

Avista Corp.
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Toll Free 800-727-9170



VIA OVERNIGHT MAIL

Corp.

October 13, 2005

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol St NE #215
Salem, OR 97308-2148

RECEIVED
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Re: Tax Report Filing of Avista Corporation, Temporary Rule No. 860-022-0039

Enclosed for filing is Avista Corporation's tax report for the calendar years 2002, 2003 and 2004. The filing is made in compliance with Temporary Rule No. 860-022-0039 adopted in Docket No. AR 498 by Order No. 05991 entered 09/15/05. Section (3) of the temporary rule requires each public utility to file a tax report with the Commission by October 15, 2005.

The tax report being filed is confidential. The report pages are stamped confidential, are copied on yellow paper, and are enclosed in a sealed envelope that is labeled as containing confidential information. The report is for informational purposes only and shall not be used to support a rate change.

For the calendar years 2002, 2003, and 2004 Avista made consolidated federal income tax payments in the amounts of \$7.4 million, \$12.0 million, and \$13.0 million, respectively. As discussed in the attachments, the ratio calculation required in Section (2)(d)(B) of the temporary rule is unworkable as it applies to determining taxes paid attributed to Avista's Oregon operations.

Avista has separately reported Oregon state income taxes. The entire amounts of Oregon state income tax payments are attributed to Oregon regulated operations since the Oregon Department of Revenue uses an apportionment percentage to determine income generated from Oregon utility operations.

If you have any questions, please contact Ron McKenzie at (509) 495-4320.

Sincerely,

Kelly Norwood
Vice President, State and Federal Regulation

RM
Enclosure