

AVISTA CORPORATION

PRICE REPORTING CODE OF CONDUCT FOR VOLUNTARILY SUBMITTING ELECTRICITY AND NATURAL GAS TRANSACTION DATA TO PUBLICATIONS

The purpose of this policy statement is to establish a code of conduct that employees of Avista Corporation will follow in reporting purchases and sales of electricity and natural gas to index developers (“Price Reporting Code of Conduct”).

This Price Reporting 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”). The Commission requires that, to the extent a seller of electricity at market-based rates under section 205 of the Federal Power Act engages in voluntary price reporting to publishers of electricity or natural gas price indices, it must do so in conformance with the Policy Statement and any clarifications thereto. 18 C.F.R. 35.41(c). See also 18 C.F.R. 284.402 (requiring that any person making natural gas sales for resale in interstate commerce that engages in voluntary price reporting to publishers of electricity or natural gas indices report such transactions in conformance with the Policy Statement).

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

1. Source of data.

- a. Avista Corporation Manager Risk – Energy Resources will be responsible for reporting electricity and natural gas 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 Corporation 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 Corporation will report electricity and natural gas 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 will be reported.
- c. Avista Corporation will report to Platts, Dow Jones and Powerdex the following transactions:
 - i. To Platts for electricity transactions: (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 for electricity transactions: (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.
 - iii. To Platts for natural gas transactions: (1) daily transactions at Northwest Pipeline Corp points of Rocky Mountains and Canadian border, TCPL Alberta, AECO-C, GTN, Kingsgate and Stanfield, Ore., and PG&E, Malin, and (2) bid week transactions at Northwest Pipeline Corp points of Rocky Mountains and Canadian border, TCPL Alberta, AECO-C, GTN Kingsgate and Stanfield, Ore, and PG&E, Malin Ore.
 - iv. To Powerdex for electricity transactions real-time (hourly) transactions at Mid Columbia and COB.
- d. Avista Corporation 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 Corporation. Avista Corporation will not report the names of its counterparties.
- e. Avista Corporation will not report financial hedges, financial transactions, swaps or exchanges of electricity or natural gas.
- f. Avista Corporation will not report intra-company transactions or transactions executed with affiliate companies.

- g. To the extent that Avista Corporation reports a transaction to an index developer that deviates from the parameters established for a particular index pursuant to 2.d., Avista Corporation will undertake to identify to the index developer the nature of the deviation from the parameters of the index.
- h. Avista Corporation will provide data for each transaction separately.
- i. Avista Corporation will correct any errors identified in undertaking such reporting as soon as practicable.

3. Error resolution process.

- a. Avista Corporation 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 Corporation's 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 Corporation will retain all relevant data relating to reported trades for a minimum of five years.
- b. Avista Corporation will have an audit of the implementation of and adherence to the data gathering and submission process adopted by Avista Corporation 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 Corporation will make the results of its audit available to any index developer to which Avista Corporation submits trade data, and Avista Corporation will permit the index developer to recommend changes to improve the accuracy and timeliness of data reporting.

5. Code of Conduct. Avista Corporation will make this Price Reporting Code of Conduct available to its employees and to the public on its website.