Exhibit No. ___ (DBD-5)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-10_____

DOCKET NO. UG-10_____

EXHIBIT NO._____(DBD-5)

DAVE B. DEFELICE

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
2010 CAPITAL PROJECTS

Project: **Central Office Facility HVAC improvement**

ER No.: **7101**

Amount: **$3,499,000**

Expended to Date: **$551,815**

2010 Transfer to Plant Date: **December 2010**

Project Description:

The heating, ventilating, and air conditioning systems throughout the Spokane Central Operating Facilities are approximately fifty years old and are in need of replacement. In 2007, the Company initiated a multi-year HVAC renovation project that involves replacing central air handling units and distribution systems in three buildings - the Spokane Service Center, the general office building, and the cafeteria auditorium building. The building envelope of the general office building was also renovated with high efficiency glass and insulation. The project will also achieve asbestos abatement and life safety (fire sprinkler) additions. New controls will also be installed which will enable energy conservation.

The project costs pro formed in the case of $3.5 million was for the contractor costs. The total amount to complete the project is approximately $4.483 million. This adjusted project cost was not available at the time the Company's revenue requirement was finalized, and therefore is not currently reflected in the proposed revenue requirement.

Offsets:

Offsets were determined by analysis of energy savings that will be recognized after the HVAC system is upgraded for the 4th floor portion of the project that will be completed in 2010. Present estimates indicate cost savings of approximately $430,000 per year in energy use, a 36% reduction in energy costs once all phases have been completed, currently planned to be completed in 2013. The 2010 project pro formed into this case will produce approximately $31,000 per year (system) in reduced energy costs, which have been pro formed as a reduction to O&M costs.

Timeline:

The project began in late 2009. The initial plan was for the 4th floor upgrade to be completed by December 2010. Revised timelines were provided by the contractor that shows the project will be completed in August 2010.

Additional Information:

AVISTA UTILITIES
2010 CAPITAL PROJECTS

Note:

As this general rate case progresses, the Company will supplement the information that has been provided for this capital project as it becomes available.

AVISTA Corp.

CAPITAL PROJECT REQUEST FORM
(CPR)

Request Type	PROJECT
Revised	11005057

ER	Budget Cat	SERVICE CODE	PROJECT TITLE (30 CHARS)	Project Chars	LOCATION
7101	6	CD	4th floor HVAC Renovation 2010	30	110

PROJECT DESCRIPTION (250 CHARS)

The HVAC Renovation of the 4th floor, work to begin January 1, 2010

APPROVED BUDGET	Description Chars Count	ORGANIZATION	B/I NUMBER	WMS (Y OR N)	RATE JURISDICTION
	67	H07	04H07		AA

BILLING	BILLING CONTACT	PROJECT START DATE
	Rodney T. Staton	01-01-2010

LONG NAME (INCLUDE PURPOSE AND NECESSITY - 240 CHARS)

Renovation of the 4th Floor HVAC System which includes the relocation of the System Operators to the Coeur d Alene back up Control Center. The relocation of the Distribution Dispatch to the 1st floor of the General Office Building. The project will include the Asbestos Abatement of the entire 4th floor of the General Office Building.

Long Name Count: 336

CONSTRUCTION

	FERC 3XXXXX	ESTIMATED AMOUNT BY FERC NUMBER	AS BUILT AMOUNT BY FERC NUMBER
107610	390100	$12,507,894	
107628	397000	$800,000	
107616	391100	$100,000	
107615	391000	$250,000	
GROSS ADDITIONS		$13,657,894	$13,657,894

NET SALVAGE BY FERC (3XXXXX)

NET SALVAGE			

Non Standard Work Breakdown Structure needed (Optional)

TOTAL COST OF PROJECT		$13,657,894	$13,657,894

Note:
These cost on this CPR are for 2008 - 2010 projects. The cafeteria and 5th floor have been completed and moved to service.

Date Prepared: 03-01-2010

Total Construction Cost	$13,657,894
NOT REQUIRED	
BUDGET AUTHORIZATION	
PREVIOUSLY APPROVED	
THIS AFE	13,657,894
TOTAL TO DATE	
BALANCE NOT APPROVED	

APPROVALS	
SIGNATURE	DATE
	3-9-10

Project Contact	Rodney T Staton

APPROVAL SIGNATURE(S) REQUIRED

To $99,999 - Director
$100,000-$499,999 - VP or GM Utility
$500,000-$1,999,999 - Sr Vice President
$2,000,000-$2,999,999 - CFO
$3,000,000-$4,999,999 - President/COO
$5,000,000-$9,999,999 - CEO
Over $10,000,000 - Board Chair
Out-of-Budget - Capital Budget Committee

THE BUDGET ITEM SPONSOR IS RESPONSIBLE FOR CLOSING THIS WORK ORDER. IMMEDIATELY UPON COMPLETION OF WORK, SIGN THIS FORM, COMPLETE AS BUILT INFO AND FORWARD TO PLANT ACCOUNTING.

Date Work Completed	
Foreman/ Supervisor	Rodney T. Staton

AVISTA UTILITIES
ER 7101

HVAC Expected Spend for 2010

Item	Budgeted Amount	Projected Amount	Expected Spend	(Over)/Under
Mckinstry GMAX 2009	3,500,000.00	3,577,608.00	3,577,608.00	0.00
Miscellaneous Contractors		50,000.00	50,000.00	0.00
Liebert Installation 2nd Floor		214,203.00	214,203.00	0.00
System Operations Expenses		100,000.00	100,000.00	0.00
ISIT/Telecon/EDS		375,000.00	375,000.00	0.00
Siemens Technology		10,000.00	10,000.00	0.00
Furniture/Employee Relocations/Inerior Sol		125,000.00	125,000.00	0.00
Storage Containers Daco Corp		25,000.00	25,000.00	0.00
Quality Millwork		5,000.00	5,000.00	0.00
Storage Space Rental		6,000.00	6,000.00	0.00
Power City/Electrical		60,000.00	60,000.00	0.00
Pro Building Construction/Demo		75,000.00	75,000.00	0.00
Total HVAC Budget (ER 7101)	**3,500,000.00**	**4,622,811.00**	**4,622,811.00**	0.00
DSM Rebates			(139,390.00)	139,390.00
Total after DSM		**4,622,811.00**	**4,483,421.00**	**139,390.00**

(Over)/Under ER 7101	(1,122,811.00)	projected spend vs budgeted amt

AVISTA UTILITIES
ER 7101
HISTORY OF COSTS
2005 Through March 14, 2010

Er	Jurisdiction	Expenditure Category	Expenditure Type	2006 Transaction Amt	2007 Transaction Amt	2008 Transaction Amt	2009 Transaction Amt	2010 Transaction Amt
7101	AA	Centralized Assets	617 Hardware	-	-	-	3,410.00	(2,525.79)
			625 PC Purchases	-	-	3,733.02	2,503.08	364.82
			626 Hardware Purchases	-	-	3,028.66	19,816.42	65.74
			630 Printer Purchases	-	-	-	797.90	-
		Contractor	010 General Services	53,849.78	-	3,420,869.80	(97,611.85)	(83,667.00)
			015 Construction Services	-	-	590,016.51	2,161,602.17	-
			020 Professional Services	-	110.00	58,861.40	2,729,553.07	(57,891.49)
			025 Temporary Labor	-	-	2,170.56	-	-
			035 Workforce - Contract	-	-	24,564.62	192,749.86	27,304.72
		Employee Expenses	205 Airfare	-	794.40	-	952.80	-
			210 Employee Auto Mileage	-	-	17.84	3,030.50	8,773.05
			215 Employee Business Meals	-	9.24	219.18	345.22	11.15
			235 Employee Misc Expenses	-	-	385.81	1,750.03	151.79
		Labor	305 Incentive/Bonus Pay	-	-	400.00	750.00	-
			320 Overtime Pay - NU	-	-	57.69	226.44	19.47
			325 Overtime Pay - Union	-	2,118.40	2,359.64	38,117.80	17,456.39
			340 Regular Payroll - NU	1,263.90	10,891.38	33,128.74	56,430.15	27,993.57
			345 Regular Payroll - Union	-	132.60	25,004.94	84,488.83	15,311.89
		Labor Adjustments	354 Regular Pay Adjustment	-	-	-	-	8,912.07
		Material	415 Material Issues	-	-	-	500.48	-
			420 Salvage	-	-	-	-	(2,330.17)
		Overhead	505 Capital Overhead - A & G	73.51	4,522.00	16,510.41	38,533.70	855.11
			510 Payroll Benefits loading	515.90	4,304.97	24,324.58	82,120.52	31,330.52
			515 Payroll Tax loading	110.59	1,109.37	5,281.58	15,751.26	6,098.23
			520 Payroll Time Off loading	214.87	1,834.62	9,843.80	24,235.33	9,392.42
			525 Small Tools loading	-	9.28	1,057.63	5,724.36	1,148.37
			530 Stores/Material Loading	-	32,443.93	20,775.25	12,365.90	1,399.79
			532 Materials Tax/Fght Loading	-	-	-	8.36	-
		Transportation	560 Road Vehicles	-	-	-	-	15.00
			565 Small Vehicles	-	-	10.00	-	-
		Vehicle	705 Lease Expense - Vehicle	-	-	-	12.61	-
			710 Rental Expense - Vehicle	-	-	-	88.17	-
		Voucher	836 Equipment - Office Furn	-	-	-	234.78	-
			852 Janitorial Services	-	-	-	-	195.50
			870 Lease Expense - Other	-	-	-	-	1,100.00
			880 Materials & Equipment	-	750,445.44	76,550.41	119,742.21	(12,151.49)
			882 Materials - Large Purchase	-	-	13,832.12	(906.22)	-
			885 Miscellaneous	-	280,532.76	56,387.30	(184,442.66)	-
			890 Office Supplies	-	-	-	-	2,371.79
			915 Printing	-	4.13	-	-	-
			920 Rental Expense - Equipment	-	-	-	4,001.27	-

AVISTA UTILITIES
ER 7101
HISTORY OF COSTS
2005 Through March 14, 2010

Er	Jurisdiction	Expenditure Category	Expenditure Type	2006 Transaction Amt	2007 Transaction Amt	2008 Transaction Amt	2009 Transaction Amt	2010 Transaction Amt
			925 Rental Expense - Other	-	-	-	42,442.70	3,763.20
			930 Right-of-Way Easements	-	-	-	1,529.91	-
			932 Security Services	-	-	-	1,730.08	123.92
			933 Small Tools	-	-	-	402.19	-
			940 Telecommunication Equip	-	-	1,896.98	40,687.66	1,895.25
		Sum		56,028.55	1,089,262.52	4,391,288.47	5,403,675.03	7,487.82

2010 Spend	7,487.82
CWIP at 12/31/09	544,327.04
Costs to Date	551,814.86

McKinstry
For The Life Of Your Building

October 30, 2009

Avista Corp.
1411 East Mission
Spokane, WA 99220

Attn: Rod Staton, Project Manager

Re: HVAC Renovation 4th Floor

Thank you for the opportunity to provide our services to you for the HVAC renovations on the fourth floor of the 50s Building. This proposal includes the following information on the project:

- ✓ Scope of Work
- ✓ Proposed Schedule
- ✓ Guaranteed Maximum Pricing Summary
- ✓ Energy Savings & Rebate Information

The comprehensive nature of the HVAC upgrades necessitates other related work including ceiling, lighting, abatement, electrical, and other miscellaneous work as needed. The scope of this work is also been detailed in the proposal.

One exciting aspect of this project is the energy savings that will be realized after implementation is complete. This project is expected to generate $31,163 of annual energy savings. The utility rebate associated with this project is estimated at $102,314.

We look forward to starting the fourth floor project and making it the successful next step as part of the overall renovation project for the office building. If you have any questions or require more detail regarding the proposed scope of work, please call me at your convenience.

Sincerely,
McKinstry

Mark Jonson
Project Director

cc: McKinstry project team

9 South Washington Street ▪ Suite 605 ▪ Spokane, WA 99201 ▪ (509) 747-3389 ▪ FAX (509) 747-3313

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Section 1.0 Scope of Work

Section 1.1 Introduction

The scope of work for HVAC Renovation 4th Floor has been developed in conjunction with Avista. The scope includes 4th floor HVAC renovations in the 50s Building including System Operations. To develop the proposed scope of work, McKinstry and its design consultants reviewed the facility on-site extensively, reviewed criteria, options, and solutions with Avista staff, and developed design development drawings to support the development of the scope and project cost.

The scope of work includes the following:

1. HVAC upgrades and renovations
2. Electrical to support HVAC renovations and lighting upgrades
3. Asbestos abatement
4. Miscellaneous general construction work (ceiling work, cut, patch, paint, etc.)

On the following pages, McKinstry has provided a detailed write-up of the proposed scope of work for the project. In addition to the written scope of work provided in this proposal, the construction drawings (dated 9-2-08, revised 10-12-09) also represent the proposed scope of work and should be used to clarify additional details, layout information, routings, and other elements of the proposed design that are difficult to convey in a written description. The associated drawings are detailed below:

Mechanical

M0.0	Mechanical Legend
M0.1	Mechanical Basis of Design
M2.4	Mechanical 4th Floor Plan
M2.6	Mechanical Penthouse and Roof Plan
M3.4	Mechanical Enlarged Plans and Sections - 4th Floor
M5.0	Mechanical Details
M5.1	Mechanical Details
M6.0	Mechanical Diagrams - Piping Demo
M6.1	Mechanical Diagrams - Piping
M6.2	Description of Operation
M6.3	Description of Operation Diagrams
M6.4	Description of Operation
M7.0	Mechanical Schedules
M7.1	Mechanical Schedules
M7.2	Mechanical Schedules
MD2.4	Mechanical 4th Floor Demo Plan
MP2.4	Mechanical 4th Floor Plumbing and Piping Plan

Architectural

T0.0	Title Sheet
A0.4	Fourth Floor Demo Plan
A1.4	Fourth Floor Plan
A1.7	Enlarged Floor Plan
A4.1	Architectural Details
A5.4	Fourth Floor Reflected Ceiling Plan
A6.2	Interior Elevations
B1.4	Fourth Floor Code Review

Electrical

E0.2	Electrical Legends & Schedules
E1.4	Fourth Floor Plan Lighting
E2.4	Fourth Floor Electrical Demolition Plan
E3.4	Fourth Floor Electrical Plan
E3.6	Penthouse and Roof Electrical Plan

Section 1.0 Scope of Work

Section 1.2 | 4th Floor (General)

Demolition

1. Remove and dispose of the existing T-Bar grid and acoustic ceiling tiles throughout the 4th floor. Remove and dispose of any hard lid ceilings in the areas shown.

2. Lighting fixtures will be electrically disconnected and have the lamps removed. All fluorescent lamps will be given to Avista. All fluorescent fixtures will be palletized and given to Avista for their possession. All lighting fixtures in the executive area will be re-used with the exception of a couple of fixtures in the executive board room.

3. The walls that remain in place and all floors on the 4th floor will be protected with tarps and plywood.

4. Provide the technical demolition for the air handling unit and its corresponding duct distribution system, piping system, and control system, with the respective trades. All components of the existing ductwork distribution will be removed and disposed of.

5. Remove and dispose of the following equipment and materials:
   - 4th Floor 50's Building AHU.
   - Coil pumps and associated piping.

6. Remove and dispose of any other miscellaneous materials necessary to complete the proposed scope of work.

Mechanical

1. Provide one (1) Hunt Air (or equal) 22,750 cfm air handling unit as listed below. Unit will come complete with supply and return fan arrays, VFDs, CHW coil, HW coil, economizer, 30% filters, coil pumps, and other components. Unit will be installed in the existing 4th floor mechanical room.

2. Provide one (1) Greenheck (or equal) 7000 cfm roof mounted exhaust fan to serve the main toilet rooms throughout the building.

3. Provide one (1) Greenheck (or equal) 150 cfm ceiling mounted exhaust fan to serve Toilet Room 442.

4. Provide twenty-two (22) Titus (or equal) series fan-powered VAV terminal units with HW reheat coils to serve the various HVAC zones throughout the fourth floor.

5. Provide six (6) Titus (or equal) cooling-only VAV terminal units to serve interior zones throughout the fourth floor.

6. Provide all supply, return, and exhaust air sheet metal ductwork for HVAC renovation. Scope includes all fittings, hangers, balancing dampers, for a complete air distribution system.

7. Provide all chilled water and heating water piping renovations for the new hot water and chilled water coils at the air handling unit in the mechanical room and all of the hot water reheat coils at each of the VAV units. Piping work will include the following:
   - Coil pumps, valves, strainers, balancing valves, thermostat gauges, thermostatic wells for the control system, and other pertinent equipment.
   - Pipe labeling and identification per Avista nomenclature.
   - Painting of pipe per Avista's color schemes.

8. Insulation of all sheet metal and piping systems in accordance with Washington State Energy Code.

9. Provide all grilles, registers, and diffusers as necessary for the air distribution associated with the HVAC system renovations.

10. Provide a direct digital control (DDC) system for the new mechanical systems. Scope includes all temperature sensors, actuators, control wiring, and miscellaneous other hardware/software for a fully functional system. Real time graphics will also be included.

11. Provide duct smoke detectors, located in the return air duct, for the new air handling unit. Smoke detectors will be integrated with the fire-alarm system.

12. Complete balancing and commissioning services for all air and water systems serving the 4th Floor of the 50's portion of the General Office Building, including functional performance testing of all systems.

Fire Protection

1. Tie into the existing fire sprinkler risers recently installed in the stairwells and install wet sprinkler system throughout the 4th floor of the conditioned and abated areas of the buildings.

2. Fast response chrome semi-recessed sprinklers provided in all areas.

3. Sprinkler heads will not be center of tile.

4. Sprinkler system will be designed per NFPA 13.

5. A pre-action sprinkler system will be provided for rooms 440, 444, 438A, 438B, 427, and 423. The pre-action valve assembly will be located in mechanical room 414.

Electrical

1. Electrically disconnect the mechanical equipment scheduled for removal.

2. Provide modifications to the existing electrical system including a new Motor Control Center (MCC), circuit breakers, disconnects, power wiring, and conduit to accommodate the new HVAC equipment and lighting revisions.

3. Provide low voltage wiring for fire alarm integration with new smoke detectors. Scope includes necessary programming of the fire alarm system to integrate the new smoke detectors into the system.

4. Furnish and install new fluorescent lighting fixtures in the areas shown on the drawings. All fixtures in the executive area with the exception of some lights in the executive board room are to be re-used.

Hazardous Material Abatement

1. Provide abatement of asbestos located throughout the 4th floor of the 50's portion of the General Office Building. Scope includes all protective and regulatory procedures needed to properly abate, handle, and dispose of asbestos and asbestos-contaminated materials. McKinstry and Avista will coordinate the detailed specifics of the work process and communicate the information as needed per direction from Avista. Specific areas of abatement include the following:
   - Abate all asbestos wrapped ductwork distribution systems off of the existing AHU serving the 4th floor.
   - Asbestos insulation for chilled and heating water piping systems.
   - Asbestos abatement fire proofing layer above the false ceiling.
   - Abate any other miscellaneous items that have to do with this scope of work that may have not yet been identified.

Avista GOB
4th Floor HVAC Renovation Budget Items

Scope Items	Included in GMAX	Avista's Budget	ER 7001 Budget	ER 7003 Budget	Other
Aluminum break metal @ columns and ceiling	X				
Breakmetal Closure Strip	X				
Carpet Installation		X			
Carpet tile removal/replacement		X			
Computer Projector & Screen Purchase & Install		X			
Conduit for ISIT		X			
Conduit for Mass Notification		X			
Conference Room Construction	X				
Conference Room Furniture		X			
Construction Final Clean	X				
Coring of 4" holes for IT in Mech Room	X				
Cove Base Installation		X			
Demolition & Abatement	X				
Door & Hardware Installation	X				
Door Removal and Storage	X				
Electrical Panel Replacement	X				
Epoxy mech room floor	X				
Fire Safing at floor slab elevation	X				
Fire Sprinklers	X				
Furniture & Fixture Removal & Storage		X			
Hauserman Metal Base Replacement and Repair		X			
Hauserman Panel Removal		X			
Hot Water Solar Install		X			
Hot Water Tank Replacement	X				
HVAC Controls	X				
HVAC Upgrades	X				
Install new ceiling system	X				
Insulate spandrel panels	X				
Interior Finishes Selection		X			
IT box in Mechanical Room		X			
Life space Phone & Data Wiring		X			
Life space Wall System Installation		X			
Lighting & Controls	X				
Mass Notification System		X			
Material Hoist	X				
Motorized Blinds & Controls		X			
Motorized Blinds & Controls rough-in	X				
New exhaust louver at north window wall system	X				
Operator for material hoist	X				
Painting Walls, sills, doors, columns	X				
Partial Removal of computer floor	X				
Phone & Data Cable Installation		X			
Projector & Screen Removal		X			
Rebuild tops and bottoms of columns	X				
Recurc Pumps for Hot Water	X				
Removal and replacement of SCADA kitchen		X			
Removal of the old fire hose cabinets	X				
Repair existing stucco walls	X				
Restroom Remodels All Inclusive			X		
Rewire outlets at columns	X				
Security Hardware Installation		X			
System Furniture Installation		X			
System Furniture Phone & Data		X			
Temporary Protection of Existing Reusable Surfaces	X				
VCT removal & mastic abatement	X				
Walker Duct Leveling & Cleaning		X			
Walker Duct Wire Removal		X			
Wall Construction	X				
Wiring in Return Plenum	X				
Wiring Replacement in System Operations Area	X				

General

1. Ceiling work includes the following:
   - The ACT ceiling throughout the 4th floor will have the old ceiling removed and disposed of, and new ACT ceilings and acoustic ceiling tiles will be installed. New T-Bar system will be able to have the Hauserman Panels clipped to the proposed T-Bar Ceiling. Ceiling grid and tiles will be installed to coordinate with the existing window mullions.

2. Miscellaneous cut, patch, and paint of walls as necessary to accommodate the work and/or damaged through the course of the work.

3. Temporary protection of floors and other surfaces as needed throughout the course of the work on the 4th floor of the 50's portion of the General Office Building.

4. Periodic cleaning services, including final cleaning, of the 4th floor of the 50's portion of the General Office Building construction work spaces.

5. Construction documentation including submittals, as-built drawings, O&M manuals, and other related information. Construction documentation includes LEED CI certification efforts and costs for the 4th floor work.

Scope Clarifications

1. Proposal based on completing work during regular working hours, with the exception of the abatement work which will be completed off-hours.

2. All new work will be installed in accordance with seismic requirements. Scope of work does not include seismic upgrades to existing systems that are not impacted by the renovation work.

3. All demolition work will be coordinated with Avista's recycling and material recovery program for possible synergies. When practical, items removed during the course of the project will be recycled.

4. Avista responsible for moving of furniture, art work, merchandise, supplies, and portable equipment in the work areas.

Section 1.0 Scope of Work

Section 1.3 | 4th Floor Restrooms

Demolition

1. Remove and dispose of the existing hard lid ceilings in the areas shown.

2. Remove and dispose of all bathroom stall partitions and associated urinals, sinks, and toilets. The walls where the toilets, sinks, and urinals are hung will also be removed and disposed.

3. Lighting fixtures will be electrically disconnected and have the lamps removed. All fluorescent lamps will be given to Avista. All fluorescent fixtures will be palletized and given to Avista for their possession.

Mechanical

1. Furnish and install all new low volume flush urinals and toilets, and low flow sinks. The units will be hung in accordance with the final design drawings and specifications. Isolation valves will be furnished and provided in the locations shown on the drawings.

Electrical

1. Furnish and provide the new fluorescent light fixtures as are shown on the electrical design drawings.

Hazardous Material Abatement

- Provide abatement of asbestos located throughout the 4th floor bathrooms in the 50's portion of the General Office Building. Scope includes all protective and regulatory procedures needed to properly abate, handle, and dispose of asbestos and asbestos-contaminated materials. McKinstry and Avista will coordinate the detailed specifics of the work process and communicate the information as needed per direction from Avista.

General

1. Ceiling work includes the following:
   - The hard lid ceiling throughout the 4th floor bathrooms will have the old ceiling removed and disposed of, and new hard lid ceilings will be installed.

2. Installation of the new walls and backing to support the new toilets, urinals, and sinks. Miscellaneous cut, patch, and paint of walls as necessary to accommodate the work and/or damaged through the course of the work. The new bathroom stall partitions that meet ADA standards will also be installed in each of the new bathrooms.

3. Temporary protection of floors and other surfaces as needed throughout the course of the work on the 4th floor bathrooms of the 50's portion of the General Office Building.

4. Periodic cleaning services, including final cleaning, of the 4th floor of the 50's portion of the General Office Building construction work spaces.

5. Construction documentation including submittals, as-built drawings, O&M manuals, and other related information. Construction documentation includes LEED CI certification efforts and costs for the 4th floor restroom work.

Scope Clarifications

1. Proposal based on completing work during regular working hours, with the exception of the abatement work which will be completed off-hours.

2. All new work will be installed in accordance with seismic requirements. Scope of work does not include seismic upgrades to existing systems that are not impacted by the renovation work.

3. All demolition work will be coordinated with Avista's recycling and material recovery program for possible synergies. When practical, items removed during the course of the project will be recycled.

4. Avista responsible for moving of furniture, art work, merchandise, supplies, and portable equipment in the work areas.

Section 2.0 Project Schedule

McKinstry has developed the following project schedule that details the timeline for completing the proposed scope of work. Information for the glazing project has also been included in the schedule.

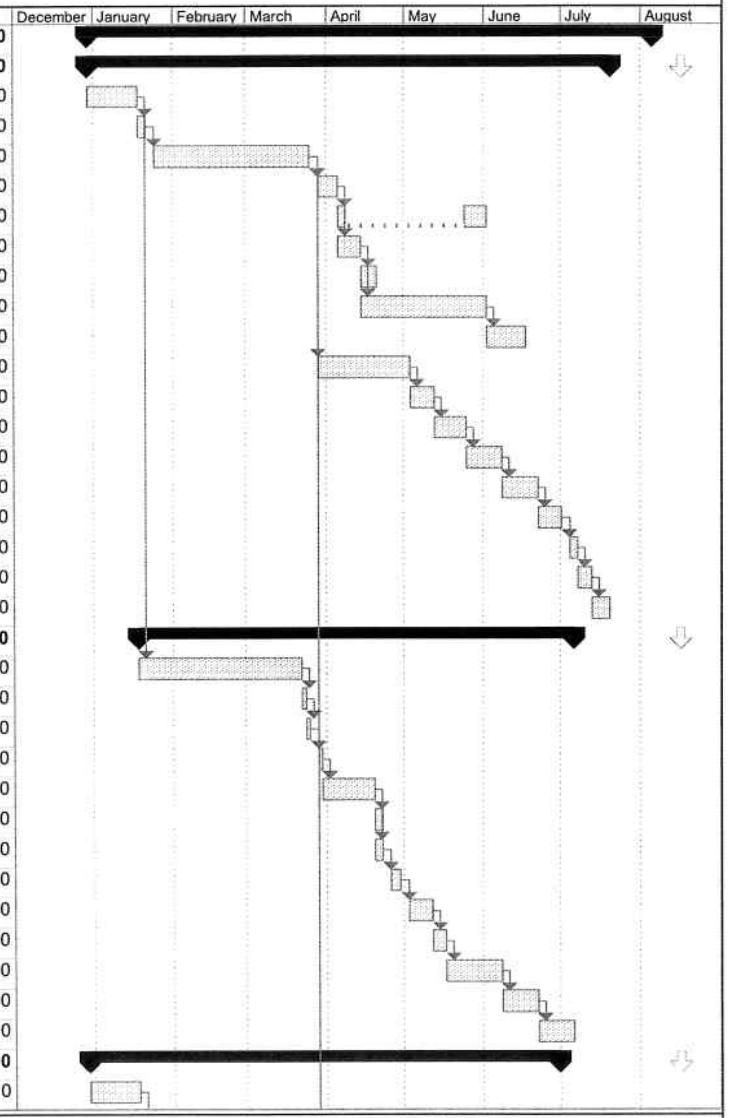
The schedule was developed with the intent of starting construction in January 2010 and working efficiently over the months to complete the project no later than the end of 2010. As this is the first phase of the office building renovation, this project will be used to gauge the schedule requirements for the remaining phases of work. There is a significant amount of work to be completed on the 4th floor and McKinstry is confident that it can be achieved with success and we will work diligently towards this goal. The project schedule will be reviewed at on-going construction project meetings and can be adjusted as necessary to meet the overall needs of Avista and the project.

We look forward to developing the schedule in more detail with Avista. Retrofit projects in an occupied facility always add an additional element of coordination and safety considerations, and we will focus on those two specific areas throughout the duration of the project.

McKinstry
For The Life Of Your Building

Avista Corp.
G.O.B. Phase 1
4th Floor
PRELIMINARY CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	Finish
1	**AVISTA 4TH FLOOR CONSTRUCTION SCHEDULE**	**156 days**	**Wed 12/30/09**	**Thu 8/5/10**
2	**4th Floor West**	**143 days**	**Wed 12/30/09**	**Tue 7/20/10**
3	Avista to Vacate	12 days	Wed 12/30/09	Mon 1/18/10
4	Temporary Protection at System Operations Wall & Floor	4 days	Mon 1/18/10	Thu 1/21/10
5	Demolition and Abatement	45 days	Mon 1/25/10	Thu 3/25/10
6	Layout Walls and Install Top Track	6 days	Mon 3/29/10	Mon 4/5/10
7	New Ceiling Wires and MEP Hangers	11 days	Mon 4/5/10	Wed 6/2/10
8	Frame Full Height Walls	7 days	Mon 4/5/10	Wed 4/14/10
9	Layout and Cut Ceiling and Wall Openings	4 days	Wed 4/14/10	Tue 4/20/10
10	MEP Rough In	35 days	Wed 4/14/10	Wed 6/2/10
11	MEP Insulation	12 days	Wed 6/2/10	Thu 6/17/10
12	Insulate Exterior Walls	26 days	Mon 3/29/10	Mon 5/3/10
13	Install Hardware Cloth	8 days	Mon 5/3/10	Thu 5/13/10
14	Hang GWB	8 days	Thu 5/13/10	Tue 5/25/10
15	Tape GWB	10 days	Tue 5/25/10	Tue 6/8/10
16	Paint Walls and Soffits	10 days	Tue 6/8/10	Tue 6/22/10
17	Install Ceiling Grid	8 days	Tue 6/22/10	Thu 7/1/10
18	MEP Trim/Doors	4 days	Mon 7/5/10	Thu 7/8/10
19	Seismic Ceiling	3 days	Thu 7/8/10	Tue 7/13/10
20	Drop Ceiling Tile	5 days	Tue 7/13/10	Tue 7/20/10
21	**4th Floor Restrooms**	**121 days**	**Mon 1/18/10**	**Tue 7/6/10**
22	Demolition and Abatement	45 days	Mon 1/18/10	Mon 3/22/10
23	Layout Walls and Install Top Track	2 days	Mon 3/22/10	Wed 3/24/10
24	New Ceiling Wires and MEP Hangers	2 days	Wed 3/24/10	Thu 3/25/10
25	Float Floor at Mechanical Chase	2 days	Mon 3/29/10	Tue 3/30/10
26	MEP Rough In	14 days	Tue 3/30/10	Mon 4/19/10
27	Frame Walls and Ceilings	4 days	Mon 4/19/10	Thu 4/22/10
28	MEP Insulation	4 days	Mon 4/19/10	Thu 4/22/10
29	Hang GWB	5 days	Mon 4/26/10	Thu 4/29/10
30	Tape GWB	8 days	Mon 5/3/10	Wed 5/12/10
31	Paint Walls and Ceilings	3 days	Wed 5/12/10	Mon 5/17/10
32	Wall Tile	16 days	Mon 5/17/10	Tue 6/8/10
33	Set Fixtures/MEP Trim/Doors	10 days	Tue 6/8/10	Tue 6/22/10
34	Partitions and Accessories	10 days	Tue 6/22/10	Tue 7/6/10
35	**4th Floor Mechanical Room**	**130 days**	**Wed 12/30/09**	**Thu 7/1/10**
36	Avista to Vacate	12 days	Wed 12/30/09	Mon 1/18/10



Project: 09-1026 Avista 4th floor GOB
Date: Mon 10/26/09

Task | Summary | Rolled Up Progress | Project Summary
Progress | Rolled Up Task | Split | Group By Summary
Milestone | Rolled Up Milestone | External Tasks | Deadline

McKinstry
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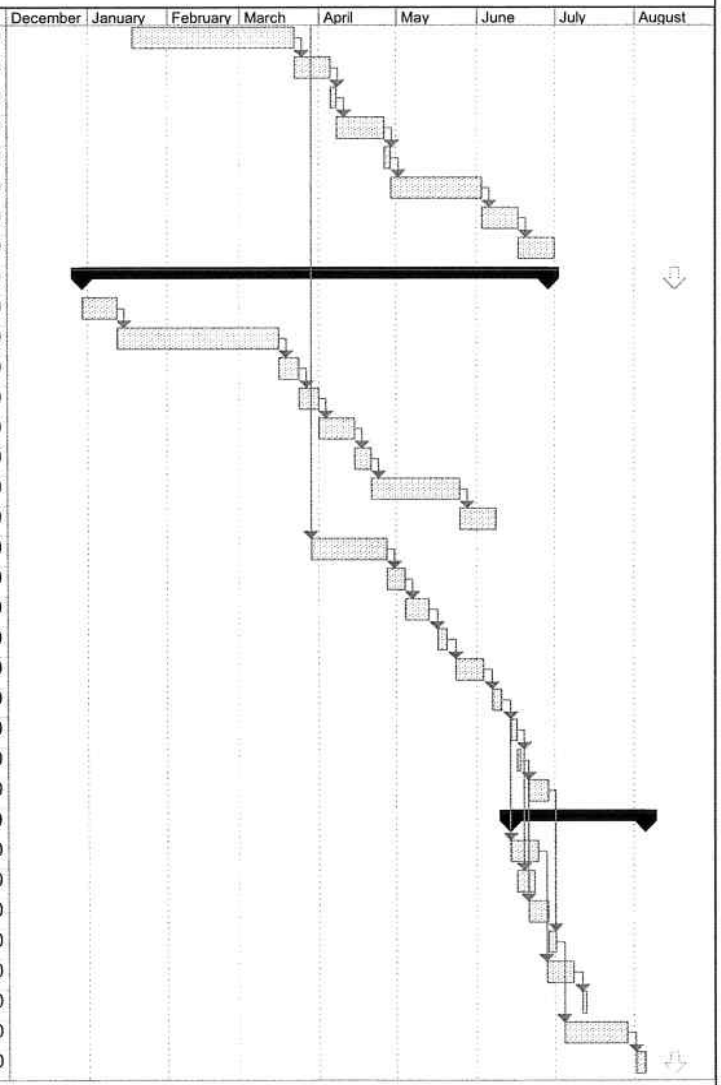
Avista Corp.
G.O.B. Phase 1
4th Floor
PRELIMINARY CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	Finish
37	Demolition and Abatement	45 days	Mon 1/18/10	Mon 3/22/10
38	Cut Concrete Penetrations and Remove Housekeeping Pad	10 days	Mon 3/22/10	Mon 4/5/10
39	FRP 5th Floor Openings	3 days	Mon 4/5/10	Thu 4/8/10
40	New Ceiling Wires and MEP Hangers	12 days	Thu 4/8/10	Mon 4/26/10
41	Epoxy Paint Walls and Soffits	3 days	Mon 4/26/10	Thu 4/29/10
42	MEP Rough In	25 days	Thu 4/29/10	Thu 6/3/10
43	Build AHU	10 days	Thu 6/3/10	Thu 6/17/10
44	MEP Insulation	10 days	Thu 6/17/10	Thu 7/1/10
45	**4th Floor East**	**127 days**	**Wed 12/30/09**	**Mon 6/28/10**
46	Avista to Vacate	8 days	Wed 12/30/09	Tue 1/12/10
47	Demolition and Abatement	45 days	Tue 1/12/10	Tue 3/16/10
48	Layout Walls and Install Top Track	6 days	Tue 3/16/10	Wed 3/24/10
49	New Ceiling Wires and MEP Hangers	6 days	Wed 3/24/10	Thu 4/1/10
50	Frame Walls,Ceilings,Soffits	10 days	Thu 4/1/10	Thu 4/15/10
51	Layout and Cut Ceiling and Wall Openings	4 days	Thu 4/15/10	Wed 4/21/10
52	MEP Rough In	24 days	Wed 4/21/10	Tue 5/25/10
53	Insulate Mechanical Systems	10 days	Tue 5/25/10	Tue 6/8/10
54	Insulate Exterior Walls	22 days	Mon 3/29/10	Tue 4/27/10
55	Sheet Rock Full Height Walls	5 days	Tue 4/27/10	Tue 5/4/10
56	Tape Full Height Walls	8 days	Tue 5/4/10	Thu 5/13/10
57	Paint	5 days	Mon 5/17/10	Thu 5/20/10
58	Install Ceiling Grid	10 days	Mon 5/24/10	Thu 6/3/10
59	MEP Trim/Doors	5 days	Mon 6/7/10	Thu 6/10/10
60	Seismic Ceiling	3 days	Mon 6/14/10	Wed 6/16/10
61	Ceiling Cover Inspections	2 days	Wed 6/16/10	Thu 6/17/10
62	Ceiling Tile	6 days	Mon 6/21/10	Mon 6/28/10
63	**4th Floor Complete**	**40 days**	**Mon 6/14/10**	**Thu 8/5/10**
64	Test & Balance	10 days	Mon 6/14/10	Thu 6/24/10
65	Floor prep	5 days	Wed 6/16/10	Wed 6/23/10
66	Carpet	6 days	Mon 6/21/10	Mon 6/28/10
67	Final Clean	4 days	Mon 6/28/10	Thu 7/1/10
68	Punchlist	10 days	Mon 6/28/10	Thu 7/8/10
69	Final Inspections	2 days	Mon 7/12/10	Tue 7/13/10
70	Demountable Partitions /Furniture (Owner)	20 days	Mon 7/5/10	Thu 7/29/10
71	Owner Occupancy	5 days	Mon 8/2/10	Thu 8/5/10



Project: 09-1026 Avista 4th floor GOB
Date: Mon 10/26/09

Task | Summary | Rolled Up Progress | Project Summary
Progress | Rolled Up Task | Split | Group By Summary
Milestone | Rolled Up Milestone | External Tasks | Deadline

Section 3.0 Energy Savings & Rebate

The following information provides background on the process utilized to develop the energy savings information for the HVAC Renovation 4th Floor project. This project will generate annual energy savings for Avista, as well as an energy savings rebate. Specific energy savings and rebate information can be found in Table 3.2 on the following page. The rebate values were determined using Avista's rebate schedules 90 for electricity, and 190 for Natural Gas. McKinstry has reviewed the energy savings and rebate information with Avista's DSM group, and they have approved the approach, energy savings methodology, and rebate amount.

The project is projected to save 17,341 therms per year of natural gas and 208,100 kWh, which equates to over $31,163 of annual energy savings, and $102,314 of rebate incentive to Avista. In addition to building improvements and energy savings, there will be a substantial drop in air pollutants by reducing the amount of gas and electricity consumed at the Avista Corporate Campus. On average, one car produces 15,000 pounds of CO_2 annually and one acre of trees absorbs 7,333 pounds of CO_2 annually. The energy savings generated by this project equate to reducing CO_2 emissions by 150 Tons annually, which is equivalent to removing 27 cars from the road or planting 66 acres of trees, reducing NOx emissions by 580 pounds and SO_2 emissions by 134 pounds - both of these pollutants contribute to wet and dry acid precipitation and to smog.

The energy savings for the HVAC Renovation 4th Floor project were calculated using eQUEST. eQUEST is a widely used interface for the Department of Energy building simulation engine (DOE-2). It provides software for simple and sophisticated building energy use simulation that uses typical weather data of the appropriate region and simulated building and equipment characteristics to model the annual energy use of a building. Other examples of DOE-2 interfaces are TRACE 700, Carrier HAP, VisualDOE, and others. eQUEST was selected for this project because it provides the same functionality as other programs and will allow Avista to update the energy models developed as part of this project over time without having to purchase licenses or software updates.

Building performance modeling is achieved through the eQUEST interface to DOE-2 by combining schematic and design development building creation wizards and detailed parametric model runs. The schematic and design wizards develop an accurate, oriented 3-D building model that is tuned to historical utility data. The detailed parametric model runs Facility Improvement Measures (FIMs) and energy savings are calculated per FIM.

The sophistication of eQUEST makes energy modeling more accurate than possible with standard spreadsheet analysis. eQUEST allows for modeling of realistic zoning, complex scheduling/occupancy, and transients such as solar gain and thermal mass that a spreadsheet cannot account for accurately. Also, eQUEST is able to "stack" or "cascade" FIMs in a building in a manner so that interactive effects of individual FIMs are taken into account.

Examples of inputs of the building models include building envelope materials, HVAC systems and zoning, HVAC controls, equipment sequence of operation, building use, occupancy, orientation, geometry, weather data, shading, etc. Inputs were defined through reviewing building plans, site visits, field measurements, and reviewing the campus control system.

During modeling, emphasis was put into the energy consuming systems as opposed to drawing the exact actual building appearance in the 3-D viewer. While this type of divergence streamlines the modeling effort it does not affect the energy performance of the building systems in the eQUEST model. All savings calculations were performed in eQUEST with the exception of lighting energy savings, which were performed in an Excel spreadsheet outside of eQUEST.

Avista Corp.
Corporate Headquarters Renovation
Fourth Floor Renovation
Table 3.2 - Energy Savings & Rebate Information

Building	Electrical Savings (kWh)	Demand Savings (kW)	Electrical Cost Savings ($)	Natural Gas Savings (Therms)	Natural Gas Cost Savings ($)	Total Annual Cost Savings ($)	Rebate ($)
Office Building - 4th Floor	208,100	0	$12,618	17,341	$18,546	$31,163	$102,314
Totals	**208,100**	**0**	**$12,618**	**17,341**	**$18,546**	**$31,163**	**$102,314**

Section 4.0 GMAX Information

Section 4.1 Guaranteed Maximum Price & Billing Format

The following section details the Guaranteed Maximum Price for the project, as well as the billing format and related information. The following documents are included:

GMAX Summary – This document details the Guaranteed Maximum Price for the project based on the scope of work provided earlier in the proposal. Breakdown information is provided for major components of the work, as well as major construction trades.

Fee Schedule – This document shows the fee structure for construction services for Avista Corp. and describes how the fees would be applied. The construction billing format / fee structure is the same as proposed in our June 2007 design/build proposal.

Labor Rates – This document provides the labor rates for McKinstry staff associated with the project. All labor rates shown are fully burdened. Labor rates have been updated for 2010.

Clarification of Reimbursables – This document describes what items would be billed as a direct job cost and what items are included as part of overhead.

All costs are reconciled in a 100% open book manner, with all construction savings returned in full to the client. The reconciliation process will be completed in an open, communicative environment, with copies of subcontractor invoices, estimates, purchase orders, and other information provided as needed to provide full visibility for all construction costs.

Proposed payment terms are net 30 days, after receipt of invoice. Invoices will be submitted on a monthly basis and reviewed with Avista as needed.

Avista Corp.
Corporate Headquarters Renovation
Fourth Floor Renovation
Guaranteed Maximum Price Summary

		Raw Construction Costs										10.0%	18.0%	20.0%									
GOB - 4th Floor	**Area**	**HVAC-Wet**	**HVAC-Dry**	**Controls**	**Balance**	**Cx**	**Electric**	**General**	**Abatement**	**Other**	**Other**	**Subtotal**	**Contingency**	**Mark-up**	**GCs**	**Total**	**Mult**	**Mechanical**	**Controls**	**Electric**	**General**	**Abatement**	**Total GMAX**	**Comments**
HVAC	4th Floor	$ 555,450	$ -	$ -	$ -	$ 51,008	$ -	$ -	$ -	$ 251,000	$ 151,865	$ 1,009,323	$ 100,932	$ 199,846	$ 262,020	$ 1,572,122	1.5576	$ 1,572,122	$ -	$ -	$ -	$ -	$ 1,572,122	
Controls	4th Floor	$ -	$ -	$ 93,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 93,500	$ 9,350	$ 18,513	$ 24,273	$ 145,636	1.5576	$ -	$ 145,636	$ -	$ -	$ -	$ 145,636	
Lighting	4th Floor	$ -	$ -	$ -	$ -	$ -	$ 128,377	$ -	$ -	$ -	$ -	$ 128,377	$ 12,838	$ 25,419	$ 33,327	$ 199,960	1.5576	$ -	$ -	$ 199,960	$ -	$ -	$ 199,960	
Electrical (non-lighting)	4th Floor	$ -	$ -	$ -	$ -	$ -	$ 57,000	$ -	$ -	$ -	$ -	$ 57,000	$ 5,700	$ 11,286	$ 14,797	$ 88,783	1.5576	$ -	$ -	$ 88,783	$ -	$ -	$ 88,783	
Asbestos Abatement	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 242,020	$ -	$ -	$ 242,020	$ 24,202	$ 47,920	$ 62,828	$ 376,970	1.5576	$ -	$ -	$ -	$ -	$ 376,970	$ 376,970	
Ceiling Work	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ 274,458	$ -	$ -	$ -	$ 274,458	$ 27,445	$ 54,341	$ 71,247	$ 427,483	1.5576	$ -	$ -	$ -	$ 427,483	$ -	$ 427,483	
General Construction	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,000	$ 75,000	$ 7,500	$ 14,850	$ 19,470	$ 116,820	1.5576	$ -	$ -	$ -	$ -	$ 116,820	$ 116,820	
Fire Sprinklers	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,325	$ 68,325	$ 6,833	$ 13,528	$ 17,737	$ 106,423	1.5576	$ 106,423	$ -	$ -	$ -	$ -	$ 106,423	
Alternate #1 - New Motor Control Center in Mechanical Room	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,000	$ -	$ -	$ -	$ 9,000	$ 900	$ 1,782	$ 2,336	$ 14,018	1.5576	$ -	$ -	$ -	$ 14,018	$ -	$ 14,018	
Alternate #2 - Electrical Work to Support Floor Covering Replacement	4th Floor	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,000	$ -	$ -	$ -	$ 44,000	$ 4,400	$ 8,712	$ 11,422	$ 68,534	1.5576	$ -	$ -	$ -	$ 68,534	$ -	$ 68,534	Carpet by Avista
		$ 555,450	$ -	$ 93,500	$ -	$ 51,008	$ 238,377	$ 274,458	$ 242,020	$ 251,000	$ 295,190	$ 2,000,995	$ 200,100	$ 396,197	$ 519,458	$ 3,116,750						**Subtotal - GOB 4th Floor**	**$ 3,116,749**	
																						Sales Tax (8.7%)	**$ 271,157**	
																						Total	**$ 3,387,906**	

		Raw Construction Costs										10.0%	18.0%	20.0%									
ER1001 Projects	**Area**	**HVAC-Wet**	**HVAC-Dry**	**Controls**	**Balance**	**Cx**	**Electric**	**General**	**Abatement**	**Other**	**Other**	**Subtotal**	**Contingency**	**Mark-up**	**GCs**	**Total**	**Mult**	**Mechanical**	**Controls**	**Electric**	**General**	**Abatement**	**Total GMAX**	**Comments**
4th Floor Restroom Remodel	4th Floor	$ 24,870	$ -	$ -	$ -	$ -	$ -	$ 34,085	$ 8,880	$ -	$ -	$ 67,835	$ 6,784	$ 13,431	$ 17,610	$ 105,660	1.5576	$ 38,730	$ -	$ -	$ 53,091	$ 13,831	$ 105,660	
Conference Room Construction		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -	$ -	$ -	$ -	
Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -	$ -	$ -	$ -	
Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -	$ -	$ -	$ -	
Other		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -	$ -	$ -	$ -	
		$ 24,870	$ -	$ -	$ -	$ -	$ -	$ 34,085	$ 8,880	$ -	$ -	$ 67,835	$ 6,784	$ 13,431	$ 17,610	$ 105,660						**Subtotal - ER1001 Projects**	**$ 105,660**	
																						Sales Tax (8.7%)	**$ 9,192**	
																						Total	**$ 114,852**	

Avista Corp.
Corporate Headquarters Renovation
Fourth Floor Renovation
Construction Billing Format

ITEM	DESCRIPTION	COST	COST SUBSTANTIATION METHODOLOGY
Self-Performed Construction Services	Construction services provided by McKinstry.	$ -	Detailed estimate provided prior to construction start
Subcontractors	Subcontractors involved with the project (i.e. electrical).	$ -	Copies of subcontractor invoices to support each progress billing request.
Equipment	Equipment purchased directly by McKinstry.	$ -	Copies of equipment purchase orders/invoices to support each progress billing request.
Materials	Various miscellaneous materials (i.e. permit costs, bond, safety supplies, etc.) Please see 'Clarification of Reimbursables' for detailed list of items included.	$ -	Itemized cost report on general expenses and material purchases. Copies of material and equipment invoices for all major line items (exceeding $1000).
	Subtotal - Construction Cost	$ -	=A

Overhead	10.0%	$ -	A x .10	=B
Fee	8.0%	$ -	A x .08	=C
	Construction Cost + OH&P	$ -	A + B + C	=D

McKinstry Management Labor	Labor incurred by staff personnel for execution of direct construction activities. Please see 'Labor Rates' for desciption of positions & rates.	$ -	Summary of staff hours (per title/position, per billing period) multiplied by hourly labor rate for each progress billing.	
	Staff Labor	$ -	=E	
	Construction Cost + OH&P + McK Management Labor	$ -	D + E	=F
	GMAX Price	$ -	from Construction Proposal	=G
	Construction Savings	$ -	G - F	=H
Shared Savings	0.0%	$ -	H x 0%	=I
	Total Construction Cost	$ -	F + I	=J
WSST	8.7%	$ -	J x .086	=K
	Grand Total	$ -	J + K	

Avista Corp.
Corporate Headquarters Renovation
Fourth Floor Renovation
Labor Rates

McKinstry
For The Life Of Your Building

Positions	2010 Rate	Expires	Comments
Project Director	$103.00	31-Dec-10	
Sr. Mechanical Engineer	$113.00	31-Dec-10	
Mechanical Engineer	$103.00	31-Dec-10	
CAD Technician	$81.00	31-Dec-10	
Construction Manager	$103.00	31-Dec-10	
Site Superintendent/PM	$92.00	31-Dec-10	
Program Manager	$103.00	31-Dec-10	
Lighting Engineer	$92.00	31-Dec-10	
Energy Engineer	$92.00	31-Dec-10	
Construction Estimator	$97.00	31-Dec-10	
Commissioning Technician	$92.00	31-Dec-10	
Administrative Personnel	$49.00	31-Dec-10	

Avista Corp.
Corporate Headquarters Renovation
Fourth Floor Renovation
Guaranteed Maximum Price

ITEM	Project Cost (included in construction cost)	General Overhead (included in OH fee)
Project Permits and Fees	X	
Equipment Storage and Inventory	X	
Small Tools & Tool Rental	X	
Site Safety Program	X	
Construction & Project Management	X	
Project Specific Document Reproduction	X	
General / Liability / Casualty Insurance	X	
Site Office (job trailer, communications, software, equipment, etc.)	X	
Temporary Utilities (heat, water, power, sanitary, etc.)	X	
Project Specific Travel Costs	X	
Project Specific Legal Expenses (i.e. contract review)	X	
Project Specific Shipping / Mailing (i.e. FedEx)	X	
Project Close-Out (training, as-builts, O&Ms, etc.)	X	
Contract Development & Management		X
Corporate Legal Expenses		X
Home Office Finance and Accounting Support		X
Home Office Clerical and Admin Costs		X
Senior Safety Management		X
Human Resource Management		X
Home Office Expense (Rent, Utility, Custodial, ...)		X
Technology and Communications Expense		X
Interest Carrying Costs		X
Bad Debt		X
Non-Reimbursable Safety and Insurance Costs		X
Home Office Supplies / Consumables / Expendables		X
Project Warranty		X
Business License		X
Corporate Public Relations & Marketing		X
Charitable Expenses		X
Executive Management & Corporate Planning		X