

AVISTA CORPORATION d/b/a AVISTA UTILITIES

CODE OF CONDUCT FOR VOLUNTARILY SUBMITTING ELECTRICITY TRANSACTION DATA TO PUBLICATIONS

The purpose of this policy statement is to establish a code of conduct that employees of Avista Corporation d/b/a Avista Utilities (“Avista Utilities”) will follow in reporting purchases and sales of electricity to index developers.

This code of conduct is adopted in conformance with the Federal Energy Regulatory Commission's (“Commission”) July 24, 2003 Policy Statement on Natural Gas and Electric Price Indices, *Price Discovery in Natural Gas and Electric Markets*, 104 FERC ¶ 61,121 (2003), as updated in the December 12, 2003 Order on Clarification of Policy Statement on Natural Gas and Electricity Price Indices, *Price Discovery in Natural Gas and Electric Markets*, 105 FERC ¶ 61,282 (2003) (“Policy Statement”). On November 17, 2003 the Commission issued its Order Amending Market-Based Rate Tariffs and Authorizations, *Investigation of Terms and Conditions of Public Utility Market-Based Rate Authorizations*, 105 FERC ¶ 61,218 (2003) (“Market-Based Rate Order”) in Docket No. EL01-118-000. The Market-Based Rate Order provides that, to the extent a seller of electricity at market-based rates engages in voluntary price reporting, it must do so in conformance with the Policy Statement and any subsequent amendments thereto. Accordingly, Avista Utilities adopts this code of conduct that employees will follow in reporting purchases and sales of electricity.

To the extent that Avista Utilities voluntarily submits electricity transaction price and volume data to energy publications, Avista Utilities shall conform to the following standards:

1. Source of data.

- a. Avista Utilities’ Manager Risk – Energy Resources will be responsible for reporting electricity transaction trade data. As such, reporting to index developers will be conducted by a department of the company that is independent from, and not responsible for, trading.
- b. Avista Utilities’ Manager Risk – Energy Resources will verify the accuracy and completeness of the data before submitting it by ensuring that prices reported are the same as those recorded on the books and records of the company in accordance with generally accepted accounting principles.

2. Data reported.

- a. Avista Utilities will report electricity transactions in the physical (cash) markets at trading locations that have an index, subject to an appropriate confidentiality agreement with the index developer.

- b. At any particular trading location with an index, only those transactions that fit the parameters of the index need be reported.
- c. Avista Utilities will report to Platts and Dow Jones the following transactions:
 - i. To Platts: (1) prescheduled, peak transactions at Mid Columbia and COB, (2) prescheduled, off-peak transactions at Mid Columbia and COB, (3) peak forward transactions at Mid Columbia and COB, and (4) off-peak forward transactions at Mid Columbia and COB.
 - ii. To Dow Jones: (1) prescheduled, peak transactions delivered or received at Mid-Columbia and COB, (2) prescheduled, off-peak transactions delivered or received at Mid-Columbia and COB, (3) real-time, peak transactions delivered or received at Mid-Columbia and COB, and (4) real-time, off-peak transactions delivered or received at Mid-Columbia and COB.
- d. Avista Utilities will submit a complete set of data elements or fields for a particular index according to the parameters agreed to by the index developer and Avista Utilities. At this time, Avista Utilities will not report the names of its counterparties.
- e. Avista Utilities will not report financial hedges, financial transactions, swaps or exchanges of electricity.
- f. Avista Utilities will not report intra-company transactions or transactions executed with affiliate companies.
- g. To the extent that Avista Utilities reports a transaction to an index developer that deviates from the parameters established for a particular index pursuant to 2.d., Avista Utilities will undertake to identify to the index developer the nature of the deviation from the parameters of the index.
- h. Avista Utilities will provide data for each transaction separately.
- i. Avista Utilities will correct any errors identified in undertaking such reporting as soon as practicable.

3. Error resolution process.

- a. Avista Utilities will cooperate with the error resolution process adopted by the index developer, including adhering to the process and timeline

for submitted corrections and for responding to inquiries from the index developer.

- b. Avista Utilities' cooperation with the error resolution process adopted by the index developer will be carried out under the direction of Avista Utilities' Manager Risk – Energy Resources.

4. Data retention and review.

- a. Avista Utilities will retain all relevant data relating to reported trades for a minimum of three years.
- b. Avista Utilities will have an audit of the implementation of and adherence to the data gathering and submission process adopted by Avista Utilities at least once annually. This audit will be performed by Avista Corporation's internal audit personnel. Such personnel will be independent from the trading and reporting departments and personnel, and the audit will follow internal auditing standards such as those prescribed by the Institute of Internal Auditors or other similar generally accepted auditing standards.
- c. Avista Utilities will make the results of its audit available to any index developer to which Avista Utilities submits trade data, and Avista Utilities will permit the index developer to recommend changes to improve the accuracy and timeliness of data reporting.

- 5. Code of Conduct.** Avista Utilities will make this code of conduct available to its employees and to the public on its website.