

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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

WHEREAS, the undersigned represent all parties to the Settlement Agreement (hereinafter, "Signing Parties") filed in the above-captioned dockets on August 12, 2005; and

WHEREAS, the Signing Parties have agreed to amend the Settlement Agreement to substitute an effective date of January 1, 2006, for the effective date of December 1, 2005, as otherwise referenced in the Settlement Agreement, and to make other corresponding changes.

NOW THEREFORE, the Signing Parties have agreed upon the following revisions to the Settlement Agreement:

1. Section 8. Equity Building Mechanism

The last sentence of the first paragraph of this section is revised to read as follows:¹

¹ Changes to text of the Settlement Agreement are shown in a legislative-draft format.

Accordingly, the calculations to determine whether the targets are met will be adjusted for any additional deferred power supply or purchased gas costs recorded on the Company's books after ~~December 1, 2005~~ January 1, 2006, which have been approved for recovery, but over a period longer than proposed by the Company.

2. Section 13. Energy Recovery Mechanism

(A) Deadband -

This sub-section is revised to read as follows:

The \$9 million deadband will be reduced to \$3 million, effective ~~December 1, 2005~~ January 1, 2006. For calendar year 2005, the level of the deadband would be prorated to coincide with an assumed December 1, 2005 effective date of the Settlement. For January 1 through November 30, 2005, the existing \$9 million deadband would apply; thereafter, from December 1 through December 31, 2005, the agreed upon \$3 million deadband would apply, with the result that the effective deadband, as prorated, for calendar year 2005 would be \$8.5 million. Thereafter, until further modified, a \$3 million deadband would apply. There will be no change in the 90%/10% sharing or any other aspect of the mechanism.

(C) Additional Refinements -

This sub-section is revised to read as follows:

Prior to ~~December 31, 2005~~ January 31, 2006, the Company will initiate discussions among all interested stakeholders concerning possible changes to the ERM.

3. Section 16. Effective Date/Compliance Filing

The first two sentences of this section are revised to read as follows:

Tariffs designed to effectuate this Settlement would become effective ~~upon the earlier of their approval by the Commission or December 1, 2005~~ on January 1, 2006. The Parties agree that each Signatory Party may individually present its views to the Commission on the establishment of an appropriate schedule for review of this Settlement Agreement provided that such advocacy supports an effective date ~~no later than December 1, 2005~~ of January 1, 2006.

4. Section 19. Procedure

The first sentence of this section is revised to read as follows:

The Signing Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for acceptance, so that revised rates may become effective ~~in a timely fashion and no later than December 1, 2005~~ on January 1, 2006.

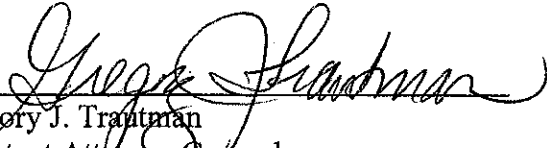
Entered into this 22nd day of September, 2005.

Company:

By: _____

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

Staff:

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

NWIGU:

By: _____

Edward A. Finklea
Cable Huston Benedict
Haagensen & Lloyd LLP

Energy Project:

By: _____

Ronald L. Roseman
Attorney at Law

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The Signing Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for acceptance, so that revised rates may become effective ~~in a timely fashion and no later than December 1, 2005~~ on January 1, 2006.

Entered into this _____ day of September, 2005.

Company:

By:  _____

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

Staff:

By: _____

Gregory J. Trautman
Assistant Attorney General
Counsel For Commission Staff

NWIGU:

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Energy Project:

By: _____

Ronald L. Roseman
Attorney at Law

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Entered into this _____ day of September, 2005.

Company:

By: _____

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

Staff:

By: _____

Gregory J. Trautman
Assistant Attorney General
Counsel For Commission Staff

NWIGU:

By:  _____

for Edward A. Finklea
Cable Huston Benedict
Haagensen & Lloyd LLP

Energy Project:

By: _____

Ronald L. Roseman
Attorney at Law

4. Section 19. Procedure

The first sentence of this section is rev

The Signing Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for acceptance, so that revised rates may become effective in a ~~timely fashion and no later than December 1, 2005~~ on January 1, 2006.

Entered into this 16th day of September, 2005.

Company:

By: _____

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

Staff:

By: _____

Gregory J. Trautman
Assistant Attorney General
Counsel For Commission Staff

NWIGU:

By:

Edward A. Finklea
Cable Huston Benedict
Haugensen & Lloyd LLP

Energy Project:

By: _____

Ronald L. Roseman
Attorney at Law

Docket No. UE-050482/UG-050483
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 22nd day of September, 2005.



ELIZABETH M. DeMARCO

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