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November 11, 2008

Planning Coordinating Committee  
Technical Studies Subcommittee

Subject: Regional Planning Project Review Report  
Avista Corporation 500/230 kV Interconnection to the Proposed Canada /  
Pacific Northwest to Northern California Transmission Project

The attached report documents Avista Corporation's ("Avista") conformance with the eleven guidelines for Regional Planning for the Devils Gap 500/230 kV Interconnection with Pacific Gas and Electric Corporation's Proposed Double Circuit 500 kV Transmission Line from Canada to California ("PG&E Project") ("Devils Gap Interconnection Project") in accordance with the WECC "Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Reports" dated April 2005.

Avista requests that the Planning Coordination Committee ("PCC") approve the attached report discussing Regional Planning of the Three Phase Process of WECC's Project Rating Process.

The Devils Gap Interconnection Project consists of an 1100 MVA 500/230 kV transformer connected to two 250 MVA, 230/230 kV, plus 20 degree minus 40 degree, phase shifting transformers. This equipment will be installed in a new station adjacent to the existing Avista Devils Gap 115 kV Switching Station, located in Stevens County, Washington. This new station will connect to the Spokane, Washington, area loads via two 230 kV lines into the Westside and Sunset 230 kV stations. The project will, to the maximum extent possible, utilize existing 115 kV corridors from the Devils Gap 115 kV Switching Station to these two stations.

The Devils Gap Interconnection Project is designed to allow the development and delivery of up to 500 MW of renewable energy from within the Avista system to the Market. It will also help to support the loads on the west side of the Spokane 230 kV grid and may facilitate future interconnection of other regional transmission projects. The proposed in-service date for this Project is the fourth quarter of 2015.

The WECC Regional Planning Process was initiated on February 29, 2008, with a meeting held in Spokane, Washington. Avista also is a charter member of the Transmission Coordination Work Group (TCWG), which is a joint effort of Portland General Electric Company, Avista, Idaho Power Company, PacifiCorp, Pacific Gas and Electric Company, TransCanada, Sea Breeze Pacific-RTS, and the Bonneville Power Administration to coordinate development of transmission projects that are expected to have a relationship with the PG&E Project. The TCWG process has been used to solicit potential project participation and technical input for the study work for the Project, as well as to help fulfill the regional planning and coordination requirements applicable under Avista's OATT and current "Attachment K" filing. Interested stakeholders were provided an opportunity through the TCWG and Attachment K processes to provide comments on the Devils Gap Interconnection Project.

TCWG meetings have been held monthly. These meetings are (and have been) open to the public and have included the interested TCWG members, regional and sub-regional planning groups, Northwest Power Pool members, state regulatory staff, and other interested parties. All meeting notices, meeting materials, attendee participation, study results and reports are posted on the Northwest Power Pool website under "TCWG materials". These meetings have acted as a forum to share results, discuss activities, exchange technical data, and coordinate powerflow and stability base cases that have been and will continue to be used in the Regional Planning Process.

The attached Regional Planning Project Review Report summarizes the results of these activities with respect to Avista's Devils Gap Interconnection Project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott Waples".

Scott Waples  
Chief System Planning Engineer  
Avista Corporation