

AVISTA CORPORATION
 dba Avista Utilities

SCHEDULE 62
 SMALL POWER PRODUCTION AND COGENERATION SCHEDULE
 WASHINGTON

AVAILABLE:

In all the electric territory served by the Company in the State of Washington.

AVAILABILITY/APPLICABILITY:

This schedule is applicable to any individual, partnership, corporation, association, governmental agency, political subdivision, municipality, or other entity (the "Customer") that: a) installs and owns a facility that generates electricity and is directly interconnected with Avista's system in the State of Washington, b) such facility is a Qualifying Facility, meaning either a cogeneration facility or a small power production facility, pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978 ("QF") and defined in WAC 480-107-007, c) offers all of its output for sale to Avista pursuant to WAC 480-107-095(2), and d) enters into written agreements with Avista for both the production from the facility and interconnection to Avista's system that will be subject to regulatory approvals.

POWER RATES:

Avista will pay the following avoided cost rates for delivered electricity:

- (1) Small QF Power Rates - Small QF Power Rates shall apply when: a) the Customer agrees to supply its output under a contract with a continuous delivery term of between one (1) year and five (5) years, and b) the Customer facility under this schedule has a generating capacity of one (1) megawatt or less. The rate shall be fixed for the term of the agreement, shall be paid in United States dollars based on the megawatt-hour (or partial megawatt-hours) production over the term, and be in accordance with the following schedule.

Contract Length (years)	Year of First Delivery*				
	2011	2012	2013	2014	2015
1	53.85	58.93	63.51	67.53	75.16
2	54.24	59.36	63.97	68.02	75.70
3	54.63	59.78	64.42	68.50	76.24
4	55.01	60.20	64.87	68.98	76.77
5	55.38	60.61	65.31	69.45	77.30

* Subject to seasonal weighting of 0.84 March – June, 1.08 July – February

Issued November 24, 2010

Effective January 1, 2011

Issued by Avista Corporation



By Kelly Norwood, Vice President, State & Federal Regulation

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SCHEDULE 62 - continued

- (2) Small QF Short-Term Power Rate - The Small QF Short-Term Power Rate shall be applicable to all output where the Customer: a) is eligible under this schedule, b) has a generating facility with a capacity of one (1) megawatt or less, and c) requests a contract delivery term of less than one year. The Small QF Short-Term Power Rate for any month shall be the lower of the One-Year Contract Length Small QF Power Rate in effect at the time of the delivery, or 85 percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (the "Mid-C Index") prices for firm energy. The rate shall be paid in United States dollars based on the megawatt-hour (or partial megawatt-hours) production over the term. If the Mid-C Index is discontinued, both Parties will mutually agree upon a replacement similar to the Mid-C Index. The replacement shall be consistent with other similar agreements and be in common use by the electricity industry.
- (3) Large/Long-Term QF Power Rate - The Large/Long-Term QF Power Rate shall be applicable to QF Customers: a) having a generating capacity of more than one (1) megawatt, or b) requesting a contract delivery term exceeding five (5) years. The Large/Long-Term QF Power Rate shall be based on the Company's avoided cost for a facility with equivalent operational characteristics and capabilities, including but not limited to: i) the value of commodity energy in the wholesale marketplace, ii) dispatchability, iii) geographical location, iv) electrical system impacts, v) system capacity requirements, vi) the expected shape and timing of QF deliveries, and vii) the availability of environmental attributes. The rate will consider any recent power supply request-for-proposal results, where such information is available.

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