

“Redacted Attachment A”

Avista Corporation
Monthly Power Cost Deferral Report
Month of August 2007

Long-term Power Transaction
(See attached)



"confidential per WAC 480-07-160"

City of Seattle

Greg Nickels, Mayor

Seattle City Light
Jorge Carrasco, Superintendent

August 13, 2007

Mr. Bill Johnson
Senior Power Supply Analyst
Avista Utilities

Via Facsimile: 509-495-4272

Dear Mr. Johnson:

This Confirmation Letter shall confirm a transaction agreed to between Bill Johnson (509-495-4046) of Avista Utilities and Doug Rough of Seattle City Light on August 6, 2007 of the sale of Firm Capacity Service by Seattle City Light to Avista Utilities. This agreement is being concluded pursuant to the WSPP, Inc. (WSPP) Agreement effective March 16, 2007 as it is supplemented and modified below.

- Product:** Firm Capacity Service and Energy Exchange
- Buyer:** Avista Utilities ("Avista" or "Buyer")
- Seller:** Seattle City Light ("SCL" or "Seller")
- Term:** Oct. 1, 2007 through Sep. 30, 2008 exclusive of Q2 (Apr, May and Jun) 2008
- Type of Service:** WSPP Service Schedule C
- Delivery Capacity:** [REDACTED] every month during the Term.
- Energy Delivery Point:** Mid Columbia or other point upon mutual agreement
- Energy Return Point:** Mid Columbia or other point upon mutual agreement
- Days Available:** Every day during the Term.
- Delivery To Avista:** Each day over the Term, Avista can schedule and take delivery of energy for [REDACTED] for a total maximum energy delivery by SCL of [REDACTED]. Delivery can be in any [REDACTED] hours as requested by Avista. Delivery does not need to be in a contiguous [REDACTED] hour block but must be the same quantity for each of the [REDACTED] hours.
- Delivery To SCL:** Each day over the Term, Avista will identify and inform SCL of its choice of [REDACTED] during which Avista will deliver equal

Avista Utilities
08/13/07
Page 2

“confidential per WAC 480-07-160”

hourly amounts to SCL for a total daily return of [REDACTED]
Delivery does not need to be in a contiguous [REDACTED] hour block.

Daily Preschedule Election: All deliveries under this agreement will be performed and scheduled by the parties only on a preschedule basis. Avista will notify SCL by **6:30 A.M. PPT** on the standard WECC preschedule day for each day of delivery. If requested by SCL, Avista will make best efforts to provide SCL an estimate of its Preschedule Election by 2:00 P.M. PPT the day prior to the standard WECC preschedule day.

Capacity Payment: [REDACTED] of energy delivered by SCL to Avista.

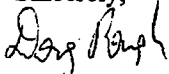
Each month during the Term, Avista shall pay SCL for services under this agreement based on the product of the Capacity Payment (shown above), [REDACTED] hours per day and total number of days in each month, provided, however, such payment shall be reduced for energy not delivered due to Schedule Curtailments for which no make up energy is delivered.

Schedule Curtailments: In the event that deliveries of energy are curtailed either from SCL or Avista due to reasons beyond a party’s control, the parties will make reasonable efforts to make up energy shortfalls during like hours and which are mutually agreeable to both parties. Reasonable efforts will be made to keep the quantity of energy delivered by SCL to Avista and returned by Avista to SCL equal within the day.

Avista Utilities
08/13/07
Page 3

Please indicate your acceptance of the term and conditions of this agreement in the space provided.

Sincerely,



Doug Rough
Power Marketer, Power Management Branch

Avista Utility

Seattle City Light

By: Scott Morris

By: Raymond C. Camacho

Name: Scott Morris

Name: Raymond C. Camacho

Title: President

Title: Power Management Executive

Date: 8-17-07

Date: 8/14/07

mm
8/13/07

DHR:dr -- (Avista Confirm final 2007)
SCL# 1056408

JCE 08-20-07