

May 10, 2007

Dear Avista Transmission Customers and Stakeholders,

On February 16, 2007 the Federal Energy Regulatory Commission (“FERC”) issued Order 890, which revises the pro forma open access transmission tariff (“OATT”). Among the various revisions to the OATT contemplated by Order 890 is the addition of a transmission planning attachment (“Attachment K”) to the OATT. Avista is consulting with others – including transmission customers, stakeholders, and other transmission providers in the region – in our development of revisions to our OATT in response to Order 890, including particularly our development of an Attachment K. (For a complete description of Order 890, reference should be made to the order itself, which may be found at <http://www.ferc.gov>.)

With regard to coordination with sub-regional and regional planning, Avista is working with regional and sub-regional forums, including particularly ColumbiaGrid and the Western Electric Coordinating Council (WECC). Further information in this regard is available at the www.columbiagrid.org and www.wecc.biz websites.

Order 890 generally contemplates “coordinated, open, and transparent planning on both a local and regional level” and that the Transmission Provider’s planning process must incorporate the following nine planning principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional coordination, economic planning studies, and cost allocation for new projects.

Avista is to develop and submit its Attachment K to FERC by October 11, 2007. In the interim, Avista is to post by May 29, 2007 on its Open Access Same-Time Information System (“OASIS”) a “strawman” proposal describing how it plans to satisfy the nine principles noted above. In preparation for this posting, Avista is reviewing its local system planning process.

As valued customers and stakeholders, Avista is seeking your input in the continuing development of our transmission planning process. Please contact Jeff Schlect at (509)-495-4851 or Warren Clark at (509) 495-4186 with any questions or comments.

We also encourage you to review and participate in the sub-regional and regional work being done at ColumbiaGrid and WECC. In that regard, draft “strawman” materials will be reviewed at the May 16, 2007, ColumbiaGrid Board of Directors Meeting, and you are invited to attend that meeting and submit comments on those materials, in addition to submitting comments and suggestions to Avista.

The draft “strawman” materials developed in the ColumbiaGrid process are posted, or will soon be posted, on ColumbiaGrid’s website, and your comments and suggestions on those materials are specifically requested. The information on the May 16, 2007 meeting, at which these materials will be discussed is as follows:

Description: ColumbiaGrid Board of Directors Meeting
Location: Sheraton Portland Airport Hotel
8235 NE Airport Way
Portland, Oregon
Conference call bridge: 1-877-295-7894 code: 200
Date: Wednesday, May 16, 2007
Time: 9:30am – 4:00pm

We look forward to working cooperatively with our transmission customers and stakeholders in the continued development of our transmission planning process.

Respectfully,



Jeff Schlect
Manager, Transmission Services