	\$ 19.04
200W	545	\$30.00			542	39.00			546	30.44
#Decorative Curb										
<u>Decorative Sodium Vapor</u>										
100W Granville							474*	17.68		
100W Post Top							484*	16.95		

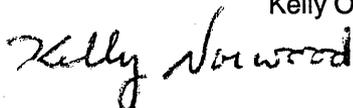
*16' fiberglass pole

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Kelly O. Norwood - Vice President, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 43

CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE -
IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	No Pole		Pole Facility					
			Wood Pole		Metal Standard			
	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single Mercury Vapor</u>								
10000					512	\$ 9.57		
20000	615	\$ 14.03	611	\$ 14.03	612	14.03		
<u>Single Sodium Vapor</u>								
25000					632	11.72		
50000					832	18.65		

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Kelly O. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
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SCHEDULE 44

CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard Direct Burial		Developer Contributed	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single High-Pressure Sodium Vapor</u>										
100W	435	\$ 6.94	431	\$ 6.94	432	\$ 6.94	433	\$ 6.94		
200W	535	10.41	531	10.41	532	10.41	533	10.41	534	10.41
250W	635	11.72	631	11.72	632	11.72	633	11.72		
310W	735	13.34	731	13.34	732	13.34	733	13.34		
400W	835	18.65	831	18.65	832	18.65	833	18.65		
150W	935	9.06	931	9.06	932	9.06	933	9.06	936	9.06
<u>Double High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)										
100W			441	13.22	442	13.22	443	13.22		
200W					542	20.41	543	20.41		
310W					742	26.24				

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing and owning standards, luminaires and necessary circuitry and related facilities to connect with Company designated points of delivery. All such facilities will conform to Company's design, standards and specifications. Customer is also responsible for painting (if desired) and replacing damaged pole facilities.

Company will furnish the necessary energy, repairs and maintenance work including lamp and glassware cleaning and replacement. Repairs and maintenance work will be performed by Company during regularly scheduled working hours.

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AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 45

CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	Code	Rate	Code	Rate
<u>Mercury Vapor</u>				
10000	515	\$5.06	519	\$ 3.43
20000#	615	9.24	619	6.36

#Also includes Metal Halide.

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 46
CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	Code	Rate	Code	Rate
<u>High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)				
100W	435	\$ 3.15	439	\$ 2.19
200W	535	5.88	539	4.13
250W	635	7.25	639	5.14
310W	735	8.61	739	5.90
400W	835	10.97	839	8.29
150W	935	4.54		

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 47

AREA LIGHTING - MERCURY VAPOR - IDAHO
(Single phase and available voltage)

AVAILABLE:

In all Idaho territory served by Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with mercury vapor lamps upon receipt of a Customer contract for five (5) years or more. Mercury vapor lamps will be available only to those customers receiving service on October 23, 1981.

MONTHLY RATE:

	Charge per Unit Nominal Lumens)		
	<u>7,000</u>	<u>10,000</u>	<u>20,000</u>
Luminaire (on existing standard)	\$ 10.56	\$ 12.80	\$ 18.17
Luminaire and Standard:			
30-foot wood pole	13.22	15.46	20.83
Galvanized steel standards:			
25 foot	17.37	19.60	24.98
30 foot	18.06	20.31	25.68
Aluminum standards:			
25 foot	18.86	21.09	26.47

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AVISTA CORPORATION
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SCHEDULE 49

AREA LIGHTING - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

In all territory served by the Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with high-pressure sodium vapor lamps upon receipt of a Customer contract for five (5) years or more.

MONTHLY RATE:

	Charge per Unit			
	<u>(Nominal Rating in Watts)</u>			
	<u>100W</u>	<u>200W</u>	<u>250W</u>	<u>400W</u>
<u>Luminaire</u>				
Cobrahead	\$ 8.43	\$ 11.13	\$ 12.88	\$ 16.53
Decorative Curb	\$ 8.43			
100W Granville w/16-foot decorative pole	\$ 21.21			
100W Post Top w/16-foot decorative pole	20.34			

	<u>Monthly Rate</u>
	<u>per Pole</u>
<u>Pole Facility</u>	
30-foot wood pole	\$ 4.34
40-foot wood pole	7.13
55-foot wood pole	8.43
20-foot fiberglass	4.34
25-foot galvanized steel standard*	6.80
30-foot galvanized steel standard*	7.51
25-foot galvanized aluminum standard*	8.29
30-foot fiberglass-pedestal base	20.77
30-foot steel-pedestal base	19.16

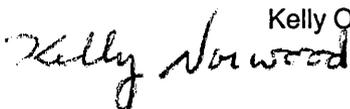
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By

Kelly O. Norwood - Vice President, State & Federal Regulation



AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	0.286¢ per kwh
Schedules 11 & 12	0.335¢ per kwh
Schedules 21 & 22	0.256¢ per kwh
Schedules 25	0.181¢ per kwh
Schedule 25P	0.163¢ per kwh
Schedules 31 & 32	0.265¢ per kwh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service are to be increased by the following percentage:

Schedules 41-49	4.385%
-----------------	--------

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

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Kelly O. Norwood – Vice President, State & Federal Regulation

Kelly Norwood

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 1

RESIDENTIAL SERVICE - IDAHO

(Single phase & available voltage)

AVAILABLE:

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

APPLICABLE:

To service for domestic purposes in each individual residence, apartment, mobile home, or other living unit when all such service used on the premises is supplied through a single meter.

Where a portion of a dwelling is used regularly for the conduct of business or where a portion of the electricity supplied is used for other than domestic purposes, the appropriate general service schedule is applicable. However, if the service for all domestic purposes is metered separately, this schedule will be applied to such service. When two or more living units are served through a single meter, the appropriate general service schedule is applicable.

MONTHLY RATE:

\$4.00 Basic Charge, plus
First 600 kWh 5.842¢ per kWh
All over 600 kWh 6.612¢ per kWh

Monthly Minimum Charge: \$4.00

OPTIONAL SEASONAL MONTHLY CHARGE:

A \$4.00 monthly charge shall apply to Customers who close their account on a seasonal or intermittent basis, provided no energy usage occurs during an entire monthly billing cycle while the account is closed. Customers choosing this option are required to notify the Company in writing or by phone in advance and the account will be closed at the start of the next billing cycle following notification. If energy is used during a monthly billing cycle, the above listed energy charges and basic charge of \$4.00 shall apply.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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By

Kelly Woodward
Kelly O. Woodward - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 11

GENERAL SERVICE - IDAHO

(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

First 3650 kWh 7.295¢ per kWh

All Over 3650 kWh 6.223¢ per kWh

Demand Charge:

No charge for the first 20 kW of demand.

\$3.50 per kW for each additional kW of demand.

Minimum:

\$6.00 for single phase service and \$13.10 for three phase service; unless a higher minimum is required under contract to cover special conditions.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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Kelly Norwood

Kelly O. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 21
LARGE GENERAL SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and may be required to enter into a written contract for five (5) years or longer.

MONTHLY RATE:

The sum of the following demand and energy charges:

Energy Charge:

First	250,000 kWh	4.800¢ per kWh
All Over	250,000 kWh	4.097¢ per kWh

Demand Charge:

\$250.00 for the first 50 kW of demand or less.
\$3.00 per kW for each additional kW of demand.

Primary Voltage Discount:

If Customer takes service at 11 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kW of demand per month.

Power Factor Adjustment Charge:

If Customer has a reactive kilovolt-ampere (kVAR) meter, he will be subject to a Power Factor Adjustment charge, as set forth in the Rules & Regulations.

Minimum:

\$250.00, unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM:

The current 12-month billing including any charges for power factor correction shall be not less than \$10.00 per kW of the highest demand established during the current 12-month period provided that such highest demand shall be adjusted by the elimination of any demand occasioned by an operation totally abandoned during such 12-month period.

DEMAND:

The average kW supplied during the 15-minute period of maximum use during the month as determined by a demand meter.

SPECIAL TERMS AND CONDITIONS:

Customers served at 11 kv or higher shall provide and maintain all transformers and other necessary equipment on their side of the point of delivery.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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Kelly O. Norwood - Vice President, State & Federal Regulation

Kelly Norwood

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 25

EXTRA LARGE GENERAL SERVICE - IDAHO
(Three phase, available voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

First	500,000 kWh	3.942¢ per kWh
All Over	500,000 kWh	3.339¢ per kWh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.
\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$511,470

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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Kelly Norwood

Kelly O. Norwood - Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 25P

EXTRA LARGE GENERAL SERVICE TO POTLATCH LEWISTON FACILITY - IDAHO
(Three phase, available voltage)

AVAILABLE:

To Potlatch Corporation's Lewiston, Idaho Facility.

APPLICABLE:

To general service supplied for all power requirements when all such service taken on the premises is supplied through one meter installation for a demand of not less than 2,500 kVA but not greater than 25,000 kVA. The average of the Customer's demand for the most recent twelve-month period must fall within these demand limits for service under this schedule. If the Customer has less than twelve months of billing history, the Customer must have a minimum of six consecutive billing months of demand of at least 2,500 kVA in order to receive service under this schedule. New Customers must meet the above criteria or otherwise provide the Company with reasonable assurance that their peak demand will average at least 2,500 kVA. Customer shall provide and maintain all transformers and other necessary equipment on his side of the point of delivery and enter into a written contract for five (5) years or longer.

MONTHLY RATE: The sum of the following demand and energy charges:

Energy Charge:

3.404¢ per kwh

Demand Charge:

\$9,000.00 for the first 3,000 kVA of demand or less.

\$2.75 per kVA for each additional kVA of demand.

Primary Voltage Discount:

If Customer takes service at 11 kV (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.

Minimum:

The demand charge unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM: \$482,440

Any annual minimum deficiency will be determined during the April billing cycle for the previous 12-month period. For a customer who has taken service on this schedule for less than 12 months, the annual minimum will be prorated based on the actual months of service.

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Kelly O. Norwood - Vice President, State & Federal Regulation

Kelly Norwood

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 31
PUMPING SERVICE - IDAHO
(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To service through one meter for pumping water or water effluents, including incidental power used for other equipment and lighting essential to the pumping operation. For such incidental service, Customer will furnish any transformers and other necessary equipment. Customer may be required to enter into a written contract for five (5) years or longer and will have service available on a continuous basis unless there is a change in ownership or control of property served.

MONTHLY RATE:

The sum of the following charges:

\$6.00 Basic Charge, plus

Energy Charge:

6.555¢ per kWh for the first 85 KWh per kW of demand, and for the next 80 KWh per kW of demand but not more than 3,000 KWh.

5.589¢ per KWh for all additional KWh.

Annual Minimum:

\$10.00 per kW of the highest demand established in the current year ending with the November billing cycle. If no demand occurred in the current year, the annual minimum will be based on the highest demand in the latest previous year having a demand.

Demand:

The average kW supplied during the 15-minute period of maximum use during the month determined, at the option of Company, by a demand meter or nameplate input rating of pump motor.

SPECIAL TERMS AND CONDITIONS:

If Customer requests the account to be closed by reason of change in ownership or control of property, the unbilled service and any applicable annual minimum will be prorated to the date of closing.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases or decreases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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AVISTA UTILITIES
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SCHEDULE 41

COMPANY OWNED STREET LIGHT SERVICE-IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate		
<u>Single Mercury Vapor</u>										
7000			411	\$ 10.76					416	\$ 10.76
10000			511	13.04						
20000			611	18.38						

*Not available to new customers accounts, or locations.
#Decorative Curb.

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AVISTA CORPORATION
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SCHEDULE 42

COMPANY OWNED STREET LIGHT SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size	Pole Facility									
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed	
							Code	Rate		
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
50W	235	\$7.58					234#	\$ 9.45		
100W							434#	9.93		
100W	435	9.21	431	\$ 9.67	432	\$17.41	433	17.41	436	\$ 9.67
200W	535	15.30	531	15.75	532	23.46	533	23.46	536	15.75
250W	635	17.95	631	18.41	632	26.13	633	26.13	636	18.41
400W	835	26.93	831	27.38	832	35.12	833	35.12	836	27.38
150W									936	14.39
<u>Double High-Pressure Sodium Vapor</u>										
(Nominal Rating in Watts)										
100W			441	\$ 19.40	442	\$ 27.65			446	\$ 19.40
200W	545	\$30.57			542	39.74			546	31.02
#Decorative Curb										
<u>Decorative Sodium Vapor</u>										
100W Granville							474*	18.01		
100W Post Top							484*	17.27		

*16' fiberglass pole

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AVISTA CORPORATION
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SCHEDULE 43

CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE -
IDAHO
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	No Pole		Pole Facility					
			Wood Pole		Pedestal Base		Metal Standard Direct Burial	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate
<u>Single Mercury Vapor</u>								
10000					512	\$ 9.75		
20000	615	\$ 14.29	611	\$ 14.29	612	14.29		
<u>Single Sodium Vapor</u>								
25000					632	11.94		
50000					832	19.01		

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SCHEDULE 44

CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of dusk-to-dawn lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Pole Facility								
	No Pole		Wood Pole		Pedestal Base		Metal Standard		Developer Contributed
	Code	Rate	Code	Rate	Code	Rate	Code	Rate	
<u>Single High-Pressure Sodium Vapor</u>									
100W	435	\$ 7.04	431	\$ 7.04	432	\$ 7.04	433	\$ 7.04	
200W	535	10.61	531	10.61	532	10.61	533	10.61	534 10.61
250W	635	11.94	631	11.94	632	11.94	633	11.94	
310W	735	13.59	731	13.59	732	13.59	733	13.59	
400W	835	19.01	831	19.01	832	19.01	833	19.01	
150W	935	9.23	931	9.23	932	9.23	933	9.23	936 9.23
<u>Double High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)									
100W			441	13.47	442	13.47	443	13.47	
200W					542	20.79	543	20.79	
310W					742	26.73			

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing and owning standards, luminaires and necessary circuitry and related facilities to connect with Company designated points of delivery. All such facilities will conform to Company's design, standards and specifications. Customer is also responsible for painting (if desired) and replacing damaged pole facilities.

Company will furnish the necessary energy, repairs and maintenance work including lamp and glassware cleaning and replacement. Repairs and maintenance work will be performed by Company during regularly scheduled working hours.

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SCHEDULE 45

CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO (Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company. Closed to new installations as of November 24, 1981, except where Company and customer agree, mercury vapor lamps may be installed to provide compatibility with existing light sources.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	Code	Rate	Code	Rate
<u>Mercury Vapor</u>				
10000	515	\$5.16	519	\$ 3.49
20000#	615	9.38	619	6.48

#Also includes Metal Halide.

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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SCHEDULE 46
CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Idaho territory served by Company.

APPLICABLE:

To annual operation of lighting for public streets and thoroughfares upon receipt of an authorized application.

MONTHLY RATE:

Fixture & Size (Lumens)	Per Luminaire			
	Dusk to Dawn Service		Dusk to 1:00 a.m. Service	
	<u>Code</u>	<u>Rate</u>	<u>Code</u>	<u>Rate</u>
<u>High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)				
100W	435	\$ <u>3.21</u>	439	\$ <u>2.23</u>
200W	535	<u>5.99</u>	539	<u>4.21</u>
250W	635	<u>7.38</u>	639	<u>5.24</u>
310W	735	<u>8.77</u>	739	<u>6.01</u>
400W	835	<u>11.18</u>	839	<u>8.45</u>
150W	935	<u>4.63</u>		

SPECIAL TERMS AND CONDITIONS:

Customer is responsible for financing, installing, owning, maintaining and replacing all standards, luminaires, and necessary circuitry and related facilities to connect with Company designated points of delivery. Customer will also provide a light sensitive relay and/or time switch in order to control the hours that energy will be provided.

Company is responsible only for the furnishing of energy to the point of delivery and the billing and accounting related thereto.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Monthly Rates are subject to increases as set forth in Tax Adjustment Schedule 58, Temporary Rate Adjustment Schedule 65, Temporary Power Cost Adjustment Schedule 66, and Energy Efficiency Rider Adjustment Schedule 91.

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SCHEDULE 47

AREA LIGHTING - MERCURY VAPOR - IDAHO
(Single phase and available voltage)

AVAILABLE:

In all Idaho territory served by Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with mercury vapor lamps upon receipt of a Customer contract for five (5) years or more. Mercury vapor lamps will be available only to those customers receiving service on October 23, 1981.

MONTHLY RATE:

	Charge per Unit Nominal Lumens)		
	<u>7,000</u>	<u>10,000</u>	<u>20,000</u>
Luminaire (on existing standard)	\$ <u>10.76</u>	\$ <u>13.04</u>	\$ <u>18.52</u>
Luminaire and Standard:			
30-foot wood pole	<u>13.47</u>	<u>15.75</u>	<u>21.22</u>
Galvanized steel standards:			
25 foot	<u>17.70</u>	<u>19.97</u>	<u>25.45</u>
30 foot	<u>18.41</u>	<u>20.70</u>	<u>26.17</u>
Aluminum standards:			
25 foot	<u>19.21</u>	<u>21.49</u>	<u>26.97</u>

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SCHEDULE 49

AREA LIGHTING - IDAHO
HIGH-PRESSURE SODIUM VAPOR
(Single phase and available voltage)

AVAILABLE:

In all territory served by the Company where existing secondary distribution facilities are of adequate capacity, phase, and voltage.

APPLICABLE:

To annual operation of dusk-to-dawn area lighting with high-pressure sodium vapor lamps upon receipt of a Customer contract for five (5) years or more.

MONTHLY RATE:

	Charge per Unit (Nominal Rating in Watts)			
	<u>100W</u>	<u>200W</u>	<u>250W</u>	<u>400W</u>
<u>Luminaire</u>				
Cobrahead	\$ <u>8.59</u>	\$ <u>11.34</u>	\$ <u>13.12</u>	\$ <u>16.84</u>
Decorative Curb	\$ <u>8.59</u>			
100W Granville w/16-foot decorative pole	\$ <u>21.61</u>			
100W Post Top w/16-foot decorative pole	<u>20.72</u>			
				<u>Monthly Rate per Pole</u>
<u>Pole Facility</u>				
30-foot wood pole				\$ <u>4.42</u>
40-foot wood pole				<u>7.26</u>
55-foot wood pole				<u>8.58</u>
20-foot fiberglass				<u>4.42</u>
25-foot galvanized steel standard*				<u>6.93</u>
30-foot galvanized steel standard*				<u>7.65</u>
25-foot galvanized aluminum standard*				<u>8.45</u>
30-foot fiberglass-pedestal base				<u>21.16</u>
30-foot steel-pedestal base				<u>19.52</u>

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SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

Schedule 1	<u>0.163¢</u> per kwh
Schedules 11 & 12	<u>0.190¢</u> per kwh
Schedules 21 & 22	<u>0.145¢</u> per kwh
Schedules 25	<u>0.103¢</u> per kwh
Schedule 25P	<u>0.093¢</u> per kwh
Schedules 31 & 32	<u>0.151¢</u> per kwh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service are to be increased by the following percentage:

Schedules 41-49	<u>2.448%</u>
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SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

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