



Updated July, 24 2006

Emergency Deviations (18 CFR Section 358.4(a)(2))

At 2:00 PM on Monday, July 24, 2006, Avista declared a reliability emergency for purposes of deviating from the Standards of Conduct rules, if operating conditions so require. Extreme temperatures and constrained regional power supply may require such deviation.

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July 25, 2006

Ms. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: *Avista Corporation*, Docket No. EY06-_____
Emergency Deviation Report to FERC Pursuant to 18 C.F.R. § 358.4(a)(2)

Dear Secretary Salas:

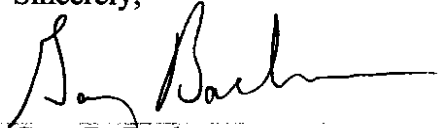
In accordance with the requirements of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 358.4(a)(2), Avista Corporation submits this notice of a reliability emergency that was declared by Avista Corporation on July 24, 2006. Although no deviations from the Commission's Standards of Conduct ultimately transpired, the emergency was declared in the event that transmission employees may have needed to coordinate with Avista Corporation's merchant function employees to curtail load, due to the emergency situation. Consistent with the requirements of § 358.4(a)(2), this notice has also been posted on Avista Corporation's OASIS site.

The emergency situation was declared effective Monday July 24 at 2 p.m., and was intended to last 24 hours. The emergency situation was precipitated by temperatures in Avista Corporation's service territory exceeding 100 degrees, and resulting in record loads at a time when wholesale prices exceeded \$500 per MWh in the Pacific Northwest region. In order to avoid curtailment, Avista Corporation's Power Supply Department, defined as merchant employees under the Commission's Standards of Conduct rules, sought to acquire sufficient power resources. Ultimately, sufficient power was subsequently acquired to meet load, with no effect on the system, and no deviation from the Standards of Conduct was necessary. Avista Corporation declared the emergency, nonetheless, for purposes of considering load curtailment, if it had become necessary,

resulting from the extreme temperatures and constrained regional power supply. The emergency declaration has been lifted.

If you have any questions regarding this notice, please feel free to contact the undersigned, or Scott Kinney, Chief Engineer of System Operations and preparer of the OASIS report, at (509) 495-4494.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary D. Bachman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gary D. Bachman
Counsel for Avista Corporation