

Review of Executive Officer Compensation

Attachment E **2011 Employee Benefit Summary**

February 28, 2012



EMPLOYEE BENEFIT SUMMARY

Avista Corp
Non-Bargaining
(Regular Full Time Employees)

January 1, 2011 – December 31, 2011

TABLE OF CONTENTS

LIFE INSURANCE

Company Provided Life Insurance Plan (Base Life) 3
MetLife Optional Life Insurance Plans 4-5
Accidental Death & Dismemberment (AD&D) Life Insurance Plan..... 6-7

EMPLOYEE ASSISTANCE PROGRAMS

Employee Assistance Program (EAP)..... 8
Tuition Aid 9
Adoption 10
Jury Duty 11

MEDICAL / DENTAL INSURANCE

Premera Blue Cross Medical Plan..... 12-16
Group Health Medical Plan..... 17-19
Washington Dental Service (Dental Plan)..... 20
Retiree Medical..... 21

PAID TIME OFF

Holidays..... 22
FMLA (Family Medical Leave Act)..... 23
Worker’s Compensation..... 24
Short Term Disability (STD)..... 25-26
Long Term Disability (LTD)..... 27
One Leave..... 28-29

PRE-TAX PROGRAMS

Health Care and Dependent Care Reimbursement Plans..... 30
Premium Payment Plan 31

RETIREMENT & 401(k) INVESTMENT PLANS

Investment Plan - 401(k)..... 32-33
Retirement Bonus / HRA Contribution..... 34-35
Healthy Directions (HRA) Plan
 (Premera Blue Cross Participants)..... 36-37
Retirement Plan..... 38-42

OTHER

Long Term Care Insurance..... 43-44
MetLaw Hyatt legal services plan..... 45-46

HIPPA Privacy Statement 47-50

Avista Corp. Group Life Insurance (Basic Life Insurance)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

COST TO YOU

The Company pays the cost of the insurance in full.

COVERAGE FOR YOU

1. Employees *not yet 40 years of age on 7/1/97:*
 - ◆ 1 x annual base pay rounded to the nearest \$1,000, *but not to exceed \$50,000.*
2. Employees *40 years of age, but not yet 60 years of age on 7/1/97:*
 - ◆ 1 x your annual base pay rounded to the nearest \$1,000, *but not to exceed \$75,000.*
1. Employees *60 years of age or older on 7/1/97:*
 - ◆ 1 x your annual base pay rounded to the nearest \$1,000, *but not to exceed \$250,000.*

Note: Employees hired on and after 7/1/97 regardless of age, will have coverage of 1 x annual base pay rounded to the nearest \$1,000, but not to exceed \$50,000.

COVERAGE WHEN YOU RETIRE

1. Employees *not yet 40 years of age on 7/1/97:*
 - ◆ \$5,000
2. Employees *40 years of age, but not yet 60 years of age on 7/1/97:*
 - ◆ 1 x your annual pension to the nearest \$100, but not to exceed \$20,000.

Note: \$20,000 currently exceeds the average annual pension to the nearest \$100.

3. Employees *60 years of age or older on 7/1/97:*
 - ◆ 1 x your annual pension to the nearest \$100.

Note: Employees hired on and after 7/1/97 will have NO Company provided Life Insurance upon retirement.

IF YOU LEAVE THE COMPANY

Coverage ends.

Visit the HR website on Avonet for more complete Plan details.

Avista Corp.
MetLife Optional Life Insurance Protection Program
With Dependent Life Insurance Coverage

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

OPTIONAL LIFE

Employees can choose one of the following options:

- OPTION 1: 1 times your base annual earnings
- OPTION 2: 2 times your base annual earnings
- OPTION 3: 3 times your base annual earnings
- OPTION 4: 4 times your base annual earnings
- OPTION 5: 5 times your base annual earnings

The maximum amount of Optional Life coverage you can receive is \$500,000

You may enroll for Optional Life Insurance **without** providing a Statement of Health form as long as you are actively at work and the following conditions are met:

- Your enrollment takes place within 31 days of becoming eligible for benefits / prior to the enrollment period deadline
- You have not been hospitalized within 90 days of enrollment
- You are enrolling for coverage that does not exceed 1 times your base annual earnings or receive, due to an increase in your earnings, an increase in the amount of Optional Life Benefits of \$25,000.

You will need to submit a Statement of Health form if you do not meet the conditions stated above.

DEPENDENT COVERAGE

Spouse: Multiples of \$10,000, up to the lesser of 50% of your Life Benefits and \$100,000

Child: \$2,000, \$5,000, or \$10,000, not to exceed 50% of the Employee's Life Benefit Amount.

You may enroll your Dependent Spouse or Child for *Dependent Life Insurance* **without** providing a Statement of Health form as long as your spouse and/or child are performing their normal activities and the following conditions are met:

- Your enrollment takes place within 31 days of becoming eligible for benefits / prior to the enrollment period deadline
- Your dependent has not been hospitalized within 90 days of enrollment
- Your spouse and/or child is enrolling for coverage that does not exceed \$50,000; or receive an increase in the amount of Dependent Life Benefits of \$25,000 or more if your Dependent spouse is already covered for an amount of Dependent Life Benefits greater than \$50,000.

Your dependents will need to submit a Statement of Health form if he/she does not meet the conditions stated above.

RETIREE OPTIONAL LIFE AND DEPENDENT LIFE

The amounts of your Optional Life and Dependent Life Benefits can be continued into retirement. No new elections or benefit increases can be made at or after retirement, though enrollees may reduce benefits.

ELIGIBILITY

Employee: To be eligible for coverage, you must be actively at work on the effective date. This means a person who is employed and paid for services by the Employer on a regular or full-time basis, and part-time regularly scheduled to work 20 or more hours per week.

Spouse: To be eligible for coverage, your dependent spouse must be performing his/her normal activities, which means your spouse is not confined at home or under the care of a doctor due to sickness or injury or is receiving or eligible to receive any disability income from any source due to sickness or injury. You must enroll for employee coverage to be eligible for coverage.

If your dependent spouse is an employee of Avista Corporation, your spouse can enroll for coverage as an employee or spouse, but not both.

Children: Dependent children ages 14 days to 19 years old, or 23 years old if a child is a full-time student, are eligible for coverage. Eligible children include those who are legally adopted and stepchildren living in your home. Covered children who remain dependent upon you for support due to a mental or physical handicap (that occurred prior to their reaching the limiting age) will continue to be covered with no age limit.

Children must be performing their normal activities, which means your children are not confined at home or under the care of a doctor due to sickness or injury or be receiving or eligible to receive any disability income from any source due to sickness or injury. The employee must enroll to be eligible for coverage.

TO ENROLL

Contact Human Resources for a MetLife enrollment packet. Upon MetLife’s review of your form(s), additional medical information may be required based on you and/or your dependent’s health status, and coverage amount elected. You will be advised when coverage is approved or if additional information is needed.

COST TO YOU

Rates (cost per \$1,000 of coverage) are based on employee/spouse age. Premiums will increase or decrease accordingly dependent on age, salary, and coverage levels. Premiums will automatically increase as employee or spouse’s age reaches increased age brackets.

Age	<i>Employee Rate</i> (Rate Per\$1,000 of Coverage)	<i>Spouse Rate</i> (Rate Per\$1,000 of Coverage)
Less Than 30	\$.07	\$.06
30-34	.09	.08
35-39	.11	.10
40-44	.15	.13
45-49	.21	.18
50-54	.38	.33
55-59	.66	.58
60-64	.85	.75
65+	1.36	1.19

**Child(ren) Rate: Cost is \$.10 per \$1,000 of coverage and covers all eligible children, regardless of number.

Avista Corp. Accidental Death & Dismemberment Insurance (AD&D)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

COST TO YOU

Principal Sum	Employee Only	Employee & Family
\$25,000	\$ 0.75	\$1.25
50,000	1.50	2.50
75,000	2.25	3.75
100,000	3.00	5.00
125,000	3.75	6.25
150,000	4.50	7.50
175,000	5.25	8.75
200,000	6.00	10.00
225,000	6.75	11.25
250,000	7.50	12.50

For amounts above \$150,000, the Principal Sum requested cannot exceed the lesser of 10 times your Salary on the date of the request, or the Maximum shown above.

Eligible Dependents: Eligible Person’s Spouse and Child(ren)

Policy Age Limit: Insured Person – None
Spouse – 70

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

If a Covered Person’s Injury results in any of the following Losses within 365 days after the date of accident, we will pay the sum shown opposite the Loss. We will not pay more than the Principal Sum for all Losses due to the same accident. Your amount of the Principal Sum is determined in the Enrollment Form on file with the Policyholder. The amount of Principal Sum for each of your Covered Dependents is shown below as a percent of your Principal Sum.

You with:*	Spouse	Each Child
Spouse Only	60%	0%
Spouse & Children	40	10
Children Only	0	20

*As determined on the date of the accident.

Life	The Principal Sum
Both Hands or Both Feet or Sight of Both Eyes	The Principal Sum
One Hand and One Foot	The Principal Sum
Speech and Hearing	The Principal Sum
Either Hand or Foot and Sight of One Eye	The Principal Sum
Movement of Both Upper and Lower Limbs (quadriplegia)	The Principal Sum
Movement of Both Lower Limbs (Paraplegia)	Three-Quarters The Principal Sum
Movement of Both Upper and Lower Limbs of One Side of the Body (Hemiplegia)	One-Half The Principal Sum
Either Hand or Foot	One-Half The Principal Sum
Sight of One Eye	One-Half The Principal Sum
Speech or Hearing	One-Half The Principal Sum
Thumb and Index Finger of Either Hand	One-Quarter The Principal Sum

Avista Corp.
APS Employee Assistance Program (EAP)
1-800-999-1077

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

Overview

Being healthy goes beyond physical exercise and eating right. Emotional wellness, strong personal relationships and positive attitudes are critical building blocks of health. At times, we may feel unable to resolve all the decisions, personal problems, family issues or career challenges we face. In such times, it's a relief to have someplace to turn.

Your Employee Assistance Program

Your Employee Assistance Program (EAP) from APS Healthcare fills this need. These professional support services are designed to help you and your household members cope with a variety of personal and career-related concerns. They are provided in collaboration with your employer or health insurer.

- Professional, confidential counseling for you and your household members
- No out-of-pocket costs
- Prompt, convenient and timely counseling
- Referral to community programs or services, if necessary
- Toll-free, 24 hour service number

The decision to use your EAP benefit is voluntary and confidential. To speak with an EAP professional or to schedule an appointment, please call: **1-800-999-1077**. EAP services are available 24 hours a day, seven days a week.

Professional Support Services

APS Healthcare EAP professionals are experienced, caring individuals who hold master or doctoral degrees in counseling or a related field. They are certified or licensed by the appropriate state agency. EAP services are provided for a wide range of issues such as:

- | | |
|-----------------|-------------------|
| ◆ Abuse | ◆ Managing Stress |
| ◆ Aging | ◆ Marriage |
| ◆ Alcohol/Drugs | ◆ Parenting |
| ◆ Depression | ◆ Relationships |
| ◆ Family | ◆ Workplace |
| ◆ Grief | |

Many problems can be addressed directly with your EAP professional, but some may require referral to other resources that could involve out-of-pocket cost. Depending on your health plan benefits, your EAP professional will work with you to identify the most appropriate and affordable resources to help meet your needs.

Avista Corp. Tuition Aid Program

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

AVISTA Corp. will provide financial assistance to employees for approved courses when these can be shown to reasonably add to the employee's improved performance and effectiveness in present or foreseeable future jobs within the Company.

Tuition aid of up to \$2,500 in any calendar year is available for the cost of tuition and books. Tuition and the required class related fees billed by the institution are reimbursed at 100%, and books are covered at 50%. Supplies, software, equipment, parking or other non-tuition fees are not covered costs. Any course required to complete an undergraduate or masters level program is covered.

Regular, full-time or regularly scheduled part-time employees are eligible for tuition aid if:

- ◆ the course is offered by an approved and accredited college, university, or academic institution
- ◆ the course is necessary to satisfy a requirement for a degree program
- ◆ the employee provides verification of satisfactory course completion

Tuition is granted based on the following schedule:

- ◆ Employee receives tuition reimbursement for classes completed with a grade of C (2.0) or better. Grades below a C, or courses dropped, will not receive financial support.
- ◆ Employees who voluntarily terminate their employment before completing the course(s) will not receive reimbursement.
- ◆ By signing the tuition aid application, employee agrees to these terms.

PROCEDURE:

1. Complete the Tuition Aid Application and have your supervisor sign it to approve the course or degree program.
2. Pay for your tuition and books and retain **all** receipts.
3. After completing the class (es) and receiving your grade(s) of a C (2.0) or better, submit the completed application, copies of all receipts, and grade(s) to the Tuition Aid Coordinator in the Human Resources Department at MSC-39.

Accounts payable will then notify you when your reimbursement is ready. Please allow up to three weeks for reimbursement.

Avista Corp. Adoption Assistance Program

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

NOTICE: Because the determination of how to take maximum advantage of the tax credit versus the employer exclusion can be complicated, it is strongly advised that you seek consultation with a tax advisor even before submitting expenses for employer reimbursement under this plan.

You will need to decide to what extent you want to submit expenses for employer reimbursement versus using the tax credit. Generally the tax credit is more favorable because, unlike an employer reimbursement, it is not subject to FICA tax. However, most employees with adoption expenses will probably want to submit at least some expenses for employer reimbursement after taking maximum advantage of the tax credit. Again, it is strongly advised that you seek consultation with a tax advisor even before submitting expenses for employer reimbursement under this plan.

See Publication 968 “Tax Benefits for Adoption” at www.irs.gov for more information.

How the Plan Works

To support your decision to adopt an “eligible child”, the Company will provide eligible employees **\$2,000** per adopted child to mitigate “qualified” adoption expenses.

Employees must provide the employer with reasonable substantiation that payments or reimbursements made under the plan constitute “qualified” adoption expenses.

Definitions of “Qualified” Adoption Expense and “Eligible Child”

“Qualified” adoption expenses are reasonable and necessary adoption fees, court costs, attorney fees, traveling expenses (including amounts spent for meals and lodging) while away from home, and other expenses directly-related to, and whose principal purpose is for, the legal adoption of an eligible child.

Nonqualifying expenses. Qualifying adoption expenses do not include expenses:

- That violate state or federal law,
- For carrying out any surrogate parenting arrangement,
- For the adoption of your spouse’s child,
- Paid using funds received from any federal, state, or local program,
- Allowed as a credit or deduction under any other federal income tax rule, or
- Paid or reimbursed by your employer or otherwise (except that amounts paid or reimbursed under an adoption assistance program may be qualifying expenses for the exclusion).

An “**eligible child**” is defined as any individual who, at the time a qualified adoption expense is paid or incurred, is under the age of 18 or is physically or mentally incapable of caring for himself or herself.

W-2 Reporting

All of the adoption assistance payment will be shown in box 12 of your Form W-2, identified with the letter “T.” None of the payments will be included with your taxable wages in box 1 of your Form W-2.

Avista Corp. Jury Duty

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

HOW THE JURY DUTY BENEFIT WORKS

To encourage civic duty, you may serve on jury duty and receive pay from the Company for the time served based upon your scheduled work hours. You will be expected to work at your regular duties for days or partial days while not on duty.

For example: A part-time employee scheduled to work 20 hours per week, would receive 20 hours of "jury duty" pay as long as they were serving during their regular scheduled work hours. Employees are NOT allowed to receive more pay than their scheduled work hours. (i.e. If you normally work 4 hours per day, but serve on the jury for 8 hours, you will receive 4 hours of "jury duty" pay from the Company)

Employees are **not** required to "pay back" to the Company any daily stipend allowance provided by the court.

Visit the HR website on Avonet for more complete Plan details.

Avista Corp. Medical Insurance: Premera Blue Cross Plan

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- Temporary employee hired for 6 months or longer
- **Employees classified as Casual or Students are not eligible.**

Coverage for new hires begins on the first day of the month following their date of hire.

NOTE: Employees of Avista that are married to one another are prohibited from covering each other under the Premera Blue Cross Medical Plan. Each employee can enroll as a subscriber, or one may elect to cover the spouse as a dependent, but not both. The plan does not allow married employees to attempt to "double cover" themselves or family members.

COST TO YOU

Coverage Level	Employee Cost	Co. Cost	Total
E only	\$63.79	\$574.11	\$637.90
E + Spouse	\$119.77	\$1,077.93	\$1,197.70
E +Child(ren)	\$107.58	\$968.17	\$1,075.75
E +All	\$162.95	\$1,466.59	\$1,629.54

HOW SELF-INSURED PLAN WORKS

The Avista PLAN is a self-insured plan that is a “Preferred Provider” plan, and includes coverage for medical, dental, prescription drugs, and vision care. A third-party administrator processes and pays claims for the Avista Plan. Participants residing in the Preferred Provider service area must utilize physicians from the Preferred Provider listing to receive maximum benefits. If you obtain service from a Provider who is not preferred, your benefits will be paid at a lesser amount and some benefits will not be covered at all.

DEPENDENT ELIGIBILITY

Must be a lawful spouse or an eligible child.

Child eligibility to age 26.

It is the subscriber’s responsibility to maintain accurate and timely dependent eligibility information. The employee must inform the Benefits Department within 30 days of a qualifying event of a dependent no longer being eligible. Coverage for that dependent will end on the last day of the month in which the qualifying event occurs.

**Visit the HR website on Avonet for more complete Plan details.
Medical Insurance: Premera Blue Cross Plan**

Coverage		Effective 1/1/11
Annual Deductible		\$300 per person / \$900 per family
Coinsurance		80%
Coinsurance Maximum		\$500 per person / \$1500 family
Annual Maximum Benefit		\$1,000,000
Out-of-Network Deductible & Coinsurance		\$400 Deductible \$1000 Coinsurance
Annual Physical (Including Lab & X-ray)		100%
Injections (Including allergy injections)		100%
Mammograms		100%
Minor Emergency or Urgent Care Facility (Professional Services)		\$20 co-pay
Physician Office Visits		\$20 co-pay
Specialist Visits		\$20 co-pay
Outpatient hospital and skilled nursing facility visits (Professional Services)		\$20 co-pay
Surgery performed in an outpatient surgical center (Professional Services)		\$20 co-pay
Inpatient visits for medical and surgical services (Professional Services)		\$20 co-pay
Well Baby Care		100% (for first yr. No visit limit)

Diagnostic-Therapeutic Lab & X-ray		Preventative: 100% Minor: \$20 Co-pay Major: Deductible and 80%
Chiropractic		\$20 Co-pay (Maximum \$1,000 per year)
Neurodevelopmental Therapies		\$20 Co-pay (Max \$2500 per person per year under age 6)
Mental Health Services		Outpatient: \$20 Co-Pay Inpatient Deductible and 80%
Chemical Dependency Treatment		Inpatient: Deductible and 80% Outpatient: \$20 Co-pay
Ambulance Services		Deductible and 80%
MRI		Deductible and 80%
Durable Medical Equipment and Supplies		Deductible and 80%
Orthotics		Deductible and 80%
Orthopedic Appliances		Deductible and 80%
Skilled Nursing Facility		Deductible and 80%

Special Nursing Care	Deductible and 80% (Max \$1000 per person per year)
Hearing Aids (Employee only)	Medically necessary hearing aids covered at 100% once every 5 years to a maximum of \$1000
Home Health Care	Provided at 100% (Max 130 visits per person per year)
Hospice Services	100% (lifetime max 6 months)
Hospital Services	Deductible and 80%
Infertility Services	Deductible and 80% (Max \$2000 per year and a lifetime max of \$6000)
Health Education Network	50% to a max of \$250 per person per year
Outpatient Therapy Bundled Services	
1) Physical Therapy	\$20 Co-Pay (14 visits per calendar year)
2) Cardiac Rehabilitation Outpatient Therapy	
3) Speech Therapy (Children under age 18)	
Inpatient Therapy Bundled Services	
Inpatient Rehabilitation Services:	Deductible and 80% (Up to \$5,000 + additional \$15,000 for stroke or spinal cord injury)
Prescription Plan	\$5 / \$20 / \$40 co-pay
Vision Plan (Routine Eye Exam)	\$20 co-pay

Prescriptions

Generic Prescriptions:	(30-day supply): \$5.00 co-pay for Generic Drugs
Brand Name Prescriptions:	(30-day supply) (When a generic drug is <u>not</u> available): \$20.00 co-pay for Non-Generic when Generic is <u>not</u> available
Brand Name Prescriptions:	(30-day supply) (When a generic drug <u>is</u> available): \$40 co-pay for Non-Generic drugs when a generic <u>is</u> available
Birth Control Pills:	Birth Control Pills are covered under the prescription drug provision. (“Over -the-counter” birth control items are <u>not</u> covered under the plan) Contact Premera Blue Cross directly for more information regarding birth control.

Every Employee Should Take Advantage of the Home Delivery Pharmacy Service

With prescription costs increasing 20% - 25% annually, Avista encourages all employees to do their part in keeping costs down by utilizing Generic drugs whenever possible and also to take advantage of the Home Delivery Pharmacy Service (Mail Order Prescription Program).

This program is an expansion of your current prescription drug benefit program. It is ideal for people who take prescription medication on an ongoing basis. Listed below are several advantages to this program that are detailed in the enclosed Home Delivery Pharmacy Service materials:

- **Immediate Savings:** When you order by mail you can get up to a 90-day supply for only one copayment.
- **Convenience:** You save time by simply mailing your prescriptions to Merck-Medco. Merck-Medco will send your prescription to your home via US mail, postage paid.

Contact Human Resources at ext. 4751 to obtain order forms and an informational brochure.

Vision Benefits

Routine Eye Exam:	Paid at 100% after \$20 co-pay once per calendar year.
Lenses:	
Frames:	
Contacts:	\$150 per year allowance for: Lenses, frames or contacts once per calendar year.

Avista Corp. Group Health Cooperative Medical Plan

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- Temporary employee hired for 6 months or longer
- **Employees classified as Casual or Students are not eligible.**

Coverage for new hires begins on the first day of the month following their date of hire.

NOTE: Employees of Avista that are married to one another are prohibited from covering each other under the Group Health Cooperative Medical Plan. Each employee can enroll as a subscriber, or one may elect to cover the spouse as a dependent, but not both. The plan does not allow married employees to attempt to "double cover" themselves or family members.

HOW THE GROUP HEALTH NORTHWEST PLAN WORKS

Group Health Cooperative is a Health Maintenance Organization with 143 Family Practice Specialists available and over 360 community specialists available upon referral by your Group Health personal physician. You choose from GHNW Medical Centers, Rockwood Clinic, or numerous other community physician partners for your care. A 24 hr consulting nurse is available for medical advice on holidays, weekends and after hours by calling 324-6464 or 1-800-826-3620. Group Health emphasizes preventative care and early detection and treatment of medical conditions.

COST TO YOU

Coverage Level	Employee Cost	Co. Cost	Total
E only	\$63.79	\$565.40	\$629.19
E +Spouse	\$119.77	\$1,068.94	\$1,188.71
E +Child(ren)	\$107.58	\$956.78	\$1,064.36
E +Family	\$162.95	\$1,455.16	\$1,618.11

SUMMARY OF BENEFITS

This is a brief summary of benefits and limitations. **THIS IS NOT A CONTRACT.** For a more detailed description of your benefits and exclusions, refer to your certificate of coverage or contact your employer or benefits administrator.

Plan Deductible

No annual deductible.

Individual Deductible Carryover

Not applicable

Plan Coinsurance

No Plan coinsurance

Attachment E

Out-of-Pocket Limit

Individual out-of-pocket limit: \$2,000

Family out-of-pocket limit: \$4,000

Out-of-pocket expenses for the following covered services are included in the out-of-pocket limit:

Inpatient services, outpatient services, emergency services at a GHC or non-GHC facility, ambulance services

Pre-existing condition (PEC) waiting period

No PEC

Lifetime maximum

Unlimited

Outpatient Services
(Office Visits)

\$20 copay

Hospital Services

Inpatient Services: \$100 /\$500, per calendar year

Outpatient surgery: \$20 copay

Prescription Drugs
(some injectable drugs may be covered under Outpatient services)

Formulary generic and/or brand \$15 copay per 30 day supply

Prescription Mail Order

2x prescription cost share per 90 day supply

Acupuncture

Self-referred up to 8 visits per medical diagnosis per calendar year, additional visits when approved by the plan \$20 copay

Ambulance Services

Plan pays 80%, you pay 20%

Chemical Dependency

Inpatient: \$100 / \$500, per calendar year

Outpatient: \$20 copay

Attachment E

Devices, equipment and supplies

Durable medical equipment, orthopedic appliances, post-mastectomy bras limited to two (2) every six (6) months, ostomy supplies, and prosthetic devices

Covered at 50%

Diabetic Supplies

Insulin, needles, syringes and lancets---see Prescription drugs. External insulin pumps, blood glucose monitors, testing reagents and supplies---see Devices, equipment and Supplies. When Devices, equipment and supplies or Prescription drugs are covered and have benefit limits, diabetic supplies are not subject to these limits

Diagnostic lab and X-ray Services

Inpatient: Covered under Hospital services

Outpatient: Covered in full

High end radiology imaging services such as a CT, MR and PET must be determined Medically Necessary and require preauthorization except when associated with Emergency care or inpatient services.

Emergency Services

\$75 copay at a designated facility
\$75 copay at a non designated facility

Hearing Exams (routine)

\$20 copay

Hearing Hardware

Not Covered

Home Health Services

Covered in full. No Visit limit

Infertility Services

50% diagnostic services and drugs

Manipulative therapy

Self-referred up to 10 visits per calendar year
\$20 copay

Massage Services

See Rehabilitation services

Maternity Services

Inpatient: \$100 / \$500, per calendar year

Outpatient \$20 copay

Routine Vision Care (1 visit every 12 months)

\$20 copay
\$150 hardware benefit per 24 months



Washington Dental Service (Delta Dental PPO)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- Temporary employee hired for 6 months or longer
- **Employees classified as Casual or Students are not eligible.**

Coverage for new hires begins on the first day of the month following their date of hire.

NOTE: Employees of Avista that are married to one another are prohibited from covering each other under the Washington Dental Service Plan. Each employee can enroll as a subscriber, or one may elect to cover the spouse as a dependent, but not both. The plan does not allow married employees to attempt to "double cover" themselves or family members.

SUMMARY OF BENEFITS

Reimbursement Levels for Allowable Benefits

*Class I.....	Constant 100%
Class II.....	Constant 80% (Paid at 90% when using a PPO provider)
Class III	Constant 50%
*Annual Deductible per Person.....	\$25
*Annual Deductible - Family Maximum	\$75
Annual Program Maximum per Person.....	\$2,000
*Lifetime Orthodontic Benefits per Person	\$1,000

The payment level for covered dental expenses arising as a direct result of an accidental bodily injury is 100%, up to the unused program maximum.

All covered employees and covered dependents are eligible for Class I, Class II, Class III, Orthodontic Benefits and Dental Accident Benefits.

*Annual deductible is waived for Class I, Orthodontic Benefits and Dental Accident Benefits.

Visit the HR website on Avonet for more complete Plan details.

MEDICAL COVERAGE IN RETIREMENT

(For Retirements After January 1, 1992 and Retirees Under Age 65)

Avista Corp. offers medical benefits to retiring employees who have reached a minimum of age 55 and have completed 15 years of service. Retirees under age 65 are provided the same medical benefits as active employees covered under the Local 77 Union active medical plan.

The cost to you for coverage depends on the plan you choose and your family coverage category. The portion Avista Corp. pays for your coverage varies based on the date of your retirement and your length of service.

The Company Contribution amount has been “capped” for retirees, so the retiree will responsible for all premiums beyond the maximum Company contribution amounts.

MEDICAL COVERAGE IN RETIREMENT

(For Retirements After January 1, 1992 and Retirees Over Age 65)

Once a retiree reaches age 65 he/she is provided with a Retiree Medical Medicare Supplemental Plan.

The cost to you for coverage depends on the plan you choose and your family coverage category. The portion Avista Corp. pays for your coverage varies based on the date of your retirement and your length of service. The Company Contribution amount has been “capped” for retirees, so the retiree will responsible for all premiums beyond the maximum Company contribution amounts.

RETIREE MEDICAL MEDICARE SUPPLEMENT PLAN FOR RETIREES/DEPENDENTS OVER AGE 65 (FOR RETIREMENTS ON OR AFTER JANUARY 1, 1992)

SUBSCRIBER:

- Must be retired from active service
- Have attained age 65 and have been covered immediately prior to the attainment of age 65 under one of the medical coverage options offered by Avista Corp., and
- **Must be enrolled in Medicare Parts A and B.**

DEPENDENT SPOUSE:

- The lawful dependent spouse of the subscriber must have attained age 65, and
- Have been covered by the subscriber immediately prior to the attainment of age 65 under one of the medical coverage options offered by Avista Corp., and
- **Must be enrolled in Medicare Parts A and B.**

DATE OF ELIGIBILITY:

- The Subscriber and/or dependent spouse becomes eligible on the first day of the month coincident with eligibility to enroll in Medicare.

LIFETIME MAXIMUMS:

- Two Hundred and Fifty thousand dollars (\$250,000) for all covered conditions for each beneficiary.

Visit the HR Website on Avonet for more complete Plan details.

Avista Corp. Holidays

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- Temporary employee hired for a minimum of 6 months or longer will not receive paid "Holidays" until they have had their 6 month anniversary.
- **Employees classified as Casual or Students are not eligible.**

BENEFIT	2011
NEW YEAR'S DAY	January 1, 2011 (Friday December 31 st is paid as holiday)
MEMORIAL DAY	May 30, 2011 (Monday)
INDEPENDENCE DAY	July 4, 2011 (Monday)
LABOR DAY	September 5, 2011 (Monday)
THANKSGIVING & THE DAY AFTER	November 24 & 25 2011 (Thursday & Friday)
CHRISTMAS DAY	December 25, 2011 (Monday, December 26 th is paid as holiday)

Avista Corp.
FMLA (The Federal Family and Medical Leave Act)
(FMLA Provides Job Protected Leave that is Non-Paid)

OVERVIEW

Any employee absence, with the exception of scheduled vacation, that exceeds or is anticipated to exceed five (5) days must be reported to the Occupational Health Nurse regardless of the reason for leave.

FMLA-THE FEDERAL FAMILY AND MEDICAL LEAVE ACT: Effective as of August 5th, 1993, the FMLA was enacted to allow employees to balance the demands of the workplace with the needs of family. The Act provides for up to twelve weeks of job-protected leave per 12 month period to eligible employees for the birth of a child, or for the serious illness of the employee or a family member. This act is administered by the Department of Labor's (DOL) Employment Standards Administration (ESA). It is the responsibility of the employer to notify an employee of his rights of eligibility for FMLA leave and clearly document when leave is granted.

Job-protected FMLA leave is triggered by one of the following events:

- Birth of the Employee's child or placement for adoption or Foster Care of a child with the employee.
- The employee is needed to care for an immediate family member (spouse, child, or parent) who has a serious health condition.
- The employee has a serious health condition arise.

These triggering events have specific, detailed descriptions under the law and require the "Certification of Physician or Practitioner". **Dependent upon the triggering event, FMLA leave may be paid or unpaid. Avista Corp. requires the employee to use all paid leave benefits (STD/One Leave) first, as part of his/her FMLA, before taking unpaid leave.** For a more in-depth definition of qualifying events and specific paid benefits, please contact the Occupational Health Nurse or your Human Resources Business Partner.

If you have questions or would like more detail on a specific disability benefit, please contact Rita Gregovich, RN, COHN/CM at extension 4712.

Avista Corp. Worker's Compensation

OVERVIEW

Benefits paid for medical expenses and lost wages due to an "on the job" injury or illness. If injured on the job, a claim must be filed within one year of the event that caused the injury. An occupational illness claim must be filed within one year of the date of diagnosis, and a causal relationship must exist between the development of the illness and the nature of the work.

Worker's Compensation benefits for medical treatment and temporary total disability are paid in accordance with Washington State's Industrial Insurance Laws (RCW's) as directed by the Washington Administrative Codes (WAC's). An employee who is unable to work due to an occupational illness or injury may concurrently qualify for FMLA leave.

- Employees must report an occupational injury to their supervisor as soon as possible.
- An "Employee Injury Accident Report" must be completed and sent to Occupational health within two (2) days
- If the injury requires immediate medical attention, a Worker's Compensation Claim form must be completed. Contact the Occupational Health Nurse if you need a claim form or assistance completing the report. This must be done as soon as possible to insure benefits are paid in a timely manner.

The Occupational Health Nurse will coordinate paperwork for FMLA leave and provide payroll with appropriate time-loss information. If you have questions or would like more detail on a specific disability benefit, please contact Rita Gregovich, RN, COHN/CM at extension 4712.

Worker's Compensation benefits begin immediately after an industrial accident or injury.

Benefit Level (subject to limitations and maximums). The employee will receive an amount from the Company which, when combined with temporary Workers' Compensation benefits will equal 100 % of his/her regular pay as long as he/she receives temporary disability payments under Workers' Compensation (not to exceed the weeks shown in the following schedule according to years of service). After this time the employee will receive Workers' Compensation benefits according to the state schedule (at least 60%) as long as they continue to be off work due to an industrial injury.

Years of Company Service	Industrial Accident Maximum Weeks supplemented by Avista Wks. Pd. at 100% of Salary
0.5 (6mos)	1
1	2
2	4
3	6
4	8
5	10
6	12
7	14
8	16
9	18
10+	20

Avista Corp.
STD (Short Term Disability)
Contact: Rita Gregovich (509) 495-4712

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

BENEFIT DESCRIPTION

When an employee suffers a non-occupational illness or injury resulting in disability from working for more than 5 consecutive workdays, wage loss benefits will generally begin on the sixth day of disability and must include the following:

- The employee must be willing to provide objective medical information from his/her healthcare provider that explains the need for short-term disability.
- In the event lost workdays are not consecutive, they must occur within 14 days preceding the sixth day and the employee must provide documentation of ongoing medical treatment for the same qualifying medical condition.
- The employee must initiate the application process by providing a completed STD/FMLA packet that includes objective medical information (explains why disability is needed) from his/her healthcare provider to Occupational Health. In the event an employee suffers an unforeseen disabling condition, he/she must notify the Occupational Health Nurse Case Manager by the sixth day of disability to insure the application process is initiated and agree to provide the necessary medical information is completed during the next medical appointment. Failure by the employee to take action to initiate the STD application process by the close of the pay period may result in delay or denial of benefits.
- Avista may elect to obtain a second medical opinion to review the need for disability benefits and to address return-to-work issues. The Company would pay for the second doctor's appointment.
- Should the first two (2) doctors' assessments of disability be different, the Company may consult with a third doctor (mutually agreed upon by the employee and the company). The Company would pay for the third doctor's appointment.

Once the STD benefits claim is approved, STD benefits will be available to cover the employee's absence until he/she has returned to his regular, full-time position. If, during the employee's recovery period, the worker is released to part-time hours, STD will be available for that non-worked portion of the schedule. STD may also be utilized to cover time away from work for a doctor's appointments or other scheduled treatments related to the employee's approved condition. Once the employee returns to work on a regular, full-time basis and STD benefits have not been used for a period of 30 days; the claim will be considered closed. If the condition will require additional time away from work that will occur at a point in excess of 30 days from the last STD use, a medical statement indicating this special requirement should be provided for the file.

ELIGIBILITY and RATE OF BENEFITS ACCRUAL

An employee of Avista Corp. with a minimum of six months of service is eligible to receive 1 (one) week of STD benefits above criteria are met. The benefit level would be paid at 100%. After 1 year of service, if medically necessary, an employee is eligible to receive up to 26 weeks of STD benefits. When Short-term disability benefits are used they are deducted from the employee's 26-week maximum bank balance.

Attachment E

STD benefits maximum bank balance is restored in full six (6) months from the date STD was last used. STD benefit level is based on years of service as outlined below:

Years of Service	Weeks Paid at 100% of Salary	Weeks Paid at 60% of Salary
.5 (6 mos.)	1	0
1	2	24
2	4	22
3	6	20
4	8	18
5	10	16
6	12	14
7	14	12
8	16	10
9	18	8
10+	20	6

Note: While the employee is on 100% STD, they will continue to accrue One Leave. However, the employee will not accrue any One Leave while on 60% STD.

WHEN BENEFITS END

STD benefits will end in the event of the following:

- The employee's healthcare provider releases the employee to work, either in a "modified duty" or their regular duty job.
- If modified duty is available that can temporarily accommodate the employee's medical restrictions, STD benefits will end. While working on the temporary modified duty, the employee will continue to receive his/her regular rate of pay. The employee may opt to remain off work until release to full duty under FMLA (if applicable) utilizing One Leave or unpaid leave.
- When all STD benefits are exhausted.
- Employment ends.

SUSPENSION OF STD BENEFITS

Avista Corp. may elect to suspend benefits from an employee receiving STD under the following conditions:

- If the employee refuses to provide medical information, or if the employee fails to notify the Occupational Health Nurse when having difficulty obtaining medical information.
- If an Independent Medical Examination (third doctor's opinion), performed by a qualified medical specialist determines the employee is able to return to work in some capacity.
- If an employee fails to cooperate and participate in an Independent Medical Examination of their condition and ability to return to work.

If you have questions or would like more detail on a specific disability benefit, please contact **Rita Gregovich, RN, COHN/CM at extension 4712.**

Avista Corp. Long Term Disability

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or (Who have completed 1,000 or more hours and have completed at least 12 months of service.
- ◆ Employees with less than one year of service will not be eligible for LTD. They will automatically be enrolled for coverage on their one-year anniversary.

OVERVIEW

- ◆ Benefits begin 26 weeks after a covered disability begins.
- ◆ Benefit Level: Eligible employees will receive LTD benefits at 60% until they qualify as eligible for retirement benefits under Avista's Defined Benefit Pension (DBP) plan, at which time their LTD benefit will be at 50% of their straight time earnings. The 50% (60%) LTD benefit will continue for eligible employees until they retire under the Avista DBP or until they reach Normal Retirement Age (65), whichever comes first.
- ◆ While disabled, generally to age 65 (longer if you become disabled after age 60).
- ◆ Employees with one to ten (1-10) years of service are eligible for one (1) year of benefit for each year of service. Employees with ten (10) or more years of service are eligible for benefits as defined by the Plan.

Avista Corp. One Leave Program

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- Temporary employee hired for a minimum of 6 months or longer will accrue One Leave upon date of hire, but will not be permitted to use One Leave until they reach their 6 month anniversary.
- **Employees classified as Casual or Students are not eligible.**

To maintain compliance with the Fair Labor Standards Act) exempt employees (employees who are exempt from overtime) must take one leave in full day (8 hour) increments. Non-exempt employees (employees who are not exempt from overtime) may take partial or full days of one leave.

One Leave Accrual Schedule			
<i>Years of Service</i>	<i>Accrual Per Days Per Year</i>	<i>Accrual Per Pay Period (80 Hours)</i>	<i>Accrual per hour</i>
During the 1 st Year	18.00	5.54	.06924
During the 2 nd Year	18.69	5.76	.07200
During the 3 rd Year	19.38	5.97	.07462
During the 4 th Year	20.07	6.18	.07725
During the 5 th Year	20.76	6.39	.07987
During the 6 th Year	21.45	6.60	.08250
During the 7 th Year	22.14	6.82	.08525
During the 8 th Year	22.83	7.03	.08787
During the 9 th Year	23.52	7.24	.09050
During the 10 th Year	24.21	7.45	.09312
During the 11 th Year	24.90	7.67	.09587
During the 12 th Year	25.59	7.88	.09850
During the 13 th Year	26.28	8.09	.10112
During the 14 th Year	26.97	8.30	.10375
During the 15 th Year	27.66	8.51	.10637
During the 16 th Year	28.35	8.73	.10912
During the 17 th Year	29.04	8.94	.11175
During the 18 th Year	29.73	9.15	.11437
During the 19 th Year	30.42	9.36	.11700
During the 20 th Year	31.11	9.58	.11975
During the 21 st Year	31.80	9.79	.12237
During the 22 nd Year	32.49	10.00	.12500
During the 23 rd Year	33.18	10.21	.12762
During the 24 th Year	33.87	10.43	.13037
During the 25 th Year	34.56	10.64	.13300
During the 26 th Year	35.25	10.85	.13562
During the 27 th Year	35.94	11.06	.13825
During the 28 th Year	36.63	11.28	.14100
During the 29 th Year	37.32	11.49	.14362
During the 30 th Year	38.00	11.70	.14620
Thereafter	38.00 days or	11.70 hrs per pay period	.14620

Avista Corp. One Leave Program

The One Leave Program is a benefit that allows employees to accrue a “bank” of hours, based on years of service, to use for vacation, personal business, family illness, doctor/dental visits, funerals or recovery from sickness or accident.

Maximum number of “banked” One Leave Hours is 750 hours

- You may have a maximum bank of 750 hours. Once you reach 750 hours, you will no longer accrue One Leave. You will need to decrease your bank below the maximum, either through cash out or regular use, before accrual can resume.
- You will be responsible for managing your one leave bank during the calendar year, keeping in mind that you will no longer accrue One Leave if your bank is at the maximum of 750 hours.

One Leave Plan modified for Non-Union Corp. /Utility and Avista Energy employees effective July 1, 2006 such that the One Leave Bank at retirement will be utilized to fund the individual’s Retirement HRA Account.

With this One Leave Plan change, One Leave cash-outs will be discontinued effective July 1, 2006. A new feature will be added to the One Leave Plan which will establish a window period in November and/or December of each year beginning in 2006 in which eligible employees may elect a portion of their next year’s One Leave accrual as transferred to cash. The limits for the amount of future accrual of One Leave allowed to be elected, as cash will be 120 hours at 100% and additional hours up to your annual accrual rate at 80%. When future accrual is elected for cash out the decision will be irrevocable and the cash out will be paid once a month as extra compensation throughout the following year.

One Leave available at retirement will be credited to the retiree’s individual HRA account. The employee cannot cash out One Leave at retirement. However, employees with One Leave balances separated from the Company prior to retirement would still receive the One Leave as a cash-out.

Avista Corp. Health Care Reimbursement Plan (HCR)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

Medical Care Expense Reimbursement Benefits

Under the Medical Care Reimbursement component, you purchase a specific level of Medical Care Reimbursement benefits, paying for coverage through the Salary Reduction Agreement with Avista Corp, in lieu of a corresponding amount of current pay, which means that the premiums you pay will be with pre-tax funds. In return, you may be reimbursed from the Plan for certain eligible Medical Expenses. This arrangement helps you because the level of coverage you elect is non-taxable; thereby saving you social security and income taxes on the amount of the premiums you pay.

Dependent Care Reimbursement Plan (DCR)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

Dependent Care Expense Reimbursement Benefits

Under the Dependent Care Expense Reimbursement (DCR) component, you provide a source of pre-tax funds to reimburse yourself for your Eligible Dependent Care Expenses by entering into a Salary Reduction Agreement with Avista Corp under which you agree to a salary reduction to fund Dependent Care Expenses in lieu of a corresponding amount of your regular pay. This arrangement helps you because the coverage you elect is non-taxable, thereby saving you social security and income taxes on the amount of salary conversion.

Avista Corp. Premium Payment Plan

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- ◆ Regular (F/T or P/T) employee
- ◆ Temporary employees who are enrolled in the health plans

HOW THE PREMIUM PAYMENT PLAN WORKS

The Premium Payment Plan allows you to pay the premiums for some of your Company benefits with pre-tax dollars. This results in tax savings. You may use the Plan to pay premiums for:

- **MSC-EBA Medical Plans**
- **WDS Dental Plans**
- **Group Health Medical Plan**
- **AD&D (Accidental Death & Dismemberment Insurance)**

You will automatically be enrolled in the Premium Payment Plan if you participate in any of these plans. If you do not want these premiums to be paid on a pre-tax basis for any year, you must complete and submit a written request to that effect no later than December 31 of the preceding year.

EXAMPLE OF TAX BENEFIT

Suppose you earn \$24,000 a year and have a federal income tax rate of 20%. Suppose, also, that you pay \$300 a year in premiums for EBA coverage for you and your family, and \$103 a year in premiums for \$100,000 of family AD&D coverage. You would save \$111 a year in taxes by using the Premium Payment Plan. Here's how the savings are calculated:

	With POP	Without POP
Annual gross income	\$24,000	\$24,000
EBA premium (pre-tax)	-300	0
AD&D premium (pre-tax)	-103	0
Adjusted gross income	\$23,597	\$24,000
Federal income tax (20%)	-4,720	-4,800
Social Security Tax	-1,805	-1,836
EBA premium (after tax)	0	-300
AD&D premium (after tax)	0	-103
Take-home pay	\$17,072	\$16,961
 Tax savings	 \$111	 0

(This example is intended to illustrate the effect that the Plan has on an employee's take-home pay. The tax assumptions used here will most likely be slightly different than your own situation.)



Avista Corp. Investment Plan - 401(k)

It's Easier to save with One Step!

Welcome to Avista! You will be enrolled automatically in the Avista 401 (k) plan!

Saving in your plan can help you achieve a comfortable financial future. Avista and Vanguard have partnered to offer an automatic savings feature that is so easy, you may forget that you are saving at all. It's called **One Step**. In addition to tax savings, your plan offers investment flexibility and the convenience of automatic paycheck deductions. For more information about your plan and investment information, please call or log on to www.Vanguard.com, using your Plan # 092094.

How One Step® Works

It's as easy as 1, 2, 3

1. **You're enrolled in the plan automatically at a paycheck deduction rate of 3%**
One Step makes saving for your future convenient and easy. Best of all, there's no need to sign up. It's done for you.
2. **You don't have to research and select investments**
You will be invested automatically in Vanguard® Wellington™ Fund. This fund invests in both stocks and bonds - and sometimes short-term reserves - in varying proportions.

Keep in mind that all investing is subject to risk. Investments in bond funds are subject to interest rate, credit, and inflation risk. Diversification does not ensure a profit or protect against a loss in a declining market.

3. **One Step helps you save even more**
Your payroll deduction will increase automatically by one percentage point each January until you reach 6%. It's that easy.

Your paycheck deductions will begin approximately 45 days from your date of hire. Please contact Vanguard by calling 800-523-1188 if you'd like to know the exact date your paycheck deduction will take effect.

You're In Control

- You can opt out of One Step at any time. Just contact your plan administrator or Connect with Vanguard at www.vanguard.com or **800-523-1188**. But think carefully before you do so. Saving and investing are great ways to help achieve long-range financial goals. One Step helps you do both - automatically. Keep One Step working for your future.
- If you wish to contribute a percentage **OTHER THAN** the automatic 3% or direct your contributions to a fund **OTHER THAN** the Vanguard Wellington Fund, you must also contact Vanguard.

Contacting Vanguard

You have three ways to contact Vanguard:

1. Go to Vanguard's website at www.vanguard.com.
2. Call Vanguard's 24-hour automated VOICE® Network at **800-523-1188**. You will soon receive a personal identification number (PIN) so that you can use this 24-hour automated VOICE Network. If you do not receive a PIN in the next two weeks, call Vanguard at **800-523-1188**.
3. Speak with a Vanguard Participant Services associate at the same toll-free number Monday through Friday from 5:30 a.m. to 6 p.m., Pacific time.

At the time you are automatically enrolled or when you change the amount deducted from your paycheck, or change your investment options, or opt out of the plan, you will receive a confirmation number. A statement verifying your transaction will be sent to you in the mail.

Managing your account

You can make transactions, monitor the activity in your plan account, and obtain fund prices and yield information by contacting Vanguard online or by phone.

Questions?

If you have any questions, call Vanguard Participant Services at **800-523-1188**.

Non-Union Employees Hired On or AFTER January 1, 2006

Effective January 1, 2011 your Company matching contributions are **\$1.00** for every \$1.00 of employee contributions you make to the Plan up to 6% of pay. Company contributions become 100% vested after a participant has reached his or her one-year employment anniversary. You can contribute the lessor of 75% of your pay or up to the IRS limit.

Non-Union and Local 659 Employees Hired Prior to January 1, 2006

Your Company matching contributions are **\$0.75** for every \$1.00 of employee contributions you make to the Plan up to 6% of pay. Company contributions become 100% vested after a participant has reached his or her one-year employment anniversary. You can contribute the lessor of 75% of your pay or up to the IRS limit.

Visit the HR Website on Avonet for more complete Plan details.

Avista Corp. Retirement Bonus / HRA Contribution

Effective for Avista Corp Non Union employees retiring January 1, 2005 or thereafter, the existing Retirement Bonus paid at retirement will be replaced with a contribution to a Health Reimbursement Arrangement (HRA) upon retirement. (NOTE: only those employees that have attained the age of fifty-five (55) and have at least fifteen years of service as defined by the Avista Corporation Retirement Plan will be eligible for the retirement bonus).

Note: If you are considered a Highly Compensated Individual (HCI) your Retirement Bonus will be paid as a combination of cash and a contribution to the HRA. Discrimination testing is performed each year to determine the list of 25% highest paid employees for use the following year. If you make this HCI list your Retirement Bonus contribution to the HRA is limited to the highest Retirement Bonus paid to a Non-HCI in the prior year. Any amount not contributed to the HRA will be paid on your final pay check with the appropriate taxes withheld.

Avista retirees are experiencing significant medical insurance premium increases due to high medical inflation, plan utilization and premium caps on the Company contribution. In an effort to leverage the value of benefits without increasing benefit costs, Avista will replace the existing Retirement Bonus with an HRA contribution.

Frequently Asked Questions

What is the HRA Plan?

The Health Reimbursement Arrangement Plan (HRA) provides a TAX FREE benefit, contributed by Avista, to pay out-of-pocket Health Care expenses.

At retirement would I get a choice to take the retirement bonus as cash versus as a Company contribution to an HRA?

No, all retirement bonuses for eligible employees will be made as HRA contributions.

Who are eligible employees?

All non-bargaining unit employees who retire (At least age 55 with 15 years service) from the Company from 1/1/05 forward and all bargaining unit employees meeting the same criteria (provided the membership votes approval of implementation).

How much will be contributed to the HRA?

Eligible employees will receive a contribution to the HRA of one day of base pay for every year or partial year of service up to a maximum of 30 days of base pay. This is the same payment formula utilized for the current Retirement Bonus.

Years of Service	Days Pay
15	15
16	16
17	17
18	18
19	19
20	20
21	21
22	22
23	23

24	24
25	25
26	26
27	27
28	28
29	29
30+	30

Will the HRA contribution earn interest?

No, the Company will carry the dollar value of the contribution on the books as a liability until the retiree has spent the dollars on Plan covered health expenses.

How can the HRA dollars be spent?

The dollars can be spent on Plan authorized medical expenses such as; Retiree Medical insurance premiums, medical deductibles and co-pays and Long Term Care insurance premiums.

What happens to the HRA dollars should the retiree pass away?

They would go to the retiree's designated beneficiary to be used for plan covered health cost reimbursements. The tax free benefit is maintained if the beneficiary is the retiree's spouse or eligible dependent child, as defined by the IRS.

If I have the HRA reimburse me for the retiree medical premium how will it work?

The retiree's share of the medical premium will be deducted from the retirement check and then the Third Party Administrator will write the retiree a check for the amount of premium paid.

Who is the Third Party Administrator (TPA)?

A. W. Rehn and Associates of Spokane is the administrator. They also administer our existing Flexible Spending Account reimbursement program.

Who pays the TPA fee and how much is it?

The fee is \$3.00 a month and it is deducted from the retiree's HRA balance.

How do I get reimbursed for other covered medical expenses?

Once you retire you will get a Welcome Packet with instructions and forms from the TPA. You will turn in a receipt with a reimbursement form and the TPA will write you a Check for the reimbursable amount.

Can my reimbursement check be deposited to my bank account?

Yes. The TPA will reimburse your expenses via check or direct deposit.

How often are payments processed?

The TPA processes payments weekly.

How will I know how many dollars are left in my HRA account?

You can go to the TPA's website at any time and check your balance. The TPA will also send out an annual statement which will show the balance including any distributions and administrative fees.

Visit the HR Website on Avonet for more complete Plan details.

Avista Corp. Healthy Directions HRA Plan

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees on LTD are not eligible.**
- **Employees classified as Temporary, Casual or Students are not eligible**

In order to be eligible for the HRA wellness incentive program, you must be enrolled as a "subscriber" in the Premera Blue Cross self-insured medical plan. Only those employees that are enrolled in the Premera Plan and successfully complete the requirements for the wellness incentives will be eligible for those awards.

Wellness Initiative Payouts: Some wellness initiatives may offer an HRA incentive for successful completion of the program. Eligible employees will only receive the HRA payout if ALL of the following are met:

- Employee must have successfully completed the requirements of the specific challenge(s)
- Employee must be a member of the Premera Self-Insured medical plan at the time the incentive is actually paid
- Employee must be employed by the Company and still considered to be in an active employment status at the time the incentive is actually paid

Note: Payments of HRA incentives are based on the sole discretion of the plan administrator. (Timing of reports, program timeframes, deadlines, and vendors may have an impact on the date payments are actually posted).

Frequently Asked Questions

What is a Health Reimbursement Arrangement (HRA)?

A benefit provided by your employer where they deposit a set amount of money into an HRA account for you. Then, during the year you can be directly reimbursed from your account for qualified healthcare and dependent care expenses.

How much will be contributed to the HRA?

HRA contributions are based on incentives associated with participation in wellness programs within the Healthy Directions program.

Why should I participate in the HRA when I already have health insurance?

This account is used to pay for expenses that are not covered by insurance. For example, your insurance may not cover the entire cost of eye surgery, glasses, orthodontics, prescription drugs, or dental care, just to name a few. Most medical plans also require co-pays, deductibles and coinsurance.

Who is the Third Party Administrator (TPA)?



PO Box 5433 · Spokane, WA 99205
Phone: 800-872-8979 / 509-534-0600 · Fax: 509-535-7883

How do I get reimbursed for my expenses?

Simply complete a claim form, attach a copy of the healthcare bill, and mail or fax your form to A.W. Rehn. Within a short time, you will receive your reimbursement.

Can my reimbursement check be deposited to my bank account?

Yes. The TPA will reimburse your expenses via check or direct deposit.

How often are payments processed?

The TPA processes payments daily.

Are the health care expenses of family members covered?

Yes, any eligible unreimbursed health care expense of your spouse and your dependent children can be reimbursed from your account. An eligible dependent child or other dependent individual are those who qualify under the rules of the IRS. If they meet these qualifications their expenses are covered.

How do I know how much is available in my HRA account?

Each time you receive a reimbursement, a statement (attached to your reimbursement check) will show the dollar amount you have as well as the amount you have been paid to date. Or you may check your account online at www.ezflexplan.com/rehn/

What happens to my HRA account if I terminate my employment?

Your dollars would remain in your account and you would be able to submit qualified expenses until you had exhausted your account balance. There is no required time frame to deplete your account.

What if I don't use all of the money in my HRA account?

Any contributions that are not used during the plan year will continue to roll over year after year.

**Avista Corp.
Retirement Plan
for Non-Union Corp/Utilities Employees
Hired On or After January 1, 2006**

Overview

The Retirement Plan provides you with a continuing source of monthly income upon retirement from the Company. This benefit is funded entirely by the Company.

Eligibility

After completion of one year of service and a minimum of 1000 hours an eligible employee becomes a Member of the Plan if they are employed by a Participating Employer.

Vesting

Vesting is a form of ownership or right to receive a pension benefit. Vesting Service is time which is counted toward earning a vested pension benefit. Benefits are vested after five years of service.

Normal Retirement Formula

Normal Retirement Date is the first day of the month coincident with or next following your 65th birthday or the fifth anniversary of your employment date, whichever is later. When you retire on or after your Normal Retirement Date, you are entitled to an unreduced pension benefit calculated using the Normal Retirement Formula described below. If you have at least 15 years of Vesting Service you may retire with a reduced benefit as early as age 55, or retire as early as age 62 and receive an unreduced benefit. See "Early Retirement" section for more detail.

Formula

The Plan formula averages your highest consecutive 36 months of base pay during the last ten-year period worked. This is called your "3-Year Final Average Pay".

1.2% of 3-Year Final Average Pay for each year of Benefit Service.

The amount resulting from this calculation is called your "accrued benefit".

Example Calculation

If you have 20 years of Benefit Service and 3-Year Final Average Pay of \$25,000, your benefit will be \$6,000 per year or \$500.00 per month calculated as follows:

$$\begin{aligned} 1.2\% \times 20 \text{ years} &= 24\% \\ 24\% \times \$25,000 &= \$6,000 \\ \$6,000, 12 \text{ months} &= \$500.00 \end{aligned}$$

This benefit, called a Life Annuity, is paid in equal monthly installments for as long as you live.

Attachment E

Early Retirement

Retirement from ACTIVE Service

If you are actively employed by the Company and you are at least age 55 you can elect to retire if you have at least 15 years of service. Since monthly benefits will be paid over a longer period of time, they will be reduced by a percentage according to your age when payments begin.

Early Retirement Reduction Factors (ERRF)	Age at Retirement	% of Normal Retirement Benefit Payable
	55	65%
	56	70%
	57	75%
	58	80%
	59	85%
	60	90%
	61	95%
	62	100%
	63	100%
	64	100%
	65	100%

Example Calculation

Suppose you choose to retire at age 55 and elect to receive your benefits immediately. Your Final Average Pay is \$35,000 and you have 15 years of Benefit Service. Your annual pension (Life Annuity) will be \$4,095 or \$341.25 per month.

$$\begin{aligned}
 &1.2\% \times 15 \text{ years} = 18\% \\
 &18\% \times \$35,000 = \$6,300 \\
 &\text{age 55 ERRF} = 65\% \\
 &\$6,300 \times 65\% = \$4,095 \\
 &\$4,095, 12 \text{ months} = \$341.25
 \end{aligned}$$

Benefits for Vested Terminees

Vested employees who leave the Company before qualifying for early or normal retirement receive benefits according to the following table. To be eligible for pension benefits, which begin prior to age 65 you, must have completed at least 15 years of Vesting Service.

ERRF for Vested Terminees	Age Benefit Begins	% of Normal Retirement Benefit Payable
	55	50%
	56	55%
	57	60%
	58	65%
	59	70%
	60	75%
	61	80%
	62	85%
	63	90%
	64	95%
	65	100%

Attachment E

Forms of Benefits

In addition to choosing whether to retire early or on your Normal Retirement Date, you may choose the form in which your pension is paid. If you are married at the time of retirement your choices are:

- Life Annuity Benefit with a 66 2/3% and 50% Survivor Benefit, or
- Life Annuity Benefit with a 75% Survivor Benefit, or
- Social Security Level Income Benefit, or
- Lump Sum Cash Out

If you are single, your choices are:

- Life Annuity Benefit, or
- Ten-Year Certain and Life Benefit, or
- Social Security Level Income Benefit, or
- Lump Sum Cash Out

Life Annuity with a 66 2/3% and 50% Survivor Benefit

The Life Annuity Benefit is paid to you for as long as you live. Eligible dependents receive survivor benefits. Should you pre-decease your spouse, your spouse will receive 66 2/3% of your pension until they reach age 60. At your spouse's age 60, they will receive 50% of your pension for the remainder of their lifetime. You will automatically receive your pension in this form unless you elect either the Social Security Level Income Benefit or Ten-Year Certain and Life Benefit. The Life Annuity Benefit is reduced by the early retirement reduction factors if you retire prior to the normal retirement age of 65.

Life Annuity with a 75% Survivor Benefit

The Life Annuity Benefit is paid to you for as long as you live. Eligible dependents receive survivor benefits. Should you pre-decease your spouse, your spouse will receive 75% of your pension for the remainder of their lifetime. The Life Annuity Benefit is reduced by the early retirement reduction factors if you retire prior to the normal retirement age of 65.

Social Security Level Income Benefit

This form of benefit is available to you if you retire before age 62. Under this option, your pension payments would be higher before age 62, and then reduced to reflect the amount received from Social Security. The intent of this option is to provide you with a somewhat level income before and after Social Security benefits begin. If you are married and choose this option, the reduction shall apply to only your benefit; it will have no effect on survivor benefits.

Ten-Year Certain and Life

If you are single, but want to provide coverage for an ineligible dependent or other beneficiary, you may elect the Ten-Year Certain and Life Annuity. This option provides a reduced lifetime pension for you, but it assures that a total of at least 120 equal monthly payments will be made to either you or your beneficiary. If you die before receiving 120 payments, the remaining payments are made to your beneficiary. However, if you die after receiving 120 monthly payments, no benefits will be payable to your beneficiary.

Attachment E

The following table shows what your reduced Ten-Year Certain and Life Annuity would be as a percentage of the Life Annuity Benefit you would be entitled to receive at a given retirement age:

Age	Reduced Benefit as a % of Life Annuity Benefit
55	98%
56	97%
57	96%
58	95%
59	94%
60	93%
61	92%
62	91%
63	90%
64	89%
65 or older	88%

If you retire early and choose the Ten-Year Certain and Life Annuity, your monthly benefit is further reduced. In the previous example, you retired with 16 years service at age 55 and received a reduced Lifetime Annuity Benefit of \$511 per month. If you chose the Ten-Year Certain and Life Annuity, the monthly benefit would be \$500.78. The table above shows that the Ten-Year Certain and Life Annuity at age 55 is 98% of the benefit you would otherwise be entitled to receive. Therefore, 98% of \$511 is \$500.78.

Lump-Sum Cash Payment

The Plan permits you as an employee the option of electing a single lump sum cash payment distribution in lieu of the normal form of annuity benefit. This single lump sum cash payment would be the actuarial equivalent of your benefit otherwise payable in annuity form. If you are married your spouse must consent to this election. A lump sum election means you receive a single payment from the Plan and no other benefit payable to you or a survivor upon your death.

Benefit Less Than \$5,000

If the present value of your accrued benefit is less than \$5,000 at the time of your termination from the Company, the Plan will distribute the actuarial equivalent of your benefit in a single lump sum cash payment.

Survivor Benefits

If you choose either the Life Annuity Benefit or the Social Security Level Income Benefit, your eligible surviving dependents will receive a survivor benefit after you die.

To be eligible for benefits, your spouse must have been married to you at the time benefits commenced and have been your spouse for at least 12 months at the time of your death. After your death, 66 2/3% of your pension will be paid to your Eligible Surviving Spouse until he or she reaches age 60. After age 60, 50% of your pension will be paid for his or her life.

Example: Suppose your Life Annuity Benefit is calculated to be \$1,500 a month. If your Eligible Spouse survives you, the survivor's monthly pension would be \$1000 until he or she reaches age 60. After age 60 the survivor pension would be \$750 for his or her life.

The example above assumes that you are not more than five years older than your spouse is. Benefit percentages are reduced two percent for each full year that you are more than five years older than your spouse.

Example: If you are 6 1/2 years older than your Eligible Spouse, the benefit payable if he or she survives you would be 64 2/3% of your benefit until your spouse reaches age 60, and 48% after age 60 for life. If your pension was \$1,500 per month, the survivors monthly benefit would be \$970 until age 60 and \$720 thereafter.

Attachment E

If you have no Eligible Spouse when you die, but do have Eligible Children, 66 2/3% of your pension will be shared equally among your children until they reach age 19.

Pre-Retirement Survivor Income Death Benefit

If you die after becoming fully vested in the Plan, but before you begin receiving benefits, your Eligible Surviving Spouse or Eligible Dependent Children will receive pension payments. The date upon which benefits begin depends on whether you die before or after becoming eligible for early retirement.

After Eligibility for Early Retirement

If you die after becoming eligible for early retirement, your eligible survivor(s) is/are entitled to receive a pension benefit starting the first day of the month following your death.

Before Eligibility for Early Retirement

If you die before becoming eligible for early retirement, your eligible survivor(s) is/are entitled to the same survivor benefit that would have been paid had you terminated rather than died. The survivor benefit will commence on the earliest date you could have received a pension benefit.

Avista Corp. Long-Term Care Insurance Plan

John Hancock Life Insurance Company

Request your enrollment kit today!

Call **1-800-482-0022** or visit the
Avista Corporation Long-Term Care Web site at
<http://avista.jhancock.com>
(username: avista; password: mybenefit)

ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

Highlights of the Avista Corp. Long-Term Care Insurance Plan

Did you know?

Avista Corporation sponsors a voluntary Group Long-Term Care Insurance Plan for eligible actively at-work full-time and part-time employees and their eligible spouses, surviving spouses, parents, step parents, parents-in-law, step parents-in-law, grandparents, step grandparents, grandparents-in-law and step grandparents-in-law adult children and siblings. The insurance is underwritten by John Hancock Life Insurance Company (John Hancock), Boston, MA 02117, one of the premier Long-Term Care Insurance carriers.

Why Should You Be Concerned With Long-Term Care Issues?

What would you do if you, your spouse, or one of your parents suddenly became unable to care for themselves and needed assistance with the most personal daily activities, like bathing or dressing? While most of us prefer not to think about this possibility, many of us have known friends or family members faced with this predicament. One must consider the possibility of needing that assistance, as well as the estimated costs associated with receiving that care.

Benefit Options

In addition to conventional nursing home coverage, the policy may cover services received in your own home and in other types of care facilities. The mix of care settings and levels of care varies with different policies

Care Coordination

One of the most valuable features of this plan is care coordination. John Hancock care coordinators are registered nurses who are knowledgeable in the field of long-term care. They will work with you and your family to find the care that is right for you and to help you use your long-term care benefits wisely. However, you are not required to follow their recommendations.

Inflation Protection Feature

If long-term care costs increase due to inflation, you may have the opportunity to increase your elected Daily Maximum Benefit and consequently increase your Lifetime Maximum Benefit. This allows your benefits to remain meaningful over time.

Premiums Based On Age At Enrollment

The cost of coverage is based on your age when you enroll. If you apply now, you'll keep your monthly cost as low as possible.

Attachment E

Convenient Billing

Active Employees and their spouses pay premiums through payroll deduction from the employee's paycheck. All others will have the option of paying premiums through automatic bank withdrawal or direct billing.

Full Portability of Coverage

Even if you retire or leave your job at Avista Corporation, you will be able to continue your coverage at group rates.

Enroll Now!

You will have **guaranteed acceptance** into the plan regardless of your current health status if you meet one of the following requirements:

- A newly hired eligible employee or newly eligible employee applying within 90 days of first becoming eligible for this benefit
- An eligible employee who was on a leave of absence or disability during the designated 2005 enrollment period applying within 90 days of returning to work on a regular basis

Note: This is only a brief summary of some of the features in the Avista Corporation Long-Term Care Insurance Plan. Some plan features may vary by state. More details about plan provisions and exclusions are included in the enrollment kit.



ELIGIBILITY

You are eligible to participate in the Plan if you are a:

- Regular or full-time employee, or
- Regularly scheduled (20+ hours) part-time employee.
- **Employees classified as Casual, Students or Temporary are not eligible.**

IMPORTANT! You must enroll in this plan during the annual benefit open enrollment period each year. The election is irrevocable and cannot be changed during the plan year. This election will remain in effect for the entire benefit plan year, as long as you maintain payroll deduction status or until you are no longer an eligible employee of Avista Corporation. The cost for this plan is \$18 per month and deductions are taken from the first pay close of each month. You *cannot* enroll in this plan outside of the annual open enrollment. (New hires have 30 days from their date of hire to elect participation in this plan).

HOW TO GET LEGAL SERVICES

To use your Legal Plan, visit our web site at www.legalplans.com or call Hyatt Legal Plans' Client Service Center at 1-800-821-6400. Be prepared to give your Social Security Number or Membership Number. If you are the spouse or an eligible dependent of a Plan Member, you will need the Social Security Number or Membership Number of the Plan Member through whom you are eligible.

If you use Hyatt's web site at www.legalplans.com, click "Members Log In," and provide the Plan Member's Social Security Number or Membership Number when prompted.

If you call the Client Service Center, the Client Service Representative who answers your call will:

- verify your eligibility for services;
- make an initial determination of whether and to what extent your case is covered (the Plan Attorney will make the final determination of coverage);
- give you a Case Number that is similar to a claim number (you will need a new Case Number for each new case you have);
- give you the telephone number of the Plan Attorney most convenient to you; and
- answer any questions you have about your Legal Plan.

Then call the Plan Attorney and identify yourself as a legal plan member referred to them by Hyatt Legal Plans. You should request an appointment for a consultation. You should be prepared to give them your Case Number, the name of the legal plan you belong to and the type of legal matter you are calling about. Evening and Saturday appointments are available. If you wish, you may choose an out-of-network attorney. In a few areas, where there are no Participating Law Firms, you will be asked to select your own attorney. In both circumstances, Hyatt Legal Plans will reimburse you for these non-Plan attorneys' fees based on a set fee schedule.

WHAT SERVICES ARE COVERED

You and your eligible dependents are entitled to receive certain personal legal services. The available benefits are very comprehensive, but there are limitations and other conditions that must be met. Please take time to read the description of benefits carefully.

All benefits are available to you and your spouse and dependents, who are referred to below as Participant(s), unless otherwise noted.

ADVICE AND CONSULTATION

Office Consultation and Telephone Advice

This service provides the opportunity to discuss with an attorney any personal legal problems that are not specifically excluded. The Plan Attorney will explain the Participant's rights, point out his or her options and recommend a course of action. The Plan Attorney will identify any further coverage available under the Plan, and will undertake representation if the Participant so requests. If representation is covered by the Plan, the Participant will not be charged for the Plan Attorney's services. If representation is recommended, but is not covered by the Plan, the Plan Attorney will provide a written fee statement in advance. The Participant may choose whether to retain the Plan Attorney at his or her own expense, seek outside counsel, or do nothing. There are no restrictions on the number of times per year a Participant may use this service; however, for a non-covered matter, this service is not intended to provide the Participant with continuing access to a Plan Attorney in order to seek advice that would allow the Participant to undertake his or her own representation.

CONSUMER PROTECTION

Consumer Protection Matters

This service covers the Participant as a plaintiff, for representation, including trial, in disputes over consumer goods and services where the amount being contested exceeds the small claims court limit in that jurisdiction and is documented in writing. This service does not include disputes over real estate, construction, insurance or collection activities after a judgment.

Personal Property Protection

This service covers counseling the Participant over the phone or in the office on any personal property issue such as consumer credit reports, contracts for the purchase of personal property, consumer credit agreements or installment sales agreements. Counseling on pursuing or defending small claims actions is also included. The service also includes reviewing any personal legal documents and preparing promissory notes, affidavits and demand letters.

Small Claims Assistance

This service covers counseling the Participant on prosecuting a small claims action; helping the Participant prepare documents; advising the Participant on evidence, documentation and witnesses; and preparing the Participant for trial. The service does not include the Plan Attorney's attendance or representation at the small claims trial, collection activities after a judgment or any services relating to post-judgment actions.

IF YOU HAVE ANY QUESTIONS, PLEASE VISIT OUR WEB SITE AT WWW.LEGALPLANS.COM OR CALL HYATT LEGAL PLANS AT 1-800-821-6400.

Avista Corp. HIPAA Privacy Notice

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

This notice is required by a federal law called the Health Information Portability and Accountability Act of 1996 (HIPAA). Under HIPAA, Avista must take steps to protect the privacy of your “protected health information” (PHI). PHI includes information that we have created or received regarding your health or payment for your health. It includes both your medical records and personal information such as your name, social security number, address, and phone number.

UNDER FEDERAL LAW, WE ARE REQUIRED TO:

- Protect the privacy of your PHI. All of our employees are required to maintain the confidentiality of PHI and receive appropriate privacy training.
- Provide you with this Notice of Privacy Practices explaining our duties and practices regarding your PHI.
- Follow the practices and procedures set forth in the Notice.

USES AND DISCLOSURES OF YOUR PROTECTED HEALTH INFORMATION BY AVISTA THAT DO NOT REQUIRE YOUR AUTHORIZATION

Avista uses and discloses PHI in a number of ways connected to payment for your care and health care operations. Some examples of how we may use or disclose your PHI without your authorization are listed below:

1. **Payment Functions.** We may use or disclose health information about you to determine eligibility for plan benefits, obtain premiums, facilitate payment for the treatment and services you receive from health care providers, determine plan responsibility for benefits, and to coordinate benefits. For example, payment functions may include reviewing the medical necessity of health care services, determining whether a particular treatment is experimental or investigational, or determining whether a treatment is covered under your plan.
2. **Health Care Operations.** We may use and disclose health information about you to carry out necessary insurance-related activities. For example, such activities may include underwriting, premium rating and other activities relating to plan coverage; conducting quality assessment and improvement activities; submitting claims for stop-loss coverage; conducting or arranging for medical review, legal services, audit services, and fraud and abuse detection programs; and business planning, management and general administration.
3. **Public Health.** As required by law, we may disclose your health information to public health authorities for purposes related to: preventing or controlling disease, injury or disability; reporting child abuse or neglect; reporting domestic violence; reporting to the Food and Drug Administration problems with products and reactions to medications; and reporting disease or infection exposure.
4. **Required by Law.** As required by law, we may use and disclose your health information.
5. **Health Oversight Activities.** We may disclose your health information to health agencies during the course of audits, investigations, inspections, licensure and other proceedings related to oversight of the health care system.

6. **Judicial and Administrative Proceedings.** We may disclose your health information in the course of any administrative or judicial proceeding.
7. **Law Enforcement.** We may disclose your health information to a law enforcement official for purposes such as identifying or locating a suspect, fugitive, material witness or missing person, complying with a court order or subpoena and other law enforcement purposes.
8. **Coroners, Medical Examiners and Funeral Directors.** We may disclose your health information to coroners, medical examiners and funeral directors. For example, this may be necessary to identify a deceased person or determine the cause of death.
9. **Organ and Tissue Donation.** We may disclose your health information to organizations involved in procuring, banking or transplanting organs and tissues, as necessary.
10. **Public Safety.** We may disclose your health information to appropriate persons in order to prevent or lessen a serious and imminent threat to the health or safety of a particular person or the general public.
11. **National Security.** We may disclose your health information for military, national security, and government benefits purposes.
12. **Worker's Compensation.** We may disclose your health information as necessary to comply with worker's compensation or similar laws.
13. **Education.** We may contact you to give you information about health-related benefits and services that may be of interest to you.
14. **Disclosures to Plan Sponsors.** We may disclose your health information to the sponsor of your group health plan, for purposes of administering benefits under the plan.

USES AND DISCLOSURES OF YOUR PROTECTED HEALTH INFORMATION BY AVISTA THAT REQUIRE US TO OBTAIN YOUR AUTHORIZATION

Except as described in this Notice of Privacy Practices, we will not use or disclose your health information without written authorization from you. If you do authorize us to use or disclose your health information for another purpose, you may revoke your authorization in writing at any time. If you revoke your authorization, we will no longer be able to use or disclose health information about you for the reasons covered by your written authorization, though we will be unable to take back any disclosures we have already made with your permission.

Statement of Your Health Information Rights

1. **Right to Request Restrictions.** You have the right to request restrictions on certain uses and disclosures of your health information. Avista is not required to agree to the restrictions that you request. If you would like to make a request for restrictions, you must submit your request in writing to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave., Spokane, WA 99202.
2. **Right to Request Confidential Communications.** You have the right to receive your health information through a reasonable alternative means or at an alternative location. To request confidential communications, you must submit your request in writing to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave., Spokane, WA 99202. We are not required to agree to your request.
3. **Right to Inspect and Copy.** You have the right to inspect and copy health information about you that may be used to make decisions about your plan benefits. To inspect and copy such information, you must submit your request in writing to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave., Spokane,

Attachment E

WA 99202. If you request a copy of the information, we may charge you a reasonable fee to cover expenses associated with your request.

4. **Right to Request Amendment.** You have a right to request that Avista amend your health information that you believe is incorrect or incomplete. We are not required to change your health information and if your request is denied, we will provide you with information about our denial and how you can disagree with the denial. To request an amendment, you must make your request in writing to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave., Spokane, WA 99202. You must also provide a reason for your request.
5. **Right to Accounting of Disclosures.** You have the right to receive a list or “accounting of disclosures” of your health information made by us, except that we do not have to account for disclosures made for purposes of payment functions or health care operations, or made to you. To request this accounting of disclosures, you must submit your request in writing to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave. Spokane, WA 99202. Your request should specify a time period of up to six years and may not include dates before April 14, 2003. Avista will provide one list per 12-month period free of charge; we may charge you for additional lists.
6. **Right to Paper Copy.** You have a right to receive a paper copy of this Notice of Privacy Practices at any time. To obtain a paper copy of this Notice, send your written request to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave., Spokane, WA 99202. You may also obtain a copy of this Notice at our HR website, <http://avanet/departments/hr/>.

CHANGES TO THIS NOTICE OF PRIVACY PRACTICES

Avista reserves the right to amend this Notice of Privacy Practices at any time in the future and to make the new Notice provisions effective for all health information that it maintains. We will promptly revise our Notice and distribute it to you whenever we make material changes to the Notice. Until such time, Avista is required by law to comply with the current version of this Notice.

COMPLAINTS

Complaints about this Notice of Privacy Practices or about how we handle your health information should be directed to the Privacy Administrator - MSC-39, Avista Corp, 1411 E. Mission Ave. Spokane, WA 99202. Avista will not retaliate against you in any way for filing a complaint. All complaints to Avista must be submitted in writing. If you believe your privacy rights have been violated, you may file a complaint with the Secretary of the Department of Health and Human Services.

CONTACT INFORMATION FOR QUESTIONS

Questions about this Notice of Privacy Practices or about how we handle your health information should be directed to Keith Rust - Benefits Administrator, Avista Corp, 1411 E. Mission Ave. Spokane, WA 99202. (509) 495-4751.

EFFECTIVE DATE OF THIS NOTICE: APRIL 14, 2003

Notice

Every effort has been made to describe the provisions of the Benefits Plans with accuracy and clarity. This summary and the summaries of the plans that make up the Benefits Plans will give you a good overview of how the Benefits Plan works. Because it is only a summary, however, it omits much of the detail found in the Benefits Plan document itself. Should any discrepancy exist between the Benefits Plan and this summary or the summaries of the plans that make up the Benefits Plan, the official Benefits Plan is the controlling document and is binding upon all parties. The Benefits Plan is available to any Benefits Plan participant for review at Avista Corporation in the Human Resources office during regular business hours.

This summary and the summaries of the plans that make up the Benefits Plan are important documents, and you should keep them in a safe place for future reference. If the Benefits Plan is changed in any way that affects your eligibility or benefits, you will be given an explanation of the changes.

I you would like a copy of any of the Summary Plan Descriptions (SPD) for any of the benefit programs outlined in this Benefit Summary Booklet, please contact the Human Resources department in writing detailing which SPD you would like to receive. Written requests can be mailed to Keith Rust, Avista Corp. 1411 E. Mission Ave. Spokane, WA 99208

More detailed Benefit Information can be found on-line on the HR Website at: <http://avanet/departments/hr/>