

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET NO. UE-050482
TRANSPORTATION COMISSION.)	and
)	DOCKET NO. UG-050483
Complainant,)	
)	
v.)	SETTLEMENT AGREEMENT
)	
)	
AVISTA CORPORATION, D/B/A)	
AVISTA UTILITIES,)	
)	
)	
Respondent.)	
.....)	

I. PARTIES

1. This Settlement Agreement is entered into by Avista Corporation (the “Company”), the Staff of the Washington Utilities and Transportation Commission (“Staff”), the Northwest Industrial Gas Users (“NWIGU”), and the Energy Project, jointly referred to herein as the “Signing Parties.” The Signing Parties agree this Settlement Agreement is in the public interest and should be accepted as a resolution of all issues in this docket. The Signing Parties understand this Settlement Agreement is subject to Commission approval.

II. INTRODUCTION

2. On March 30, 2005, the Company filed certain tariff revisions to its currently effective tariffs to increase general rates for its electric service (UE-050482) and gas service (UG-050483) in Washington. The proposed revisions provided for general rate increases of 11.4 percent or \$35.8 million for the electric service and 1.7 percent or \$2.9 million for the gas service. The Commission, by Order No. 01, suspended the operation of the general tariff revisions and consolidated the dockets for hearing.

3. At the prehearing conference held on May 18, 2005, NWIGU, Industrial Customers of Northwest Utilities (“ICNU”), and the Energy Project were granted permission to intervene and participate along with Staff and Public Counsel.

4. After analysis of the filing, all parties commenced discussions for purposes of resolving or narrowing the contested issues in this proceeding in settlement conferences held on July 27 and 28, and August 3, 2005.

5. The Signing Parties have reached agreement on the issues in this proceeding and wish to present their agreement for the Commission’s consideration. The Signing Parties therefore adopt the following Settlement Agreement in the interest of expediting the disposition of this proceeding. The Energy Project supports the Settlement Agreement as a whole but takes no position on any specific issue other than those set forth in Section 15 below.

III. AGREEMENT

6. Revenue Requirement. The Signing Parties agree that Avista will reduce its revenue increase request to reflect the electric revenue deficiency shown on Attachment A to this Settlement Agreement. While Avista’s filing sought to justify an electric revenue requirement increase of \$35.8 million, the adjustments listed on Attachment A, including the agreed-upon rate of return, reduce this amount by approximately \$13.7 million, resulting in a recommended electric revenue requirement increase of \$22.1 million. Similarly, as shown in Attachment B, while the Company sought to increase the natural gas revenue requirement by \$2.9 million, the agreed-upon adjustments serve to reduce this amount by \$1.9 million, resulting in a recommended gas revenue requirement increase of \$968,000.

7. Rate of Return. The Signing Parties agree upon an adjustment to the revenue requirement which produces an overall rate of return of 9.11%, based on a return on

equity of 10.4% and an equity component at 40%. The individual cost of capital components are as follows:

<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Total Debt	53.40%	8.441%	4.51%
Trust Preferred	5.18%	6.603%	0.34%
Preferred Stock	1.42%	7.391%	0.10%
Common Equity	40.00%	10.400%	4.16%
Total	<u>100.00%</u>		<u>9.11%</u>

8. Equity Building Mechanism. The Company agrees that it will increase the actual utility equity component to 35% by December 31, 2007 and to 38% by December 31, 2008. To the extent the Company incurs increased power supply or purchased gas costs that are not recovered in retail rates in a timely manner, it would impair the Company's ability to build equity. Accordingly, the calculations to determine whether the targets are met will be adjusted for any additional deferred power supply or purchased gas costs recorded on the Company's books after December 1, 2005, which have been approved for recovery, but over a period longer than proposed by the Company.

Failure to meet the first target will result in an automatic reduction in base utility rates (spread uniformly across all classes) of 1% effective April 1, 2008. Failure to meet the second target would result in a reduction of 1% effective April 1, 2009. If the Company fails to achieve the first target but meets the second one, the 1% reduction on April 1, 2008 would be reversed prospectively as of April 1, 2009. If it meets the first target but misses the second, the April 1, 2009 reduction would remain in effect until its next general rate case. If the Company misses both targets, the total reduction would equal 2%, which would remain in effect until the next general rate case.

9. Natural Gas Rate Case Timing. The Signing Parties agree that the next natural gas general rate case filed by the Company after resolution of this proceeding will not result in any increase to natural gas base rates prior to July 1, 2007, and seek the Commission's express approval of this natural gas rate limitation as part of its Order approving this Settlement Agreement. The Company may, however, put into effect an increase in base rates prior to July 1, 2007, based upon a showing of extraordinary circumstances relating to its natural gas operations.

10. Vegetation Management. With regard to vegetation management, the Company will create a "one-way" balancing account for vegetation management. The Company commits to spending the allocated amount on vegetation management (\$2.8 million in Washington) and, if it falls short for any year, the difference would be recorded as a liability and either spent in a future year or returned to customers through a credit applied in a subsequent rate case. The Company will include a line item in its annual Commission basis report identifying annual expenses incurred for vegetation management

11. Weather Normalization. The Company, Commission Staff and all other interested stakeholders will be invited to participate in a work group tasked with developing a mutually acceptable methodology for future cases. The Company will start this process as soon as feasible after closure of this case.

12. Advanced Meter Reading Proposal. The Company withdraws its proposed accounting treatment for its investment in its advanced meter reading (AMR) project.

13. Energy Recovery Mechanism. Certain modifications to the existing Energy Recovery Mechanism (ERM) will be implemented as follows.

(A) Deadband – The \$9 million deadband will be reduced to \$3 million, effective December 1, 2005. For calendar year 2005, the level of the deadband would be prorated to coincide with an assumed December 1, 2005 effective date of the Settlement: For January 1 through November 30, 2005, the existing \$9 million deadband would apply; thereafter, from December 1 through December 31, 2005, the agreed-upon \$3 million

deadband would apply, with the result that the effective deadband, as prorated, for calendar year 2005 would be \$8.5 million. Thereafter, until further modified, a \$3 million deadband would apply. There will be no change in the 90%/10% sharing or any other aspect of the mechanism.

(B) Surcharge – The surcharge will be increased by 10% over current levels (approximately \$2.7 million) by amending the surcharge tariff schedule accordingly. The purpose of increasing the surcharge is to reduce the deferral balance more rapidly than what would otherwise have been the case.

(C) Additional Refinements – Prior to December 31, 2005, the Company will initiate discussions among all interested stakeholders concerning possible changes to the ERM.

14. Rate Spread and Rate Design. The Signing Parties agree that the stipulated electric and gas revenue increases will be spread to customer classes as outlined in attachment C to this agreement. This reflects the following adjustments:

- (A) Electric Rate Spread: Any increase to electric rates will be applied as follows:
- (1) Schedules 11 (Small Firm General Service) and 21 (Large Firm General Service) will receive 75 percent and 85 percent, respectively, of the average percentage increase,
 - (2) The pumping (Schedule 31) and street and area lighting (Schedules 41-48) customer classes will receive the average percentage increase,
 - (3) Schedule 1 (Residential) and Schedule 25 (Extra Large General Service) will receive the residual amount, based on the Company's relative proposed percentage increase for the two Schedules.
- (B) Natural Gas Rate Spread: Pipeline demand costs will be allocated on the basis of 60 percent sales and 40 percent demand. Then, any increase to natural gas rates will be applied as follows:
- (1) Schedules 101 (Residential), 111 (Small Firm Service) and 121 (Large Firm Service) will receive the average percentage increase to margin,
 - (2) Schedule 131 (Interruptible) will receive 50 percent of the average percentage increase to margin,
 - (3) Schedule 146 (Transportation) will receive 50 percent of the average percentage increase to margin,
 - (4) All remaining increases will go to Schedule 101.
- (C) Electric Rate Design:
- (1) Residential, Schedule 1:

- a. Increase customer charge to \$5.50,
 - b. Apply remaining increase as an equal percentage to each block.
- (2) General Service, Schedule 11:
- a. Increase customer charge to \$6,
 - b. Create 2-block energy charge with 2nd block for consumption over 3650 kWh,
 - c. Set 2nd block with a floor at current rate,
 - d. Apply remaining increase to first block.
- (3) Large General Service, Schedule 21:
- a. Increase demand charges to \$250 for 1st 50 kW, and \$3.00 for each additional kW,
 - b. Create 2 block energy charge, with 2nd block for consumption over 250,000 kWh,
 - c. Set 2nd block at rate not to exceed 5% decrease from current rate,
 - d. Apply remaining increase to 1st block.
- (4) Extra Large General Service, Schedule 25:
- a. Increase demand charges to \$9000 for first 3000 kVa and \$2.75 for each additional kVa,
 - b. Create 2 block energy charge, with 2nd block for consumption over 500,000 kWh,
 - c. Set 1st block at twice the class average increase,
 - d. Apply remaining increase to 2nd block.
- (5) Pumping, Schedule 31
- a. Apply increase as an equal percentage to the energy charges.
- (6) Street and Area Lighting, Schedules 41-48:
- a. Apply increase as an equal percentage to all charges.
- (D) Natural Gas Rate Design:
The natural gas rate design methodology proposed by the Company in its filed case will be applied.

15. Low Income Demand-Side Management and Rate Assistance Programs.

(A) Additional Funding: The Company will provide an additional \$200,000 to fund low-income demand-side management (DSM) subject to cost-effectiveness under the utility cost test; at present the Company provides over \$900,000 per year in low-income DSM funding. The Company will provide an additional \$600,000 per calendar year for two years to the Low Income Rate Assistance Program (LIRAP); at present the Company provides approximately \$3 million per year in LIRAP funding. At the end of the two-year period, several factors will be considered regarding future funding levels, such as an assessment of the general level of the tariff rider (including DSM), need for and use of LIRAP funds, continuation of and funding levels for the low-income tax credit, and

acceptance by the Commission. The additional DSM funds to low-income will be made available from a reallocation of existing Schedule 91 general DSM funds without an increase in Schedule 91. The additional LIRAP funding will be made available through a combination of tax credits and a reallocation of Schedule 191 natural gas DSM funds to LIRAP. There will be no corresponding decrease in natural gas DSM programmatic funding and there will be no increase to Schedule 191 before January 1, 2008. This is made possible by the elimination of the negative DSM deferral balance from prior periods.

(B) Enhanced Programmatic Flexibility: The following programmatic changes will be adopted to increase low-income agencies' administrative flexibility in operating LIRAP and DSM programs.

- (1) Funds generated by Schedule 91 may be applied to combination electric and gas LIRAP customers at a percentage not to exceed 50% of total program funding.
- (2) Low income agencies may allocate up to \$300 for the Senior Program, up from the current grant of \$200.
- (3) Emergency Rate Assistance may constitute a greater proportion of LIRAP funding, on a flexible basis varying from the current allocation of 13%, but not to exceed 20%.
- (4) The maximum percentage for DSM contract funds allowed for natural gas DSM projects will be increased from 50% to 75% to allow for greater natural gas weatherization subject to cost-effectiveness based on the utility cost test and review by Avista's External Energy Efficiency Board.
- (5) The Company and low-income agencies will examine a mix of DSM programs suitable for multifamily and other rental households subject to cost-effectiveness based on the utility cost test and review by Avista's External Energy Efficiency Board. This will include consideration of developing contracts for landlords of limited income customers (such as receiving funds over a five year period if a qualifying customer lives in the dwelling).
- (6) The Company and low-income agencies will examine the development of small device DSM programs (compact fluorescents, selected appliances, etc.) that favorably impact participating customers subject to cost-effectiveness based on the utility cost test and review by Avista's External Energy Efficiency Board.
- (7) The Company and low-income agencies will examine the possible expansion of DSM programs that can be applied regardless of a participating customer's primary heating fuel source subject to cost-effectiveness based on the utility cost test and review by Avista's External Energy Efficiency Board.

16. Effective Date/Compliance Filing. Tariffs designed to effectuate this Settlement would become effective upon the earlier of their approval by the Commission or December 1, 2005. The Parties agree that each Signatory Party may individually present its views to the Commission on the establishment of an appropriate schedule for review of this Settlement Agreement provided that such advocacy supports an effective date no later than December 1, 2005. Attachment D contains tariffs designed to implement the settlement rates identified in Attachment C with the exception of the effective date. The Signing Parties request that the order approving this Settlement explicitly accept these tariffs and order the insertion of the effective date as the Company's compliance filing, in order to implement this Settlement in as timely a fashion as possible following the Commission's Order.

IV. EFFECT OF THE SETTLEMENT AGREEMENT AND PROCEDURE

17. Binding on Parties. The Signing Parties agree to support the terms of the Settlement Agreement throughout this proceeding, including any appeal, and recommend that the Commission issue an order adopting the settlement contained herein. The Signing Parties understand that this Settlement Agreement is subject to Commission approval. The Signing Parties agree that this Settlement Agreement represents a compromise in the positions of the Signing Parties. As such, conduct, statements and documents disclosed in the negotiation of this Settlement Agreement shall not be admissible evidence in this or any other proceeding.

18. Integrated Terms of Settlement. The Signing Parties have negotiated this Settlement Agreement as an integrated document. Accordingly, the Signing Parties recommend that the Commission adopt this Settlement Agreement in its entirety. Each Signing Party has participated in the drafting of this Settlement Agreement, so it should not be construed in favor of, or against, any particular Party.

19. Procedure. The Signing Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for acceptance, so that revised rates may become

effective in a timely fashion and no later than December 1, 2005. The Signing Parties shall make available a witness or representative in support of this Settlement Agreement. The Signing Parties agree to cooperate, in good faith, in the development of such other information as may be necessary to support and explain the basis of this Settlement Agreement and to supplement the record accordingly.

The Signing Parties agree to stipulate into evidence the prefiled direct testimony and exhibits of the Company, together with such evidence in support of the Agreement as may be offered at the time of the hearing on the Settlement.

If the Commission rejects all or any material portion of this Settlement Agreement, or adds additional material conditions, each Signing Party reserves the right, upon written notice to the Commission and all parties to this proceeding within seven (7) days of the date of the Commission's Order, to withdraw from the Settlement Agreement. If any Signing Party exercises its right of withdrawal, this Settlement Agreement shall be void and of no effect, and the Signing Parties will support a joint motion for an expedited procedural schedule to address the issues that would otherwise have been settled herein.

20. No Precedent. The Signing Parties enter into this Settlement Agreement to avoid further expense, uncertainty, and delay. By executing this Settlement Agreement, no Signing Party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at the Settlement Agreement, and except to the extent expressly set forth in the Settlement Agreement no Signing Party shall be deemed to have agreed that such a Settlement Agreement is appropriate for resolving any issues in any other proceeding.

21. Public Interest. The Signing Parties agree that this Settlement Agreement is in the public interest and results in rates which are fair, just, reasonable and sufficient.

22. Execution. This Settlement Agreement may be executed by the Signing Parties in several counterparts and as executed shall constitute one agreement.

23. Supplemental Agreements. The Signing Parties desire to further promote potential agreement with any non-signatory parties by allowing other such parties to designate

their agreement without modification to any or all portions of this Settlement Agreement by execution of a separate signature page adopting all or any portions of this Settlement Agreement after the Signing Parties submit it to the Commission.

Entered into this _____ day of August, 2005.

Company:

By: _____
David J. Meyer
VP, Chief Counsel for Regulatory and
Governmental Affairs

Staff:

By: _____
Gregory J. Trautman
Assistant Attorney General
Counsel For Commission Staff

NWIGU:

By: _____
Edward A. Finklea
Cable Huston Benedict
Haagensen & Lloyd LLP

Energy Project:

By: _____
Ronald L. Roseman
Attorney at Law

**Attachment A
To Settlement Agreement**

UE-050482 / UG-050483

Settlement Stipulation
Docket Nos. UE-050482 / UG-050483
August 12, 2005.

Electric

	(\$000s)
Avista Filed Revenue Requirement	\$35,833
Adjustments:	
Cost of Capital and Rate Base Items: (1)	
10.4% ROE and 40% Common	(\$8,741)
Proforma Power Supply (2)	(1,237)
Proforma Labor - Non-Exec	(95)
Cancelled Small Generation (10-yr amort.)	(161)
KF Production Tax Credit	(1,597)
Domestic Production FIT Deduction	(367)
Customer Deposits	(275)
Electric Pole Attachment Fees	(166)
Gain on Sale of Misc. Property (10-yr amort.)	(61)
Lease Adjustment	(1,141)
Misc Expense Adjustment	(103)
CS2 Fuel (\$7.25/dth)	3,651
CS2 Transportation	(3,153)
Kettle Falls Fuel Conversion Factor	793
Power Supply - Additional Misc. Adjustments (3)	(564)
Power Supply - Colstrip Maintenance	(481)
	(13,698)
Revenue Requirement for Settlement	\$22,135

- (1) Includes the following Rate of Return related line items :
Deferred FIT Rate Base, Deferred Gain on Office Bldgs, Colstrip 3 AFUDC, Colstrip Common AFUDC, Kettle Falls Disallowance, Customer Advances, Settlement Exchange Power, Coyote Springs, PGE Monetization, Depreciation Adjustment, Restate Debt Interest, Proforma Transmission Project, and Sale of Skookumchuck Hydro.
- (2) Includes the following Power Supply items:
Oasis Transmission Revenue, Borderline Wheeling Revenue, and Production Factor Adjustment.
- (3) Includes the following Power Supply items:
Rocky Reach dam costs, Wells dam costs, Grant PUD Displacement power, Grant PUD Revenue Credit, Black Creek Hydro purchase, Colstrip fuel costs, CS2 gas transportation expense, Rathdrum natural gas storage, BPA Townsend-Garrison wheeling.

**Attachment B
To Settlement Agreement**

UE-050482 / UG-050483

Settlement Stipulation
Docket Nos. UE-050482 / UG-050483
August 12, 2005.

Natural Gas

	<u>(\$000s)</u>	
Avista Filed Revenue Requirement		\$2,943
Adjustments:		
Cost of Capital and Rate Base Items: (1)		
10.4% ROE and 40% Common	(\$1,399)	
Proforma Labor - Non-Exec	(13)	
Customer Deposits	(127)	
Gain on Sale of Misc. Property (10-yr amort.)	(13)	
Lease Adjustment	(318)	
Additional Advertising Adjustment	(57)	
Misc Expense Adjustment	(48)	
		<u>(1,975)</u>
Revenue Requirement for Settlement		<u>\$968</u>

- (1) Includes the following Rate of Return related items:
Deferred FIT Rate Base, Deferred Gain on Office Bldgs, Customer Advances,
Depreciation Adjustment, Restate Debt Interest, Gas Inventory, and Weatherization
and DSM Investment

**Attachment C
To Settlement Agreement**

UE-050482 / UG-050483

**AVISTA UTILITIES
WASHINGTON - ELECTRIC
DOCKET NO. UE-050482
SETTLEMENT INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2004
(000s of Dollars)**

Line No.	Type of Service	Schedule Number	Base Tariff	Settlement	Base Tariff	Settlement	Est. ERM Surcharge Increase	Total	Base Tariff	Total
			Revenue Under Present Rates(1)	General Increase(2)	Revenue Under Prop. Rates	Base Tariff Percent Increase		Increase: General + Surcharge	Revenue Under Pres. Rates(1)	Increase: General + Surcharge
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Residential	1	\$122,064	\$10,854	\$132,918	8.9%	\$1,204	\$12,058	\$122,064	9.9%
2	General Service	11	\$29,421	\$1,705	\$31,126	5.8%	\$296	\$2,001	\$29,421	6.8%
3	Large General Service	21	\$89,467	\$5,889	\$95,356	6.6%	\$922	\$6,811	\$89,467	7.6%
4	Extra Large General Service	25	\$34,839	\$2,886	\$37,725	8.3%	\$318	\$3,204	\$34,839	9.2%
5	Pumping Service	31	\$6,068	\$469	\$6,537	7.7%	\$59	\$528	\$6,068	8.7%
6	Street & Area Lights	41-48	<u>\$4,291</u>	\$332	<u>\$4,623</u>	7.7%	<u>\$42</u>	<u>\$374</u>	<u>\$4,291</u>	8.7%
8	Total		\$286,150	\$22,135	\$308,285	7.7%	\$2,841	\$24,976	\$286,150	8.7%

(1) Excludes all present rate adjustments: Schedule 59 - Residential Exchange Credit, Schedule 91 - DSM Rider & Schedule 93 - Power Cost Surcharge

(2) Per Settlement Agreement.

**Avista Utilities
Washington - Gas
Docket No. UG-050483
Settlement Increase by Schedule
Based on \$968,000 Revenue Increase
2004 Pro Forma Revenue**

	101	111	121	131	146	Total
Pro forma Revenue under Present Rates(1)	\$112,069,095	\$39,917,951	\$6,819,729	\$457,546	\$1,222,735	\$160,487,056
Less: Pro forma Purchase Gas Costs(2)	<u>\$76,527,050</u>	<u>\$31,644,582</u>	<u>\$5,794,298</u>	<u>\$394,176</u>	<u>\$10,852</u>	<u>\$114,370,958</u>
Total Margin under Present Rates	\$35,542,045	\$8,273,369	\$1,025,431	\$63,370	\$1,211,883	\$46,116,098
Proposed Revenue/Margin Increase	\$759,429	\$173,662	\$21,524	\$665	\$12,719	\$968,000
Divided by: Pro forma Margin	<u>\$35,542,045</u>	<u>\$8,273,369</u>	<u>\$1,025,431</u>	<u>\$63,370</u>	<u>\$1,211,883</u>	<u>\$46,116,098</u>
Percentage Increase in Margin per Settlement	2.14%	2.10%	2.10%	1.05%	1.05%	2.10%
Percentage Increase in Revenue	0.68%	0.44%	0.32%	0.15%	1.04%	0.60%

(1) From Hirsch Korn workpaper BJH-4

(2) From Hirsch Korn workpaper BJH-90

**AVISTA UTILITIES
WASHINGTON - GAS
DOCKET NO. UG-050483
PRESENT & PROPOSED GAS RATES
BASED ON PROPOSED SETTLEMENT AGREEMENT**

General Service Schedule 101			
<u>Present Rates(1)</u>	<u>General Increase</u>	<u>Cost Reallocation(2)</u>	<u>Proposed Rates(1)</u>
(a)	(b)	(c)	(d)
\$5.50 Basic Charge	-	-	\$5.50 Basic Charge
All Therms - 88.346¢/Therm	0.648¢/Therm	0.106¢/Therm	All Therms - 89.100¢/Therm

Large General Service Schedule 111			
<u>Present Rates(1)</u>	<u>General Increase</u>	<u>Cost Reallocation(2)</u>	<u>Proposed Rates(1)</u>
1st 200 Therms - 91.086¢/Therm*	0.650¢/Therm	0.005¢/Therm	1st 200 Therms - 91.741¢/Therm*
Next 800 Therms - 84.745¢/Therm	0.315¢/Therm	0.005¢/Therm	Next 800 Therms - 85.065¢/Therm
Over 1,000 Therms - 78.192¢/Therm	0.315¢/Therm	0.005¢/Therm	Over 1,000 Therms - 78.512¢/Therm
*Minimum - \$129.81/Month plus 26.181¢/Therm	\$1.30/month 0.000¢/Therm	0.005¢/Therm	*Minimum - \$131.11/Month plus 26.186¢/Therm

Large General Service Schedule 121			
<u>Present Rates(1)</u>	<u>General Increase</u>	<u>Cost Reallocation(2)</u>	<u>Proposed Rates(1)</u>
1st 500 Therms - 89.421¢/Therm*	0.648¢/Therm	(1.252¢)/Therm	1st 500 Therms - 88.817¢/Therm*
Next 500 Therms - 84.738¢/Therm	0.322¢/Therm	(1.252¢)/Therm	Next 500 Therms - 83.808¢/Therm
Next 9,000 Therms - 78.185¢/Therm	0.322¢/Therm	(1.252¢)/Therm	Next 9,000 Therms - 77.255¢/Therm
Next 15,000 Therms - 74.170¢/Therm	0.225¢/Therm	(1.252¢)/Therm	Next 15,000 Therms - 73.143¢/Therm
Over 25,000 Therms - 73.190¢/Therm	0.000¢/Therm	(1.252¢)/Therm	Over 25,000 Therms - 71.938¢/Therm
*Minimum - \$316.29/Month plus 26.163¢/Therm	\$3.24/month 0.000¢/Therm	(1.252¢)/Therm	*Minimum - \$319.53/Month plus 24.911¢/Therm

Interruptible Service Schedule 131			
<u>Present Rates(1)</u>	<u>General Increase</u>	<u>Cost Reallocation(2)</u>	<u>Proposed Rates(1)</u>
1st 10,000 Therms - 78.432¢/Therm	0.130¢/Therm	(2.397¢)/Therm	1st 10,000 Therms - 76.165¢/Therm
Next 15,000 Therms - 74.358¢/Therm	0.130¢/Therm	(2.397¢)/Therm	Next 15,000 Therms - 72.091¢/Therm
Next 25,000 Therms - 73.358¢/Therm	0.130¢/Therm	(2.397¢)/Therm	Next 25,000 Therms - 71.091¢/Therm
Over 50,000 Therms - 73.158¢/Therm	0.000¢/Therm	(2.397¢)/Therm	Over 50,000 Therms - 70.761¢/Therm

Transportation Service Schedule 146			
<u>Present Rates(1)</u>	<u>General Increase</u>	<u>Cost Reallocation</u>	<u>Proposed Rates(1)</u>
\$200.00 Basic Charge	-	-	\$200.00 Basic Charge
1st 20,000 Therms - 6.634¢/Therm	0.072¢/Therm	-	1st 20,000 Therms - 6.706¢/Therm
Next 30,000 Therms - 5.907¢/Therm	0.064¢/Therm	-	Next 30,000 Therms - 5.971¢/Therm
Next 250,000 Therms - 5.328¢/Therm	0.058¢/Therm	-	Next 250,000 Therms - 5.386¢/Therm
Next 200,000 Therms - 4.930¢/Therm	0.054¢/Therm	-	Next 200,000 Therms - 4.984¢/Therm
Over 500,000 Therms - 3.715¢/Therm	0.040¢/Therm	-	Over 500,000 Therms - 3.755¢/Therm

(1) Rates include present Schedule 150 (PGA) rate adjustment

(2) Reallocation of pipeline demand costs as proposed by the Company & accepted by Staff

**Attachment D
To Settlement Agreement**

UE-050482 / UG-050483

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 1

RESIDENTIAL SERVICE - WASHINGTON

(Single phase & available voltage)

AVAILABLE:

To Customers in the State of Washington 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. Only one meter per residence will be served under this Schedule.

Where a portion of a dwelling is used regularly for; either (a) the conduct of business, (b) where a portion of the electricity supplied is used for other than domestic purposes, or (c) when two or more living units are served through a single meter, the appropriate general service schedule is applicable. However, if the wiring is so arranged that the service for all domestic purposes can be metered separately, this schedule will be applied to such service.

MONTHLY RATE:

\$5.50 Basic Charge, plus
First 600 Kwh 4.919¢ per Kwh
Next 700 Kwh 5.723¢ per Kwh
All over 1300 Kwh 6.708¢ per Kwh

Minimum Charge: \$5.50

SPECIAL TERMS AND CONDITIONS:

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

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 58, Energy Efficiency Rider Adjustment Schedule 91, Residential and Farm Energy Rate Adjustment Schedule 59, and Temporary Power Cost Surcharge Schedule 93.

Issue August 15, 2005

Effective

Issued by Avista Corporation
By

Kelly Norwood

Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 11

GENERAL SERVICE - WASHINGTON

(Available phase and voltage)

AVAILABLE:

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

APPLICABLE:

To general service supplied for lighting and power purposes when all such service taken on the premises is supplied through one kilowatt-hour meter, except that water heating service separately metered prior to January 28, 1984 may continue to be billed separately.

MONTHLY RATE:

The sum of the following demand and energy charges:

\$6.00 Basic Charge, plus

Energy Charge:

First 3650 kWh 7.813¢ per kWh

All Over 3650 kWh 7.299¢ 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 Rate is subject to the provisions of Tax Adjustment Schedule 58, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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Effective

Issued by Avista Corporation
By

Kelly Norwood

Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

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

AVAILABLE:

To Customers in the State of Washington 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 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	250,000kWh	5.147¢ per Kwh
All Over	250,000kWh	4.585¢ 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, they will be subject to a Power Factor Adjustment Charge, as set forth in the Rules & Regulations.

Minimum:

The demand charge 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 \$11.50 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:

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

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 58, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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AVISTA CORPORATION
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SCHEDULE 25
EXTRA LARGE GENERAL SERVICE - WASHINGTON
(Three phase, available voltage)

AVAILABLE:

To Customers in the State of Washington 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 3,000 kVA. The average of the Customer's demand for the most recent twelve-month period must be at least 3,000 kVA 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 3,000 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 3,000 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. The written contract will specify a limit on both firm energy and demand.

MONTHLY RATE:

The sum of the following demand and energy charges:

Energy Charge:

First	500,000 kWh	3.944¢ per kWh
All Over	500,000 kWh	3.542¢ 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:

- 1) 11 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 20¢ per kVA of demand per month.
- 2) 60 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 40¢ per kVA of demand per month.
- 3) 115 kv (wye grounded) or higher, he will be allowed a primary voltage discount of 50¢ per kVA of demand per month.

Minimum:

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

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Kelly Norwood Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

**SCHEDULE 25A
EXTRA LARGE GENERAL SERVICE – WASHINGTON**

ANNUAL MINIMUM: \$519,820

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.

DEMAND:

The average Kva supplied during the 30-minute period of maximum use during the current month as measured by Company's metering equipment.

SPECIAL TERMS AND CONDITIONS:

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

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 58, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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**SCHEDULE 31
PUMPING SERVICE - WASHINGTON
(Available phase and voltage)**

AVAILABLE:

To Customers in the State of Washington 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 will 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:

First 85 Kwh per kw of demand 6.594¢ per Kwh

Next 80 Kwh per kw of demand but
not more than 3,000 Kwh 6.594¢ per Kwh

All additional Kwh 4.709¢ per 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.

Customers who commercially produce one or more irrigated agricultural crops, who use at least 150,000 Kwhs annually, have a peak demand of 100+ kw, and who use no more than 1,000 Kwhs per month between November 1 and February 28 shall not be subject to the first two rate blocks of this tariff.

Service under this schedule is subject to the Rules and Regulations contained in this tariff. The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 58, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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AVISTA CORPORATION
 dba Avista Utilities

SCHEDULE 41

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

AVAILABLE:

To agencies of local, state, or federal governments in all territory served by Company. Closed to new installations as of December 18, 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				Developer Contributed	
					Pedestal Base		Direct Burial			
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	
<u>Single Mercury Vapor</u>										
4000						214#	\$ 9.47			
7000			411	\$ 10.27						
10000			511	12.55						
20000			611	17.79						

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

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 By Kelly Norwood Vice President, State & Federal Regulation

WN U-28

AVISTA CORPORATION
 dba Avista Utilities

**SCHEDULE 42
 COMPANY OWNED STREET LIGHT SERVICE - WASHINGTON
 HIGH-PRESSURE SODIUM VAPOR
 (Single phase and available voltage)**

AVAILABLE:

To agencies of local, state, or federal governments in all Washington 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

Single High-Pressure Sodium Vapor

(Nominal Rating in Watts)

50W							234#	\$ 8.88		
100W	435	\$ 9.01	431	\$ 9.51	432	\$ 16.87	433	16.87	436	\$ 9.50
100W			421*	16.87			434#	9.51		
200W	535	14.72	531	15.25	532	22.58	533	22.58	536	15.25
200W					522*	38.24				
250W			631	17.97	632	25.31	633	25.31	636	17.97
400W	835	22.17	831	26.41	832	33.75			836	26.41

Double High-Pressure Sodium Vapor

(Nominal Rating in Watts)

100W			441	18.53	442	26.25			446	18.52
200W			541	30.51	542	38.24				
400W					842	59.67				

#Decorative Curb

*Underground Installation

Decorative Sodium Vapor

100W (Granville)	16.57
100W (Post Top)	15.78

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AVISTA CORPORATION
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SCHEDULE 44
CUSTOMER OWNED STREET LIGHT ENERGY AND MAINTENANCE SERVICE –
WASHINGTON
HIGH-PRESSURE SODIUM VAPOR
 (Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all Washington 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		Metal Standard			
					Pedestal Base		Direct Burial	
	Code	Rate	Code	Rate	Code	Rate	Code	Rate
Single High-Pressure Sodium Vapor								
(Nominal Rating in Watts)								
100W	435	\$ 4.85	431	\$ 4.85	432	\$ 4.85	433	\$ 4.85
200W	535	7.55	531	7.55	532	7.55	533	7.55
250W	635	7.82	631	7.82	632	7.82	633	7.82
310W	735	10.27	731	10.27	732	10.27	733	10.27
400W	835	13.20	831	13.20	832	13.20	833	13.20
Double High-Pressure Sodium Vapor								
(Nominal Rating in Watts)								
100W			441	8.48	442	8.48	443	8.48
200W					542	13.87	543	13.87
250W					642	15.50		
310W					742	19.34		
400W	845	24.72						

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.

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SCHEDULE 45
CUSTOMER OWNED STREET LIGHT ENERGY SERVICE - WASHINGTON
 (Single phase and available voltage)

AVAILABLE:

To agencies of local, state, or federal governments in all territory served by Company. Closed to new installations as of December 18, 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>				
7000	415	\$ 4.51		
10000	515	6.22		
20000#	615	9.61		
35000	715	15.61		
55000#	815	22.23	819	\$ 14.80

#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, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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

AVAILABLE:

To agencies of local, state, or federal governments in all Washington 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)				
70W	335	\$ 2.29		
100W	435	3.24	439	\$ 2.51
150W	935	4.45		
200W	535	5.96	539	4.46
250W	635	7.16	639	5.52
310W	735	8.66	739	6.63
400W	835	10.99	839	8.28

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, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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SCHEDULE 47

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

AVAILABLE:

In all 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. Dusk-to-dawn mercury vapor area lighting is limited to those locations receiving such service as of December 4, 1981.

MONTHLY RATE:

	Charge per Unit (Nominal Lumens)		
	<u>7,000</u>	<u>10,000</u>	<u>20,000</u>
<u>Mercury Vapor</u>			
Luminaire (on existing standard)	\$ 10.46	\$ 12.55	\$17.85
Luminaire and Standard:			
30-foot wood pole	13.08	15.18	20.48
Galvanized steel standards:			
25 foot	17.04	19.15	24.45
30 foot	17.88	19.98	25.27
Aluminum standards:*			
25 foot	18.44	20.56	25.84

*Not available to new customers, accounts, or locations.

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Vice President, State & Federal Regulation

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SCHEDULE 47A - Continued

<u>High-Pressure Sodium Vapor</u> (Nominal Rating in Watts)	<u>Charge per Unit</u>			
	<u>100</u>	<u>200</u>	<u>250</u>	<u>400</u>
Luminaire (on existing standard)	\$12.73	\$12.93	\$14.70	\$17.86
20 foot fiberglass pole	16.96			
30 foot wood pole	16.96	17.97		22.97
25 foot steel pole		19.55		
30 foot steel pole		22.58		
30 foot steel pole w/2 arms		38.24		

SPECIAL TERMS AND CONDITIONS:

Company will install, own, and maintain the facilities for supplying dusk-to-dawn area lighting service using overhead circuits. At the request of Customer, Company will install underground cable for such service, provided Customer, in advance of construction, pays Company the excess cost of such installation.

The Company will furnish the necessary energy, repairs and maintenance work including lamp and glassware replacement. Repairs and maintenance work will be performed by Company during regularly scheduled working hours. Individual lamps will be replaced on burnout as soon as reasonably possible after notification by Customer and subject to Company's operating schedules and requirements.

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, Energy Efficiency Rider Adjustment Schedule 91, and Temporary Power Cost Surcharge Schedule 93.

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Vice President, State & Federal Regulation

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d/b/a Avista Utilities

SCHEDULE 93

POWER COST SURCHARGE - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This Power Cost Surcharge 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 Surcharge is designed to recover extraordinary power costs incurred by the Company, as ordered by the Washington Utilities and Transportation Commission (WUTC).

MONTHLY RATE:

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

Schedule 1	
0 – 600 kwhs	0.446¢ per kwh
601 – 1,300 kwhs	0.668¢ per kwh
over 1,300 kwhs	0.938¢ per kwh
Schedules 11 & 12	0.867¢ per kwh
Schedules 21 & 22	0.604¢ per kwh
Schedules 25	0.387¢ per kwh
Schedules 31 & 32	0.534¢ per kwh

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service under Schedules 41 – 48 are to be increased by 10.76%.

SPECIAL TERMS AND CONDITIONS:

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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, Vice President, Rates & Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 101

GENERAL SERVICE - FIRM - WASHINGTON

AVAILABLE:

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

APPLICABLE:

To firm gas service for any purpose when all such service is supplied at one point of delivery through a single meter.

MONTHLY RATE:

\$5.50 Basic charge, plus
89.10¢ per therm

Minimum Charge: \$5.50

SPECIAL TERMS AND CONDITIONS:

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

Customers served at gas pressures exceeding two pounds per square inch will be required to execute a special contract for service.

The above Monthly Rate is subject to the provisions of Purchase Gas Cost Adjustment Schedule 150, Purchase Gas Cost Adjustment Schedule 156, Gas Rate Adjustment Schedule 155, Tax Adjustment Schedule 158 and Energy Efficiency Rider Adjustment Schedule 191.

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SCHEDULE 111

LARGE GENERAL SERVICE - FIRM - WASHINGTON

AVAILABLE:

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

APPLICABLE:

To firm gas service for any purpose, subject to execution of a service agreement for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery through a single meter.

MONTHLY RATE:

First	200 therms	91.741¢ per therm
Next	800 therms	85.065¢ per therm
All over	1,000 therms	78.512¢ per therm

Minimum Charge: \$131.11 plus 26.186¢ per therm, unless a higher minimum is required under contract to cover special conditions.

SPECIAL TERMS AND CONDITIONS:

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

Customers served at gas pressures exceeding two pounds per square inch will be required to execute a special contract for service.

Customers who temporarily close their account will be billed for any unpaid monthly minimum charges at the time the account is reopened. This provision will apply to a Customer who has closed and reopened an account at the same address within a twelve-month period.

Customers served under this schedule who desire to change to an interruptible or transportation service schedule must provide written notice to the Company at least ninety (90) days prior to the effective date of the schedule change.

The above Monthly Rate is subject to the provisions of Purchase Gas Cost Adjustment Schedule 150, Purchase Gas Cost Adjustment Schedule 156, Gas Rate Adjustment Schedule 155, Tax Adjustment Schedule 158 and Energy Efficiency Rider Adjustment Schedule 191.

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SCHEDULE 112

LARGE GENERAL SERVICE - FIRM - WASHINGTON

AVAILABLE:

To Customers in the State of Washington where the Company has natural gas service available. Customers served under this schedule must have previously been served under one of the Company's transportation schedules.

APPLICABLE:

To firm gas service for any purpose, subject to execution of a service agreement for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery through a single meter.

MONTHLY RATE:

First	200 therms	91.741¢ per therm
Next	800 therms	85.065¢ per therm
All over	1,000 therms	78.512¢ per therm

Minimum Charge: \$131.11 plus 26.186¢ per therm, unless a higher minimum is required under contract to cover special conditions.

SPECIAL TERMS AND CONDITIONS:

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

Customers served at gas pressures exceeding two pounds per square inch will be required to execute a special contract for service.

Customers who temporarily close their account will be billed for any unpaid monthly minimum charges at the time the account is reopened. This provision will apply to a Customer who has closed and reopened an account at the same address within a twelve-month period.

Customers served under this schedule who desire to change to an interruptible or transportation service schedule must provide written notice to the Company at least ninety (90) days prior to the effective date of the schedule change.

The above Monthly Rate is subject to the provisions of Purchase Gas Cost Adjustment Schedule 150, Purchase Gas Cost Adjustment Schedule 156, Gas Rate Adjustment Schedule 155, Tax Adjustment Schedule 158 and Energy Efficiency Rider Adjustment Schedule 191.

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SCHEDULE 121

HIGH ANNUAL LOAD FACTOR LARGE GENERAL SERVICE - FIRM - WASHINGTON

AVAILABLE:

To Customers in the State of Washington where the Company has natural gas service available and whose requirements for firm gas service exceed 60,000 therms per year.

APPLICABLE:

To firm gas service for any purpose, subject to execution of a service contract for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery and metering.

MONTHLY RATE:

First	500 therms	88.817¢ per therm
Next	500 therms	83.808¢ per therm
Next	9,000 therms	77.255¢ per therm
Next	15,000 therms	73.143¢ per therm
All over	25,000 therms	71.938¢ per therm

Minimum Charge: \$319.53 plus 24.911¢, unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM USE:

The annual minimum use shall be the greater of: (a) 60,000 therms, or (b) seven times the maximum therm usage for any normal billing month (27-35 days) during the preceeding November through March period (adjusted to a 30-day billing period). If a deficiency results from subtracting this annual minimum use from the Customer's total use for the preceeding November 1 through October 31 period ("annual deficiency"), the Customer will have the choice of: (1) remaining on this Schedule and paying an amount equal to the annual deficiency multiplied by the then effective third-block rate under this Schedule, or (2) transferring their account to Large General Service Schedule 111 and paying the difference between their actual bill for the period and their bill for the period had they taken service under Schedule 111.

SPECIAL TERMS AND CONDITIONS:

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

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SCHEDULE 122

HIGH ANNUAL LOAD FACTOR LARGE GENERAL SERVICE - FIRM - WASHINGTON

AVAILABLE:

To Customers in the State of Washington where the Company has natural gas service available and whose requirements for firm gas service exceed 60,000 therms per year. Customers served under this schedule must have previously been served under one of the Company's transportation schedules.

APPLICABLE:

To firm gas service for any purpose, subject to execution of a service contract for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery and metering.

MONTHLY RATE:

First	500 therms	88.817¢ per therm
Next	500 therms	83.808¢ per therm
Next	9,000 therms	77.255¢ per therm
Next	15,000 therms	73.143¢ per therm
All over	25,000 therms	71.938¢ per therm

Minimum Charge: \$319.53 plus 24.911¢ per therm, unless a higher minimum is required under contract to cover special conditions.

ANNUAL MINIMUM USE:

The annual minimum use shall be the greater of: (a) 60,000 therms, or (b) seven times the maximum therm usage for any normal billing month (27-35 days) during the preceeding November through March period (adjusted to a 30-day billing period). If a deficiency results from subtracting this annual minimum use from the Customer's total use for the preceeding November 1 through October 31 period ("annual deficiency"), the Customer will have the choice of: (1) remaining on this Schedule and paying an amount equal to the annual deficiency multiplied by the then effective third-block rate under this Schedule, or (2) transferring their account to Large General Service Schedule 112 and paying the difference between their actual bill for the period and their bill for the period had they taken service under Schedule 112.

SPECIAL TERMS AND CONDITIONS:

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

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SCHEDULE 131

INTERRUPTIBLE SERVICE - WASHINGTON

AVAILABLE:

To Customers in the State of Washington whose requirements exceed 250,000 therms of gas per year and who comply with the Special Terms and Conditions set forth below, provided: (1) a volume of gas for the service requested is available to the Company for purchase; (2) the Company has access to available transportation capacity on interconnected pipelines; (3) the Company's existing distribution system has capacity, in excess of its existing requirements for firm gas service, adequate for the service requested by Customer.

APPLICABLE:

To interruptible gas service for any purpose subject to provisions of a service agreement for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery and metering.

MONTHLY RATE:

First	10,000 therms	76.165¢ per therm
Next	15,000 therms	72.091¢ per therm
Next	25,000 therms	71.091¢ per therm
All over	50,000 therms	70.761¢ per therm

ANNUAL MINIMUM:

Each Customer shall be subject to an Annual Minimum Deficiency Charge if their gas usage during the prior year did not equal or exceed 250,000 therms. Such Annual Minimum Deficiency Charge shall be determined by subtracting the Customer's actual usage for the twelve-month period ending each August from 250,000 therms multiplied by 17¢ per therm.

SPECIAL TERMS AND CONDITIONS:

1. Service under this schedule shall be subject to interruption at such times and in such amounts as, in the Company's judgment, interruption is necessary. The Company will not be liable for damages occasioned by interruption of service supplied under this schedule.

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Effective

Issued by Avista Corporation
By

Kelly Norwood, Vice-President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 132

INTERRUPTIBLE SERVICE - WASHINGTON

AVAILABLE:

To Customers in the State of Washington whose requirements exceed 250,000 therms of gas per year and who comply with the Special Terms and Conditions set forth below, provided: (1) a volume of gas for the service requested is available to Company for purchase; (2) the Company has access to available transportation capacity on interconnected pipelines; (3) the Company's existing distribution system has capacity, in excess of its existing requirements for firm gas service, adequate for the service requested by Customer. Customers served under this schedule must have previously been served under one of the Company's transportation schedules.

APPLICABLE:

To interruptible gas service for any purpose subject to provisions of a service agreement for a term of one year or longer. All such service used on the premises shall be supplied at one point of delivery and metering.

MONTHLY RATE:

First	10,000 therms	76.165¢ per therm
Next	15,000 therms	72.091¢ per therm
Next	25,000 therms	71.091¢ per therm
All over	50,000 therms	70.761¢ per therm

ANNUAL MINIMUM:

Each Customer shall be subject to an Annual Minimum Deficiency Charge if their gas usage during the prior year did not equal or exceed 250,000 therms. Such Annual Minimum Deficiency Charge shall be determined by subtracting the Customer's actual usage for the twelve-month period ending each August from 250,000 therms multiplied by 17¢ per therm.

SPECIAL TERMS AND CONDITIONS:

1. Service under this schedule shall be subject to interruption at such times and in such amounts as, in the Company's judgment, interruption is necessary. The Company will not be liable for damages occasioned by interruption of service supplied under this schedule.

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SCHEDULE 146

TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

AVAILABLE:

To Commercial and Industrial Customers in the State of Washington whose requirements exceed 250,000 therms of gas per year provided that the Company's existing distribution system has capacity adequate for the service requested by Customer.

APPLICABLE:

To transportation service for a Customer-owned supply of natural gas. Service shall be supplied at one point of delivery and metering for use by a single customer.

MONTHLY RATE:

\$200.00 Customer Charge, plus	
First 20,000 therms	6.706¢ per therm
Next 30,000 therms	5.971¢ per therm
Next 250,000 therms	5.386¢ per therm
Next 200,000 therms	4.984¢ per therm
All over 500,000 therms	3.755¢ per therm

ANNUAL MINIMUM:

Each Customer shall be subject to an Annual Minimum Deficiency Charge if their gas usage during the prior year did not equal or exceed 250,000 therms. Such Annual Minimum Deficiency Charge shall be determined by subtracting the Customer's actual usage for the twelve-month period ending each August from 250,000 therms multiplied by 5.971¢ per therm.

SPECIAL TERMS AND CONDITIONS:

1. Service hereunder shall be provided subject to execution of a contract between the Customer and the Company for a term of not less than one year. The contract shall also specify the maximum daily volume of gas to be transported.

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SCHEDULE 150

PURCHASE GAS COST ADJUSTMENT - WASHINGTON

APPLICABLE:

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

PURPOSE:

To pass through increases or decreases in natural gas costs to become effective as noted below. Additional gas cost changes are also shown on Schedule 156. The rate adjustments shown on this Schedule and Schedule 156 must be added together to determine the net gas cost change.

RATE:

- (a) The rates of gas Schedule 101 is to be increased by 0.000¢ per therm in all blocks of these rate schedules.
- (b) The rates of gas Schedules 111 and 112 are to be increased by 0.000¢ per therm in all blocks.
- (c) The rates of gas Schedules 121 and 122 are to be increased by 0.000¢ per therm in all blocks.
- (d) The rates of interruptible Schedules 131 and 132 are to be increased by 0.000¢ per therm in all blocks.
- (e) The rates of transportation Schedule 146 are to be decreased by 0.000¢ per therm in all blocks.

WEIGHTED AVERAGE GAS COST:

The above rate changes are based on the following per therm weighted average cost of gas, including revenue sensitive items, as of the effective date shown below:

	<u>Demand</u>	<u>Commodity</u>	<u>Total</u>
Schedule 101	0.000¢	0.000¢	0.000¢
Schedule 111 & 112	0.000¢	0.000¢	0.000¢
Schedule 121/122	0.000¢	0.000¢	0.000¢
Schedule 131/132	0.000¢	0.000¢	0.000¢
Schedule 146	0.000¢	0.000¢	0.000¢

BALANCING ACCOUNT:

The Company will maintain a Purchase Gas Adjustment (PGA) Balancing Account whereby monthly entries into this Balancing Account will be made to reflect differences between the actual purchased gas costs collected from customers and the actual purchased gas costs incurred by the Company. Those differences are then collected from or refunded to Customers under Schedule 155 - Gas Rate Adjustment.

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