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COMM. OF WASH.
UTILITIES TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. _____

DIRECT TESTIMONY OF

RONALD L. MCKENZIE

REPRESENTING AVISTA CORPORATION

1 **Q. Please state your name, business address and present position with Avista**
2 **Corporation ("Avista" or "Company").**

3 A. My name is Ronald L. McKenzie and my business address is East 1411 Mission
4 Avenue, Spokane, Washington. I am employed by Avista as Manager, Regulatory Accounting.

5 **Q. Would you briefly describe your educational background?**

6 A. I am a 1973 graduate of Eastern Washington University with a Bachelor of Arts
7 degree in Business Administration majoring in accounting. I obtained a Master of Business
8 Administration Degree from Eastern Washington University in 1989. I have attended several
9 utility accounting and ratemaking courses and workshops.

10 **Q. How long have you been employed by Avista and what are your present**
11 **duties?**

12 A. I was first employed by Avista in September 1974. My present duties include
13 preparing data related to regulatory matters and presenting testimony before regulatory
14 commissions.

15 **Q. Have you previously testified before this Commission?**

16 A. Yes. I have testified before this Commission in several prior proceedings.

17 **Q. What is the scope of your testimony in this proceeding?**

18 A. My testimony addresses the accounting associated with the power cost deferrals
19 under the Energy Recovery Mechanism ("ERM") approved by the Commission in Docket No.
20 UE-011595. I also explain the interest calculation and the monthly reports that are filed with the
21 Commission. I am sponsoring Exhibit No. __ (RLM-2), which consists of the monthly report for
22 the month of December 2004.

1 **Q. Would you please describe the accounting associated with the Company's**
2 **ERM deferral mechanism?**

3 A. Yes. Company witness, Mr. William G. Johnson, discusses in his direct
4 testimony the procedure used to calculate the monthly variations between actual and authorized
5 power supply revenues and expenses. The monthly variations are accumulated until the annual
6 “Company Band” (Band) amount of \$9.0 million is exceeded. Once the Band is exceeded, 90%
7 of the monthly variations between actual and authorized net power supply costs are deferred.
8 When actual net power supply costs exceed authorized costs, entries are made to record the
9 deferral amount (90% of the amount that has exceeded the Band) by crediting Account 557.28 -
10 Other Power Supply Expenses, thereby decreasing recorded power supply expenses, and debiting
11 Account 186.28 - Miscellaneous Deferred Debits. An accumulated debit balance in Account
12 186.28 represents a surcharge balance. If actual net power supply costs are less than authorized
13 costs in a given month, an entry would be made to record the difference by debiting Account
14 557.28 - Other Power Supply Expenses, thereby increasing recorded power supply expenses, and
15 crediting Account 186.28 - Miscellaneous Deferred Debits.

16 **Q. How are income taxes accounted for under the deferred power cost**
17 **mechanism?**

18 A. The power cost deferral entries are not included in the determination of taxable
19 income for federal income tax purposes. Therefore, deferred federal income taxes related to the
20 deferred power cost entries are recorded. Account 283.28 – Accumulated Deferred Federal
21 Income Tax reflects a credit balance of 35% of the debit balance in Account 186.28. When

1 Account 283.28 is credited, Account 410.10 – Deferred FIT Expense in debited. Likewise, when
2 Account 283.28 is debited, Account 410.10 is credited.

3 **Q. In 2004 what were the amounts deferred, absorbed by the Company, and the**
4 **balance in the 2004 deferral account, Account 186.28, at December 31, 2004?**

5 A. During 2004 actual net power costs exceeded authorized net power costs for the
6 Washington jurisdiction by \$20,663,573. Of that amount \$10,497,216 was deferred, with the
7 remaining \$10,166,357 being absorbed by the Company. The amount absorbed by the Company
8 consists of the \$9,000,000 Band plus 10% of the amount exceeding the band, or \$1,166,357
9 ($10\% * (\$20,663,573 - \$9,000,000)$). There was a balance in the 2004 deferral account at
10 December 31, 2004 of \$10,777,698, consisting of the \$10,497,216 amount that was deferred
11 during the year plus \$280,482 of interest on the deferred costs.

12 **Q. How does the Company calculate interest on the balance in Account 186.28?**

13 A. The Company follows the method of calculating interest set forth in the
14 Settlement Stipulation in Docket No. UE-011595. The interest rate used is the Company's actual
15 weighted cost of debt. The weighted cost of debt is updated semi-annually and interest is
16 compounded semi-annually. Interest is calculated on the average of the beginning and ending
17 month balances in Account 186.28 net of deferred federal income tax. The interest rate used for
18 the period January 1, 2004 through June 30, 2004 was 8.45%, the Company's weighted cost of
19 debt at December 31, 2003. The interest rate used for the period July 1, 2004 through December
20 31, 2004 was 8.44%, the Company's weighted cost of debt at June 30, 2004. The monthly
21 reports for the months of January 2004 and July 2004 contain worksheets showing the weighted
22 cost of debt calculations that support the above listed interest rates.

1 **Q. What reports does the Company submit to the Commission?**

2 A. The Company submits monthly reports to the Commission, which include the
3 monthly power cost deferral journal entries together with backup workpapers and other
4 supporting documentation. The Company submits an original and five copies of the monthly
5 reports to the Commission. Copies of the monthly reports are also submitted to Mr. Robert
6 Cromwell, Office of the Attorney General, Public Counsel Section, and to Mr. S. Bradley Van
7 Cleve representing The Industrial Customers of Northwest Utilities (ICNU).

8 **Q. Are you including the monthly reports as an exhibit in this filing?**

9 A. No. In past years, in addition to already having supplied the reports to the parties,
10 the reports were also included as an exhibit. The 2003 monthly reports included as an exhibit in
11 last year's ERM filing consisted of 346 pages. Due to the volume of material and the fact that the
12 parties to this proceeding have already received copies of the monthly reports, additional copies
13 of the 2004 monthly reports are not included as an exhibit in this filing. However, I have
14 included, for illustrative purposes, a single month's report for the month of December 2004. The
15 December 2004 report is attached as Exhibit No. __ (RLM-2).

16 **Q. Does this conclude your direct testimony?**

17 A. Yes, it does.

18

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. _____

EXHIBIT NO. ____ (RLM-2)

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



Corp.

January 13, 2005

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report
For the Month of December 2004

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of December 2004. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. Actual net power costs were higher than authorized costs by \$1,454,763. A deferral in the surcharge direction of 90% of that amount, or \$1,309,287, was recorded.

Actual power supply expenses were higher than authorized due partly to higher than authorized price for purchased power. The average market purchase price was \$45.36/MWh compared to an authorized rate of \$31.50/MWh. The average market sales price was \$49.32/MWh compared to an authorized sales price of \$31.20/MWh. Hydro generation was 17 aMW above the authorized levels.

Coyote Springs 2 generated 17 aMW above the authorized level of 93 aMW. Other gas-fired resources generated 9 aMW below the authorized level due to economics. Colstrip generated 6 aMW above the authorized level, and Kettle Falls generated 23 aMW above the authorized level. Both thermal fuel expense and natural gas fuel expense were above the authorized level. Washington retail sales were 93 aMW below the authorized level.

There were no new forward long-term power contracts of one year or longer entered into in the month of December 2004. If you have any questions, please contact Bill Johnson at (509) 495-4046 or Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood
Vice President State and Federal Regulation

RM

Enclosure

c: Robert Cromwell
S. Bradley Van Cleve

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

MONTH OF DECEMBER 2004

Avista Corporation - General Ledger Journal Entry

Print Date: 01-12-2005 10:13 AM

Journal ID: DJ702 Journal Description: WA - ERM Effective Date: 12-31-2004

Corp: WWP Journal Sponsor: RESOURCE \$#: \$ Tran Type: C Error Code: Q Code: G

Control Amount Total: 5,236,005.00 Saved By: Linda Donley Saved Date: 01-11-2005 10:05:21 A

Edit Date: 01-11-2005 9:48:05 AM

Seq	WO	UMain	Sub	RC	Cost Code	SLID	LOC	Debit Amount	Credit Amount	Transaction Description
10	2577	0557	29	X55	EE	X	028	2,499,252.00	0.00	POWER TRANSACTIONS /* WA ERM AMT
12	0000	9182	35	028	EE			0.00	2,499,252.00	WASHINGTON ERM DEFERRAL BALANCE
15	2577	0557	28	G55	EE	X	028	0.00	1,309,287.00	POWER TRANSACTIONS/* WA ERM DEF
20	0000	9186	28	028	EE			1,309,287.00	0.00	WA ERM - CURRENT YEAR
43	0000	9182	35	028	EE			460,474.00	0.00	WASHINGTON ERM DEFERRAL BALANCE
<i>Interest Income on deferral balance in 18235 authorized for recovery</i>										
45	0000	9186	28	028	EE			45,015.00	0.00	WA ERM - CURRENT YEAR
<i>Interest Income/(expense) on deferral balance in 18628</i>										
47	0000	9186	29	028	EE			0.00	0.00	WA ERM - LAST YEAR
<i>Interest Income/(expense) on deferral balance in 18629</i>										
50	0000	9419	00	Q98	EE	X	098	0.00	505,489.00	NON-UTILITY REVENUE/INT/DIV INCOME
70	0000	9171	00	FIN	EE			505,489.00	0.00	INTEREST & DIVIDENDS REC
<i>Accrue Interest Income on deferral balance</i>										
80	0000	9171	00	FIN	EE			0.00	505,489.00	INTEREST & DIVIDENDS REC
<i>Transfer Interest Income accrual to deferred power costs (in lieu of receipt)</i>										
82	0135	0410	10	X54	EE	X	028	0.00	416,488.00	INCOME TAX /* PRV DFIT DR
<i>DFIT entry includes, power supply deferral, generation options, surcharge amortization</i>										
85	0135	9410	20	X54	EE	X	028	176,920.00	0.00	INCOME TAX /PROV DEFERED IT
<i>DFIT entry for interest income</i>										
89	0000	9283	28	028	EE			239,568.00	0.00	ADFIT-WA ERM CURRENT AND PRIOR YRS
90	0000	9186	01	028	EE			0.00	0.00	WA ERM YTD COMPANY BAND
<i>Record YTD accumulation of Company Band for WA ERM. Allows tracking of balance on the GL.</i>										
91	0000	9186	02	028	EE			0.00	0.00	WA ERM YTD CONTRA ACCOUNT
<i>Contra account for YTD WA ERM Company Band. Offsets 918601 to prevent Balance Sheet Inflation.</i>										

Avista Corporation - General Ledger Journal Entry

Print Date: 01-12-2005 10:13 AM

Journal ID: DJ702 Journal Description: WA - ERM Effective Date: 12-31-2004
 Corp: WWP Journal Sponsor: RESOURCE \$#: \$ Tran Type: C Error Code: Q Code: G
 Control Amount Total: 5,236,005.00 Saved By: Linda Donley Saved Date: 01-11-2005 10:05:21 A
 Edit Date: 01-11-2005 9:48:05 AM

Seq	YO	UMain	Sub	HC	Cost Code	SLID	LOC	Debit Amount	Credit Amount	Transaction Description
100	0000	9182	35	028	EE			0.00	0.00	WASHINGTON ERM DEFERRAL BALANCE
101	0000	9186	29	028	EE			0.00	0.00	WA ERM - LAST YEAR

Totals: 5,236,005.00 Trans: 11 Rows: 17

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

Prepared By: Linda Donley Date: 1/11/05
 Reviewed By: Jani Judge Date: 1/10/05

Approved For Entry - Corporate
 Accounting Use Only Date: _____

> C WWP,0000918628,028

ON GLMLY
 LEVEL 03 LINK FROM GLM05

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918628 CENTER: 028
 WA ERM - CURRENT YEAR

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	.00	.00	730,862.00
02	.00	.00	214,588.82-
03	.00	.00	927,912.16-
04	.00	94,153.00	640,898.16-
05	.00	1,437,758.00	782,317.25
06	3,797,728.00	5,521,304.47	4,173,702.11
07	9,092,702.00	10,897,385.37	.00
08	12,405,364.00	14,878,366.37	3,462,701.00
09	11,917,361.00	17,291,968.37	4,591,436.00
10	10,143,848.00	18,996,002.37	7,990,106.00
11	9,423,396.00	19,319,437.37	10,046,279.00
12	10,777,698.00	22,791,372.37	18,418,548.00
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:24:58 1 M3LL CIX1 _____

ERM Deferral Balance (Current Year - 2004)

Account 9186.28 028

	<u>Amount</u>	<u>Journal ID</u>
Balance 11/30/04	\$9,423,396.00	
Deferral	1,309,287.00	DJ702
Interest	45,015.00	DJ702
Balance 12/31/04	<u>\$10,777,698.00</u>	

> C WWP,0000918629,028 ON GLMLY
 LEVEL 03 LINK FROM GLM05
 ----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918629 CENTER: 028
 WA ERM - LAST YEAR

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	22,895,690.37	18,507,141.00	5,590,562.00-
02	23,000,008.37	18,595,734.00	.00
03	23,104,326.37	18,684,327.00	.00
04	23,208,644.37	18,772,920.00	.00
05	23,312,962.37	18,861,513.00	.00
06	23,417,280.37	18,950,106.00	.00
07	23,524,285.37	19,040,688.00	.00
08	.00	19,131,270.00	.00
09	.00	19,221,852.00	.00
10	.00	19,312,434.00	.00
11	.00	19,403,016.00	.00
12	.00	.00	.00
TOTAL	.00	.00	.00
A205W-END OF LIST			

01/12/05 14:25:20 1 M3LL CIX1 _____

ERM Deferral Balance (Prior year - 2003)

Account 9186.29 028

Balance 11/30/04

Transferred to Account 9182.35 028 in August 2004

Balance 12/31/04

Amount	Journal ID
\$0.00	DJ702
<u>\$0.00</u>	

> C WWP,0000918235,028

ON GLMLY
 LEVEL 03 LINK FROM GLM05

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918235 CENTER: 028
 WASHINGTON ERM DEFERRAL BALANCE

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	97,324,911.28	102,120,741.28	132,006,255.17
02	95,273,046.28	100,387,075.28	122,433,021.17
03	93,420,167.28	98,579,839.28	118,334,898.17
04	91,822,602.28	96,934,524.28	115,248,382.17
05	90,379,071.28	95,426,432.28	112,494,809.17
06	88,948,869.28	93,918,785.28	109,873,441.17
07	87,392,898.28	92,464,598.28	111,925,345.28
08	109,062,726.65	90,760,912.28	110,453,043.28
09	107,487,249.65	89,095,467.28	109,001,480.28
10	106,046,812.65	87,584,937.28	107,664,179.28
11	104,468,744.65	85,922,928.28	106,072,397.28
12	102,429,966.65	99,774,940.28	104,166,540.28
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:21:45 1 M3LL CIX1 ____

Recoverable Deferral Balance

Account 9182.35 028

Balance 11/30/04

Amortization

Interest

Balance 12/31/04

Amount	Journal ID
\$104,468,744.65	
-2,499,252.00	DJ702
460,474.00	DJ702
<u>\$102,429,966.65</u>	

> C WWP,0000918236,028

ON GLMLY
 LEVEL 03 LINK FROM GLM05

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918236 CENTER: 028
 WASHINGTON ERM AMORTIZATION

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	949,785.00	.00	.00
02	924,702.00	.00	.00
03	899,504.00	.00	.00
04	874,191.00	.00	.00
05	848,762.00	.00	.00
06	823,217.00	.00	.00
07	797,552.00	.00	.00
08	771,770.00	.00	.00
09	745,870.00	.00	.00
10	719,852.00	.00	.00
11	693,715.00	.00	.00
12	667,458.00	974,754.00	.00
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:23:10 1 M3LL CIX1 _____

Contract Buyout Deferral Balance

Account 9182.36 028

	<u>Amount</u>	<u>Journal ID</u>
Balance 11/30/04	\$693,715.00	
Amortization*	-\$29,361.00	RJECB
Interest	3,104.00	RJECB
Balance 12/31/04	<u>\$667,458.00</u>	

*Amount grossed-up from 90% to 100% for ERM deferral calculations \$32,623

> C WWP,0000918601,028

ON GLMLY
 LEVEL 03 LINK FROM GLM05

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918601 CENTER: 028
 WA ERM YTD COMPANY BAND

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	3,483,950.00	4,982,867.00	.00
02	4,961,037.00	6,578,313.00	.00
03	4,843,195.00	8,748,531.00	.00
04	6,776,853.00	9,000,000.00	.00
05	7,596,603.00	9,000,000.00	.00
06	9,000,000.00	9,000,000.00	.00
07	9,000,000.00	9,000,000.00	4,319,249.00
08	9,000,000.00	9,000,000.00	4,500,000.00
09	9,000,000.00	9,000,000.00	4,500,000.00
10	9,000,000.00	9,000,000.00	4,500,000.00
11	9,000,000.00	9,000,000.00	4,500,000.00
12	9,000,000.00	9,000,000.00	4,500,000.00
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:24:43 1 M3LL CIX1 _____

ERM Deadband

Account 9186.01 028

Balance 11/30/04

2004 deadband accumulation

Balance 12/31/04

<u>Amount</u>	<u>Journal ID</u>
\$9,000,000.00	
0.00	DJ702
<u>\$9,000,000.00</u>	

> C WWP,0000918602,028

ON GLMLY
 LEVEL 02 LINK FROM CMEXX

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000918602 CENTER: 028
 WA ERM YTD CONTRA ACCOUNT

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	3,483,950.00-	4,982,867.00-	.00
02	4,961,037.00-	6,578,313.00-	.00
03	4,843,195.00-	8,748,531.00-	.00
04	6,776,853.00-	9,000,000.00-	.00
05	7,596,603.00-	9,000,000.00-	.00
06	9,000,000.00-	9,000,000.00-	.00
07	9,000,000.00-	9,000,000.00-	4,319,249.00-
08	9,000,000.00-	9,000,000.00-	4,500,000.00-
09	9,000,000.00-	9,000,000.00-	4,500,000.00-
10	9,000,000.00-	9,000,000.00-	4,500,000.00-
11	9,000,000.00-	9,000,000.00-	4,500,000.00-
12	9,000,000.00-	9,000,000.00-	4,500,000.00-
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:28:38 1 M3LL CIX1 ____

ERM Deadband Contra Account

Account 9186.02 028

Balance 11/30/04

2004 deadband contra entry

Balance 12/31/04

<u>Amount</u>	<u>Journal ID</u>
-\$9,000,000.00	
0.00	DJ702
-\$9,000,000.00	

> C WWP,0000928328,028

ON GLMLY
 LEVEL 02 LINK FROM CMEXX

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000928328 CENTER: 028
 ADFIT-WA ERM CURRENT AND PRIOR YRS

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	42,409,636.00-	42,219,761.00-	44,235,381.00-
02	41,719,211.00-	41,643,986.00-	42,520,405.00-
03	41,098,391.00-	41,042,461.00-	40,604,160.00-
04	40,260,936.00-	40,530,561.00-	39,702,680.00-
05	39,792,211.00-	40,503,998.00-	39,098,236.00-
06	40,657,357.00-	41,436,569.00-	39,830,678.00-
07	42,003,460.00-	42,840,936.00-	39,003,353.00-
08	42,513,832.00-	43,669,694.00-	39,870,511.00-
09	41,791,614.00-	43,963,253.00-	39,757,522.00-
10	40,666,732.00-	44,062,684.00-	40,479,002.00-
11	39,862,249.00-	43,625,888.00-	40,641,539.00-
12	39,622,681.00-	43,239,378.00-	42,904,783.00-
TOTAL	.00	.00	.00

A205W-END OF LIST

01/12/05 14:26:17 1 M3LL CIX1

Account 9186.28 028 balance	\$10,777,698.00
Account 9186.29 028 balance	0.00
Account 9182.35 028 balance	102,429,966.65
Total	<u>\$113,207,664.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$39,622,683</u>
Rounding	2
Balance in account	<u>-\$39,622,681</u>

> C WWP,0000928336,028

ON GLMLY
 LEVEL 02 LINK FROM CMEXX

----- GL:M - AMOUNT MAINTENANCE -----
 CORP: WWP ACCOUNT: 0000928336 CENTER: 028
 ADFIT-ENRON CONTRACT BUYOUT

PER	CURR YEAR ACTUALS	LAST YEAR ACTUALS	2ND YEAR ACTUALS
01	.00	.00	.00
02	.00	.00	.00
03	.00	.00	.00
04	305,968.00-	.00	.00
05	297,068.00-	.00	.00
06	288,127.00-	.00	.00
07	279,145.00-	.00	.00
08	270,122.00-	.00	.00
09	261,057.00-	.00	.00
10	251,951.00-	.00	.00
11	242,803.00-	.00	.00
12	233,613.00-	.00	.00
TOTAL	.00	.00	.00
A205W-END OF LIST			

01/12/05 14:26:41 1 M3LL CIX1 _____

Account 9182.36 028 balance	\$667,458.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-\$233,610
Rounding	-3
Balance in account	-\$233,613

Changes Semiannually on January 1 and July 1 Beginning 7/1/02						
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 12/31/03 is 8.45%			Actual cost of debt at 6/30/04 is 8.44%			
The monthly rate is:			The monthly rate is:			
		0.00704 Before Tax			0.00703 Before Tax	
		0.0045771 After Tax			0.0045695 After Tax	
		0.35 Tax-rate			0.35 Tax rate	
2004 Interest						
12-31-2003	GL Balance including interest	99,774,940		Jan-04	DFIT Expense	ADFIT
Jan-04	Surcharge Amortization	(2,900,072)		Amortization	(1,015,029) Operating	1,015,029
Jan-04	Interest		450,043	Interest	157,515 Nonoperating	(157,515)
01-31-2004	Balance before interest	96,874,868			(857,514) Total	857,514
				Feb-04	DFIT Expense	ADFIT
Feb-04	Surcharge Amortization	(2,489,573)		Amortization	(871,355) Operating	871,355
Feb-04	Interest		437,708	Interest	153,198 Nonoperating	(153,198)
02-29-2004	Balance before interest	94,385,295			(718,157) Total	718,157
				Mar-04	DFIT Expense	ADFIT
Mar-04	Surcharge Amortization	(2,279,673)		Amortization	(797,890) Operating	797,890
Mar-04	Interest		426,794	Interest	149,378 Nonoperating	(149,378)
03-31-2004	Balance before interest	92,105,622			(648,512) Total	648,512
				Apr-04	DFIT Expense	ADFIT
Apr-04	Surcharge Amortization	(2,014,531)		Amortization	(705,073) Operating	705,073
Apr-04	Interest		416,966	Interest	145,938 Nonoperating	(145,938)
04-30-2004	Balance before interest	90,091,091			(559,135) Total	559,135
				May-04	DFIT Expense	ADFIT
May-04	Surcharge Amortization	(1,851,649)		Amortization	(648,077) Operating	648,077
May-04	Interest		408,118	Interest	142,841 Nonoperating	(142,841)
05-31-2004	Balance before interest	88,239,442			(505,236) Total	505,236
				Jun-04	DFIT Expense	ADFIT
Jun-04	Surcharge Amortization	(1,829,895)		Amortization	(640,463) Operating	640,463
Jun-04	Interest		399,693	Interest	139,893 Nonoperating	(139,893)
06-30-2004	Balance before interest	86,409,547			(500,570) Total	500,570
06-30-2004	GL Balance including interest	88,948,869		Jul-04	DFIT Expense	ADFIT
Jul-04	Surcharge Amortization	(1,957,949)		Amortization	(685,282) Operating	685,282
Jul-04	Interest		401,978	Interest	140,692 Nonoperating	(140,692)
07-31-2004	Balance before interest	86,990,920			(544,590) Total	544,590
				Aug-04	DFIT Expense	ADFIT
Aug-04	ERM Transfer from 18629	23,417,280	107,005			
Aug-04	Surcharge Amortization	(2,353,590)		Amortization	(823,757) Operating	823,757
Aug-04	Interest		499,133	Interest	174,697 Nonoperating	(174,697)
08-31-2004	Balance before interest	108,054,610			(649,060) Total	649,060
				Sep-04	DFIT Expense	ADFIT
Sep-04	Surcharge Amortization	(2,064,516)		Amortization	(722,581) Operating	722,581
Sep-04	Interest		489,039	Interest	171,164 Nonoperating	(171,164)
09-30-2004	Balance before interest	105,990,094			(551,417) Total	551,417
				Oct-04	DFIT Expense	ADFIT
Oct-04	Surcharge Amortization	(1,920,371)		Amortization	(672,130) Operating	672,130
Oct-04	Interest		479,934	Interest	167,977 Nonoperating	(167,977)
10-31-2004	Balance before interest	104,069,723			(504,153) Total	504,153
				Nov-04	DFIT Expense	ADFIT
Nov-04	Surcharge Amortization	(2,048,933)		Amortization	(717,127) Operating	717,127
Nov-04	Interest		470,865	Interest	164,803 Nonoperating	(164,803)
11-30-2004	Balance before interest	102,020,790			(552,324) Total	552,324
				Dec-04	DFIT Expense	ADFIT
Dec-04	Surcharge Amortization	(2,499,252)		Amortization	(874,738) Operating	874,738
Dec-04	Interest		460,474	Interest	161,166 Nonoperating	(161,166)
12-31-2004	Balance before interest	99,521,538			(713,572) Total	713,572
				GL Balance	Activity	GL Balance
				@ 11/30/04	Dec-04	@ 12/31/04
	Net ERM Balance	102,429,966		104,468,744	(2,038,778)	102,429,966
	ADFIT Balance	(35,850,488)				

Changes Semiannually on January 1 and July 1 Beginning 7/1/02						
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 12/31/03 is 8.45%			Actual cost of debt at 6/30/04 is 8.44%			
The monthly rate is:			The monthly rate is:			
		0.00704 Before Tax			0.00703 Before Tax	
		0.0045774 After Tax			0.0045695 After Tax	
		0.35 Tax rate			0.35 Tax rate	
2004 Interest						
12-31-2003	GL Balance including interest	\$22,791,372.37				
12-31-2003	GL Balance	(\$22,791,372.37)	Transfer to 918629			
01-01-2004	GL Balance	0				
				Jan-04	DFIT Expense	ADFIT
Jan-04	ERM Deferral	0		Deferral	0 Operating	0
Jan-04	Interest	0	0	Interest	0 Nonoperating	0
01-31-2004	Balance before interest	0			0 Total	0
				Feb-04	DFIT Expense	ADFIT
Feb-04	ERM Deferral	0		Deferral	0 Operating	0
Feb-04	Interest	0	0	Interest	0 Nonoperating	0
02-29-2004	Balance before interest	0			0 Total	0
				Mar-04	DFIT Expense	ADFIT
Mar-04	ERM Deferral	0		Deferral	0 Operating	0
Mar-04	Interest	0	0	Interest	0 Nonoperating	0
03-31-2004	Balance before interest	0			0 Total	0
				Apr-04	DFIT Expense	ADFIT
Apr-04	ERM Deferral	0		Deferral	0 Operating	0
Apr-04	Interest	0	0	Interest	0 Nonoperating	0
04-30-2004	Balance before interest	0			0 Total	0
				May-04	DFIT Expense	ADFIT
May-04	ERM Deferral	0		Deferral	0 Operating	0
May-04	Interest	0	0	Interest	0 Nonoperating	0
05-31-2004	Balance before interest	0			0 Total	0
				Jun-04	DFIT Expense	ADFIT
Jun-04	ERM Deferral	3,789,057		Deferral	1,326,170 Operating	(1,326,170)
Jun-04	Interest		8,671	Interest	3,035 Nonoperating	(3,035)
06-30-2004	Balance before interest	3,789,057			1,329,205 Total	(1,329,205)
06-30-2004	GL Balance including interest	3,797,728		Jul-04	DFIT Expense	ADFIT
Jul-04	ERM Deferral	5,265,590		Deferral	1,842,957 Operating	(1,842,957)
Jul-04	Interest		29,384	Interest	10,284 Nonoperating	(10,284)
07-31-2004	Balance before interest	9,063,318			1,853,241 Total	(1,853,241)
				Aug-04	DFIT Expense	ADFIT
Aug-04	ERM Deferral	3,263,790		Deferral	1,142,327 Operating	(1,142,327)
Aug-04	Interest		48,872	Interest	17,105 Nonoperating	(17,105)
08-31-2004	Balance before interest	12,327,108			1,159,432 Total	(1,159,432)
				Sep-04	DFIT Expense	ADFIT
Sep-04	ERM Deferral	(543,091)		Deferral	(190,082) Operating	190,082
Sep-04	Interest		55,088	Interest	19,281 Nonoperating	(19,281)
09-30-2004	Balance before interest	11,784,017			(170,801) Total	170,801
				Oct-04	DFIT Expense	ADFIT
Oct-04	ERM Deferral	(1,823,195)		Deferral	(638,118) Operating	638,118
Oct-04	Interest		49,682	Interest	17,389 Nonoperating	(17,389)
10-31-2004	Balance before interest	9,960,822			(620,729) Total	620,729
				Nov-04	DFIT Expense	ADFIT
Nov-04	ERM Deferral	(764,222)		Deferral	(267,478) Operating	267,478
Nov-04	Interest		43,770	Interest	15,319 Nonoperating	(15,319)
11-30-2004	Balance before interest	9,196,600			(252,159) Total	252,159
				Dec-04	DFIT Expense	ADFIT
Dec-04	ERM Deferral	1,309,287		Deferral	458,250 Operating	(458,250)
Dec-04	Interest		45,015	Interest	15,754 Nonoperating	(15,754)
12-31-2004	Balance before interest	10,505,887			474,004 Total	(474,004)
				GL Balance	Activity	GL Balance
	Net ERM Balance	10,777,698		@ 11/30/04	Dec-04	@ 12/31/04
				9,423,396	1,354,302	10,777,698
	ADFIT Balance	(3,772,194)				

Changes Semiannually on January 1 and July 1 Beginning 7/1/02						
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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 12/31/03 is 8.45%--				Actual cost of debt at 6/30/04 is 8.44%		
The monthly rate is:		0.00704	Before Tax	The monthly rate is:		0.00703 Before Tax
		0.0045774	After Tax			0.0045695 After Tax
		0.35	Tax rate			0.35 Tax rate
2004 Interest						
12-31-2003	GL Balance including interest	0				
12-31-2003	Transfer from 918628	\$22,791,372.37				
01-01-2004	GL Balance	\$22,791,372.37		Jan-04	DFIT Expense	ADFIT
Jan-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Jan-04	Interest		104,318	Interest	36,511	Nonoperating (36,511)
01-31-2004	Balance before interest	22,791,372			36,511	Total (36,511)
				Feb-04	DFIT Expense	ADFIT
Feb-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Feb-04	Interest		104,318	Interest	36,511	Nonoperating (36,511)
02-29-2004	Balance before interest	22,791,372			36,511	Total (36,511)
				Mar-04	DFIT Expense	ADFIT
Mar-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Mar-04	Interest		104,318	Interest	36,511	Nonoperating (36,511)
03-31-2004	Balance before interest	22,791,372			36,511	Total (36,511)
				Apr-04	DFIT Expense	ADFIT
Apr-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Apr-04	Interest		104,318	Interest	36,507	Nonoperating (36,507)
04-30-2004	Balance before interest	22,791,372			36,507	Total (36,507)
				May-04	DFIT Expense	ADFIT
May-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
May-04	Interest		104,318	Interest	36,511	Nonoperating (36,511)
05-31-2004	Balance before interest	22,791,372			36,511	Total (36,511)
				Jun-04	DFIT Expense	ADFIT
Jun-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Jun-04	Interest		104,318	Interest	36,511	Nonoperating (36,511)
06-30-2004	Balance before interest	22,791,372			36,511	Total (36,511)
06-30-2004	GL Balance including interest	23,417,280		Jul-04	DFIT Expense	ADFIT
Jul-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Jul-04	Interest		107,005	Interest	37,452	Nonoperating (37,452)
07-31-2004	Balance before interest	23,417,280			37,452	Total (37,452)
				Aug-04	DFIT Expense	ADFIT
Aug-04	ERM Transfer to 18235	(23,417,280)	(107,005)	Deferral	0	Operating 0
Aug-04	Interest		0	Interest	0	Nonoperating 0
08-31-2004	Balance before interest	0			0	Total 0
				Sep-04	DFIT Expense	ADFIT
Sep-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Sep-04	Interest		0	Interest	0	Nonoperating 0
09-30-2004	Balance before interest	0			0	Total 0
				Oct-04	DFIT Expense	ADFIT
Oct-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Oct-04	Interest		0	Interest	0	Nonoperating 0
10-31-2004	Balance before interest	0			0	Total 0
				Nov-04	DFIT Expense	ADFIT
Nov-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Nov-04	Interest		0	Interest	0	Nonoperating 0
11-30-2004	Balance before interest	0			0	Total 0
				Dec-04	DFIT Expense	ADFIT
Dec-04	ERM Transfer to 18235	0		Deferral	0	Operating 0
Dec-04	Interest		0	Interest	0	Nonoperating 0
12-31-2004	Balance before interest	0			0	Total 0
	Net ERM Balance	0		GL Balance	Activity	GL Balance
				@ 11/30/04	Dec-04	@ 12/31/04
	ADFIT Balance	0		0.00	0.00	0.00

Tax Rate	35%	DJ702 LTD	DJ702 LTD	DJ702 LTD	RJECB		DJ702 CURMO	
	928328	928328	928328	928328	928328	928328	928328	928328
DJ702	GL	ADFIT	ADFIT	ADFIT	ADFIT	BALANCE	FOR ALL	ENDING
	BALANCE	918235	18628	18629	18236	COMPONENTS	ACCOUNTS	BALANCE
12-31-2003	(43,239,378)	(34,921,229)	(7,976,980)	(5)	(341,164)	(43,239,378)	0	(43,239,378)
01-01-2004	(43,239,378)	(34,921,229)	0	(7,976,985)	(341,164)	(43,239,378)	0	(43,239,378)
01-31-2004	(42,409,636)	(34,063,719)	0	(8,013,492)	(332,425)	(42,409,636)	0	(42,409,636)
02-29-2004	(41,719,211)	(33,345,566)	0	(8,050,009)	(323,646)	(41,719,215)	(4)	(41,719,215)
03-31-2004	(41,098,391)	(32,697,058)	0	(8,086,514)	(314,827)	(41,098,399)	(8)	(41,098,399)
04-30-2004	(40,260,936)	(32,137,911)	0	(8,123,025)	0	(40,260,936)	0	(40,260,936)
05-31-2004	(39,792,211)	(31,632,675)	0	(8,159,537)	0	(39,792,212)	(1)	(39,792,212)
06-30-2004	(40,657,357)	(31,132,104)	(1,329,205)	(8,196,048)	0	(40,657,357)	0	(40,657,357)
07-31-2004	(42,003,460)	(30,587,514)	(3,182,446)	(8,233,500)	0	(42,003,460)	0	(42,003,460)
08-31-2004	(42,513,832)	(38,171,954)	(4,341,877)	0	0	(42,513,831)	1	(42,513,831)
09-30-2004	(41,791,614)	(37,620,537)	(4,171,076)	0	0	(41,791,613)	1	(41,791,613)
10-31-2004	(40,666,732)	(37,116,384)	(3,550,347)	0	0	(40,666,731)	1	(40,666,731)
11-30-2004	(39,862,249)	(36,564,060)	(3,298,189)	0	0	(39,862,249)	0	(39,862,249)
12-31-2004	(39,622,681)	(35,850,488)	(3,772,194)	0	0	(39,622,682)	0	(39,622,681)
			ADFIT			Interest		
		41010	941020	928328	918235	918628	918629	941900
01-31-2004	918235	(1,015,029)	157,515	857,514	450,043	0	104,318	(554,361)
	918628	0	0	0				
	918629	0	36,511	(36,511)				
Total		(1,015,029)	194,026	821,003				
02-29-2004	918235	(871,355)	153,198	718,157	437,708	0	104,318	(542,026)
	918628	0	0	0				
	918629	0	36,511	(36,511)				
Total		(871,355)	189,709	681,646				
03-31-2004	918235	(797,890)	149,378	648,512	426,794	0	104,318	(531,112)
	918628	0	0	0				
	918629	0	36,511	(36,511)				
Total		(797,890)	185,889	612,001				
04-30-2004	918235	(705,073)	145,938	559,135	416,966	0	104,318	(521,284)
	918628	0	0	0				
	918629	0	36,507	(36,507)				
Total		(705,073)	182,445	522,628				
05-31-2004	918235	(648,077)	142,841	505,236	408,118	0	104,318	(512,436)
	918628	0	0	0				
	918629	0	36,511	(36,511)				
Total		(648,077)	179,352	468,725				
06-30-2004	918235	(640,463)	139,893	500,570	399,693	8,671	104,318	(512,682)
	918628	1,326,170	3,035	(1,329,205)				
	918629	0	36,511	(36,511)				
Total		685,707	179,439	(865,146)				
07-31-2004	918235	(685,282)	140,692	544,590	401,978	29,384	107,005	(538,367)
	918628	1,842,957	10,284	(1,853,241)				
	918629	0	37,452	(37,452)				
Total		1,157,675	188,428	(1,346,103)				
08-31-2004	918235	(823,757)	174,697	649,060	499,133	48,872	0	(548,005)
	918628	1,142,327	17,105	(1,159,432)				
	918629	0	0	0				
Total		318,570	191,802	(510,372)				
09-30-2004	918235	(722,581)	171,164	551,417	489,039	55,088	0	(544,127)
	918628	(190,082)	19,281	170,801				
	918629	0	0	0				
Total		(912,663)	190,445	722,218				
10-31-2004	918235	(672,130)	167,977	504,153	479,934	49,682	0	(529,616)
	918628	(638,118)	17,389	620,729				
	918629	0	0	0				
Total		(1,310,248)	185,366	1,124,882				
11-30-2004	918235	(717,127)	164,803	552,324	470,865	43,770	0	(514,635)
	918628	(267,478)	15,319	252,159				
	918629	0	0	0				
Total		(984,605)	180,122	804,483				
12-31-2004	918235	(874,738)	161,166	713,572	460,474	45,015	0	(505,489)
	918628	458,250	15,754	(474,004)				
	918629	0	0	0				
Total		(416,488)	176,920	239,568				

			YTD	YTD	
			WA ERM	WA ERM	
			Company	Contra	Total
			Band	Account	GL
			918601	918602	Impact
12-31-2003	Balance		\$9,000,000	(\$9,000,000)	\$0
2003 Requirement		\$9,000,000			
Jan-04	Reverse 2003		(\$9,000,000)	\$9,000,000	\$0
Jan-04	Activity		\$3,483,950	(\$3,483,950)	
01-31-2004	Balance		\$3,483,950	(\$3,483,950)	\$0
Feb-04	Activity		\$1,477,087	(\$1,477,087)	
02-29-2004	Balance		\$4,961,037	(\$4,961,037)	\$0
Mar-04	Activity		(\$117,842)	\$117,842	
03-31-2004	Balance		\$4,843,195	(\$4,843,195)	\$0
Apr-04	Activity		\$1,933,658	(\$1,933,658)	
04-30-2004	Balance		\$6,776,853	(\$6,776,853)	\$0
May-04	Activity		\$819,750	(\$819,750)	
05-31-2004	Balance		\$7,596,603	(\$7,596,603)	\$0
Jun-04	Activity		\$1,403,397	(\$1,403,397)	
06-30-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Jul-04	Activity		\$0	\$0	
07-31-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Aug-04	Activity		\$0	\$0	
08-31-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Sep-04	Activity		\$0	\$0	
09-30-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Oct-04	Activity		\$0	\$0	
10-31-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Nov-04	Activity		\$0	\$0	
11-30-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
Dec-04	Activity		\$0	\$0	
12-31-2004	Balance		\$9,000,000	(\$9,000,000)	\$0

AVISTA CORPORATION
DECEMBER 2004 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule	(a)	Sch 1 Block Percent (b)	kWh of \$ (c)	Surcharge Rate On/After 1-Jul-02 (d)	Revenue (e)	Conversion Factor (f)	Deferral Amortization (g)	(e)*(f)
1 (0-600 kWh)		45.735%	103,362,427	0.405¢	\$418,618	0.956277	\$400,315	
1 (601-1300 kWh)		31.716%	71,679,080	0.607¢	435,092	0.956277	416,068	
1 (over 1300 kWh)		22.549%	50,961,394	0.853¢	434,701	0.956277	415,695	
Total Sch 1		100.000%	226,002,901		1,288,411		1,232,078	
11			31,264,146	0.788¢	246,361	0.956277	235,589	
12			3,964,445	0.788¢	31,240	0.956277	29,874	
21			123,857,845	0.549¢	679,980	0.956277	650,249	
22			9,761,721	0.549¢	53,592	0.956277	51,249	
25			74,388,757	0.352¢	261,848	0.956277	250,399	
30			9,700	0.485¢	47	0.956277	45	
31			3,230,119	0.485¢	15,666	0.956277	14,981	
32			158,707	0.485¢	770	0.956277	736	
41-46			\$263,290	109.78%	23,456	0.956277	22,430	
47			\$80,776	109.78%	7,196	0.956277	6,881	
48			\$55,652	109.78%	4,958	0.956277	4,741	
Schedule Totals			472,638,341		\$2,613,525		\$2,499,252	Amortization
kWh not subject to surcharge								-35%
Schedule 28			47,040					(\$874,738) DFIT Expense
Schedule 29			0					
Sch 41-48			2,270,636					
Total kWh			474,956,017					

AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF DECEMBER 04

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
RESIDENTIAL FIRM-COMMERCIAL INTERDEPARTMENT REV	1 001		188,350	226,001,843	13,173,893.18	2,235,862	186,321	2,202,614,109	130,183,279.00
	21 001			1,058	67.49	28	2	8,590	559.54
	80 001		188,353	226,002,901	13,173,960.67	2,235,890	186,324	2,202,622,699	130,183,838.54
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST LIGHTING-PUB ST-HIWAY INTERDEPARTMENT REV	1 011		18,073	30,850,546	2,693,333.05	215,570	17,964	332,786,240	29,214,534.80
	21 011		118	329,244	29,426.88	1,417	118	2,955,738	267,551.84
	51 011		15	7,955	743.97	177	14	85,805	8,112.05
	80 011		25	76,401	6,480.17	299	24	814,287	69,493.93
			18,231	31,264,146	2,729,984.07	217,463	18,121	336,642,070	29,559,692.62
RESIDENTIAL FIRM-COMMERCIAL	1 012		6,761	3,964,445	351,274.00	79,172	6,597	39,067,414	3,587,375.26
	21 012		6,761	3,964,445	351,274.00	79,172	6,597	39,067,414	3,587,375.26
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST INTERDEPARTMENT REV	1 021		3,157	112,938,863	7,424,629.91	37,452	3,121	1,357,321,301	89,585,860.39
	21 021		120	10,013,562	647,708.64	1,411	117	114,500,474	7,451,958.78
	80 021		8	905,420	55,251.02	96	8	10,918,920	674,411.61
			3,285	123,857,845	8,127,589.57	38,959	3,246	1,482,740,695	97,712,230.78
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST	1 022		68	9,761,721	528,080.33	683	56	52,678,766	2,959,165.13
	21 022		68	9,761,721	528,080.33	683	56	52,678,766	2,959,165.13
FIRM-COMMERCIAL FIRM-MISC INDUST	21 025		8	22,030,444	946,172.99	96	8	256,807,515	11,049,393.63
	31 025		11	52,358,313	2,231,060.76	132	11	624,562,075	26,681,802.01
			19	74,388,757	3,177,233.75	228	19	881,369,590	37,731,195.64
FIRM-COMMERCIAL FIRM-MISC INDUST	21 028		1	47,040	29,739.69	6	6	593,520	23,682.93
	31 028		1	47,040	29,739.69	5	5	87,420	195,131.06
FIRM-PUMPING-IRRIG	39 029					7	7	16,146,525	
FIRM-PUMPING-IRRIG	39 030		40	9,700	725.60	481	40	22,041,700	1,099,704.91
			40	9,700	725.60	481	40	22,041,700	1,099,704.91
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST FIRM-PUMPING-IRRIG INTERDEPARTMENT REV	1 031		511	2,302,470	137,682.71	5,886	490	51,131,942	2,905,655.12
	21 031		131	681,705	41,252.22	1,545	128	10,731,679	642,938.27
	31 031		380	245,924	18,291.73	4,484	373	18,089,558	1,095,403.34
	80 031		2	20	13.34	24	2	69,240	3,977.62
			1,024	3,230,119	197,240.00	11,939	994	80,022,419	4,647,974.35
RESIDENTIAL FIRM-PUMPING-IRRIG	1 032		967	135,672	13,616.10	11,493	957	7,629,389	497,734.26
	39 032		109	23,035	1,964.65	1,310	109	1,153,328	71,687.67
			1,076	158,707	15,580.75	12,803	1,066	8,782,717	569,421.93
LIGHTING-PUB ST-HIWAY	51 041		12	16,056	2,727.06	144	12	192,672	32,724.72
			12	16,056	2,727.06	144	12	192,672	32,724.72

AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF DECEMBER 04

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
LIGHTING-PUB ST-HIWAY	51	042	216	1,047,542	238,178.52	2,567	213	12,558,485	2,854,042.73
LIGHTING-PUB ST-HIWAY	51	044	13	21,600	1,889.85	155	12	255,739	22,402.54
LIGHTING-PUB ST-HIWAY	51	045	7	184,520	8,104.39	116	9	2,311,956	102,599.16
LIGHTING-PUB ST-HIWAY	51	046	16	174,919	12,389.97	224	18	2,062,694	146,167.04
FIRM-COMMERCIAL	21	047	492	497	78,449.27	224	18	5,960,500	948,602.42
FIRM-MISC INDUST	31	047	14,498	207	2,022.61	174,267	2,284	24,455.95	315.64
FIRM-PUMPING-IRRIG	39	047	1,256	508,458	272.28	15,072	3,267.36	976,641.37	
INTERDEPARTMENT REV	80	047			80,775.98				
RESIDENTIAL	1	048	317,541	317,541	55,652.22	3,828,189	3,828,189	673,973.71	
RESIDENTIAL	1	056			55,652.22			673,973.71	
FIRM-COMMERCIAL	21	056			.00			13.34	
RESIDENTIAL	1	058			.00			.00	
FIRM-COMMERCIAL	21	058			.00			13.34	
FIRM-MISC INDUST	31	058			475,755.61			4,620,985.43	
FIRM-PUMPING-IRRIG	39	058			472,700.06			5,705,558.73	
LIGHTING-PUB ST-HIWAY	51	058			30,593.23			361,804.95	
MISC-RENT ELECT PROP	85	058			94.98			2,859.49	
MISC-OTHER ELECT REV	86	058			12,355.94			148,101.45	
RESIDENTIAL	1	058A			1,140.84			13,695.44	
FIRM-COMMERCIAL	21	058A			16.72			200.64	
FIRM-MISC INDUST	31	058A			992,657.38			10,853,206.13	
FIRM-PUMPING-IRRIG	39	058A			3,868.64CR			32,368.92CR	
LIGHTING-PUB ST-HIWAY	51	058A			3,370.93CR			27,533.30CR	
FIRM-ENERGY CHARGE	74	061			.51CR			6.36CR	
SURPLUS-ENERGY CHARG	75	061			31.46CR			750.46CR	
EE - RESIDENTIAL	61	090			19.72CR			98.60CR	
RESIDENTIAL	1	095			7,291.26CR			60,757.64CR	
FIRM-COMMERCIAL	21	095			.00			.00	
THEFT OF SERVICE	18	099			.00			.00	
					4.00			48.00	
					4.00			48.00	
					8,956.53			90,958.58	
					884.40			10,017.89	
					9,840.93			100,976.47	
					3,987.99			34,741.37	

DESCRIPTION	CLS	SCH	AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF DECEMBER 04						
			CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS AVG CUST	YEAR TO DATE QUANTITY			
MISC-SERVICE REV SNP	83	099		20,913.00			278,922.00		
MISC-RENT ELECT PROP	85	099		24,564.40			296,217.10		
MISC-OTHER ELECT REV	86	099		262.09			3,145.08		
				49,727.48			613,025.55		
SVC TOTALS			219,122	474,956,017	29,776,064.95	2,600,842	216,736	5,150,157,393	324,584,476.27

Avista Utilities
WASHINGTON POWER COST DEFERRALS

Line	Actual Jan-04	Actual Feb-04	Actual Mar-04	Actual Apr-04	Actual May-04	Actual Jun-04	Actual Jul-04	Actual Aug-04	Actual Sep-04	Actual Oct-04	Actual Nov-04	Actual Dec-04
WASHINGTON ACTUALS-2004												
1	\$174,845,636	\$14,705,597	\$10,016,319	\$11,120,205	\$12,019,655	\$12,473,990	\$18,862,665	\$19,801,656	\$12,633,272	\$11,943,468	\$14,336,972	\$16,032,861
2	\$18,222,547	\$1,486,991	\$1,722,280	\$1,235,949	\$784,351	\$1,528,687	\$1,705,125	\$1,647,378	\$1,581,143	\$1,820,776	\$1,515,336	\$1,770,996
3	\$20,183,774	\$1,642,906	\$403,167	\$361,288	\$378,095	\$280,957	\$690,676	\$779,333	\$2,859,252	\$5,117,402	\$4,070,234	\$3,321,924
4	\$89,993,263	\$6,140,479	\$2,826,198	\$4,944,388	\$11,138,434	\$10,082,366	\$8,654,928	\$5,989,168	\$7,419,594	\$9,073,203	\$8,781,387	\$11,202,641
5	\$123,258,694	\$17,814,928	\$13,779,559	\$8,176,070	\$7,773,054	\$4,201,268	\$12,603,538	\$16,339,199	\$9,654,073	\$9,808,443	\$11,141,155	\$9,923,140
6	(\$7,104,060)	\$ (601,710)	\$ (562,890)	\$ (601,710)	\$ (601,710)	\$ (582,300)	\$ (601,710)	\$ (601,710)	\$ (582,300)	\$ (602,519)	\$ (582,300)	\$ (601,710)
7	(\$22,787,280)	\$ (1,907,665)	\$ (1,575,121)	\$ (1,933,319)	\$ (1,968,354)	\$ (1,880,368)	\$ (1,968,680)	\$ (2,002,261)	\$ (1,674,610)	\$ (1,987,582)	\$ (1,782,725)	\$ (2,071,276)
8	\$93,357,354	\$15,165,899	\$11,309,004	\$5,256,244	\$ (526,397)	\$1,738,600	\$10,035,148	\$13,735,228	\$7,397,163	\$7,218,342	\$8,776,130	\$7,250,154
AUTHORIZED NET EXPENSE-SYSTEM												
1	\$68,370,477	\$7,820,601	\$6,873,178	\$6,877,530	\$2,970,502	\$1,220,238	\$781,522	\$7,510,269	\$6,078,663	\$6,429,357	\$8,215,787	\$8,175,700
2	\$15,777,429	\$1,497,543	\$1,328,377	\$1,193,467	\$566,463	\$1,103,034	\$1,501,955	\$1,550,936	\$1,519,166	\$1,449,825	\$1,289,090	\$1,455,980
3	\$30,931,880	\$3,209,570	\$2,713,553	\$1,302,967	\$642,820	\$1,720,868	\$3,644,073	\$4,189,327	\$4,111,073	\$2,703,227	\$2,355,980	\$2,142,305
4	\$49,213,167	\$3,395,816	\$3,610,689	\$1,922,246	\$2,752,789	\$8,044,786	\$9,138,979	\$5,227,838	\$4,654,564	\$1,545,341	\$2,563,932	\$3,561,787
5	\$65,868,619	\$9,131,898	\$7,304,439	\$3,544,690	\$ (323,268)	\$ (4,439,562)	\$1,425,179	\$8,002,694	\$7,055,338	\$9,037,068	\$9,296,925	\$8,212,198
6	\$27,490,735	\$6,034,001	\$4,004,565	\$1,713,554	\$ (203,129)	\$6,177,962	\$8,609,969	\$5,732,534	\$341,925	\$ (1,818,726)	\$ (520,795)	\$ (962,044)
7	\$8,612,002	\$182,017	\$102,000	\$1,001,842	\$1,377,773	\$1,604,325	\$1,026,257	\$917,759	\$775,576	\$528,190	\$ (35,965)	\$ (237,806)
8	\$36,102,737	\$6,216,018	\$4,108,565	\$ (617,139)	\$3,091,327	\$7,782,287	\$9,636,226	\$6,650,293	\$1,117,401	\$ (1,280,536)	\$ (556,760)	\$ (1,189,850)
9	\$23,932,504	\$4,120,598	\$2,722,242	\$ (908,101)	\$2,049,241	\$5,158,978	\$6,397,854	\$4,408,479	\$740,725	\$ (855,496)	\$ (369,076)	\$ (795,381)
10	\$381,494	\$32,626	\$32,626	\$32,626	\$32,626	\$32,626	\$32,623	\$32,623	\$32,623	\$32,623	\$32,623	\$32,623
11	\$ (3,660,425)	\$ (669,274)	\$ (1,277,781)	\$ (148,209)	\$13,563	\$421,956	\$ (568,821)	\$ (814,669)	\$ (1,376,782)	\$ (1,202,899)	\$ (512,663)	\$2,217,521
12	\$20,663,573	\$3,483,950	\$1,477,087	\$ (117,842)	\$1,933,658	\$5,613,460	\$5,850,656	\$3,626,433	\$ (603,434)	\$ (2,025,772)	\$ (849,136)	\$1,454,763
13	\$4,210,063											
14	\$10,497,216			\$0	\$0	\$3,789,057	\$5,265,590	\$3,263,790	\$ (543,091)	\$ (1,823,195)	\$ (764,222)	\$1,308,287
15	\$100%											
16	\$90%											

Avista Utilities
System Power Supply Expenses
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

No.	Jne	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	TOTAL 2004
1	555 PURCHASED POWER													
2	Short-Term Purchases	12,948,293	6,949,837	3,439,618	4,271,101	6,150,289	6,798,003	13,472,671	14,099,076	7,729,761	6,497,872	6,362,215	7,280,926	95,989,662
3	Priest Rapids	158,509	158,509	158,509	158,509	158,509	124,561	158,509	158,509	158,509	158,509	158,509	158,509	1,868,160
4	Rocky Reach	102,015	71,340	71,339	118,916	137,141	428,310	104,541	127,993	75,499	101,539	114,906	394,060	1,847,589
5	Wanapum	208,697	208,697	208,697	208,697	208,697	226,570	208,697	208,697	208,697	208,697	208,697	208,697	2,522,237
6	Wells	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817	98,106	98,106	(13,861)	1,078,993
7	Black Creek Index Purchase		0						217,530	-110				217,420
8	Deer Lake-IP&L	247	355	331	319	283	304	352	424	415	409	313	358.14	4,110
9	Small Power	83,862	128,558	117,527	117,472	122,993	112,101	87,582	49,905	50,477	52,729	92,017	121,306	1,136,529
10	Spokane-Upriver	91,386	307,960	490,688	390,223	428,258	216,181	-4,984		38,553	158,564	228,284	373,636	2,718,949
11	WNP-3 (1)	2,541,438	2,296,432	1,254,691	1,215,202					0		2,866,000	2,961,240	13,135,003
12	WPI Amort													
13	Non-Mon. Accruals	143,856	219,509	118,092	56,447	(4,793)	(34,091)	12,635	80,167	(42,934)	(16,642)	(90,876)	(13,465)	427,905
14	DUKE #2108 (25 FLAT)-30.50	567,300	530,700	567,300	548,238	567,300	549,000	567,300	567,300	549,000	568,063	549,000	567,300	6,697,801
15	DUKE& MS #2113/14 (50 FLAT)-28	1,041,600	974,400	1,041,600	1,006,600	1,041,600	1,008,000	1,041,600	1,041,600	1,008,000	1,043,000	1,008,000	1,041,600	12,297,600
16	EL PASO #2107 (25 FLAT)	590,550	552,450	590,550	570,706	590,550	571,500	590,550	590,550	571,500	591,344	571,500	590,550	6,972,300
17	Haleywest - Plummer Forest Prod.	149,463	144,255	145,150	111,889	105,080	96,117	144,203	125,069	135,666	122,358	128,150	118,078	1,525,478
18	Pollatch 62 aMW Purch	2,047,319	1,907,665	1,575,121	1,933,319	1,968,354	1,880,368	1,966,680	2,002,261	1,674,610	1,987,582	1,782,725	2,071,276	22,797,280
19	Douglas Capacity	122,000	152,500	134,500	136,500	142,500	157,500	178,750	167,250	140,500	112,500	112,500	90,000	1,647,000
20	PPLM Wind Power	2,624	2,613	2,789	174,197	300,319	246,493	230,748	262,484	233,791	256,328	144,169	79,870	1,928,399
21	WPM Ancillary Services	20,898,976	14,705,597	10,016,319	11,120,205	12,019,655	12,473,990	18,862,665	19,801,656	12,633,272	11,943,468	14,336,972	16,032,861	174,845,636
22	Total Account 555													

(1) Effective November, 2003, WNP-3 purchase expense has been adjusted to reflect the mid-point price (\$33.78/MWh for the 2003-04 contract year). Effective November 2004, the mid-point price is \$34.79/MWh per Settlement Agreement, Cause No. U-86-99

447 SALES FOR RESALE

21	Short-Term Sales	5,741,521	2,428,969	3,562,566	4,608,768	10,769,273	9,739,412	8,174,493	5,435,905	6,937,831	8,593,878	8,247,275	10,673,151	84,913,043
22	Peaker LLC/PGE Cap Sale	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
23	Kaiser Load Following	25,061	30,273	5,762	11,251	19,012	22,282	67,299	39,686	82,624	2,873	70,874	10,927	387,923
24	NW Alum DES	137	118	116	1,067									1,438
25	Pend Oreille DES	34,437	26,372	27,044	25,162	25,079	26,648	24,951	24,791	24,633	25,316	27,210	33,610	325,253
26	Nichols Pumping Index Sale	183,354	192,024	96,058	151,560	176,290	153,746	239,961	240,184	181,386	217,271	225,792	241,462	2,298,088
27	Mirant Operating Reserves/DES	14,655	0							43,873	86,476	61,730	94,872	301,606
28	Enron/PGE Cap Fee, employee avcs	(11,310)	(4,173)	(3,856)	(5,473)	(3,978)	(12,978)	(4,790)	(4,421)	(3,985)	(5,121)	(4,251)	(3,962)	(68,299)
29	Merchant Ancillary Services	2,624	2,613	2,789	2,053	2,758	3,256	3,014	3,024	3,232	2,510	2,756	2,592	33,211
30	Total Account 447	6,140,479	2,826,196	3,840,479	4,944,388	11,138,434	10,082,366	8,654,928	5,869,168	7,419,594	9,073,203	8,781,387	11,202,641	89,993,263

Exhibit No. (RLM-2)

Avista Utilities
System Power Supply Expenses
WASHINGTON DEFERRED POWER COST CALCULATION

Line No.	ACTUALS	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	TOTAL 2004
501 FUEL-DOLLARS														
30	Kettle Falls	557,912	515,287	583,079	563,676	277,044	708,456	649,545	619,745	631,816	653,140	736,864	895,376	7,391,940
31	Colstrip	862,129	981,341	1,129,753	670,981	503,685	789,491	988,765	1,005,947	925,685	1,136,012	765,645	869,840	10,629,274
32	Total Coal & Wood	1,420,041	1,496,628	1,712,832	1,234,657	780,729	1,497,947	1,638,310	1,625,692	1,557,501	1,789,152	1,502,509	1,765,216	18,021,214
33	Kettle Falls GS	1,911	209	178	186	3,531	3,846	282	320	229	510	1,841	23	13,066
34	Colstrip	(8,427)	154	9,280	1,106	91	26,894	66,533	21,366	23,413	31,114	10,986	5,757	188,267
35	Total Oil & Gas	(6,516)	363	9,458	1,292	3,622	30,740	66,815	21,686	23,642	31,624	12,827	5,780	201,333
36	Total Account 501	1,413,525	1,496,991	1,722,290	1,235,949	784,351	1,528,687	1,705,125	1,647,378	1,581,143	1,820,776	1,515,336	1,770,996	18,222,547
501 FUEL-TONS														
37	Kettle Falls	46,083	45,232	48,458	44,712	21,147	36,427	46,049	41,993	46,044	45,702	48,547	53,976	524,370
38	Colstrip	101,926	89,232	102,899	62,461	47,454	64,628	85,911	83,125	85,080	101,446	99,600	96,882	1,020,644
501 FUEL-COST PER TON														
39	Kettle Falls	12.11 \$	11.39 \$	12.03 \$	12.61 \$	13.10 \$	19.45 \$	14.11 \$	14.76 \$	13.72 \$	14.29 \$	15.18 \$	16.59 \$	14.10 \$
40	Colstrip	8.46 \$	11.00 \$	10.98 \$	10.74 \$	10.61 \$	12.22 \$	11.51 \$	12.10 \$	10.88 \$	11.20 \$	7.69 \$	8.98 \$	10.41 \$
547 FUEL														
41	NE Combustion Turbine Gas/Oil	7	22	629	3,678	-	978	(47)	(897)	-	2,954	(154)	(5)	7,165
42	Boulder Park	69,742	12	(23)	61,521	72,880	25,326	311,111	369,940	72,923	702	1,289	6,144	991,567
43	Kettle Falls CT	28,115	17	(32)	23,727	32,755	2,730	184,645	167,718	34,254	24,798	1,587	26,115	526,429
44	Coyote Springs2	1,208,463	375,047	237,939	232,347	232,486	211,947	112,878	202,510	2,712,069	5,048,893	3,981,012	3,209,188	17,764,779
45	Rathdrum Gas Storage Fee	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
46	Rathdrum Fuel Exp	296,579	(11,931)	27	15	(26)	(24)	42,089	62	6	55	46,500	40,482	413,834
47	Total Account 547	1,642,906	403,167	278,540	361,288	378,095	280,957	690,676	779,333	2,859,252	5,117,402	4,070,234	3,321,924	20,183,774
48	TOTAL NET EXPENSE	17,814,928	13,779,559	8,176,670	7,773,054	2,043,667	4,201,268	12,603,538	16,339,199	9,654,073	9,808,443	11,141,155	9,923,140	123,258,694

AVISTA UTILITIES
Washington Electric Jurisdiction
Energy Recovery Mechanism Revenue Credit
Month of December 2004

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	527,785,476	470,834,527	438,463,416	405,573,683	377,898,211	378,877,408	381,730,893	464,134,163	416,857,613	391,600,607	410,445,379	474,956,017	5,150,157,393
Deduct Sales for Resale kWhs	(2,466,273)	(1,660,477)	(1,750,308)	(2,711,651)	(2,588,385)	(4,971,433)	(250,189,343)	(261,360,335)	(273,277,338)	(271,581,077)	(304,892,151)	(347,897,976)	(16,146,525)
Deduct Exchange (Sch 29) kWhs	(350,076,810)	(284,820,586)	(280,532,463)	(282,078,422)	(271,759,841)	(272,306,395)	(11,310,979)	(24,554,051)	(18,203,926)	(286,524)	(286,524)	(347,897,976)	(3,470,972,547)
Deduct Prior Month Unbilled kWhs Heating	284,920,596	280,532,463	282,078,422	271,759,841	272,308,395	250,189,343	261,360,335	273,277,338	271,581,077	304,892,151	347,897,976	336,802,948	(54,355,480)
Add Current Month Unbilled kWhs Heating	470,162,989	464,785,917	428,259,069	392,543,251	375,858,580	364,089,902	416,144,957	469,701,041	387,243,950	424,725,157	453,351,204	463,860,989	54,355,480
Washington Retail kWhs	449,477,904	425,137,067	438,508,558	388,111,383	376,471,457	377,440,327	388,566,301	444,487,437	354,508,791	367,418,707	437,581,917	533,208,120	5,008,915,969
Test Year Consumption from Attachment 1 Settlement Stipulation	20,885,085	39,848,850	(8,249,489)	4,431,868	(812,877)	(13,340,425)	17,578,656	25,213,604	42,737,159	37,306,450	15,769,287	(69,347,131)	111,821,037
Difference from Test Year	\$663,578	\$1,271,935	(\$264,644)	\$142,174	(\$19,661)	(\$427,981)	\$563,923	\$808,852	\$1,371,008	\$1,198,791	\$505,878	(\$2,224,656)	\$3,587,219
WA Retail Revenue Credit	\$5,696	\$5,846	\$6,011	\$6,035	\$6,078	\$6,005	\$5,888	\$5,817	\$5,774	\$6,108	\$6,804	\$7,135	\$73,207
Net Wind Revenue Credit	\$669,274	\$1,277,781	(\$258,633)	\$148,209	(\$13,583)	(\$421,959)	\$569,821	\$814,669	\$1,376,782	\$1,202,899	\$512,683	(\$2,217,521)	\$3,660,426

Schedule 95 Wind Revenue	\$7,856.03	\$8,064.13	\$8,290.50	\$8,324.79	\$8,383.87	\$8,282.74	\$8,135.04	\$8,024.06	\$7,964.46	\$8,425.22	\$9,384.70	\$9,840.93	\$100,976.47
Deduct Admin Expense	\$2,160.41	\$2,217.64	\$2,279.89	\$2,289.32	\$2,305.56	\$2,277.75	\$2,237.14	\$2,206.62	\$2,190.23	\$2,316.84	\$2,580.79	\$2,706.26	\$27,768.53
0.005 x 55 = 0.275 per Revenue \$	\$5,695.62	\$5,846.49	\$6,010.61	\$6,035.47	\$6,078.31	\$6,004.99	\$5,897.90	\$5,817.44	\$5,774.23	\$6,108.28	\$6,803.91	\$7,134.67	\$73,207.94
Net Wind Revenue Credit													

Exhibit No. ___(RLM-2)

Deferral Report
Month of Dec '04
Page 23 of 25

Avista Corporation - General Ledger Journal Entry

Print Date: 01-09-2005 02:15 PM

Journal ID: **RJECB** Journal Description: Enron Contract Buyout Amort Effective Date: 12-31-2004

Corp: WWP Journal Sponsor: RESOURCE \$#: \$ Tran Type: C Error Code: Q Code: G

Control Amount Total: 45,845.00 Saved By: Linda Donley Saved Date: 01-09-2005 2:15:18 PM

Edit Date: 01-09-2005 2:15:12 PM

Seq	WO	UMain	Sub	RC	Cost Code	SL ID	LOC	Debit Amount	Credit Amount	Transaction Description
5	0000	9182	36	028	EE		0.00	29,361.00	29,361.00	WASHINGTON ERM AMORTIZATION
<i>Amortize Enron Contract buyout for WA ERM</i>										
10	2577	0557	16	X55	EE	X	028	29,361.00	0.00	POWER TRANSACTIONS /*PS REG EXPENSE
<i>Amortization expense for Enron Contract Buyout</i>										
15	0000	9182	36	028	EE		3,104.00	0.00	0.00	WASHINGTON ERM AMORTIZATION
<i>Accrue interest income on unamortized balance for future recovery</i>										
20	Q000	9419	00	Q98	EE	X	098	0.00	3,104.00	NON-UTILITY REVENUE/INT/DIV INCOME
<i>Interest income accrued</i>										
25	0000	9171	00	FIN	EE		3,104.00	0.00	0.00	INTEREST & DIVIDENDS REC
<i>Accrue interest income</i>										
30	0000	9171	00	FIN	EE		3,104.00	0.00	3,104.00	INTEREST & DIVIDENDS REC
<i>Transfer interest income accrual to deferred contract buyout for future recovery</i>										
35	0135	0410	10	X54	EE	X	028	0.00	10,276.00	INCOME TAX /* PRV DFIT DR
<i>DFIT expense on Amortization (Operating)</i>										
40	0135	9410	20	X54	EE	X	028	1,086.00	0.00	INCOME TAX /PROV DEFERED IT
<i>DFIT expense on Interest Income (Non-Operating)</i>										
45	0000	9283	36	028	EE		9,190.00	0.00	0.00	ADFIT-ENRON CONTRACT BUYOUT
Totals:								45,845.00	45,845.00	Trans: 9 Rows: 9

Prepared By: Linda Donley Date: 1/9/05
 Reviewed By: Jani Audey Date: 1/10/05

Explanation:
 WA ERM settlement created a regulatory asset to be recovered over the 3 years of the original purchased power contract (2004 - 2006). As the contract buyout is amortized it will become part of the monthly ERM calculation. See attached for details

Approved For Entry - Corporate Accounting Use Only _____ Date _____

Avista Corporation									
Enron Contract Buyout Amortization Schedule		Weighted cost of debt at 12/31/03 is 8.45%		Weighted cost of debt at 06/30/04 is 8.44%					
January 2004 - December 2006									
		90%	100%						
Uniform Monthly Amortization		-\$29,363	\$32,626 Expense for deferral calculation. January through June 2004					0000928328	
		-\$29,361	\$32,623 Expense for deferral calculation. July through Dec 2004					0000928336	
				DR	CR	DFIT	DFIT	ADFIT	
Balance	06-30-2004	\$823,217							(288,127)
Amortization	Jul-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		793,856							
Average balance		808,537							
Interest (net of tax)	0.0045717	3,696	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,294		(1,294)	
Balance	07-31-2004	\$797,552							(279,145)
Amortization	Aug-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		768,191							
Average balance		782,872							
Interest (net of tax)	0.0045717	3,579	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,253		(1,253)	
Balance	08-31-2004	\$771,770							(270,122)
Amortization	Sep-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		742,409							
Average balance		757,090							
Interest (net of tax)	0.0045717	3,461	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,211		(1,211)	
Balance	09-30-2004	\$745,870							(261,057)
Amortization	Oct-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		716,509							
Average balance		731,190							
Interest (net of tax)	0.0045717	3,343	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,170		(1,170)	
						Total DFIT for the month - expense (benefit)		(9,106)	9,106
Balance	10-31-2004	\$719,852							(251,951)
Amortization	Nov-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		690,491							
Average balance		705,172							
Interest (net of tax)	0.0045717	3,224	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,128		(1,128)	
						Total DFIT & ADFIT for the month		(9,148)	9,148
Balance	11-30-2004	\$693,715							(242,803)
Amortization	Dec-04	-29,361	2577055716 X55 028	0000918236 028	0135041010 X54 028	(10,276)		10,276	
Net of amortization		664,354							
Average balance		679,035							
Interest (net of tax)	0.0045717	3,104	0000918236 028	Q000941900 Q98 098	0135941020 X54 028	1,086		(1,086)	
						Total DFIT & ADFIT for the month		(9,190)	9,190
Balance	12-31-2004	\$667,458							(233,613)

Note: The interest rate will be updated every six months and the uniform monthly amortization will also be updated every six months.