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IDAHO PUBLIC
UTILITIES COMMISSION

February 28, 2005

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

RE: Annual Report on Alternative Renewable Energy

Dear Ms. Jewell:

Pursuant to Order No. 28948 in Case No. AVU-E-01-16, Avista Utilities provides the following report on the Company's alternative energy resources offered as options to customers in 2004 under Schedule 95—Optional Wind Power Rate. Avista Utilities' voluntary program, marketed as the "Buck-A-Block" program, for wind resources was initiated on February 1, 2002.

1) Description of the option(s) offered to Avista's customers:

Avista Utilities offers an alternative renewable energy rate in the form of a wind power option to residential and commercial electric customers in both Washington and Idaho. Changes were made to the block amount in 2004. Under the old program, customers were able to voluntarily sign up for 55-kWh blocks of wind power, for \$1.00 each, paid in addition to their regular rates. The new program offers blocks of 300 kWh for \$1.00 each, paid in addition to their regular rates. Customers may purchase as many blocks as they would like. Customers subscribe on a monthly basis that can be canceled and re-subscribed at anytime by either phone, internet, or bill inserts. Avista Utilities purchases the power and associated environmental benefits from PPM Energy and the Stateline Energy Center, located along the Washington-Oregon border to supply the program. The Company marketed the program through billing inserts, earned media, local public radio, selected fairs, and print media. Incremental administration and marketing budgets were approximately \$40,000 on a system basis.

2) Rate of customer participation:

As of December 31, 2004 on a system basis, there were 2,989 customers participating in the program, 2,918 residential and 71 commercial. Annual 2004

subscriptions totaled 142,504 blocks. The Idaho portion of all components of this program is 29% based on participation of 859 Idaho customers.

- 3) **Amount of qualified alternative energy resources purchased by customers:**
The number of blocks of wind power equates to a subscription of 25,715,125 kWh for the year.
- 4) **Amount of utility investments in qualified alternative energy resources:**
In 2004, Avista Utilities purchased 27,350,000 kWh of wind power from the Stateline Energy Center.

Please direct questions on this matter to me at (509) 495-8706 or Chris Drake at (509) 495-8624.

Sincerely,



Bruce Folsom
Manager, Regulatory Compliance