



**Avista Corp.**

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October 15, 2015

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, September 2015  
Docket No. UE-140188, Monthly REC Report, September 2015

Dear Mr. King:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of September 2015.

The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers (Attachment A). In September, actual net power costs were less than authorized costs by \$1,227,240. Year-to-date actual net power costs were less than authorized costs by \$11,084,525. A deferral entry of \$1,083,109 was made in the rebate direction. The ERM deferral at September 2015 is \$5,617,337 (including interest) in the rebate direction.

In Order 05, Docket UE-140188, the Company was authorized to return a portion of the accumulated ERM deferral balance to customers effective January 1, 2015. Total rebate revenue amounted to \$678,673 for the month of September 2015. After adjusting for revenue-sensitive expenses, \$648,125 of amortization of the deferral balance was recorded.

Actual net power costs for September 2015 were lower than the authorized level due primarily to low natural gas and power prices. Hydro generation was 108 aMW below the authorized level. Colstrip generation was 14 aMW above the authorized level. Kettle Falls generation was 6 aMW below the authorized level. Natural gas-fired generation was 109 aMW above the authorized level.

The average power purchase price was \$24.95/MWh compared to an authorized price of \$38.99/MWh. The average natural gas price was \$2.97/dth compared to an authorized price of

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COMMISSION

\$3.71/dth. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 15 aMW below the authorized level.

The report also includes the monthly renewable energy credits (REC) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188 the Company defers 100% of the net monthly renewable energy credits (REC) not associated with compliance for the Washington Energy Independence Act. The amount of net revenues for September 2015 is \$159,025. The Company also is authorized to return to customers an amortization amount based on actual and projected net REC revenues from 2012 through June 2016. The rebate revenue amounted to \$487,237 for the month of September 2015. After adjusting for revenue-sensitive expenses, \$465,306 of amortization of the deferral balance was recorded.

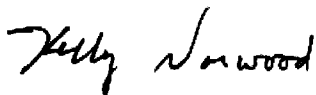
Interest for the ERM is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002. Interest is applied to the average of the beginning and ending month deferral balances net of associated deferred federal income tax. The Company's actual cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually. The January and September reports contain the supporting workpapers for the semi-annual updates of the weighted cost of debt used in the interest calculations. Page 33 of the report for September 2015 shows the calculation of the cost of debt at June 30, 2015, which is used for the September through December 2015 period.

Interest for RECs is calculated per footnote 3 of the Settlement Stipulation in Order No. 5, Docket UE-140188 dated November 25, 2014 where parties agreed to the use of an after-tax cost of capital interest rate (6.34%) on the rebate balance. This interest rate will be updated at the next General Rate Case.

There were no forward long-term power contracts executed in September 2015.

If you have any questions, please contact Bill Johnson at (509) 495-4046 or Annette Brandon at (509) 495-4324.

Sincerely,



Kelly Norwood  
Vice President, State and Federal Regulation

AB

Enclosure

C: Mary Kimball, S. Bradley Van Cleve



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AVISTA CORPORATION  
STATE OF WASHINGTON  
DOCKET NO. UE-011595  
POWER COST DEFERRAL REPORT  
MONTH OF SEPTEMBER 2015

**STATE OF WASHINGTON**  
**186280 ERM DEFERRAL (CURRENT YEAR)**

| Accounting Period | Beginning Balance | Monthly Activity  | Ending Balance    |
|-------------------|-------------------|-------------------|-------------------|
| 201405            | \$ -              | \$ (1,748,236.00) | \$ (1,748,236.00) |
| 201406            | \$ (1,748,236.00) | \$ (914,303.00)   | \$ (2,662,539.00) |
| 201407            | \$ (2,662,539.00) | \$ (1,955,345.00) | \$ (4,617,884.00) |
| 201408            | \$ (4,617,884.00) | \$ (42,368.00)    | \$ (4,660,252.00) |
| 201409            | \$ (4,660,252.00) | \$ 812,584.00     | \$ (3,847,668.00) |
| 201410            | \$ (3,847,668.00) | \$ (91,107.00)    | \$ (3,938,775.00) |
| 201411            | \$ (3,938,775.00) | \$ 72,210.00      | \$ (3,866,565.00) |
| 201412            | \$ (3,866,565.00) | \$ (357,446.00)   | \$ (4,224,011.00) |
| 201501            | \$ (4,224,011.00) | \$ 13,034.00      | \$ (4,210,977.00) |
| 201502            | \$ (4,210,977.00) | \$ 2,485,369.00   | \$ (1,725,608.00) |
| 201503            | \$ (1,725,608.00) | \$ (4,676,799.32) | \$ (6,402,407.32) |
| 201504            | \$ (6,402,407.32) | \$ (2,111,142.00) | \$ (8,513,549.32) |
| 201505            | \$ (8,513,549.32) | \$ 550,197.00     | \$ (7,963,352.32) |
| 201506            | \$ (7,963,352.32) | \$ 1,981,411.14   | \$ (5,981,941.18) |
| 201507            | \$ (5,981,941.18) | \$ 1,860,178.00   | \$ (4,121,763.18) |
| 201508            | \$ (4,121,763.18) | \$ (398,154.00)   | \$ (4,519,917.18) |
| 201509            | \$ (4,519,917.18) | \$ (1,097,420.00) | \$ (5,617,337.18) |

**201509**

**\$ (5,617,337.18)**

| <u>Current Month</u>             | <u>GL Account</u> | <u>Amount</u>   | <u>Journal ID</u> |
|----------------------------------|-------------------|-----------------|-------------------|
| <b>Balance 8/31/2015</b>         |                   | \$ (4,519,917)  |                   |
| Deferral Current Month           |                   | \$ (1,083,109)  | 481 - ERM         |
| Interest                         |                   | \$ (14,311)     | 481 - ERM         |
| <b>Balance 09/30/2015</b>        |                   | \$ (5,617,337)  |                   |
| <br>                             |                   |                 |                   |
| <u>YTD</u>                       |                   | <u>Amount</u>   | <u>Journal ID</u> |
| <b>Balance 12/31/2014</b>        |                   | \$ (4,224,011)  |                   |
| Deferral Year to Date            |                   | \$ (3,038,790)  | 481 - ERM         |
| Spokane Energy Transfer          |                   | \$ (2,437,282)  | 481 - ERM         |
| Transfer BPA Parallel Capacity   |                   | \$ 25,213       | 481 - ERM/NSJ015  |
| Transfer to Account 186290       |                   | \$ 4,198,798    | 481 - ERM         |
| Interest                         |                   | \$ (141,265)    | 481 - ERM         |
| <b>Balance 09/30/2015</b>        |                   | \$ (5,617,337)  |                   |
| <br>                             |                   |                 |                   |
|                                  | <u>Total</u>      | <u>Absorbed</u> | <u>Deferred</u>   |
| First \$4M at 100%               | \$ (4,000,000)    | \$ (4,000,000)  | \$ -              |
| \$4M to \$10M at 25% (rebate)    | \$ (6,000,000)    | \$ (1,500,000)  | \$ (4,500,000)    |
| \$4M to \$10M at 50% (surcharge) | \$ (1,084,525)    | \$ (108,452)    | \$ (976,073)      |
| Over \$10M at 10%                | \$ -              | \$ -            | \$ -              |
|                                  | \$ (11,084,525)   | \$ (5,608,452)  | \$ (5,476,073)    |

**STATE OF WASHINGTON**  
**186290 ERM AMORTIZATION BALANCE**

| Accounting Period | Beginning Balance | Monthly Activity  | Ending Balance    |
|-------------------|-------------------|-------------------|-------------------|
| 201405            | \$ 1,263,530.29   | \$ 3,692.00       | \$ 1,267,222.29   |
| 201406            | \$ 1,267,222.29   | \$ 3,692.00       | \$ 1,270,914.29   |
| 201407            | \$ 1,270,914.29   | \$ (1,270,914.00) | \$ 0.29           |
| 201408            | \$ 0.29           | \$ (0.29)         | \$ 0.00           |
| 201409            | \$ 0.00           | \$ -              | \$ 0.00           |
| 201410            | \$ 0.00           | \$ -              | \$ 0.00           |
| 201411            | \$ 0.00           | \$ -              | \$ 0.00           |
| 201412            | \$ 0.00           | \$ -              | \$ 0.00           |
| 201501            | \$ 0.00           | \$ -              | \$ 0.00           |
| 201502            | \$ 0.00           | \$ (4,210,868.00) | \$ (4,210,868.00) |
| 201503            | \$ (4,210,868.00) | \$ (12,070.00)    | \$ (4,222,938.00) |
| 201504            | \$ (4,222,938.00) | \$ (12,070.00)    | \$ (4,235,008.00) |
| 201505            | \$ (4,235,008.00) | \$ (12,070.00)    | \$ (4,247,078.00) |
| 201506            | \$ (4,247,078.00) | \$ (12,070.00)    | \$ (4,259,148.00) |
| 201507            | \$ (4,259,148.00) | \$ 4,259,148.00   | \$ -              |
| 201508            | \$ -              | \$ -              | \$ -              |
| 201509            | \$ -              | \$ -              | \$ -              |
| <b>201509</b>     |                   |                   | <b>\$ -</b>       |

| <u>Current Month</u>        | <u>Amount</u>            | <u>Journal ID</u> |
|-----------------------------|--------------------------|-------------------|
| <b>Balance 8/31/2015</b>    | <b>\$ (4,259,148.00)</b> |                   |
| Transfer to 182350 interest | \$ 4,259,148.00          | 481 - ERM         |
|                             | \$ -                     | 481 - ERM         |
| <b>Balance 09/30/2015</b>   | <b>\$ -</b>              |                   |

**STATE OF WASHINGTON**  
**182350 RECOVERABLE DEFERRAL BALANCE (CURRENT YEAR - 2015)**

| Accounting Period | Beginning Balance  | Monthly Activity  | Ending Balance           |
|-------------------|--------------------|-------------------|--------------------------|
| 201405            | \$ (16,514,960.92) | \$ 610,932.00     | \$ (15,904,028.92)       |
| 201406            | \$ (15,904,028.92) | \$ 580,003.00     | \$ (15,324,025.92)       |
| 201407            | \$ (15,324,025.92) | \$ 1,888,322.00   | \$ (13,435,703.92)       |
| 201408            | \$ (13,435,703.92) | \$ 711,638.21     | \$ (12,724,065.71)       |
| 201409            | \$ (12,724,065.71) | \$ 722,250.00     | \$ (12,001,815.71)       |
| 201410            | \$ (12,001,815.71) | \$ 612,676.00     | \$ (11,389,139.71)       |
| 201411            | \$ (11,389,139.71) | \$ 628,745.00     | \$ (10,760,394.71)       |
| 201412            | \$ (10,760,394.71) | \$ 798,304.00     | \$ (9,962,090.71)        |
| 201501            | \$ (9,962,090.71)  | \$ 798,997.00     | \$ (9,163,093.71)        |
| 201502            | \$ (9,163,093.71)  | \$ 789,342.00     | \$ (8,373,751.71)        |
| 201503            | \$ (8,373,751.71)  | \$ 655,479.00     | \$ (7,718,272.71)        |
| 201504            | \$ (7,718,272.71)  | \$ 579,012.00     | \$ (7,139,260.71)        |
| 201505            | \$ (7,139,260.71)  | \$ 561,307.00     | \$ (6,577,953.71)        |
| 201506            | \$ (6,577,953.71)  | \$ 584,532.00     | \$ (5,993,421.71)        |
| 201507            | \$ (5,993,421.71)  | \$ (3,603,850.00) | \$ (9,597,271.71)        |
| 201508            | \$ (9,597,271.71)  | \$ 695,768.00     | \$ (8,901,503.71)        |
| 201509            | \$ (8,901,503.71)  | \$ 623,410.00     | \$ (8,278,093.71)        |
| <b>201509</b>     |                    |                   | <b>\$ (8,278,093.71)</b> |

| <u>Current Month</u>     | <u>Amount</u>            | <u>Journal ID</u> |
|--------------------------|--------------------------|-------------------|
| <b>Balance 8/31/2015</b> | \$ <b>(8,901,503.71)</b> |                   |
| Surcharge Amortization   | \$ 648,125.00            | 481 - ERM         |
| Transfer From 186290     | \$ -                     | 481 - ERM         |
| Interest                 | \$ (24,715.00)           | 481 - ERM         |
|                          | \$ <b>(8,278,093.71)</b> |                   |

**STATE OF WASHINGTON**  
**232380 DFIT ASSOCIATED WITH ERM DEFERRALS**

|  |    |                 |
|--|----|-----------------|
| Account 182350.ED.WA balance                         | \$ | (8,278,093.71)  |
| Total  | \$ | (13,895,430.89) |
| Federal income tax rate                              |    | -35%            |
| Deferred FIT related to deferrals                    | \$ | 4,863,400.81    |
| Rounding   | \$ | 0.88            |
| Balance that should be in account - January 31, 2015 | \$ | 4,863,401.69    |
| <br>   |    |                 |
| GL Check   | \$ | 4,863,401.69    |
|  | \$ | 0.00            |

**STATE OF WASHINGTON**  
**186322 REC AMORTIZATION**

| FERC Account | Accounting Period | Beginning Balance | Monthly Activity | Ending Balance    |
|--------------|-------------------|-------------------|------------------|-------------------|
| 186322       | 201401            | \$ (1,606,947.81) | \$ 82,083.00     | \$ (1,524,864.81) |
| ED.WA        | 201402            | \$ (1,524,864.81) | \$ (79,905.00)   | \$ (1,604,769.81) |
|              | 201403            | \$ (1,604,769.81) | \$ (221,015.00)  | \$ (1,825,784.81) |
|              | 201404            | \$ (1,825,784.81) | \$ (361,430.83)  | \$ (2,187,215.64) |
|              | 201405            | \$ (2,187,215.64) | \$ 84,889.00     | \$ (2,102,326.64) |
|              | 201406            | \$ (2,102,326.64) | \$ (21,300.25)   | \$ (2,123,626.89) |
|              | 201407            | \$ (2,123,626.89) | \$ (140,262.00)  | \$ (2,263,888.89) |
|              | 201408            | \$ (2,263,888.89) | \$ (180,438.00)  | \$ (2,444,326.89) |
|              | 201409            | \$ (2,444,326.89) | \$ (271,407.00)  | \$ (2,715,733.89) |
|              | 201410            | \$ (2,715,733.89) | \$ (458,544.00)  | \$ (3,174,277.89) |
|              | 201411            | \$ (3,174,277.89) | \$ (42,690.00)   | \$ (3,216,967.89) |
|              | 201412            | \$ (3,216,967.89) | \$ (60,222.00)   | \$ (3,277,189.89) |
|              | 201501            | \$ (3,277,189.89) | \$ 153,618.00    | \$ (3,123,571.89) |
|              | 201502            | \$ (3,123,571.89) | \$ 568,226.00    | \$ (2,555,345.89) |
|              | 201503            | \$ (2,555,345.89) | \$ 485,435.00    | \$ (2,069,910.89) |
|              | 201504            | \$ (2,069,910.89) | \$ 420,814.00    | \$ (1,649,096.89) |
|              | 201505            | \$ (1,649,096.89) | \$ 412,340.00    | \$ (1,236,756.89) |
|              | 201506            | \$ (1,236,756.89) | \$ 429,136.00    | \$ (807,620.89)   |
|              | 201507            | \$ (807,620.89)   | \$ 477,685.00    | \$ (329,935.89)   |
|              | 201508            | \$ (329,935.89)   | \$ 532,856.00    | \$ 202,920.11     |
|              | 201509            | \$ 202,920.11     | \$ 467,625.00    | \$ 670,545.11     |

GL YTD Check

201509

\$ 670,545.11

| <u>Current Month</u> |                | <u>Amount</u> | <u>Journal ID</u>    |
|----------------------|----------------|---------------|----------------------|
| Account 186322       | Begin Balance  | \$ 202,920.11 |                      |
| Amortization         |                | \$ 465,306.00 | 475 - WA REC Journal |
| Interest - 6.340%    |                | \$ 2,319.00   | 475 - WA REC Journal |
|                      | Ending Balance | \$ 670,545.11 |                      |



**STATE OF WASHINGTON**  
**186323 REC DEFERRAL**

| FERC Account | Accounting Period | Beginning Balance | Monthly Activity | Ending Balance    |
|--------------|-------------------|-------------------|------------------|-------------------|
| 186323       | 201501            | \$ -              | \$ (120,324.00)  | \$ (120,324.00)   |
| ED.WA        | 201502            | \$ (120,324.00)   | \$ (105,384.00)  | \$ (225,708.00)   |
|              | 201503            | \$ (225,708.00)   | \$ (168,848.00)  | \$ (394,556.00)   |
|              | 201504            | \$ (394,556.00)   | \$ (288,755.00)  | \$ (683,311.00)   |
|              | 201505            | \$ (683,311.00)   | \$ (177,243.00)  | \$ (860,554.00)   |
|              | 201506            | \$ (860,554.00)   | \$ (120,850.00)  | \$ (981,404.00)   |
|              | 201507            | \$ (981,404.00)   | \$ (98,671.13)   | \$ (1,080,075.13) |
|              | 201508            | \$ (1,080,075.13) | \$ (183,092.00)  | \$ (1,263,167.13) |
|              | 201509            | \$ (1,263,167.13) | \$ (166,058.00)  | \$ (1,429,225.13) |

GL YTD Check      201509      \$ (1,429,225.13)

| <u>Current Month</u> |                | <u>Amount</u>     | <u>Journal ID</u> |
|----------------------|----------------|-------------------|-------------------|
| Account 186323       | Beginning      | \$ (1,263,167.13) |                   |
| Deferral             |                | \$ (159,025.00)   | 475 - WA REC      |
| Interest             |                | \$ (7,033.00)     | 475 - WA REC      |
|                      |                |                   | Journal           |
|                      | Ending Balance | \$ (1,429,225.13) |                   |

**STATE OF WASHINGTON**  
**232305/283310 DFIT ASSOCIATED WITH REC DEFERRALS**

**DFIT Associated with ERM Deferrals**

**Account 283305.ED.WA**

|  |                   |
|--|-------------------|
| Account 186322.ED.WA balance                         | \$ 670,545.11     |
| Account 186323.ED.WA balance                         | \$ (1,429,225.13) |
| Total  | \$ (758,680.02)   |
| Federal income tax rate                              | -35%              |
| Deferred FIT related to deferrals                    | \$ 265,538.01     |
| True up to Tax Return                                | \$ 8,082.00       |
| Balance that should be in account - January 31, 2015 | \$ 273,620.01     |

**GL Check** **201509** \$ 273,620.01

Attachment A

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of September 2015

ERM Deferral Journal

Printed 10/07/2015 at 3:47 pm

**Avista Corporation Journal Entry**

Journal: 481-WA ERM  
 Team: Resource Accounting  
 Type: C  
 Category: DJ  
 Currency: USD

Effective Date: 201509  
 Last Saved by: Cheryl Kettner  
 Submitted by: Cheryl Kettner  
 Approved by:

Last Saved: 10/07/2015 3:47 PM  
 Approval Requested: 10/07/2015 3:47 PM

| Seq            | Co  | FERC   | Desc   | Ser. | Jul. | S/L | Debit               | Credit              | Comment                                   |
|----------------|-----|--------|--|------|------|-----|---------------------|---------------------|---|
| 10             | 001 | 182350 | - REGULATORY ASSET ERM APPROVED FOR RECOVERY | ED   | WA   | DL  | 648,125.00          |                     | Current Amortization                      |
| 20             | 001 | 557290 | - WA ERM AMORTIZATION                        | ED   | WA   | DL  |                     | 648,125.00          | Current Amortization Expense              |
| 30             | 001 | 182350 | - REGULATORY ASSET ERM APPROVED FOR RECOVERY | ED   | WA   | DL  |                     | 24,715.00           | Interest Accrual for Amortization Balance |
| 40             | 001 | 431600 | - INTEREST EXPENSE ENERGY DEFERRALS          | ED   | WA   | DL  | 24,715.00           |                     | Interest Expense on Amortization Balance  |
| 50             | 001 | 186280 | - REGULATORY ASSET ERM DEFERRED CURRENT YEAR | ED   | WA   | DL  |                     | 1,083,109.00        | Current Year ERM (2015)                   |
| 60             | 001 | 557280 | - DEFERRED POWER SUPPLY EXPENSE              | ED   | WA   | DL  | 1,083,109.00        |                     | Current Year ERM Deferral Expense (2015)  |
| 70             | 001 | 186280 | - REGULATORY ASSET ERM DEFERRED CURRENT YEAR | ED   | WA   | DL  |                     | 14,311.00           | Current Year ERM Interest Accrual (2015)  |
| 80             | 001 | 431600 | - INTEREST EXPENSE ENERGY DEFERRALS          | ED   | WA   | DL  | 14,311.00           |                     | Current Year ERM Interest Expense (2015)  |
| <b>Totals:</b> |     |        |  |      |      |     | <b>1,770,260.00</b> | <b>1,770,260.00</b> |   |

*Cheryl Kettner*  
 Prepared by Cheryl Kettner  
 Date: 10/7/2015

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_  
 Approved for Entry \_\_\_\_\_ Date \_\_\_\_\_  
 Corporate Accounting use Only

Explanation:  
 Record current month deferred power supply costs, and interest per WA accounting order.

**Washington Energy Recovery Mechanism (ERM) Amortizing Deferral Balance**

**Changes Semiannually on January 1 and July 1**

The rate is based on Avista's actual cost of debt, updated semiannually.

The actual cost of debt calculated at 6/30 will be used for the interest calculation from July through December.

The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.

Interest will be accrued monthly and compounded semi-annually.

Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current after tax interest rate

| Actual cost of debt at 12/31/14 is   |                               |             | 5.307%              | Actual cost of debt at 06/30/15 is |          |              | 5.354%              |              |
|--------------------------------------|-------------------------------|-------------|---------------------|------------------------------------|----------|--------------|---------------------|--------------|
| The monthly rate is:                 |                               |             | 0.00442 Before Tax  | The monthly rate is:               |          |              | 0.00446 Before Tax  |              |
|                                      |                               |             | 0.0028746 After Tax |                                    |          |              | 0.0029001 After Tax |              |
|                                      |                               |             | 35.00% Tax rate     |                                    |          |              | 35.00% Tax rate     |              |
| <b>January</b>                       |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| January                              | Surcharge Amortization        | 826,446     |                     | Amortization                       | 289,256  | Operating    | (289,256)           |              |
| January                              | Interest                      |             | (27,449)            | Interest                           | (9,607)  | Nonoperating | 9,607               |              |
| 1/31/2015 Balance before interest    |                               |             | (9,135,645)         | 279,649 Total                      |          |              | (279,649)           |              |
| <b>February</b>                      |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| February                             | Surcharge Amortization        | 814,433     |                     | Amortization                       | 285,052  | Operating    | (285,052)           |              |
| February                             | Interest                      |             | (25,091)            | Interest                           | (8,782)  | Nonoperating | 8,782               |              |
| 2/28/2015 Balance before interest    |                               |             | (8,321,212)         | 276,270 Total                      |          |              | (276,270)           |              |
| <b>March</b>                         |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| March                                | Surcharge Amortization        | 678,424     |                     | Amortization                       | 237,448  | Operating    | (237,448)           |              |
| March                                | Interest                      |             | (22,945)            | Interest                           | (8,031)  | Nonoperating | 8,031               |              |
| 3/31/2015 Balance before interest    |                               |             | (7,642,788)         | 229,417 Total                      |          |              | (229,417)           |              |
| <b>April</b>                         |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| April                                | Surcharge Amortization        | 600,119     |                     | Amortization                       | 210,042  | Operating    | (210,042)           |              |
| April                                | Interest                      |             | (21,107)            | Interest                           | (7,387)  | Nonoperating | 7,387               |              |
| 4/30/2015 Balance before interest    |                               |             | (7,042,669)         | 202,655 Total                      |          |              | (202,655)           |              |
| <b>May</b>                           |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| May                                  | Surcharge Amortization        | 580,717     |                     | Amortization                       | 203,251  | Operating    | (203,251)           |              |
| May                                  | Interest                      |             | (19,410)            | Interest                           | (6,794)  | Nonoperating | 6,794               |              |
| 5/31/2015 Balance before interest    |                               |             | (6,461,952)         | 196,457 Total                      |          |              | (196,457)           |              |
| <b>June</b>                          |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| June                                 | Balance transfer              |             |                     | Amortization                       | 210,785  | Operating    | (210,785)           |              |
| June                                 | Surcharge Amortization        | 602,242     |                     | Interest                           | (6,199)  | Nonoperating | 6,199               |              |
| June                                 | Interest                      | 0           | (17,710)            | 204,586 Total                      |          |              | (204,586)           |              |
| 6/30/2015 Balance including interest |                               |             | (5,859,710)         |                                    |          |              |                     |              |
| <b>July</b>                          |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| July                                 | GL Balance including interest | (5,993,422) |                     | Amortization                       | 239,414  | Operating    | (239,414)           |              |
| July                                 | Transfer from 186290          | (4,259,148) |                     | Interest                           | (10,060) | Nonoperating | 10,060              |              |
| July                                 | Surcharge Amortization        | 684,040     |                     | 229,354 Total                      |          |              | (229,354)           |              |
| July                                 | Interest                      |             | (28,742)            |                                    |          |              |                     |              |
| 7/31/2015 Balance before interest    |                               |             | (9,568,530)         |                                    |          |              |                     |              |
| <b>August</b>                        |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| August                               | Surcharge Amortization        | 722,470     |                     | Amortization                       | 252,865  | Operating    | (252,865)           |              |
| August                               | Interest                      |             | (26,702)            | Interest                           | (9,346)  | Nonoperating | 9,346               |              |
| 8/31/2015 Balance before interest    |                               |             | (8,846,060)         | 243,519 Total                      |          |              | (243,519)           |              |
| <b>September</b>                     |                               |             |                     | <b>DFIT Expense</b>                |          |              |                     | <b>ADFIT</b> |
| September                            | Surcharge Amortization        | ✓ 648,125   |                     | Amortization                       | 226,844  | Operating    | (226,844)           |              |
| September                            | Interest                      |             | ✓ (24,715)          | Interest                           | (8,650)  | Nonoperating | 8,650               |              |
| 9/30/2015 Balance before interest    |                               |             | (8,197,935)         | 218,194 Total                      |          |              | (218,194)           |              |

Avista Corp. - Resource Accounting  
WASHINGTON POWER COST DEFERRALS

| Line No.                                       | WASHINGTON ACTUALS                      | Jan-15         | Feb-15         | Mar-15         | Apr-15         | May-15         | Jun-15         | Jul-15        | Aug-15        | Sep-15         | Oct-15        | Nov-15        | Dec-15        |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|
| 1  | 555 Purchased Power                     | \$129,249,089  | \$18,369,404   | \$16,707,284   | \$12,948,168   | \$10,442,007   | \$11,824,042   | \$13,032,881  | \$15,987,109  | \$11,448,945   | \$0           | \$0           | \$0           |
| 2  | 447 Sale for Resale                     | (\$98,039,123) | (\$10,823,998) | (\$13,235,802) | (\$14,504,101) | (\$13,592,868) | (\$9,800,434)  | (\$6,398,663) | (\$9,995,718) | (\$9,044,467)  | \$0           | \$0           | \$0           |
| 3  | Less SMUD RECs                          | \$0            | \$0            | \$0            | \$0            | \$0            | \$0            | \$0           | \$0           | \$0            | \$0           | \$0           | \$0           |
| 4  | 501 Thermal Fuel                        | \$21,425,731   | \$3,024,714    | \$719,974      | \$2,528,524    | \$2,146,449    | \$2,573,966    | \$2,423,826   | \$2,729,503   | \$2,755,735    | \$0           | \$0           | \$0           |
| 5  | 547 CT Fuel                             | \$65,172,331   | \$4,606,993    | \$6,304,366    | \$6,287,738    | \$6,983,594    | \$7,488,150    | \$8,992,329   | \$9,090,520   | \$8,385,184    | \$0           | \$0           | \$0           |
| 6  | 456 Transmission Revenue                | (\$13,071,806) | (\$1,397,772)  | (\$1,400,243)  | (\$1,226,501)  | (\$1,232,487)  | (\$1,975,348)  | (\$1,603,661) | (\$1,437,274) | (\$1,484,527)  | \$0           | \$0           | \$0           |
| 7  | 565 Transmission Expense                | \$13,077,386   | \$1,407,165    | \$1,470,845    | \$1,429,297    | \$1,382,721    | \$1,402,552    | \$1,429,442   | \$1,420,148   | \$1,417,125    | \$0           | \$0           | \$0           |
| 8  | 557 Broker Fees                         | \$331,278      | \$31,393       | \$40,529       | \$36,550       | \$45,056       | \$42,360       | \$40,332      | \$29,824      | \$33,805       | \$0           | \$0           | \$0           |
| 9  | Less Clearwater directly assigned to ID | \$0            | \$0            | \$0            | \$0            | \$0            | \$0            | \$0           | \$0           | \$0            | \$0           | \$0           | \$0           |
| 10   | Adjusted Actual Net Expense             | \$118,144,886  | \$17,110,439   | \$12,921,895   | \$12,411,524   | \$6,173,472    | \$11,555,288   | \$18,165,486  | \$18,804,112  | \$13,511,800   | \$0           | \$0           | \$0           |
| Total through                                  |   |                |                |                |                |                |                |               |               |                |               |               |               |
| AUTHORIZED NET EXPENSE-SYSTEM                  |   |                |                |                |                |                |                |               |               |                |               |               |               |
| 11   | 555 Purchased Power                     | \$95,377,027   | \$14,241,308   | \$12,816,216   | \$10,157,992   | \$8,801,839    | \$8,966,511    | \$9,032,312   | \$10,449,135  | \$8,227,612    | \$8,950,494   | \$12,731,418  | \$12,617,776  |
| 12   | 447 Sale for Resale                     | (\$59,811,928) | (\$7,026,454)  | (\$8,167,295)  | (\$8,655,099)  | (\$9,111,902)  | (\$8,388,009)  | (\$5,130,621) | (\$3,284,320) | (\$4,661,364)  | (\$4,875,558) | (\$6,000,154) | (\$4,742,812) |
| 13   | Less SMUD RECs                          | \$0            | \$0            | \$0            | \$0            | \$0            | \$0            | \$0           | \$0           | \$0            | \$0           | \$0           | \$0           |
| 14   | 501 Thermal Fuel                        | \$20,521,159   | \$2,484,671    | \$2,578,707    | \$2,068,252    | \$1,665,745    | \$1,511,381    | \$2,254,578   | \$2,621,357   | \$2,672,936    | \$2,757,933   | \$2,649,850   | \$2,700,185   |
| 15   | 547 CT Fuel                             | \$62,021,005   | \$10,133,311   | \$9,419,650    | \$9,305,476    | \$3,112,735    | \$2,695,918    | \$5,623,100   | \$7,743,935   | \$8,219,145    | \$9,894,779   | \$9,035,104   | \$9,873,776   |
| 16   | 456 Transmission Revenue                | (\$12,087,889) | (\$1,304,329)  | (\$1,105,921)  | (\$1,154,782)  | (\$1,377,232)  | (\$1,552,357)  | (\$1,659,835) | (\$1,502,892) | (\$1,306,364)  | (\$1,460,291) | (\$1,241,936) | (\$1,225,427) |
| 17   | 565 Transmission Expense                | \$12,616,004   | \$1,447,542    | \$1,429,504    | \$1,394,208    | \$1,365,074    | \$1,353,383    | \$1,377,511   | \$1,429,273   | \$1,414,185    | \$1,374,889   | \$1,403,813   | \$1,423,031   |
| 18   | 557 Broker Fees                         | \$807,000      | \$89,667       | \$89,666       | \$89,667       | \$89,667       | \$89,666       | \$89,667      | \$89,667      | \$89,666       | \$89,667      | \$89,667      | \$89,666      |
| 19   | Authorized Net Expense                  | \$119,442,578  | \$21,885,167   | \$18,107,333   | \$16,772,003   | \$9,787,973    | \$4,575,493    | \$11,586,712  | \$17,546,155  | \$14,655,816   | \$15,671,913  | \$18,667,762  | \$20,736,195  |
| 20   | Actual - Authorized Net Expense         | (\$1,297,692)  | (\$4,774,728)  | (\$5,185,638)  | (\$4,360,479)  | (\$1,627,546)  | \$6,975,795    | \$6,578,774   | \$1,257,957   | (\$1,144,016)  | \$0           | \$0           | \$0           |
| 21   | Resource Optimization - Subtotal        | (\$9,393,613)  | (\$739,146)    | (\$781,452)    | (\$885,070)    | (\$1,052,015)  | (\$1,079,841)  | (\$1,416,070) | (\$1,726,819) | (\$1,079,841)  | \$0           | \$0           | \$0           |
| Spokane Energy Net Capacity Sale (\$5,313,000) |   |                |                |                |                |                |                |               |               |                |               |               |               |
| 22   | Adjusted Net Expense                    | (\$16,004,305) | (\$5,481,517)  | (\$5,924,784)  | (\$5,613,890)  | (\$3,058,355)  | \$4,961,780    | \$5,162,704   | (\$468,862)   | (\$2,223,857)  | \$0           | \$0           | \$0           |
| 23   | Washington Allocation                   | 65.19%         | 65.19%         | 65.19%         | 65.19%         | 65.19%         | 65.19%         | 65.19%        | 65.19%        | 65.19%         | 65.19%        | 65.19%        | 65.19%        |
| 24   | Washington Share                        | (\$10,433,207) | (\$3,573,401)  | (\$3,862,367)  | (\$3,627,295)  | (\$1,993,742)  | \$3,234,584    | \$3,365,567   | (\$305,651)   | (\$1,449,732)  | \$0           | \$0           | \$0           |
| 25   | WA Retail Revenue Adjustment            | (\$96,889)     | (\$22,707)     | \$3,828        | (\$42,197)     | \$3,828        | \$3,828        | (\$55,013)    | \$3,828       | \$3,828        | (\$181,250)   | \$0           | \$0           |
| 26   | (-) Surcharge (-) Rebate                | (\$554,429)    | \$262,948      | \$910,309      | \$465,355      | (\$286,147)    | (\$1,009,441)  | (\$1,118,089) | (\$212,809)   | \$218,664      | \$0           | \$0           | \$0           |
| 27   | Net Power Cost (+) Surcharge (-) Rebate | (\$11,084,525) | (\$3,333,160)  | (\$2,948,230)  | (\$2,322,026)  | \$637,439      | \$2,228,971    | \$2,192,465   | (\$514,632)   | (\$1,227,240)  | \$0           | \$0           | \$0           |
| 29   | Cumulative Balance                      | (\$3,333,160)  | (\$6,281,390)  | (\$12,079,502) | (\$14,401,528) | (\$13,764,089) | (\$11,535,118) | (\$9,342,653) | (\$9,657,285) | (\$11,084,525) | \$0           | \$0           | \$0           |
| Deferral Amount, Cumulative (Customer)         |   |                |                |                |                |                |                |               |               |                |               |               |               |
| Deferral Amount, Monthly Entry                 |   |                |                |                |                |                |                |               |               |                |               |               |               |
| Acct 557280 Entry: (+) Rebate, (-) Surcharge   |   |                |                |                |                |                |                |               |               |                |               |               |               |
| Company Band Gross Margin Impact, Cumulative   |   |                |                |                |                |                |                |               |               |                |               |               |               |

Avista Corp. - Resource Accounting  
WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

| Line No.   |  | Jan-15                | Feb-15                | Mar-15                | Apr-15                | May-15                | Jun-15               | Jul-15               | Aug-15               | Sep-15               | Oct-15     | Nov-15     | Dec-15     |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|------------|
| <b>555 PURCHASED POWER</b>   |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 1  | Short-Term Purchases                     | \$9,083,672           | \$9,144,844           | \$8,407,240           | \$5,002,455           | \$4,325,233           | \$6,003,282          | \$6,527,898          | \$9,382,888          | \$5,564,911          | \$0        | \$0        | \$0        |
| 2  | Chelan County PUD (Rocky Reach Slice)    | \$1,137,218           | \$1,137,218           | \$1,137,218           | \$1,137,218           | \$1,137,218           | \$1,137,218          | \$1,137,218          | \$1,137,218          | \$1,137,218          | \$0        | \$0        | \$0        |
| 3  | Douglas County PUD (Wells Settlement)    | \$1,000,978           | \$1,000,978           | \$1,000,978           | \$1,000,978           | \$1,000,978           | \$1,000,978          | \$1,000,978          | \$1,000,978          | \$1,000,978          | \$0        | \$0        | \$0        |
| 4  | Douglas County PUD (Wells)               | \$1,383,602           | \$1,383,602           | \$1,383,602           | \$1,383,602           | \$1,383,602           | \$1,383,602          | \$1,383,602          | \$1,383,602          | \$1,383,602          | \$0        | \$0        | \$0        |
| 5  | Grant County PUD (Priest Rapids/Wanapum) | \$5,585,006           | \$5,585,006           | \$5,585,006           | \$5,585,006           | \$5,585,006           | \$5,585,006          | \$5,585,006          | \$5,585,006          | \$5,585,006          | \$0        | \$0        | \$0        |
| 6  | Bonneville Power Admin. (WNP-3)          | \$7,935,731           | \$7,935,731           | \$7,935,731           | \$7,935,731           | \$7,935,731           | \$7,935,731          | \$7,935,731          | \$7,935,731          | \$7,935,731          | \$0        | \$0        | \$0        |
| 7  | Inland Power & Light - Deer Lake         | \$5,152               | \$517                 | \$925                 | \$925                 | \$274                 | \$707                | \$428                | \$379                | \$482                | \$0        | \$0        | \$0        |
| 8  | Small Power                              | \$948,866             | \$185,432             | \$128,447             | \$137,815             | \$98,964              | \$93,100             | \$78,234             | \$54,041             | \$40,786             | \$0        | \$0        | \$0        |
| 9  | Stimson Lumber                           | \$1,204,035           | \$1,204,035           | \$1,204,035           | \$1,204,035           | \$1,204,035           | \$1,204,035          | \$1,204,035          | \$1,204,035          | \$1,204,035          | \$0        | \$0        | \$0        |
| 10   | City of Spokane-Upriver                  | \$1,847,915           | \$1,847,915           | \$1,847,915           | \$1,847,915           | \$1,847,915           | \$1,847,915          | \$1,847,915          | \$1,847,915          | \$1,847,915          | \$0        | \$0        | \$0        |
| 11   | City of Spokane - Waste-to-Energy        | \$3,949,938           | \$454,551             | \$391,828             | \$415,522             | \$397,638             | \$340,466            | \$511,259            | \$535,633            | \$495,685            | \$0        | \$0        | \$0        |
| 12   | Place Holder                             | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0        | \$0        | \$0        |
| 13   | Rathrum Power, LLC (Lancaster PPA)       | \$18,897,166          | \$19,964,556          | \$2,071,992           | \$2,019,992           | \$1,997,492           | \$2,192,225          | \$2,191,660          | \$2,180,300          | \$2,194,027          | \$0        | \$0        | \$0        |
| 14   | Palouse Wind                             | \$1,241,479           | \$1,373,528           | \$1,578,196           | \$1,591,612           | \$1,135,977           | \$995,764            | \$1,360,055          | \$1,372,101          | \$918,007            | \$0        | \$0        | \$0        |
| 15   | Cleanwater (PFI)                         | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0        | \$0        | \$0        |
| 16   | WPM Ancillary Services                   | \$1,222,992           | \$137,999             | \$148,814             | \$128,251             | \$114,327             | \$146,109            | \$143,450            | \$144,311            | \$112,145            | \$0        | \$0        | \$0        |
| 17   | Non-Mon. Accruals                        | \$43,634              | \$22,759              | \$64,927              | \$29,442              | \$109,419             | \$10,993             | \$49,998             | \$78,435             | (\$25,466)           | \$0        | \$0        | \$0        |
| 18   | <b>Total 555 Purchased Power</b>         | <b>\$128,249,069</b>  | <b>\$18,508,249</b>   | <b>\$16,707,284</b>   | <b>\$12,949,168</b>   | <b>\$10,442,007</b>   | <b>\$11,824,042</b>  | <b>\$13,032,881</b>  | <b>\$15,967,109</b>  | <b>\$11,448,945</b>  | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |
| (1) Effective November, 2008, WNP-3 purchase expense has been adjusted to reflect the mid-point price, per Settlement Agreement, Cause No. U-86-99 |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| <b>447 SALES FOR RESALE</b>  |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 19   | Short-Term Sales                         | (\$83,770,662)        | (\$10,076,763)        | (\$9,945,881)         | (\$11,106,285)        | (\$12,692,630)        | (\$11,598,297)       | (\$8,469,308)        | (\$7,927,720)        | (\$7,687,618)        | \$0        | \$0        | \$0        |
| 20   | Peaker LLC/POE Cap Sale                  | (\$535,770)           | (\$145,955)           | (\$146,345)           | (\$97,450)            | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0        | \$0        | \$0        |
| 21   | Nichols Pumping Index Sale               | (\$863,772)           | (\$76,281)            | (\$58,438)            | (\$63,200)            | (\$103,441)           | (\$115,086)          | (\$158,990)          | (\$129,359)          | (\$112,020)          | \$0        | \$0        | \$0        |
| 22   | Sovereign/Kaiser Load Following          | (\$105,278)           | (\$11,963)            | (\$11,866)            | (\$11,448)            | (\$11,943)            | (\$12,545)           | (\$11,011)           | (\$12,545)           | (\$11,011)           | \$0        | \$0        | \$0        |
| 23   | Pend Oreille DES                         | (\$382,868)           | (\$48,666)            | (\$46,761)            | (\$42,464)            | (\$47,066)            | (\$39,186)           | (\$40,201)           | (\$30,900)           | (\$39,650)           | \$0        | \$0        | \$0        |
| 24   | SMUD 50 + 25                             | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0        | \$0        | \$0        |
| 25   | Merchant Ancillary Services              | (\$12,380,793)        | (\$1,283,444)         | (\$1,866,432)         | (\$1,656,909)         | (\$1,832,121)         | (\$1,165,444)        | (\$860,767)          | (\$896,728)          | (\$1,192,812)        | \$0        | \$0        | \$0        |
| 26   | <b>Total 447 Sales for Resale</b>        | <b>(\$98,039,123)</b> | <b>(\$11,643,072)</b> | <b>(\$13,235,802)</b> | <b>(\$14,504,101)</b> | <b>(\$13,592,868)</b> | <b>(\$9,800,434)</b> | <b>(\$6,398,663)</b> | <b>(\$8,996,718)</b> | <b>(\$9,044,467)</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |
| <b>501 FUEL-DOLLARS</b>  |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 27   | Kettle Falls Wood-501110                 | \$4,507,032           | \$787,016             | \$625,932             | \$639,128             | \$580,843             | \$56,187             | \$621,070            | \$667,592            | \$527,412            | \$0        | \$0        | \$0        |
| 28   | Kettle Falls Gas-501120                  | \$14,506              | (\$159)               | \$1,725               | (\$231)               | (\$142)               | \$6,424              | \$1,482              | \$61                 | \$1,021              | \$0        | \$0        | \$0        |
| 29   | Colstrip Coal-501140                     | \$16,729,962          | \$2,191,973           | \$614,698             | \$1,859,178           | \$1,545,596           | \$2,479,689          | \$1,800,505          | \$2,152,083          | \$2,210,681          | \$0        | \$0        | \$0        |
| 30   | Colstrip Oil-501160                      | \$174,231             | \$45,884              | \$1,708               | \$22,699              | \$25,965              | \$31,866             | \$769                | \$9,767              | \$16,621             | \$0        | \$0        | \$0        |
| 31   | <b>Total 501 Fuel Expense</b>            | <b>\$21,425,731</b>   | <b>\$3,024,714</b>    | <b>\$2,528,624</b>    | <b>\$2,524,040</b>    | <b>\$2,146,449</b>    | <b>\$2,573,966</b>   | <b>\$2,423,826</b>   | <b>\$2,729,603</b>   | <b>\$2,756,735</b>   | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |
| <b>501 FUEL-TONS</b>   |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 32   | Kettle Falls                             | 346,786               | 57,572                | 48,506                | 50,870                | 36,438                | 4,995                | 51,120               | 45,996               | 42,153               | \$0        | \$0        | \$0        |
| 33   | Colstrip                                 | 776,389               | 98,612                | 79,441                | 82,336                | 75,681                | 93,766               | 95,583               | 92,542               | 97,096               | \$0        | \$0        | \$0        |
| <b>501 FUEL-COST PER TON</b>   |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 34   | Kettle Falls                             | \$13.67               | \$11.15               | \$12.90               | \$12.56               | \$15.94               | \$11.25              | \$12.15              | \$12.34              | \$12.51              | \$0        | \$0        | \$0        |
| 35   | Colstrip                                 | \$22.18               | \$10.06               | \$23.61               | \$22.58               | \$20.42               | \$26.45              | \$18.84              | \$23.26              | \$22.77              | \$0        | \$0        | \$0        |
| <b>547 FUEL</b>  |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 36   | NE CT Gas/Oil-547213                     | \$46,188              | \$18,530              | \$389                 | \$4,365               | \$1,014               | \$1,647              | \$15                 | \$15,911             | \$2,384              | \$0        | \$0        | \$0        |
| 37   | Boulder Park-547216                      | \$584,010             | \$26,723              | \$9,055               | \$34,725              | \$73,584              | \$148,032            | \$95,882             | \$126,106            | \$53,290             | \$0        | \$0        | \$0        |
| 38   | Kettle Falls CT-547211                   | \$153,561             | \$1,161               | \$353                 | \$2,214               | \$26,771              | \$14,576             | \$50,642             | \$38,628             | \$17,183             | \$0        | \$0        | \$0        |
| 39   | Coyote Springs2-547610                   | \$34,872,234          | \$3,756,118           | \$3,197,538           | \$3,866,344           | \$4,540,165           | \$3,066,660          | \$4,660,379          | \$4,630,900          | \$4,528,922          | \$0        | \$0        | \$0        |
| 40   | Lancaster-547312                         | \$27,836,554          | \$3,234,280           | \$1,883,752           | \$3,098,143           | \$2,380,061           | \$3,873,327          | \$3,821,564          | \$3,763,227          | \$3,714,472          | \$0        | \$0        | \$0        |
| 41   | Rathrum CT-547310                        | \$1,679,784           | \$23,952              | \$50,147              | \$274,332             | \$383,908             | \$363,847            | \$363,847            | \$15,748             | \$68,933             | \$0        | \$0        | \$0        |
| 42   | <b>Total 547 Fuel Expense</b>            | <b>\$65,172,331</b>   | <b>\$7,034,067</b>    | <b>\$6,304,366</b>    | <b>\$6,287,738</b>    | <b>\$6,983,594</b>    | <b>\$7,488,160</b>   | <b>\$8,992,329</b>   | <b>\$9,090,620</b>   | <b>\$8,385,184</b>   | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |
| <b>43 TOTAL NET EXPENSE</b>  |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
|  |  | \$117,808,028         | \$16,923,948          | \$12,304,372          | \$7,256,845           | \$5,978,162           | \$12,085,724         | \$18,050,373         | \$18,791,414         | \$13,546,397         | \$0        | \$0        | \$0        |
| <b>455 TRANSMISSION REVENUE</b>  |  |                       |                       |                       |                       |                       |                      |                      |                      |                      |            |            |            |
| 44   | 456100 ED AN                             | (\$8,626,456)         | (\$1,044,935)         | (\$1,128,135)         | (\$958,901)           | (\$966,487)           | (\$371,859)          | (\$1,073,337)        | (\$835,716)          | (\$1,015,603)        | \$0        | \$0        | \$0        |
| 45   | 456120 ED AN - BPA Settlement            | (\$2,394,000)         | (\$266,000)           | (\$266,000)           | (\$266,000)           | (\$266,000)           | (\$266,000)          | (\$266,000)          | (\$266,000)          | (\$266,000)          | \$0        | \$0        | \$0        |
| 46   | 456020 ED AN - Sale of excess BPA Trans  | (\$11,572)            | (\$3,058)             | (\$6,108)             | (\$1,600)             | \$0                   | \$0                  | \$0                  | (\$493)              | (\$25)               | \$0        | \$0        | \$0        |

Avista Corp. - Resource Accounting  
 WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

| Line No. |   | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15      | Jul-15      | Aug-15      | Sep-15      | Oct-15 | Nov-15 | Dec-15 |
|----------|---|--------|--------|--------|--------|--------|-------------|-------------|-------------|-------------|--------|--------|--------|
|          | <b>TOTAL</b>                              | \$0    | \$0    | \$0    | \$0    | \$0    | (\$823,086) | (\$143,450) | (\$144,311) | (\$112,145) | \$0    | \$0    | \$0    |
| 47       | 456130 ED AN - Ancillary Services Revenue | \$0    | \$0    | \$0    | \$0    | \$0    | \$0         | (\$35,140)  | (\$5,020)   | (\$5,020)   | \$0    | \$0    | \$0    |
| 48       | 456017 ED AN - Low Voltage                | \$0    | \$0    | \$0    | \$0    | \$0    | (\$49,932)  | (\$8,322)   | (\$8,322)   | (\$8,322)   | \$0    | \$0    | \$0    |
| 49       | 456700 ED WA - Do not include Low Voltage | \$0    | \$0    | \$0    | \$0    | \$0    | (\$464,472) | (\$77,412)  | (\$77,412)  | (\$77,412)  | \$0    | \$0    | \$0    |
| 50       | 456705 ED AN - Do not include Low Voltage | \$0    | \$0    | \$0    | \$0    | \$0    | \$0         | \$0         | \$0         | \$0         | \$0    | \$0    | \$0    |



Avista Corp. - R  
ce Accounting  
WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

| Line No.  | Jan-15                | Feb-15               | Mar-15               | Apr-15               | May-15               | Jun-15               | Jul-15               | Aug-15               | Sep-15               | Oct-15             | Nov-15     | Dec-15     |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|------------|------------|
| <b>TOTAL</b>  | <b>(\$13,071,806)</b> | <b>(\$1,397,772)</b> | <b>(\$1,400,243)</b> | <b>(\$1,226,501)</b> | <b>(\$1,232,487)</b> | <b>(\$1,975,348)</b> | <b>(\$1,603,661)</b> | <b>(\$1,437,274)</b> | <b>(\$1,484,527)</b> | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| <b>565 TRANSMISSION EXPENSE</b>                     |                       |                      |                      |                      |                      |                      |                      |                      |                      |                    |            |            |
| 51 Total 466 Transmission Revenue                   | \$13,059,116          | \$1,405,135          | \$1,468,815          | \$1,427,267          | \$1,380,691          | \$1,400,522          | \$1,676,412          | \$1,418,118          | \$1,415,095          | \$0                | \$0        | \$0        |
| 52 565000 ED AN                                     | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 53 565312 ED AN                                     | \$18,270              | \$2,030              | \$2,030              | \$2,030              | \$2,030              | \$2,030              | \$2,030              | \$2,030              | \$2,030              | \$0                | \$0        | \$0        |
| 54 565710 ED AN                                     | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| <b>55 Total 565 Transmission Expense</b>            | <b>\$13,077,386</b>   | <b>\$1,407,165</b>   | <b>\$1,470,845</b>   | <b>\$1,429,297</b>   | <b>\$1,382,721</b>   | <b>\$1,402,552</b>   | <b>\$1,678,442</b>   | <b>\$1,420,148</b>   | <b>\$1,417,125</b>   | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| <b>567 Broker &amp; Related Fees</b>                |                       |                      |                      |                      |                      |                      |                      |                      |                      |                    |            |            |
| 56 557170 ED AN                                     | \$326,475             | \$39,248             | \$35,278             | \$31,054             | \$45,056             | \$42,360             | \$39,207             | \$29,449             | \$33,805             | \$0                | \$0        | \$0        |
| 57 557172 ED AN                                     | \$4,803               | \$1,281              | \$1,272              | \$375                | \$0                  | \$0                  | \$1,125              | \$375                | \$0                  | \$0                | \$0        | \$0        |
| <b>58 Total 567 ED AN Broker &amp; Related Fees</b> | <b>\$331,278</b>      | <b>\$40,529</b>      | <b>\$36,550</b>      | <b>\$31,429</b>      | <b>\$45,056</b>      | <b>\$42,360</b>      | <b>\$40,332</b>      | <b>\$29,824</b>      | <b>\$33,805</b>      | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| <b>RESOURCE OPTIMIZATION</b>                        |                       |                      |                      |                      |                      |                      |                      |                      |                      |                    |            |            |
| 59 Econ Dispatch-557010                             | \$32,457,029          | \$4,538,335          | \$4,958,303          | \$3,500,937          | \$3,500,737          | \$3,451,634          | \$3,503,598          | \$3,604,173          | \$2,807,423          | \$0                | \$0        | \$0        |
| 60 Econ Dispatch-557150                             | (\$14,617,416)        | \$814,972            | \$1,095,205          | \$1,727,201          | (\$2,781,563)        | (\$2,222,559)        | (\$3,452,010)        | (\$3,745,248)        | (\$2,640,613)        | \$0                | \$0        | \$0        |
| 61 Gas Bookouts-557700                              | \$1,745,706           | \$0                  | \$173,218            | \$102,290            | \$415,282            | \$685,170            | \$86,135             | \$6,965              | \$276,646            | \$0                | \$0        | \$0        |
| 62 Gas Bookouts-557711                              | (\$1,745,706)         | \$0                  | (\$173,218)          | (\$102,290)          | (\$415,282)          | (\$685,170)          | (\$86,135)           | (\$6,965)            | (\$276,646)          | \$0                | \$0        | \$0        |
| 63 Intraco Thermal Gas-557730                       | \$39,640,704          | \$2,862,530          | \$2,898,743          | \$3,289,671          | \$4,603,050          | \$5,663,472          | \$5,712,853          | \$6,602,374          | \$6,653,376          | \$0                | \$0        | \$0        |
| 64 Fuel DispatchFin-456010                          | (\$23,689,914)        | (\$2,013,173)        | (\$3,448,826)        | (\$2,401,120)        | (\$2,192,179)        | (\$2,402,658)        | (\$2,695,595)        | (\$2,922,476)        | (\$2,085,020)        | \$0                | \$0        | \$0        |
| 65 Fuel Dispatch-456015                             | (\$4,662,368)         | (\$1,010,407)        | (\$1,879,468)        | (\$28,949)           | (\$28,550)           | (\$22,794)           | (\$9,120)            | (\$698,565)          | (\$14,523)           | \$0                | \$0        | \$0        |
| 66 Intraco Thermal Gas-456730                       | (\$38,523,892)        | (\$3,378,430)        | (\$3,336,760)        | (\$3,415,778)        | (\$4,098,650)        | (\$5,508,226)        | (\$4,476,341)        | (\$4,567,544)        | (\$5,800,547)        | \$0                | \$0        | \$0        |
| 67 Fuel Bookouts-456711                             | \$259,824             | \$63,150             | \$189,314            | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 68 Fuel Bookouts-456720                             | (\$259,824)           | (\$63,150)           | (\$189,314)          | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| <b>69 Resource Optimization Subtotal</b>            | <b>(\$9,395,857)</b>  | <b>(\$739,173)</b>   | <b>(\$906,448)</b>   | <b>(\$782,340)</b>   | <b>(\$985,155)</b>   | <b>(\$1,052,131)</b> | <b>(\$1,416,615)</b> | <b>(\$1,727,286)</b> | <b>(\$1,079,904)</b> | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| 70 Misc. Power Exp. Authorized                      | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 71 Misc. Power Exp. Actual-557160 ED AN             | \$1,635               | \$0                  | \$0                  | \$632                | \$0                  | \$0                  | \$418                | \$385                | \$0                  | \$0                | \$0        | \$0        |
| 72 KFWF Contract Buyout                             | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| <b>73 Misc. Power Exp. Subtotal</b>                 | <b>\$1,635</b>        | <b>\$0</b>           | <b>\$0</b>           | <b>\$632</b>         | <b>\$0</b>           | <b>\$0</b>           | <b>\$418</b>         | <b>\$385</b>         | <b>\$0</b>           | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| 74 Wind REC Exp Authorized                          | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 75 Wind REC Exp Actual 557395                       | \$609                 | \$16                 | \$37                 | \$56                 | \$85                 | \$116                | \$127                | \$82                 | \$63                 | \$0                | \$0        | \$0        |
| <b>76 Wind REC Subtotal</b>                         | <b>\$609</b>          | <b>\$16</b>          | <b>\$37</b>          | <b>\$56</b>          | <b>\$85</b>          | <b>\$116</b>         | <b>\$127</b>         | <b>\$82</b>          | <b>\$63</b>          | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| 77 WA EIA937 Requirement (EWEB) - Expense           | \$412,409             | \$154,715            | \$0                  | \$135,285            | \$0                  | \$0                  | \$122,409            | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 78 WA EIA REC Purchase - Authorized                 | \$543,750             | \$181,250            | \$0                  | \$181,250            | \$0                  | \$0                  | \$181,250            | \$0                  | \$0                  | \$181,250          | \$0        | \$0        |
| 78 WA EIA937 Requirement (EWEB) - Broker Fee Exp    | \$0                   | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                | \$0        | \$0        |
| 79 WA EIA 937 Requirement (EWEB) - Broker Fee Exp   | \$34,452              | \$3,828              | \$3,828              | \$3,828              | \$3,828              | \$3,828              | \$3,828              | \$3,828              | \$3,828              | \$0                | \$0        | \$0        |
| <b>80 EWEB REC WA EIA 937 Compliance</b>            | <b>(\$104,645)</b>    | <b>(\$22,707)</b>    | <b>\$3,828</b>       | <b>(\$42,137)</b>    | <b>\$3,828</b>       | <b>\$3,828</b>       | <b>(\$55,013)</b>    | <b>\$3,828</b>       | <b>\$3,828</b>       | <b>(\$181,250)</b> | <b>\$0</b> | <b>\$0</b> |
| <b>81 Net Resource Optimization</b>                 | <b>(\$9,393,613)</b>  | <b>(\$739,146)</b>   | <b>(\$906,411)</b>   | <b>(\$781,452)</b>   | <b>(\$985,070)</b>   | <b>(\$1,052,015)</b> | <b>(\$1,416,070)</b> | <b>(\$1,726,819)</b> | <b>(\$1,079,841)</b> | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |
| <b>82 Adjusted Actual Net Expense</b>               | <b>\$108,654,384</b>  | <b>\$16,380,943</b>  | <b>\$12,186,377</b>  | <b>\$11,508,941</b>  | <b>\$5,192,230</b>   | <b>\$10,507,101</b>  | <b>\$16,694,403</b>  | <b>\$17,081,121</b>  | <b>\$12,435,787</b>  | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> |

Avista Corp. - Resource Accounting  
 Washington Electric Jurisdiction  
**Energy Recovery Mechanism (ERM) Retail Revenue Credit Calculation - 2015**

| Retail Sales - MWh               | Jan-15             | Feb-15             | Mar-15             | Apr-15           | May-15             | Jun-15             | Jul-15             | Aug-15           | Sep-15             | Oct-15     | Nov-15     | Dec-15     | YTD              |
|----------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|--------------------|------------|------------|------------|------------------|
| Total Billed Sales               | 548,342            | 594,181            | 501,376            | 432,369          | 420,959            | 434,818            | 480,259            | 534,694          | 465,588            |            |            |            | 4,412,586        |
| Deduct Prior Month Unbilled      | (388,674)          | (372,468)          | (231,077)          | (194,123)        | (198,222)          | (188,570)          | (224,824)          | (264,528)        | (230,174)          |            |            |            | (2,292,660)      |
| Add Current Month Unbilled       | 372,468            | 231,077            | 194,123            | 198,222          | 188,570            | 224,824            | 264,528            | 230,174          | 180,685            |            |            |            | 2,084,671        |
| <b>Total Retail Sales</b>        | <b>532,136</b>     | <b>452,790</b>     | <b>464,422</b>     | <b>436,468</b>   | <b>411,307</b>     | <b>471,072</b>     | <b>519,963</b>     | <b>500,340</b>   | <b>416,099</b>     | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>4,204,597</b> |
| Test Year Retail Sales           | 545,205            | 498,034            | 487,551            | 422,246          | 421,982            | 420,901            | 464,392            | 489,763          | 426,967            | 452,424    | 490,319    | 570,023    | 4,177,041        |
| Difference from Test Year        | (13,069)           | (45,244)           | (23,129)           | 14,222           | (10,675)           | 50,171             | 55,571             | 10,577           | (10,868)           |            |            |            | 27,556           |
| Production Rate - \$/MWh         | \$20.12            | \$20.12            | \$20.12            | \$20.12          | \$20.12            | \$20.12            | \$20.12            | \$20.12          | \$20.12            | \$20.12    | \$20.12    | \$20.12    | \$20.12          |
| <b>Total Revenue Credit - \$</b> | <b>(\$262,948)</b> | <b>(\$910,309)</b> | <b>(\$465,365)</b> | <b>\$286,147</b> | <b>(\$214,781)</b> | <b>\$1,009,441</b> | <b>\$1,118,089</b> | <b>\$212,809</b> | <b>(\$218,664)</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$554,429</b> |

Avista Corp. - Resource Accounting  
Washington Energy Recovery Mechanism (ERM) Current Year Deferral

Changes Semiannually on January 1 and July 1  
The rate is based on Avista's actual cost of debt, updated semiannually.  
The actual cost of debt calculated at 6/30 will be used for the interest calculation from July through December.  
The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.  
Interest will be accrued monthly and compounded semi-annually.

Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current after tax interest rate

|                                    |                     |                                    |                     |
|------------------------------------|---------------------|------------------------------------|---------------------|
| Actual cost of debt at 12/31/14 is | 5.367%              | Actual cost of debt at 06/30/15 is | 6.354%              |
| The monthly rate is:               | 0.00442 Before Tax  | The monthly rate is                | 0.00446 Before Tax  |
|                                    | 0.0028746 After Tax |                                    | 0.0029001 After Tax |
|                                    | 35.00% Tax rate     |                                    | 35.00% Tax rate     |

Account 186280  
12/31/2014 GL Balance including interest (4,224,011) 0

|                                   |  |             |          | JANUARY                                |           | DFIT Expense   | ADFIT                   |
|-----------------------------------|--|-------------|----------|--|-----------|----------------|-------------------------|
| January                           | ERM Deferral   |             |          | Deferral                               | 0         | Operating      | 0                       |
| January                           | BPA Settlement Bal Trsf                                  | 25,213      |          | Interest                               | (4,237)   | Nonoperating   | 4,237                   |
| January                           | Interest   |             | (12,106) |  | (4,237)   | Total          | 4,237                   |
| 1/31/2015 Balance before interest |  | (4,198,798) |          | FEBRUARY                               |           | DFIT Expense   | ADFIT                   |
| February                          | Transfer Balance to 186280                               | 4,198,798   |          | Deferral                               | 1,468,579 | Operating      | (1,468,579)             |
| February                          | ERM Deferral   | (1,711,043) |          | Interest                               | (861)     | Nonoperating   | 861                     |
| February                          | Interest   |             | (2,459)  |  | 1,468,718 | Total          | (1,468,718)             |
| 2/28/2015 Balance before interest |  | (1,711,043) |          | MARCH                                  |           | DFIT Expense   | ADFIT                   |
| March                             | ERM Deferral   | (2,223,227) |          | Deferral                               | (778,129) | Operating      | 778,129                 |
| March                             | Spokane Energy   | (2,437,282) |          | Interest                               | (2,840)   | Nonoperating   | 2,840                   |
| March                             | January Interest Spokane Energy                          |             | (300)    |  | (780,969) | Total          | 780,969                 |
| March                             | February Interest Spokane Energy                         |             | (2,336)  | APRIL                                  |           | DFIT Expense   | ADFIT                   |
| March                             | March Interest Spokane Energy                            |             | (8,840)  | Deferral                               | (731,438) | Operating      | 731,438                 |
| March                             | Interest   |             | (8,114)  | Interest                               | (7,482)   | Nonoperating   | 7,482                   |
| 3/31/2015 Balance before interest |  | (6,371,552) |          |  | (738,900) | Total          | 738,900                 |
| April                             | ERM Deferral   | (2,089,823) |          | MAY                                    |           | DFIT Expense   | ADFIT                   |
| April                             | Interest   |             | (21,319) | Deferral                               | 200,793   | Operating      | (200,793)               |
| 4/30/2015 Balance before interest |  | (8,461,375) |          | Interest                               | (8,224)   | Nonoperating   | 8,224                   |
| May                               | ERM Deferral   | 873,895     |          |  | 192,569   | Total          | (192,569)               |
| May                               | Interest   |             | (23,498) | JUNE                                   |           | DFIT Expense   | ADFIT                   |
| 5/31/2015 Balance before interest |  | (7,887,680) |          | Deferral                               | 900,493   | Operating      | (900,493)               |
| June                              | ERM Deferral   | 2,872,837   |          | Interest                               | (6,642)   | Nonoperating   | 6,642                   |
| June                              | February Interest - Inclusion of 456700 & 456705 Revenue |             | (121)    |  | 892,851   | Total          | (892,851)               |
| June                              | March Interest - Inclusion of 456700 & 456705 Revenue    |             | (337)    | JULY                                   |           | DFIT Expense   | ADFIT                   |
| June                              | April Interest - Inclusion of 456700 & 456705 Revenue    |             | (506)    | Deferral                               | 656,116   | Operating      | (656,116)               |
| June                              | May Interest - Inclusion of 456700 & 456705 Revenue      |             | (851)    | Interest                               | (5,019)   | Nonoperating   | 5,019                   |
| June                              | Spokane Energy   | (566,782)   |          |  | 651,097   | Total          | (651,097)               |
| June                              | April Interest Spokane Energy                            |             | (818)    | AUGUST                                 |           | DFIT Expense   | ADFIT                   |
| June                              | May Interest Spokane Energy                              |             | (1,629)  | Deferral                               | (135,091) | Operating      | 135,091                 |
| June                              | June Interest Spokane Energy                             |             | (1,629)  | Interest                               | (4,283)   | Nonoperating   | 4,283                   |
| June                              | Interest   |             | (18,976) |  | (139,354) | Total          | 139,354                 |
| 6/30/2015 Balance before interest |  | (5,881,605) |          | SEPTEMBER                              |           | DFIT Expense   | ADFIT                   |
|                                   | GL Balance including interest                            | (5,881,605) |          | Deferral                               | (379,088) | Operating      | 379,088                 |
|                                   | Interest related to WNP-3                                |             | 0        | Interest                               | (5,008)   | Nonoperating   | 5,008                   |
|                                   | GL Balance including interest                            | (5,881,605) |          |  | (384,097) | Total          | 384,097                 |
| July                              | ERM Deferral   | 1,874,618   |          | GL Balance                             |           | (4,392,963)    | (126,854) ADFIT Balance |
| July                              | Feb through Jun Interest - Inclusion of 456017 Revenue   |             | (99)     | Update ERM balance to include interest |           |                | 4,237                   |
| July                              | Interest   |             | (14,339) |  |           |                | 1,581,971               |
| 7/31/2015 Balance before Interest |  | (4,006,989) |          |  |           | Check          | (1,577,734)             |
| August                            | ERM Deferral   | (388,974)   |          | GL Wand                                |           | (4,519,917.18) |                         |
| August                            | Interest   |             | (12,180) | Difference                             |           | 0.18           |                         |
| 8/31/2015 Balance before interest |  | (4,392,963) |          |  |           |                |                         |
| September                         | ERM Deferral   | (1,083,109) |          |  |           |                |                         |
| September                         | Interest   |             | (14,311) |  |           |                |                         |
| 9/30/2015 Balance before interest |  | (5,476,072) |          |  |           |                |                         |

|  |             |             |               |             |
|--|-------------|-------------|---------------|-------------|
| GL Balance                             | (4,392,963) | (126,854)   | ADFIT Balance | 4,237       |
| Update ERM balance to include interest |             | (4,519,917) |               | 1,581,971   |
|  |             |             | Check         | (1,577,734) |

GL Wand (4,519,917.18)

Difference 0.18

AVISTA CORPORATION  
 SEPTEMBER 2015 WASHINGTON ENERGY RECOVERY MECHANISM REBATE REVENUE & DEFERRAL AMORTIZATION

| Schedule        | (a)   | kWh or \$   | (b)     | Proration Percentages |                      | Rebate Rates       |                      | Current Month                |                              |
|-----------------|-------|-------------|---------|-----------------------|----------------------|--------------------|----------------------|------------------------------|------------------------------|
|                 |       |             |         | Before<br>01-01-2015* | On/After<br>1-Jan-15 | Before<br>1-Jan-15 | On/After<br>1-Jan-15 | Rate<br>On/After<br>1-Jan-15 | Rate<br>On/After<br>1-Jan-15 |
|                 | (c)   |             | (d)     | (e)                   | (f)                  | (g)                | (h)                  | (i)                          | (g)+(h)                      |
| 1               | 0.00% | 174,532,952 | 100.00% | (0.164¢)              | (0.149¢)             | \$ -               | (260,054)            | \$ (260,054)                 | \$ (260,054)                 |
| 11              | 0.00% | 46,234,305  | 100.00% | (0.224¢)              | (0.200¢)             | \$ -               | (92,469)             | \$ (92,469)                  | \$ (92,469)                  |
| 12              | 0.00% | 4,256,114   | 100.00% | (0.224¢)              | (0.200¢)             | \$ -               | (8,512)              | \$ (8,512)                   | \$ (8,512)                   |
| 21              | 0.00% | 121,691,578 | 100.00% | (0.169¢)              | (0.150¢)             | \$ -               | (182,537)            | \$ (182,537)                 | \$ (182,537)                 |
| 22              | 0.00% | 2,800,820   | 100.00% | (0.169¢)              | (0.150¢)             | \$ -               | (4,201)              | \$ (4,201)                   | \$ (4,201)                   |
| 25              | 0.00% | 88,560,285  | 100.00% | (0.108¢)              | (0.097¢)             | \$ -               | (85,903)             | \$ (85,903)                  | \$ (85,903)                  |
| 30              | 0.00% | 3,555,240   | 100.00% | (0.150¢)              | (0.139¢)             | \$ -               | (4,942)              | \$ (4,942)                   | \$ (4,942)                   |
| 31              | 0.00% | 20,481,103  | 100.00% | (0.150¢)              | (0.139¢)             | \$ -               | (28,469)             | \$ (28,469)                  | \$ (28,469)                  |
| 32              | 0.00% | 1,358,162   | 100.00% | (0.150¢)              | (0.139¢)             | \$ -               | (1,888)              | \$ (1,888)                   | \$ (1,888)                   |
| 41-46           | 0.00% | 1,363,005   | 100.00% | (0.503¢)              | (0.458¢)             | \$ -               | (6,243)              | \$ (6,243)                   | \$ (6,243)                   |
| 47              | 0.00% | 487,160     | 100.00% | (0.503¢)              | (0.458¢)             | \$ -               | (2,231)              | \$ (2,231)                   | \$ (2,231)                   |
| 48              | 0.00% | 267,343     | 100.00% | (0.503¢)              | (0.458¢)             | \$ -               | (1,224)              | \$ (1,224)                   | \$ (1,224)                   |
| Schedule Totals |       | 465,588,067 |         |                       |                      | \$0                | -\$678,673           | -\$678,673                   | -\$678,673                   |

|                              |             |
|------------------------------|-------------|
| kWh not subject to surcharge | 0           |
| Sch 62                       | 0           |
| Total kWh                    | 465,588,067 |
| Conversion factor            | 0.954989    |
| Amortization                 | -\$648,125  |
| FIT rate                     | -35%        |
| DFIT expense                 | \$226,844   |

10/7/2015  
 Provided by Rates

**Avista Corp. - Resource Accounting**  
**Washington Electric Jurisdiction**  
**Energy Recovery Mechanism (ERM) Retail Revenue Credit Calculation - 2015**

| Retail Sales - MWh               | Jan-15             | Feb-15             | Mar-15             | Apr-15           | May-15             | Jun-15             | Jul-15             | Aug-15           | Sep-15             | Oct-15         | Nov-15         | Dec-15         | YTD              |
|----------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|--------------------|----------------|----------------|----------------|------------------|
| Total Billed Sales               | 548,342            | 594,181            | 501,376            | 432,369          | 420,959            | 434,818            | 480,259            | 534,694          | 465,586            | -              | -              | -              | 4,412,586        |
| Deduct Prior Month Unbilled      | (388,674)          | (372,468)          | (231,077)          | (194,123)        | (198,222)          | (188,570)          | (224,824)          | (264,528)        | (230,174)          | -              | -              | -              | (2,292,660)      |
| Add Current Month Unbilled       | 372,468            | 231,077            | 194,123            | 198,222          | 188,570            | 224,824            | 264,528            | 230,174          | 180,685            | -              | -              | -              | 2,084,671        |
| <b>Total Retail Sales</b>        | <b>532,136</b>     | <b>452,790</b>     | <b>464,422</b>     | <b>436,468</b>   | <b>411,307</b>     | <b>471,072</b>     | <b>519,963</b>     | <b>500,340</b>   | <b>416,099</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>4,204,597</b> |
| <b>Test Year Retail Sales</b>    | <b>545,205</b>     | <b>490,034</b>     | <b>487,551</b>     | <b>422,246</b>   | <b>421,982</b>     | <b>420,901</b>     | <b>464,392</b>     | <b>489,763</b>   | <b>426,967</b>     | <b>452,424</b> | <b>490,319</b> | <b>570,023</b> | <b>4,177,041</b> |
| Difference from Test Year        | (13,069)           | (45,244)           | (23,129)           | 14,222           | (10,675)           | 50,171             | 55,571             | 10,577           | (10,868)           | -              | -              | -              | 27,556           |
| Production Rate - \$/MWh         | \$20.12            | \$20.12            | \$20.12            | \$20.12          | \$20.12            | \$20.12            | \$20.12            | \$20.12          | \$20.12            | \$20.12        | \$20.12        | \$20.12        | \$20.12          |
| <b>Total Revenue Credit - \$</b> | <b>(\$262,948)</b> | <b>(\$910,309)</b> | <b>(\$485,355)</b> | <b>\$286,147</b> | <b>(\$214,781)</b> | <b>\$1,005,441</b> | <b>\$1,118,089</b> | <b>\$212,809</b> | <b>(\$218,664)</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$554,429</b> |

*Provided by Rates Dept*

Electric Revenue Report by Revenue Class Current Month and Year-to-Date for Accounting Period : 201509 , State Code : WA

| Accounting Period: 201509                       |         | State Code: WA |                  |                    |               |                   |
|---|---------|----------------|------------------|--------------------|---------------|-------------------|
| Rate Schedule Desc                              | Meters  | Usage          | Revenue Amt      | YTD Average Meters | Ytd Usage     | Ytd Revenue Amt   |
| 0001 - RESIDENTIAL                              | 207,742 | 174,540,183    | \$ 15,287,673.21 | 188,173            | 1,515,148,499 | \$ 133,471,861.06 |
| 001 RESIDENTIAL SERVICE                         | 0       | -7,231         | \$(701.16)       | 21,384             | 275,574,727   | \$ 24,055,246.76  |
| 0011 - GENERAL SERVICE                          | 21,851  | 46,234,305     | \$ 5,513,892.52  | 19,765             | 364,778,836   | \$ 43,816,908.05  |
| 0012 - RESID&FARM-GEN SERV                      | 8,939   | 4,256,114      | \$ 629,658.15    | 8,047              | 36,183,729    | \$ 5,324,541.70   |
| 0021 - LARGE GENERAL SERV                       | 1,951   | 121,691,579    | \$ 11,207,401.63 | 1,771              | 950,164,451   | \$ 88,072,527.10  |
| 0022 - RESID&FARM-LGE GEN SE                    | 55      | 2,800,820      | \$ 247,325.02    | 50                 | 24,073,080    | \$ 2,131,483.62   |
| 0025 - EXTRA LGE GEN SERV                       | 21      | 88,560,285     | \$ 5,348,036.72  | 21                 | 875,077,303   | \$ 49,847,282.44  |
| 0030 - PUMPING SERV-SPECIAL                     | 30      | 3,555,240      | \$ 248,033.86    | 28                 | 22,584,045    | \$ 1,584,867.84   |
| 0031 - PUMPING SERVICE                          | 1,210   | 20,481,103     | \$ 1,620,227.90  | 1,089              | 96,797,717    | \$ 7,929,247.59   |
| 0032 - PUMPING SVC RES&FRM                      | 1,196   | 1,358,162      | \$ 132,288.69    | 1,086              | 8,160,284     | \$ 841,635.27     |
| 0041 - CO OWNED ST LIGHTS                       | 11      | 8,700          | \$ 1,997.70      | 11                 | 76,765        | \$ 17,989.05      |
| 0042 - CO OWNED ST LTS SO VA                    | 291     | 1,140,537      | \$ 391,262.18    | 283                | 9,496,171     | \$ 3,274,331.67   |
| 0044 - CUST OWND ST LT SO VA                    | 13      | 26,448         | \$ 3,723.42      | 13                 | 228,840       | \$ 32,430.92      |
| 0045 - CUST OWND ST LT ENGY                     | 9       | 84,519         | \$ 6,113.78      | 10                 | 700,110       | \$ 49,905.41      |
| 0046 - CUST OWND ST LT S V                      | 34      | 105,861        | \$ 10,594.13     | 45                 | 911,070       | \$ 91,796.97      |
| 0047 - AREA LIGHT-COM&INDUS                     | 0       | 487,160        | \$ 112,206.83    | 0                  | 3,902,864     | \$ 926,680.75     |
| 0048 - AREA LIGHT-FARM&RESID                    | 0       | 267,343        | \$ 66,211.24     | 0                  | 2,146,162     | \$ 544,455.13     |
| 0058 - TAX ADJUSTMENT                           | 0       | 0              | \$ 1,499,760.82  | 0                  | 0             | \$ 12,210,567.39  |
| 0058A - TAX ADJUSTMENT TRIBAL                   | 0       | 0              | \$ (4,664.14)    | 0                  | 0             | \$ (44,668.27)    |
| 0095 - WIND POWER                               | 0       | 0              | \$ 15,154.00     | 0                  | 0             | \$ 126,996.00     |
| 0099 - MISC ELECT REVENUE                       | 0       | 0              | \$ 46,201.85     | 0                  | 0             | \$ 300,115.89     |
| 0101 - FIRM AND GENERAL SER                     | 0       | 0              | \$ 0             | 0                  | 0             | \$ 0              |
| 0101 GENERAL SERVICE                            | 0       | 0              | \$ 0             | 0                  | -29           | \$ (33.42)        |
| 011 RESIDENTIAL AND FARM GENERAL SERVICE        | 0       | 0              | \$ 0             | 2,349              | 49,042,369    | \$ 5,681,522.93   |
| 012 RESIDENTIAL AND FARM GENERAL SERVICE        | 0       | 0              | \$ 0             | 958                | 6,583,763     | \$ 862,344.72     |
| 021 LARGE GENERAL SERVICE                       | 0       | 0              | \$ 0             | 212                | 116,145,997   | \$ 10,366,514.86  |
| 022 RESIDENTIAL AND FARM LARGE GENERAL SERVICE  | 0       | 0              | \$ 0             | 6                  | 3,775,280     | \$ 318,083.34     |
| 025 EXTRA LARGE GENERAL SERVICE                 | 0       | 0              | \$ 0             | 2                  | 46,337,135    | \$ 5,323,597.77   |
| 025B - PVD                                      | 0       | 0              | \$ (79,728.20)   | 0                  | 0             | \$ (749,340.02)   |
| 028 EXTRA LARGE SERVICE-SPECIAL CONTRACT        | 0       | 0              | \$ 0             | 0                  | 0             | \$ (1,011)        |
| 030 PUMPING SERVICE-SPECIAL                     | 0       | 0              | \$ 0             | 4                  | -8,262        | \$ (120.31)       |
| 031 PUMPING SERVICE                             | 0       | 0              | \$ 0             | 121                | 2,537,449     | \$ 226,371.16     |
| 032 PUMPING SERVICE RESIDENTIAL AND FARM        | 0       | 0              | \$ 0             | 127                | 280,402       | \$ 42,216.17      |
| 041 COMPANY OWNED STREET LIGHTS                 | 0       | 0              | \$ 0             | 1                  | 8,560         | \$ 1,976.79       |
| 042 COMPANY OWNED STREET LIGHTS-HI PRESS SOD VP | 0       | -3,060         | \$ (16,460.16)   | 32                 | 1,117,958     | \$ 344,943.49     |
| 044 CUST OWNED ST LIGHTS-HI PRESS ENGY & MAINT  | 0       | 0              | \$ 0             | 1                  | 26,015        | \$ 3,323.36       |
| 044A FAIRCHILD ST LIGHTS                        | 0       | 0              | \$ 0             | 0                  | 0             | \$ 0              |
| 045 CUSTOMER OWNED STREET LIGHT ENERGY SERVICE  | 0       | 0              | \$ 0             | 0                  | 0             | \$ 0              |
| 046 CUSTOMER OWNED STREET LIGHT ENERGY SOD VAP  | 0       | 0              | \$ 0             | 1                  | 29,307        | \$ 1,831.85       |
| 047 AREA LIGHTING COMMERCIAL-INDUSTRIAL         | 0       | 0              | \$ 0             | 6                  | 103,824       | \$ 10,093.00      |
| 048 AREA LIGHTING FARM AND RESIDENTIAL          | 0       | 0              | \$ 0             | 0                  | 422,529       | \$ 100,342.03     |
| 058 TAX ADJUSTMENT                              | 0       | 0              | \$ (1,011.49)    | 0                  | 253,184       | \$ 64,077.50      |
| 058A TAX ADJUSTMENT - INDIAN RESERVATION        | 0       | 0              | \$ 0             | 0                  | 0             | \$ 1,688,610.06   |
| 090 FUEL EFFICIENCY                             | 0       | 0              | \$ 0             | 0                  | 0             | \$ (9,129.61)     |
| 095 WIND POWER                                  | 0       | 0              | \$ 0             | 0                  | 0             | \$ 15,000         |
| 099 REPORTING SCHED NUMBER FOR MISC ELEC REV    | 0       | 0              | \$ 0             | 0                  | 0             | \$ 15,254.12      |
| MISC REVENUE                                    | 0       | 0              | \$ 0             | 0                  | 0             | \$ 45,344.94      |
| Total WA  | 243,353 | 465,588,067    | \$ 42,285,198.50 | 245,597            | 4,412,660,134 | \$ 398,944,377.06 |
| Total WA  | 243,353 | 465,588,067    | \$ 42,285,198.50 | 245,597            | 4,412,660,134 | \$ 398,944,377.06 |

| ACCOUNT DESCRIPTION                      |      | TOXN | REVENUE CLASS CODE | RATE SCH | Current Gross Unbilled kWh | Current Gross Unbilled REVENUE | Prior Month Reversal kWh | Prior Month Reversal REVENUE | Net Change kWh      | Net Change REVENUE    |
|--|------|------|--------------------|----------|----------------------------|--------------------------------|--------------------------|------------------------------|---------------------|-----------------------|
| <b>ELECTRIC UNBILLED kWh AND REVENUE</b> |      |      |                    |          |                            |                                |                          |                              |                     |                       |
| <b>WASHINGTON</b>                        |      |      |                    |          |                            |                                |                          |                              |                     |                       |
| Residential Service                      | 2800 |      | 01                 | 001      | \$ 7,651,178               | \$ 7,651,178                   | (\$11,468,206.00)        | \$ (9,528,194)               | (25,892,272)        | \$ (2,069,006)        |
| Residential Farm Gen                     | 2800 |      | 01                 | 012      | \$ 2,862,874               | \$ 2,862,874                   | (\$2,417,611.00)         | \$ (582,043)                 | (334,837)           | \$ (42,780)           |
| Residential Farm Lg                      | 2800 |      | 01                 | 022      | \$ 1,361,748               | \$ 1,361,748                   | (\$1,794,623.00)         | \$ (432,875)                 | (374,773)           | \$ (27,058)           |
| Residential Farm Pump                    | 2800 |      | 01                 | 032      | \$ 480,817                 | \$ 480,817                     | (\$25,127.00)            | \$ (455,959)                 | (307,520)           | \$ (22,018)           |
| Commercial General                       | 2800 |      | 21                 | 011      | \$ 2,698,716               | \$ 2,698,716                   | (\$2,698,796.00)         | \$ (12,844,477)              | (5,795,520)         | \$ (626,032)          |
| Commercial Lg General                    | 2800 |      | 21                 | 021      | \$ 4,458,937               | \$ 4,458,937                   | (\$4,643,091.00)         | \$ (18,465,177)              | (13,660,040)        | \$ (1,028,190)        |
| Commercial Extra Lg                      | 2800 |      | 21                 | 025      | \$ -                       | \$ -                           | \$ 0.00                  | \$ -                         | \$ -                | \$ -                  |
| Commercial Pump                          | 2800 |      | 21                 | 031      | \$ 460,330                 | \$ 460,330                     | (\$6,458,546.00)         | \$ (6,050,659)               | (667,941)           | \$ (45,320)           |
| Industrial General                       | 2800 |      | 31                 | 011      | \$ 23,745                  | \$ 23,745                      | (\$72,396.00)            | \$ (50,642)                  | (48,768)            | \$ (6,297)            |
| Industrial Lg General                    | 2800 |      | 31                 | 021      | \$ 334,138                 | \$ 334,138                     | (\$311,714.00)           | \$ (406,369)                 | (966,160)           | \$ (71,126)           |
| Industrial Extra Lg                      | 2800 |      | 31                 | 025      | \$ -                       | \$ -                           | \$ -                     | \$ -                         | \$ -                | \$ -                  |
| Industrial Pump                          | 2800 |      | 31                 | 031      | \$ 337,469                 | \$ 337,469                     | (\$413,893.00)           | \$ (429,664)                 | (1,195,113)         | \$ (88,144)           |
| <b>WASHINGTON TOTAL</b>                  |      |      |                    |          | <b>180,885,338.00</b>      | <b>180,885,338.00</b>          | <b>(\$174,282.00)</b>    | <b>\$ (26,182,919)</b>       | <b>(49,458,949)</b> | <b>\$ (4,044,569)</b> |
| <b>IDAHO</b>                             |      |      |                    |          |                            |                                |                          |                              |                     |                       |
| Residential Service                      | 3800 |      | 01                 | 001      | \$ 2,890,594               | \$ 2,890,594                   | (\$1,108,234.00)         | \$ (4,724,978)               | (12,872,462)        | \$ (1,134,410)        |
| Residential Farm Gen                     | 3800 |      | 01                 | 012      | \$ 167,725                 | \$ 167,725                     | (\$1,021,484.00)         | \$ (126,989)                 | (167,054)           | \$ (18,364)           |
| Residential Farm Lg                      | 3800 |      | 01                 | 022      | \$ 28,688                  | \$ 28,688                      | (\$68,993.00)            | \$ (28,867)                  | (61,481)            | \$ (4,142)            |
| Residential Farm Pump                    | 3800 |      | 01                 | 032      | \$ 18,628                  | \$ 18,628                      | (\$28,345.00)            | \$ (22,683)                  | (78,140)            | \$ (6,963)            |
| Commercial General                       | 3800 |      | 21                 | 011      | \$ 1,348,830               | \$ 1,348,830                   | (\$7,601,417.00)         | \$ (1,718,468)               | (3,937,334)         | \$ (370,865)          |
| Commercial Lg General                    | 3800 |      | 21                 | 021      | \$ 1,797,371               | \$ 1,797,371                   | (\$2,268,961.00)         | \$ (2,187,412)               | (5,811,900)         | \$ (380,441)          |
| Commercial Extra Lg                      | 3800 |      | 21                 | 025      | \$ -                       | \$ -                           | \$ 0.00                  | \$ -                         | \$ -                | \$ -                  |
| Commercial Pump                          | 3800 |      | 21                 | 031      | \$ 193,845                 | \$ 193,845                     | (\$2,782,865.00)         | \$ (282,728)                 | (655,979)           | \$ (58,883)           |
| Industrial General                       | 3800 |      | 31                 | 011      | \$ 18,168                  | \$ 18,168                      | (\$28,346.00)            | \$ (22,971)                  | (51,439)            | \$ (4,821)            |
| Industrial Lg General                    | 3800 |      | 31                 | 021      | \$ 313,898                 | \$ 313,898                     | (\$4,828,677.00)         | \$ (310,393)                 | (3,265)             | \$ 3,265              |
| Industrial Extra Lg                      | 3800 |      | 31                 | 025      | \$ 174,728                 | \$ 174,728                     | (\$331,280.00)           | \$ (164,764)                 | (501,129)           | \$ 22,936             |
| Industrial Pump                          | 3800 |      | 31                 | 031      | \$ 687,866                 | \$ 687,866                     | (\$2,213,414.00)         | \$ (199,418)                 | (424,250)           | \$ (28,019)           |
| <b>IDAHO TOTAL</b>                       |      |      |                    |          | <b>89,158,524.00</b>       | <b>89,158,524.00</b>           | <b>(\$12,671,437.00)</b> | <b>\$ (6,748,948)</b>        | <b>(25,484,913)</b> | <b>\$ (2,000,507)</b> |
| <b>WASHINGTON &amp; IDAHO TOTAL</b>      |      |      |                    |          | <b>269,841,860</b>         | <b>269,841,860</b>             | <b>(\$342,825,719)</b>   | <b>\$ (32,931,550)</b>       | <b>(72,963,869)</b> | <b>\$ (6,045,076)</b> |

Attachment B

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of September 2015

REC Revenues Deferral Journal



**Avista Corporation Journal Entry**

Journal: 475-WASHINGTON REC DEFERRAL  
 Team: Resource Accounting  
 Type: C  
 Category: DJ  
 Currency: USD

Effective Date: 201509  
 Last Saved by: Keri Meister  
 Submitted by: Keri Meister  
 Approved by:

Last Saved: 10/06/2015 11:38 AM  
 Approval Requested: 10/06/2015 11:44 AM

| Seq            | Co. | FERC   | Exp                                | Ser. | Jur. | S.L. | Debit             | Credit            | Comment   |
|----------------|-----|--------|------------------------------------|------|------|------|-------------------|-------------------|---|
| 10             | 001 | 557322 | - DEF POWER SUPPLY EXP-RECS        | ED   | WA   | DL   | 159,025.00        |                   | Current Year 2015 WA REC Deferral Expense                       |
| 20             | 001 | 186323 | - MISC DEF DEBIT-WA REC 2          | ED   | WA   | DL   |                   | 159,025.00        | Current Year 2015 WA REC Deferred Liability                     |
| 30             | 001 | 431016 | - INTEREST EXPENSE ON REC DEFERRAL | ED   | WA   | DL   | 7,033.00          |                   | Current Year 2015 WA REC Interest Expense Accru                 |
| 40             | 001 | 186323 | - MISC DEF DEBIT-WA REC 2          | ED   | WA   | DL   |                   | 7,033.00          | Current Year 2015 WA REC Interest Liability Accru               |
| 50             | 001 | 557324 | - DEF POWER SUPPLY EXP-REC AMORT   | ED   | WA   | DL   |                   | 465,306.00        | Prior Year (2012-2014) WA REC Deferral Amortization             |
| 60             | 001 | 186322 | - MISC DEF DEBIT - WA REC 1        | ED   | WA   | DL   | 465,306.00        |                   | Prior Year (2012-2014) WA REC Deferral Amortization             |
| 70             | 001 | 431016 | - INTEREST EXPENSE ON REC DEFERRAL | ED   | WA   | DL   |                   | 2,319.00          | Prior Year (2012-2014) WA REC Deferral Interest Expense Accru   |
| 80             | 001 | 186322 | - MISC DEF DEBIT - WA REC 1        | ED   | WA   | DL   | 2,319.00          |                   | Prior Year (2012-2014) WA REC Deferral Interest Liability Accru |
| <b>Totals:</b> |     |        |                                    |      |      |      | <b>633,683.00</b> | <b>633,683.00</b> |   |

Explanation:  
 To account for the Washington REC Deferral per Washington UE-120436 and UE-120437.

*Keri Meister*  
 Prepared by Keri Meister  
 Date: 10-6-15

*Jami Gudge*  
 Reviewed by  
 Date: 10/6/15

Approved for Entry \_\_\_\_\_  
 Corporate Accounting use Only  
 Date \_\_\_\_\_

Avista Corp. - Resource Accounting  
DJ476 - Washington REC (Current "2015" Deferral)

Rate will remain the same throughout the year for 2015  
The rate is based on WA Rate Order for REC deferral effective 1.1.15  
Interest will be accrued monthly and compounded semi-annually.  
Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current monthly interest rate  
Per ratio order, REC rate is after tax cost of capital 6.340%  
The monthly rate is: 0.0052833  
35.00% Tax rate  
Current (2015) Deferral 0

| Account 186323-ED-WA                          |                         | Current (2015) Deferral |
|---|-------------------------|-------------------------|
| Beginning Balance Including Interest Interest |                         |                         |
| January                                       | REC Deferral Interest   | (121,042)               |
| January                                       | Interest                | (320)                   |
| 1/31/2015                                     | Balance before Interest | (121,042)               |
| February                                      | REC Deferral Interest   | (103,433)               |
| February                                      | Interest                | (913)                   |
| 2/28/2015                                     | Balance before Interest | (224,475)               |
| March   | REC Deferral Interest   | (187,220)               |
| March   | Interest                | (1,828)                 |
| 3/31/2015                                     | Balance before Interest | (391,695)               |
| April   | REC Deferral Interest   | (266,930)               |
| April   | Interest                | (2,825)                 |
| 4/30/2015                                     | Balance before Interest | (677,625)               |
| May   | REC Deferral Interest   | (173,205)               |
| May   | Interest                | (4,038)                 |
| 5/31/2015                                     | Balance before Interest | (850,830)               |
| June  | REC Deferral Interest   | (119,248)               |
| June  | Interest                | (4,810)                 |
| Apr Correction                                | REC Deferral Interest   | 1,343                   |
| Apr Correction                                | Interest                | 4                       |
| May Correction                                | REC Deferral Interest   | 1,864                   |
| May Correction                                | Interest                | 5                       |
| 6/30/2015                                     | Balance before Interest | (966,979)               |
| Balance Including Jan-Jun Interest            |                         | (987,404)               |
| July  | REC Deferral Interest   | (132,321)               |
| July  | Interest                | 36,978                  |
| 7/30/2015                                     | Balance before Interest | (1,074,748)             |
| Aug   | REC Deferral Interest   | (176,948)               |
| Aug   | Interest                | (6,146)                 |
| 8/31/2015                                     | Balance before Interest | (1,251,692)             |
| Sept  | REC Deferral Interest   | (168,026)               |
| Sept  | Interest                | (7,033)                 |
| 9/30/2015                                     | Balance before Interest | (1,410,717)             |

|  |             |
|--|-------------|
| GL Balance                             | (711,479)   |
| Update REC balance to include Interest | (1,263,187) |
| 186323.ED.WA.GL.Wand                   | (1,263,187) |
| Difference                             | -           |

|               |                         |           |
|---------------|-------------------------|-----------|
| Apr corrected | REC Deferral Interest   | (284,587) |
| Apr corrected | Balance before Interest | (678,282) |
| May corrected | REC Deferral Interest   | (171,361) |
| May corrected | Balance before Interest | (848,979) |
| 4/30/2015     | Balance before Interest | (2,821)   |
| 5/31/2015     | Balance before Interest | (4,033)   |

In June, it was discovered that in April & May expenses had not been included in the REC Deferral calculation to offset revenue for these months. Correcting entries will be made in June for April and May.

Semi-Annual Compounding

WA 1487 Compliance-Forgone ID REC Rev Adj (Annual adjustment)

H:\Power Deferrals\Power Deferral Calculation\REC Deferral\2015\2015 REC Deferral.xlsx

**Avista Corp. - Resource Accounting  
 Washington REC Deferral Summary - DJ475**

| REC REVENUE & EXPENSE | Debit                  | Credit                   | Entry            |
|-----------------------|------------------------|--------------------------|------------------|
| July Revenue          |                        |                          |                  |
| 186322                |                        | \$133,843                |                  |
| 557322                | \$133,843              |                          |                  |
| July Expense          |                        |                          |                  |
| 186322                | \$1,522                |                          |                  |
| 557322                |                        | \$1,522                  |                  |
| July Total            |                        |                          |                  |
| 186322                | \$1,522                | \$133,843                | \$132,321 Credit |
| 557322                | \$133,843              | \$1,522                  | -\$132,321 Debit |
| August Revenue        |                        |                          |                  |
| 186322                |                        | \$179,011                |                  |
| 557322                | \$179,011              |                          |                  |
| August Expense        |                        |                          |                  |
| 186322                | \$2,065                |                          |                  |
| 557322                |                        | \$2,065                  |                  |
| August Total          |                        |                          |                  |
| 186322                | \$2,065                | \$179,011                | \$176,946 Credit |
| 557322                | \$179,011              | \$2,065                  | -\$176,946 Debit |
| September Revenue     |                        |                          |                  |
| 186322                |                        | \$167,707 <sup>(2)</sup> |                  |
| 557322                | \$167,707              |                          |                  |
| September Expense     |                        |                          |                  |
| 186322                | \$8,682 <sup>(1)</sup> |                          |                  |
| 557322                |                        | \$8,682                  |                  |
| September Total       |                        |                          |                  |
| 186322                | \$8,682                | \$167,707 <sup>(A)</sup> | \$159,025 Credit |
| 557322                | \$167,707              | \$8,682                  | -\$159,025 Debit |

Avista Corp. - Resource Accounting  
 DJ 475 - Washington REC Deferral  
 2015 REC Expense Deferral Calculation  
 Per UE-120436 and UG-120437 Order 14

| Actual  | Jan/15         | Feb/15         | Mar/15         | Apr/15         | May/15         | Jun/15         | Jul/15         | Aug/15         | Sep/15          | Oct/15     | Nov/15     | Dec/15     | Total           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|------------|------------|------------|-----------------|
| Source  |                |                |                |                |                |                |                |                |                 |            |            |            |                 |
| 557160-ED-AN  | \$0            | \$477          | \$335          | \$0            | \$0            | \$0            | \$418          | \$385          | \$0             | \$0        | \$0        | \$0        | \$1,614         |
| Other Non WA EIA - Voluntary REC Expense            | \$0            | \$477          | \$335          | \$0            | \$0            | \$0            | \$418          | \$385          | \$0             | \$0        | \$0        | \$0        | \$1,614         |
| 557171-ED-AN  | \$3,127        | \$1,377        | \$1,288        | \$2,061        | \$2,843        | \$3,239        | \$1,916        | \$2,783        | \$13,318        | \$0        | \$0        | \$0        | \$31,952        |
| Other Non WA EIA - Voluntary REC Broker Fee Expense | \$3,127        | \$1,377        | \$1,288        | \$2,061        | \$2,843        | \$3,239        | \$1,916        | \$2,783        | \$13,318        | \$0        | \$0        | \$0        | \$31,952        |
| <b>Total Other Non WA EIA REC Expenses</b>          | <b>\$3,127</b> | <b>\$1,854</b> | <b>\$1,623</b> | <b>\$2,061</b> | <b>\$2,843</b> | <b>\$3,239</b> | <b>\$2,334</b> | <b>\$3,168</b> | <b>\$13,318</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$33,566</b> |

| Authorized - System                      | Jan/15     | Feb/15     | Mar/15     | Apr/15     | May/15     | Jun/15     | Jul/15     | Aug/15     | Sep/15     | Oct/15     | Nov/15     | Dec/15     | Total      |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Other Non WA EIA - Voluntary REC Expense | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        |
| <b>Total Authorized</b>                  | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| Difference                               | Jan/15         | Feb/15         | Mar/15         | Apr/15         | May/15         | Jun/15         | Jul/15         | Aug/15         | Sep/15          | Oct/15     | Nov/15     | Dec/15     | Total           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|------------|------------|------------|-----------------|
| Other Non WA EIA - Voluntary REC Expense | \$3,127        | \$1,854        | \$1,623        | \$2,061        | \$2,843        | \$3,239        | \$2,334        | \$3,168        | \$13,318        | \$0        | \$0        | \$0        | \$33,566        |
| <b>Total</b>                             | <b>\$3,127</b> | <b>\$1,854</b> | <b>\$1,623</b> | <b>\$2,061</b> | <b>\$2,843</b> | <b>\$3,239</b> | <b>\$2,334</b> | <b>\$3,168</b> | <b>\$13,318</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$33,566</b> |

| WA Share of Difference                          | Jan/15         | Feb/15         | Mar/15         | Apr/15         | May/15         | Jun/15         | Jul/15         | Aug/15         | Sep/15         | Oct/15     | Nov/15     | Dec/15     | Total           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|------------|------------|-----------------|
| Non WA EIA - Voluntary (65.19%)                 | \$2,039        | \$1,208        | \$1,058        | \$1,343        | \$1,854        | \$2,112        | \$1,522        | \$2,065        | \$6,682        | \$0        | \$0        | \$0        | \$21,862        |
| <b>Total - 100% Surcharge (+) or Rebate (-)</b> | <b>\$2,039</b> | <b>\$1,208</b> | <b>\$1,058</b> | <b>\$1,343</b> | <b>\$1,854</b> | <b>\$2,112</b> | <b>\$1,522</b> | <b>\$2,065</b> | <b>\$6,682</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$21,862</b> |

| Accounting Entries | Jan/15 | Feb/15 | Mar/15 | Apr/15 | May/15 | Jun/15 | Jul/15 | Aug/15 | Sep/15 | Oct/15 | Nov/15 | Dec/15 | Total |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| 186322-ED-WA       |        |        |        |        |        |        |        |        |        |        |        |        |       |
| 557322-ED-WA       |        |        |        |        |        |        |        |        |        |        |        |        |       |

Avista Corp. - Resource Accounting  
 DJ 475 - Washington REC Deferral  
 2015 REC Revenue Deferral Calculation  
 Per UE-120436 and UG-120437 Order 14

| Actual   | Jan/15             | Feb/15             | Mar/15             | Apr/15             | May/15             | Jun/15             | Jul/15             | Aug/15             | Sep/15             | Oct/15     | Nov/15     | Dec/15     | Total                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|------------|------------|--------------------------|
| Non WA EIA - Voluntary REC Revenue                         | (\$188,804)        | (\$160,040)        | (\$258,135)        | (\$289,048)        | (\$265,692)        | (\$186,160)        | (\$205,312)        | (\$274,599)        | (\$257,258)        | \$0        | \$0        | \$0        | \$0 (\$2,085,048)        |
| WA EIA937 Requirement (EWEB) - PGE Revenue                 | \$0                | \$0                | \$0                | (\$97,500)         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0 (\$97,500)           |
| Sacramento Municipal Utility District (SMUD) - REC Revenue | From Nucleus       |                    |                    |                    |                    |                    |                    |                    |                    |            |            |            | \$0                      |
| <b>Total</b>   | <b>(\$188,804)</b> | <b>(\$160,040)</b> | <b>(\$258,135)</b> | <b>(\$386,548)</b> | <b>(\$265,692)</b> | <b>(\$186,160)</b> | <b>(\$205,312)</b> | <b>(\$274,599)</b> | <b>(\$257,258)</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0 (\$2,182,548)</b> |
| <b>Authorized - System</b>                                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |            |            |            |                          |
| Non WA EIA - Voluntary REC Revenue                         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0                      |
| WA EIA937 Requirement (EWEB) - PGE Revenue                 | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0                      |
| Sacramento Municipal Utility District (SMUD) - REC Revenue | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0                      |
| <b>Total Authorized</b>                                    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>               |
| <b>Difference</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |            |            |            |                          |
| Non WA EIA - Voluntary REC Revenue                         | (\$188,804)        | (\$160,040)        | (\$258,135)        | (\$289,048)        | (\$265,692)        | (\$186,160)        | (\$205,312)        | (\$274,599)        | (\$257,258)        | \$0        | \$0        | \$0        | \$0 (\$2,085,048)        |
| WA EIA937 Requirement (EWEB) - PGE Revenue                 | \$0                | \$0                | \$0                | (\$97,500)         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0 (\$97,500)           |
| Sacramento Municipal Utility District (SMUD) - REC Revenue | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0                      |
| <b>Total (+) = Surcharge</b>                               | <b>(\$188,804)</b> | <b>(\$160,040)</b> | <b>(\$258,135)</b> | <b>(\$386,548)</b> | <b>(\$265,692)</b> | <b>(\$186,160)</b> | <b>(\$205,312)</b> | <b>(\$274,599)</b> | <b>(\$257,258)</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0 (\$2,182,548)</b> |
| <b>WA Share of Difference</b>                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |            |            |            |                          |
| Non WA EIA - Voluntary (65.19%)                            | (\$123,081)        | (\$104,330)        | (\$168,278)        | (\$188,430)        | (\$173,205)        | (\$121,358)        | (\$133,843)        | (\$179,011)        | (\$167,707)        | \$0        | \$0        | \$0        | \$0 (\$1,359,243)        |
| WA EIA937 Requirement (EWEB) - PGE Revenue (100%)          | \$0                | \$0                | \$0                | (\$97,500)         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0 (\$97,500)           |
| SMUD (65.19%)  | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0        | \$0        | \$0        | \$0                      |
| <b>Total - 100% Surcharge (+) or Rebate (-)</b>            | <b>(\$123,081)</b> | <b>(\$104,330)</b> | <b>(\$168,278)</b> | <b>(\$285,930)</b> | <b>(\$173,205)</b> | <b>(\$121,358)</b> | <b>(\$133,843)</b> | <b>(\$179,011)</b> | <b>(\$167,707)</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0 (\$1,456,743)</b> |

| Accounting Entries | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit |
|--------------------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| 186322-ED-WA       |        |       |        |       |        |       |        |       |        |       |
| 557322-ED-WA       |        |       |        |       |        |       |        |       |        |       |

Avista Corp. - Resource Accounting  
**DJ475 - Washington REC Deferral (Current Amortization)**

Rate will remain the same throughout the year for 2015  
The rate is based on WA Rate Order for REC deferral effective 1.1.15  
Interest will be accrued monthly and compounded semi-annually.  
Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current monthly interest rate

|   |                 |        |
|---|-----------------|--------|
| Per rate order, REC rate is after tax cost of capital | 6.340%          | 1.1.15 |
| The monthly rate is:                                  | 0.0052833       |        |
|   | 35.00% Tax rate |        |

**Account 186322-ED-WA** Currently Amortization of 2012-2014 activity, Amortized over 18 months (Jan '15-June '16)

|            |   |                    |          |
|------------|---|--------------------|----------|
| December   | REC Deferral Interest                     | (50,948)           | (9,274)  |
| 12/31/2014 | Balance before Interest                   | (3,229,771)        |          |
|            | <b>GL Balance Including Interest</b>      | <b>(3,277,188)</b> |          |
| January    | REC Amortization Interest                 | 162,668            |          |
| 1/31/2015  | Balance before Interest                   | (3,114,520)        | (16,885) |
| February   | REC Amortization Interest                 | 590,455            | (14,895) |
| 2/28/2015  | Balance before Interest                   | (2,524,065)        |          |
| March      | REC Amortization Interest                 | 497,954            | (12,020) |
| 3/31/2015  | Balance before Interest                   | (2,026,111)        |          |
| April      | REC Amortization Interest                 | 430,382            | (9,568)  |
| 4/30/2015  | Balance before Interest                   | (1,595,729)        |          |
| May        | REC Amortization Interest                 | 419,662            | (7,322)  |
| 5/31/2015  | Balance before Interest                   | (1,176,067)        |          |
| June       | REC Amortization Interest                 | 434,203            | (5,087)  |
| 6/30/2015  | Balance before Interest                   | (741,864)          |          |
|            | <i>Balance including Jan-Jun Interest</i> | <i>(807,621)</i>   |          |
| July       | REC Amortization Interest                 | 480,682            | (2,987)  |
| 7/31/2015  | Balance before Interest                   | (326,939)          |          |
| August     | REC Amortization Interest                 | 533,175            | (319)    |
| 8/31/2015  | Balance before Interest                   | 206,236            |          |
| September  | REC Amortization Interest                 | 465,306            | 2,319    |
| 9/30/2015  | Balance before Interest                   | 671,542            |          |

Should have compounded interest at 12.31.14. Adjust and correct for March entry  
Interest Was Correction  
January Adjust 16,634 (250)  
February Adjust 14,645 (249)  
(469)

*Semi-Annual Compounding*

9/4/15 talked to Annette about balance becoming positive earlier than anticipated (notes say amortization Jan '15-Jun '16). Balance flipped due to super hot summer causing load increases so we amortized more than anticipated. Also, the rate projected used 2013 actuals.  
The balance will continue to grow as a debit and this is ok because it is being offset by the deferrals in account 186323. In December 2015 with the new filing, these will

|  |                |                |
|--|----------------|----------------|
| <b>GL Balance</b>                      | <b>206,236</b> | <b>(3,316)</b> |
| Update REC balance to include interest |                | 202,920        |

186322.ED.WA GL Wand 202,920  
Difference

AVISTA CORPORATION  
 SEPTEMBER 2015 WASHINGTON REC REVENUE & DEFERRAL AMORTIZATION

| Schedule        | (a) | kWh or \$<br>(b) | Proration Percentages     |                             | Rebate Rates              |                             | Rate<br>Before<br>1-Jan-15<br>(g) | Rate<br>On/After<br>1-Jan-15<br>(h) | Total<br>(i) | Current Month<br>Rebate Revenue<br>(g)+(h) |
|-----------------|-----|------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------------|-------------------------------------|--------------|--|
|                 |     |                  | Before<br>1-Jan-15<br>(c) | On/After<br>1-Jan-15<br>(d) | Before<br>1-Jan-15<br>(e) | On/After<br>1-Jan-15<br>(f) |                                   |                                     |              |  |
| 1               |     | 174,532,952      | 0.00%                     | 100.00%                     | 0.000¢                    | (0.104¢)                    | \$ -                              | \$ (181,514)                        | \$ (181,514) | \$ (181,514)                               |
| 11              |     | 46,234,305       | 0.00%                     | 100.00%                     | 0.000¢                    | (0.104¢)                    | \$ -                              | \$ (48,084)                         | \$ (48,084)  | \$ (48,084)                                |
| 12              |     | 4,256,114        | 0.00%                     | 100.00%                     | 0.000¢                    | (0.104¢)                    | \$ -                              | \$ (4,426)                          | \$ (4,426)   | \$ (4,426)                                 |
| 21              |     | 121,691,578      | 0.00%                     | 100.00%                     | 0.000¢                    | (0.106¢)                    | \$ -                              | \$ (128,993)                        | \$ (128,993) | \$ (128,993)                               |
| 22              |     | 2,800,820        | 0.00%                     | 100.00%                     | 0.000¢                    | (0.106¢)                    | \$ -                              | \$ (2,969)                          | \$ (2,969)   | \$ (2,969)                                 |
| 25              |     | 88,560,285       | 0.00%                     | 100.00%                     | 0.000¢                    | (0.102¢)                    | \$ -                              | \$ (90,331)                         | \$ (90,331)  | \$ (90,331)                                |
| 30              |     | 3,555,240        | 0.00%                     | 100.00%                     | 0.000¢                    | (0.113¢)                    | \$ -                              | \$ (4,017)                          | \$ (4,017)   | \$ (4,017)                                 |
| 31              |     | 20,481,103       | 0.00%                     | 100.00%                     | 0.000¢                    | (0.113¢)                    | \$ -                              | \$ (23,144)                         | \$ (23,144)  | \$ (23,144)                                |
| 32              |     | 1,358,162        | 0.00%                     | 100.00%                     | 0.000¢                    | (0.113¢)                    | \$ -                              | \$ (1,535)                          | \$ (1,535)   | \$ (1,535)                                 |
| 41-46           |     | 1,363,005        | 0.00%                     | 100.00%                     | 0.000¢                    | (0.105¢)                    | \$ -                              | \$ (1,431)                          | \$ (1,431)   | \$ (1,431)                                 |
| 47              |     | 487,160          | 0.00%                     | 100.00%                     | 0.000¢                    | (0.105¢)                    | \$ -                              | \$ (512)                            | \$ (512)     | \$ (512)                                   |
| 48              |     | 267,343          | 0.00%                     | 100.00%                     | 0.000¢                    | (0.105¢)                    | \$ -                              | \$ (281)                            | \$ (281)     | \$ (281)                                   |
| Schedule Totals |     | 465,588,067      |                           |                             |                           |                             | \$0                               | -\$487,237                          | -\$487,237   | -\$487,237                                 |

Conversion factor

0.954989

kWh not subject to surcharge

0

Sch 62

Total kWh 465,588,067

Amortization

-\$465,306

FIT rate

-35%

DFIT expense

\$162,857

3