

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



September 13, 2004

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 August 2004

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of August 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 \$3,626,433. Since the 2004 deadband amount of \$9 million was reached in June 2004, a deferral of 90% of the excess power costs, or \$3,263,790, was recorded.

Actual power supply expenses were higher than authorized due partly to lower than authorized hydro generation. Hydro generation was 100 aMW below authorized levels. The average market purchase price was \$47.44/MWh compared to an authorized rate of \$42.84/MWh. The average market sales price was \$42.83/MWh compared to an authorized sales price of \$46.23/MWh.

Coyote Springs 2 was out-of-service while the transformer is being serviced. The authorized level of Coyote Springs 2 generation in August is 101 aMW. Other gas-fired resources generated 63 aMW below the authorized level due to economics. Colstrip generated 15 aMW below the authorized, and Kettle Falls generated 16 aMW above the authorized level. Thermal fuel expense was above the authorized level and natural gas fuel expense was below the authorized level. Washington retail sales were 34 aMW above the authorized level.

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

Sincerely,

Kelly Norwood
Vice President State and Federal Regulation
RM, Enclosures
c: Robert Cromwell, S. Bradley Van Cleve

RECEIVED
RECORDS MANAGEMENT
04 SEP 15 AM 8:46
Corp.
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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

MONTH OF AUGUST 2004

Avista Corporation - General Ledger Journal Entry

Print Date: 09-07-2004 03:24 PM

Journal ID: **DJ702** Journal Description: **WA - ERM** Effective Date: **08-31-2004**

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

Control Amount Total: **30,748,047.37** Saved By: **Linda Donley** Saved Date: **09-07-2004 3:24:14 PM**

Edit Date: **09-07-2004 3:24:00 PM**

Seq	WO	UMain	Sub	RC	Cost Code	SL ID	LOC	Debit Amount	Credit Amount	Transaction Description
5	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>										
10	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>										
15	2577	0557	28	G55	EE	X	028	0.00	3,263,790.00	POWER TRANSACTIONS /* WA ERM DEF
20	0000	9186	28	028	EE			3,263,790.00	0.00	WA ERM - CURRENT YEAR
23	2577	0557	29	X55	EE	X	028	2,353,590.00	0.00	POWER TRANSACTIONS /* WA ERM AMT
27	0000	9182	35	028	EE			0.00	2,353,590.00	WASHINGTON ERM DEFERRAL BALANCE
43	0000	9182	35	028	EE			499,133.00	0.00	WASHINGTON ERM DEFERRAL BALANCE
<i>Interest income on deferral balance in 18235 authorized for recovery</i>										
45	0000	9186	28	028	EE			48,872.00	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	Q000	9419	00	Q98	EE	X	098	0.00	548,005.00	NON-UTILITY REVENUE/INT/DIV INCOME
70	0000	9171	00	FIN	EE			548,005.00	0.00	INTEREST & DIVIDENDS REC
<i>Accrue interest income on deferral balance</i>										
80	0000	9171	00	FIN	EE			0.00	548,005.00	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	318,570.00	0.00	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	191,802.00	0.00	INCOME TAX /PROV DEFERED IT
<i>DFIT entry for interest income</i>										
89	0000	9283	28	028	EE			0.00	510,372.00	ADFIT-WA ERM CURRENT AND PRIOR YRS

Avista Corporation - General Ledger Journal Entry

Print Date: 09-07-2004 03:24 PM

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Edit Date: **09-07-2004 3:24:00 PM**

Seq	WO	UMain	Sub	RC	CostCode	SL ID	LOC	Debit Amount	Credit Amount	Transaction Description
100	0000	9182	35	028	EE			23,524,285.37	0.00	WASHINGTON ERM DEFERRAL BALANCE
201	0000	9186	29	028	EE			0.00	23,524,285.37	WA ERM - LAST YEAR

2003 ERM balance and interest deemed prudent and transferred to 18235 for recovery

Clear 2003 ERM balance from prior year balance account.

Totals: 30,748,047.37 Trans: 14 Rows: 17

Explanation:

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

Prepared By: Linda Donley 9/7/04 Date
 Reviewed By: Jami Judge 9/7/04 Date

Approved For Entry - Corporate
 Accounting Use Only

> C WWP,0000918628,028

ON GLMLY

----- 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	.00	17,291,968.37	4,591,436.00
10	.00	18,996,002.37	7,990,106.00
11	.00	19,319,437.37	10,046,279.00
12	.00	22,791,372.37	18,418,548.00
TOTAL	.00	.00	.00

A205W-END OF LIST

09/09/04 08:27:36 1 M3LL CIX1 _____

ERM Deferral Balance (Current Year - 2004)

Account 9186.28 028

Balance 7/31/04

Deferral

Interest

Balance 8/31/04

<u>Amount</u>	<u>Journal ID</u>
\$9,092,702.00	
3,263,790.00	DJ702
48,872.00	DJ702
<u>\$12,405,364.00</u>	

> C WWP,0000918629,028

ON GLMLY

----- 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

09/09/04 08:28:18 1 M3LL CIX1 _____

ERM Deferral Balance (Prior year - 2003)

Account 9186.29 028

Balance 7/31/04

Transfer to Account 9182.35 028

Balance 8/31/04

<u>Amount</u>	<u>Journal ID</u>
\$23,524,285.37	
<u>-23,524,285.37</u>	DJ702
\$0.00	

> GD WWP,0000918235,028 ON GLMLY

----- 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	.00	89,095,467.28	109,001,480.28
10	.00	87,584,937.28	107,664,179.28
11	.00	85,922,928.28	106,072,397.28
12	.00	99,774,940.28	104,166,540.28
TOTAL	.00	.00	.00

09/09/04 08:26:44 1 M3LL CIX1 _____

Recoverable Deferral Balance

Account 9182.35 028

	<u>Amount</u>	<u>Journal ID</u>
Balance 7/31/04	\$87,392,898.28	
Transfer from Account 9186.29 028	\$23,524,285.37	
Amortization	-2,353,590.00	DJ702
Interest	499,133.00	DJ702
Balance 8/31/04	<u>\$109,062,726.65</u>	

> C WWP,0000918236,028 ON GLMLY

----- 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	.00	.00	.00
10	.00	.00	.00
11	.00	.00	.00
12	.00	974,754.00	.00
TOTAL	.00	.00	.00

A205W-END OF LIST

09/09/04 08:26:59 1 M3LL CIX1 _____

Contract Buyout Deferral Balance

Account 9182.36 028

	Amount	Journal ID
Balance 7/31/04	\$797,552.00	
Amortization*	-\$29,361.00	RJECB
Interest	3,579.00	RJECB
Balance 8/31/04	<u>\$771,770.00</u>	

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

> C WWP,0000918601,028 ON GLMLY

----- 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	.00	9,000,000.00	4,500,000.00
10	.00	9,000,000.00	4,500,000.00
11	.00	9,000,000.00	4,500,000.00
12	.00	9,000,000.00	4,500,000.00
TOTAL	.00	.00	.00
A205W-END OF LIST			

09/09/04 08:27:13 1 M3LL CIX1 _____

ERM Deadband
Account 9186.01 028

Balance 7/31/04
 2004 deadband accumulation
 Balance 8/31/04

<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

----- 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	.00	9,000,000.00-	4,500,000.00-
10	.00	9,000,000.00-	4,500,000.00-
11	.00	9,000,000.00-	4,500,000.00-
12	.00	9,000,000.00-	4,500,000.00-
TOTAL	.00	.00	.00

A205W-END OF LIST

09/09/04 08:27:25 1 M3LL CIX1 _____

ERM Deadband Contra Account

Account 9186.02 028

Balance 7/31/04

2004 deadband contra entry

Balance 8/31/04

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

> C WWP,0000928328,028

ON GLMLY

----- 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	.00	43,963,253.00-	39,757,522.00-
10	.00	44,062,684.00-	40,479,002.00-
11	.00	43,625,888.00-	40,641,539.00-
12	.00	43,239,378.00-	42,904,783.00-
TOTAL	.00	.00	.00

A205W-END OF LIST

09/09/04 08:28:34 1 M3LL CIX1 _____

Account 9186.28 028 balance	\$12,405,364.00
Account 9186.29 028 balance	0.00
Account 9182.35 028 balance	109,062,726.65
Total	<u>\$121,468,090.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$42,513,832</u>
Rounding	0
Balance in account	<u>-\$42,513,832</u>

> C WWP,0000928336,028 ON GLMLY

----- 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	.00	.00	.00
10	.00	.00	.00
11	.00	.00	.00
12	.00	.00	.00
TOTAL	.00	.00	.00
A205W-END OF LIST			

09/09/04 08:28:50 1 M3LL CIX1 _____

Account 9182.36 028 balance	\$771,770.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-\$270,120
Rounding	-2
Balance in account	-\$270,122

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:		0.00704	Before Tax	The monthly rate is:		
		0.0045771	After Tax	0.00703 Before Tax		
		0.35	Tax rate	0.0045695 After Tax		
				0.35 Tax rate		
2004 Interest						
12-31-2003	GL Balance including interest	99,774,940		<u>Jan-04</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
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
<u>Feb-04</u>						
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
<u>Mar-04</u>						
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
<u>Apr-04</u>						
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
<u>May-04</u>						
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
<u>Jun-04</u>						
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		<u>Jul-04</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
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
<u>Aug-04</u>						
Aug-04	ERM Transfer from 18629	23,417,280	107,005	Amortization	(823,757)	Operating 823,757
Aug-04	Surcharge Amortization	(2,353,590)		Interest	174,697	Nonoperating (174,697)
Aug-04	Interest		499,133		(649,060)	Total 649,060
08-31-2004	Balance before interest	108,054,610				
Summary						
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>
				@ 7/31/04	Aug-04	@ 8/31/04
	Net ERM Balance	109,062,726		87,392,898	21,669,828	109,062,726
	ADFIT Balance	(38,171,954)				

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:		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	\$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	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	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	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	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	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	0	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)
			GL Balance	Activity	GL Balance	
Net ERM Balance		12,405,364	@ 7/31/04	Aug-04	@ 8/31/04	
			9,092,702	3,312,662	12,405,364	
ADFIT Balance		(4,341,877)				

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:		0.00704	Before Tax	The monthly rate is:		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	0					
12-31-2003	Transfer from 918628	\$22,791,372.37					
01-01-2004	GL Balance	\$22,791,372.37					
Jan-04	ERM Transfer to 18235	0		Jan-04	DFIT Expense		ADFIT
Jan-04	Interest		104,318	Deferral	0	Operating	0
01-31-2004	Balance before interest	22,791,372		Interest	36,511	Nonoperating	(36,511)
					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
	Net ERM Balance	0		GL Balance	Activity	GL Balance	
				@ 7/31/04	Aug-04	@ 8/31/04	
	ADFIT Balance	0		23,524,285.37	(23,524,285.37)	0	

Tax Rate	35%		DJ702 LTD		DJ702 LTD		DJ702 LTD		RUECB		DJ702 CURMO	
	928328	GL	ADFIT	18235	ADFIT	18235	ADFIT	18235	ADFIT	18235	FOR ALL ACCOUNTS	928328 ENDING BALANCE
DJ702												
12-31-2003	(43,239,378)		(34,921,229)	(7,976,980)					(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)		(34,083,719)	0	(8,013,492)				(332,425)	(42,409,636)	0	(42,409,636)
02-29-2004	(41,719,211)		(33,345,566)	0	(8,050,003)				(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)		(31,682,675)	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	(42,003,460)		(38,171,954)	(4,341,877)	0				0	(42,513,831)	(510,371)	(42,513,831)
09-30-2004												
10-31-2004												
11-30-2004												
12-31-2004												
01-31-2004	918235		41010	ADFIT	941020	928328			918235	918628	Interest	941900
	918628		(1,015,029)	157,515	0	857,514	0	450,043	0	104,318		(554,361)
	918629		0	36,511	0	(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	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	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	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	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	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	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	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)							

			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
 AUGUST 2004 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule (a)	Sch 1 Block Percent (b)	kWh or \$ (c)	SurchARGE Rate On/After 1-Jul-02 (d)	Revenue (e) (c)*(d)	Conversion Factor (f)	Deferral Amortization (g) (e)*(f)
1 (0-600 kWh)	52.311%	96,012,056	0.405¢	\$388,849	0.956277	\$371,847
1 (601-1300 kWh)	31.801%	58,367,827	0.607¢	354,293	0.956277	338,802
1 (over 1300 kWh)	15.888%	29,160,970	0.853¢	248,743	0.956277	237,867
Total Sch 1	100.000%	183,540,853		991,885		948,516
11		29,372,023	0.788¢	231,452	0.956277	221,332
12		3,010,617	0.788¢	23,724	0.956277	22,687
21		141,649,923	0.549¢	777,658	0.956277	743,656
22		1,703,351	0.549¢	9,351	0.956277	8,942
25		79,753,669	0.352¢	280,733	0.956277	268,459
30		4,392,940	0.485¢	21,306	0.956277	20,374
31		16,219,200	0.485¢	78,663	0.956277	75,224
32		2,212,301	0.485¢	10,730	0.956277	10,261
41-46		\$263,587	109.78%	23,482	0.956277	22,455
47		\$81,095	109.78%	7,225	0.956277	6,909
48		\$56,041	109.78%	4,993	0.956277	4,775
Schedule Totals		461,854,877		\$2,461,202		\$2,353,590
kWh not subject to surcharge						-35%
Schedule 28		0				(\$823,757) DFIT Expense
Schedule 29		0				
Sch 41-48		2,279,286				
Total kWh		464,134,163				

WCIP7761) AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF AUGUST 04

DESCRIPTION	CLS	SCH	CUSTOMERS		CURRENT MONTH		YEAR TO DATE		AMOUNT
			CUSTOMERS	QUANTITY	AMOUNT	AMOUNT	CUSTOMERS	QUANTITY	
RESIDENTIAL	1	001	185,553	183,539,893	10,863,108.39	1,486,184	185,773	1,502,851,119	89,277,654.64
FIRM-COMMERCIAL	21	001			.00				.00
INTERDEPARTMENT REV	80	001	2	960	55.86	16	2	6,375	392.16
			185,555	183,540,853	10,863,164.25	1,486,200	185,775	1,502,857,494	89,278,046.80
RESIDENTIAL	1	011			.00				.00
FIRM-COMMERCIAL	21	011	17,966	29,081,659	2,550,910.48	143,510	17,938	223,611,870	19,616,327.39
FIRM-MISC INDUST	31	011	118	230,234	21,008.67	944	118	1,911,676	172,783.46
LIGHTING-PUB ST-HIWAY	51	011	15	6,276	605.15	14	24	56,736	5,363.63
INTERDEPARTMENT REV	80	011	25	53,854	4,661.46	199	24	573,327	48,898.24
			18,124	29,372,023	2,577,185.76	144,770	18,096	226,153,609	19,843,372.72
RESIDENTIAL	1	012	6,610	3,010,617	280,256.37	52,390	6,548	26,296,626	2,414,015.58
FIRM-COMMERCIAL	21	012			.00				.00
			6,610	3,010,617	280,256.37	52,390	6,548	26,296,626	2,414,015.58
FIRM-COMMERCIAL	21	021	3,127	130,749,078	8,480,814.19	24,870	3,108	920,662,718	60,497,574.65
FIRM-MISC INDUST	31	021	115	9,903,505	642,176.54	939	117	75,429,889	4,913,363.39
INTERDEPARTMENT REV	80	021	8	997,340	61,023.48	64	8	7,494,360	462,042.86
			3,250	141,649,923	9,184,014.21	25,873	3,234	1,003,586,967	65,872,980.90
RESIDENTIAL	1	022	55	1,703,351	107,079.03	437	54	14,190,526	892,474.44
			55	1,703,351	107,079.03	437	54	14,190,526	892,474.44
FIRM-COMMERCIAL	21	025	9	28,325,189	1,196,807.64	64	8	165,484,862	7,108,928.92
FIRM-MISC INDUST	31	025	11	51,428,480	2,194,275.18	88	11	407,155,812	17,492,993.03
			20	79,753,669	3,391,082.82	152	19	572,640,674	24,601,921.95
FIRM-COMMERCIAL	21	028			.00				.00
FIRM-MISC INDUST	31	028			14,858.40	2		593,520	23,682.93
					14,858.40	8	1	606,340	119,150.17
FIRM-PUMPING-IRRIG	39	029			.00				.00
					.00				.00
FIRM-PUMPING-IRRIG	39	030	40	4,392,940	218,734.49	321	40	16,233,300	809,114.86
			40	4,392,940	218,734.49	321	40	16,233,300	809,114.86
RESIDENTIAL	1	031			.00				.00
FIRM-COMMERCIAL	21	031	513	11,077,239	602,272.86	3,830	478	32,723,682	1,855,384.74
FIRM-MISC INDUST	31	031	128	1,318,058	74,435.42	1,023	127	6,726,034	398,182.75
FIRM-PUMPING-IRRIG	39	031	377	3,811,053	217,655.61	2,971	371	13,427,856	803,989.73
INTERDEPARTMENT REV	80	031	2	12,850	708.15	16	2	44,640	2,550.37
			1,020	16,219,200	895,072.04	7,840	980	52,922,212	3,060,107.59
RESIDENTIAL	1	032	963	1,824,899	105,292.74	7,610	951	5,584,939	358,703.02
FIRM-PUMPING-IRRIG	39	032	113	387,402	21,276.29	871	108	806,879	49,352.47
			1,076	2,212,301	126,509.03	8,481	1,060	6,391,818	408,055.49
LIGHTING-PUB ST-HIWAY	51	041	12	16,056	2,727.06	96	12	128,448	21,816.48
			12	16,056	2,727.06	96	12	128,448	21,816.48
LIGHTING-PUB ST-HIWAY	51	042	214	1,046,912	237,966.73	1,709	213	8,371,422	1,902,248.96

WCIP7761) AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF AUGUST 04

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
LIGHTING-PUB ST-HIWI	51	044	214	1,046,912	237,966.73	1,709	213	8,371,422	1,902,248.96
			13	21,600	1,889.85	103	12	169,339	14,843.14
			13	21,600	1,889.85	103	12	169,339	14,843.14
LIGHTING-PUB ST-HIWI	51	045	7	181,374	7,920.18	88	11	1,582,686	70,697.52
			7	181,374	7,920.18	88	11	1,582,686	70,697.52
LIGHTING-PUB ST-HIWI	51	046	16	184,882	13,083.48	160	20	1,363,918	96,674.48
			16	184,882	13,083.48	160	20	1,363,918	96,674.48
FIRM-COMMERCIAL	21	047		494,439	78,808.23			3,983,943	633,681.28
FIRM-MISC INDUST	31	047		14,023	1,982.75			116,244	16,325.65
FIRM-PUMPING-IRRIG	39	047		207	31.82			1,456	188.36
INTERDEPARTMENT REV	80	047		1,256	272.28			10,048	2,178.24
				509,925	81,095.08			4,111,691	652,373.53
RESIDENTIAL	1	048		318,537	56,041.36			2,554,182	449,990.29
				318,537	56,041.36			2,554,182	449,990.29
RESIDENTIAL	1	056			.00				13.34
FIRM-COMMERCIAL	21	056			.00				.00
					.00				13.34
RESIDENTIAL	1	058			384,652.71				3,129,161.97
FIRM-COMMERCIAL	21	058			571,827.22				3,821,472.19
FIRM-MISC INDUST	31	058			31,154.04				236,250.69
FIRM-PUMPING-IRRIG	39	058			535.69				1,903.24
LIGHTING-PUB ST-HIWI	51	058			12,386.50				98,714.43
MISC-RENT ELECT PROP	85	058			1,140.84				9,132.08
MISC-OTHER ELECT REV	86	058			16.72				133.76
					1,001,713.72				7,296,768.36
RESIDENTIAL	1	058A			1,945.50CR				21,646.35CR
FIRM-COMMERCIAL	21	058A			2,712.28CR				16,629.94CR
FIRM-MISC INDUST	31	058A			.61CR				4.20CR
FIRM-PUMPING-IRRIG	39	058A			135.26CR				530.29CR
LIGHTING-PUB ST-HIWI	51	058A			19.72CR				19.72CR
					4,813.37CR				38,830.50CR
FIRM-ENERGY CHARGE	74	061			.00				.00
SURPLUS-ENERGY CHARG	75	061			.00				.00
					.00				.00
EE - RESIDENTIAL	61	090			4.00				32.00
					4.00				32.00
RESIDENTIAL	1	095			7,193.06				58,733.40
FIRM-COMMERCIAL	21	095			831.00				6,627.76
					8,024.06				65,361.16
THEFT OF SERVICE	18	099			2,640.51				23,702.01
MISC-SERVICE REV SNP	83	099			21,643.00				188,037.00

WCIP7761) AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF AUGUST 04

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
MISC-RENT ELECT PROP	85	099			24,564.40				197,959.50
MISC-OTHER ELECT REV	86	099			262.09				2,096.72
					49,110.00				411,795.23
SVC TOTALS			216,012	464,134,163	29,112,718.55	1,728,635	216,079	3,456,297,777	218,266,707.42

Avista Utilities
 WASHINGTON POWER COST DEFERRALS

Line No.	WASHINGTON ACTUALS-2004	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
1	555 Purchased Power	\$119,899,063	\$ 20,898,976	\$ 14,705,597	\$ 10,016,319	\$ 11,120,205	\$ 12,019,655	\$ 12,473,990	\$ 18,862,665	\$ 19,801,656			
2	501 Thermal Fuel	\$11,534,296	\$ 1,413,525	\$ 1,496,991	\$ 1,722,290	\$ 1,235,949	\$ 784,351	\$ 1,528,687	\$ 1,705,125	\$ 1,647,378			
3	547 CT Fuel	\$4,814,962	\$ 1,642,906	\$ 403,167	\$ 278,540	\$ 361,288	\$ 378,095	\$ 280,957	\$ 690,676	\$ 779,333			
4	447 Sale for Resale	\$53,516,438	\$ 6,140,479	\$ 2,826,196	\$ 3,840,479	\$ 4,944,398	\$ 11,138,434	\$ 10,082,366	\$ 8,654,928	\$ 5,989,168			
5	Actual Net Expense	\$82,731,883	\$ 17,814,928	\$ 13,779,559	\$ 8,176,670	\$ 7,773,054	\$ 2,043,667	\$ 4,201,268	\$ 12,603,538	\$ 16,339,199			
6	Potlatch 25 aMW directly assigned to ID	(\$4,735,231)	\$ (601,710)	\$ (582,890)	\$ (601,710)	\$ (581,491)	\$ (601,710)	\$ (582,300)	\$ (601,710)	\$ (601,710)			
7	Potlatch 62 aMW directly assigned to ID	(\$15,281,087)	\$ (2,047,319)	\$ (1,907,665)	\$ (1,575,121)	\$ (1,933,319)	\$ (1,968,354)	\$ (1,880,368)	\$ (1,966,680)	\$ (2,002,261)			
8	Adjusted Actual Net Expense	\$62,715,565	\$ 15,165,899	\$ 11,309,004	\$ 5,999,839	\$ 5,258,244	\$ 1,738,600	\$ 10,035,148	\$ 13,735,228	\$ -			
AUTHORIZED NET EXPENSE-SYSTEM													
9	555 Purchased Power	\$68,370,477	\$ 7,820,601	\$ 6,873,178	\$ 6,877,530	\$ 2,970,502	\$ 1,220,238	\$ 781,522	\$ 5,416,130	\$ 7,510,269	\$ 6,429,357	\$ 8,215,787	\$ 8,175,700
10	501 Thermal Fuel	\$15,777,429	\$ 1,497,543	\$ 1,328,377	\$ 1,321,593	\$ 1,193,467	\$ 566,463	\$ 1,103,034	\$ 1,501,955	\$ 1,550,936	\$ 1,449,825	\$ 1,289,090	\$ 1,455,980
11	547 CT Fuel	\$30,931,880	\$ 3,209,570	\$ 2,713,553	\$ 2,216,117	\$ 1,302,967	\$ 642,820	\$ 1,720,868	\$ 3,644,073	\$ 4,169,327	\$ 2,703,227	\$ 2,355,980	\$ 2,142,305
12	447 Sale for Resale	\$49,213,167	\$ 3,395,816	\$ 3,610,669	\$ 2,796,420	\$ 1,922,246	\$ 2,752,789	\$ 8,044,786	\$ 9,136,979	\$ 5,227,838	\$ 4,654,564	\$ 2,563,932	\$ 3,561,787
13	Authorized Net Expense	\$65,866,619	\$ 9,131,898	\$ 7,304,439	\$ 7,618,820	\$ 3,544,690	\$ (323,268)	\$ (4,439,362)	\$ 1,425,179	\$ 8,002,694	\$ 7,055,338	\$ 9,037,068	\$ 8,212,198
14	Actual - Authorized Net Expense	\$30,450,475	\$ 6,034,001	\$ 4,004,565	\$ (1,618,981)	\$ 1,713,554	\$ (203,129)	\$ 6,177,962	\$ 8,609,969	\$ 5,732,534			
15	Net Fuel Expense not incl in Acct 547 (1)	\$ 7,582,007	\$ 182,017	\$ 102,000	\$ 1,001,842	\$ 1,377,773	\$ 1,370,034	\$ 1,604,325	\$ 1,026,257	\$ 917,759			
16	Adjusted Actual - Authorized Net Exp	\$ 38,032,482	\$ 6,216,018	\$ 4,106,565	\$ (617,139)	\$ 3,091,327	\$ 1,166,905	\$ 7,782,287	\$ 9,636,226	\$ 6,650,293			
17	Washington Alloc. @ 66.29%	\$25,211,732	\$4,120,598	\$2,722,242	(\$409,101)	\$2,049,241	\$773,541	\$5,158,878	\$6,387,854	\$4,408,479			
18	Enron Contract Buyout	\$261,002	\$32,626	\$32,626	\$32,626	\$32,626	\$32,626	\$32,626	\$32,623	\$32,623			
19	WA Retail Revenue Adjustment	\$ (2,785,582)	(\$669,274)	(\$1,277,781)	\$258,633	(\$148,209)	\$13,583	\$421,956	(\$569,821)	(\$814,669)			
20	Net Power Cost Increase (Decrease)	\$ 22,687,152	\$3,483,950	\$1,477,087	(\$117,842)	\$1,933,658	\$819,750	\$5,613,460	\$5,850,656	\$3,626,433			
21	100% Net Power Cost Less \$9.0 million Company Band	\$ 4,210,063							\$4,210,063				
22	90% Net Power Cost Less \$9.0 million Company Band	\$ 12,318,437											

Avista Utilities
 System Power Supply Expenses
 WASHINGTON DEFERRED POWER COST CALCULATION

Line No.	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
ACTUALS													
555	PURCHASED POWER												
1	12,948,293	6,949,837	3,439,618	4,271,101	6,150,289	6,788,003	13,472,671	14,099,076					68,118,888
2	158,509	158,509	158,509	158,509	158,509	124,561	158,509	158,509					1,234,124
3	102,015	71,340	71,339	118,916	137,141	428,310	104,541	127,993					1,161,595
4	208,697	208,697	208,697	208,697	208,697	226,570	208,697	208,697					1,687,449
5	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817					798,536
6	247	355	331	319	283	304	352	424					2,615
7	83,862	128,558	117,527	117,472	122,993	112,101	87,582	49,905					820,000
8	91,386	307,960	490,688	390,223	428,258	216,181	-4,984						1,919,712
9	2,541,438	2,296,432	1,254,691	1,215,202									7,307,763
10	WPI Amort												
11	Non-Mon. Accruals	219,509	118,092	56,447	(4,793)	(34,091)	12,635	80,167					591,822
12	DUKE #2108 (25 FLAT)-30.50	567,300	567,300	548,238	567,300	549,000	567,300	567,300					4,464,438
13	DUKE & MS #2113/14 (50 FLAT)-28	1,041,600	1,041,600	1,006,600	1,041,600	1,008,000	1,041,600	1,041,600					8,197,000
14	EL PASO #2107 (25 FLAT)	590,550	590,550	570,706	590,550	571,500	590,550	590,550					4,647,406
15	Haleywest - Plummer Forest Prod.	149,463	144,255	145,150	111,889	96,117	144,203	125,069					1,021,226
16	Pollatch 62 atMW Purch	2,047,319	1,907,665	1,575,121	1,933,319	1,880,368	1,966,680	2,002,261					15,281,087
17	Douglas Capacity	122,000	152,500	134,500	136,500	157,500	178,750	167,250					1,191,500
18	PPLM Wind Power	2,624	2,613	2,789	174,197	300,319	230,748	262,484					1,214,241
19	WPM Ancillary Services			2,053	2,758	3,256	3,014	3,024					22,131
20	Total Account 555	20,898,976	14,705,597	10,016,319	11,120,205	12,019,655	18,862,665	19,801,656					119,899,063

(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) per Settlement Agreement, Cause No. U-86-99

Line No.	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
447 SALES FOR RESALE													
21	5,741,521	2,428,969	3,562,566	4,608,768	10,769,273	9,739,412	8,174,493	5,435,905					50,460,907
22	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000					1,200,000
23	25,061	30,273	5,762	11,251	19,012	22,282	67,299	39,686					220,626
24	137	118	116	1,067									1,438
25	34,437	26,372	27,044	25,162	25,079	26,648	24,951	24,791					214,484
26	183,354	192,024	96,058	151,560	176,290	153,746	239,961	240,184					1,433,177
27	14,655	0	(3,856)	(5,473)	(3,978)	(12,978)	(4,790)	(4,421)					14,655
28	(11,310)	(4,173)	(3,856)	(5,473)	(3,978)	(12,978)	(4,790)	(4,421)					(50,979)
28	2,624	2,613	2,789	2,053	2,758	3,256	3,014	3,024					22,131
29	6,140,479	2,826,196	3,840,479	4,944,388	11,138,434	10,082,366	8,654,928	5,869,168					53,516,439

Avista Utilities
System Power Supply Expenses
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

Line No.	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													
31	557,912	515,287	583,079	563,676	277,044	708,456	649,545	619,745					4,474,744
32	862,129	981,341	1,129,753	670,981	503,685	789,491	988,765	1,005,947					6,932,092
	1,420,041	1,496,628	1,712,832	1,234,657	780,729	1,497,947	1,638,310	1,625,692					11,406,836
33	1,911	209	178	186	3,531	3,846	282	320					10,463
34	(8,427)	154	9,280	1,105	91	26,894	66,533	21,366					116,997
35	(6,516)	363	9,458	1,292	3,622	30,740	66,815	21,686					127,460
36	1,413,525	1,496,991	1,722,290	1,235,949	784,351	1,528,687	1,705,125	1,647,378					11,534,296
501 FUEL-TONS													
37	46,083	45,232	48,458	44,712	21,147	36,427	46,049	41,993					330,101
38	101,926	89,232	102,899	62,461	47,454	64,628	85,911	83,125					637,636
501 FUEL-COST PER TON													
39	wood \$	12.11 \$	11.39 \$	12.03 \$	12.61 \$	19.45 \$	14.11 \$	14.76 \$	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$ 13.56
40	coal \$	8.46 \$	11.00 \$	10.98 \$	10.74 \$	12.22 \$	11.51 \$	12.10 \$	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$ 10.87
547 FUEL													
41	7	22	629	3,678		978	(47)	(897)					4,370
42	69,742	12	(23)	61,521	72,880	25,326	311,111	369,940					910,509
43	28,115	17	(32)	23,727	32,755	2,730	184,645	167,718					439,675
44	1,208,463	375,047	237,939	232,347	232,486	211,947	112,878	202,510					2,813,617
45	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000					320,000
46	296,579	(11,931)	27	15	(26)	(24)	42,089	62					326,791
47	1,642,906	403,167	278,540	361,288	378,095	280,957	690,676	779,333					4,814,962
48	17,814,928	13,779,559	8,176,670	7,773,054	2,043,667	4,201,268	12,603,538	16,339,199					82,731,882

AVISTA UTILITIES
 Washington Electric Jurisdiction
 Energy Recovery Mechanism Revenue Credit
 Month of August 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	379,877,408	391,730,893	464,134,163					3,458,297,777
Deduct Sales for Resale kWhs	(2,466,273)	(1,660,477)	(1,750,306)	(2,711,651)	(2,586,385)	(4,971,433)	-	-					(16,146,525)
Deduct Exchange (Sch 29) kWhs	(350,076,810)	(294,920,596)	(290,532,463)	(282,078,422)	(271,759,641)	(272,306,395)	(250,189,343)	(261,360,335)					(2,273,224,005)
Deduct Prior Month Unbilled kWhs Heating							(11,310,979)	(24,554,051)					(35,865,030)
Deduct Prior Month Unbilled kWhs Cooling							261,360,335	273,277,338					2,196,424,533
Add Current Month Unbilled kWhs Heating	294,920,596	290,532,463	282,078,422	271,759,641	272,306,395	250,189,343	24,554,051	18,203,926					54,068,956
Add Current Month Unbilled kWhs Cooling						11,310,979	416,144,957	469,701,041					3,381,555,706
Washington Retail kWhs	470,162,989	464,785,917	428,259,069	392,543,251	375,858,580	364,099,902	416,144,957	469,701,041					3,381,555,706
Test Year Consumption	449,477,904	425,137,067	436,508,558	388,111,383	376,471,457	377,440,327	398,566,301	444,487,437	354,508,791	387,418,707	437,581,917	533,208,120	5,008,915,969
from Attachment 1 Settlement Stipulation													
Difference from Test Year	20,685,085	39,648,850	(8,249,489)	4,431,868	(612,877)	(13,340,425)	17,578,656	25,213,604					85,355,272
WA Retail Revenue Credit	\$663,578	\$1,271,935	(\$284,644)	\$142,174	(\$19,661)	(\$427,961)	\$563,923	\$808,852					\$2,738,197
Net Wind Revenue Credit	\$5,696	\$5,846	\$6,011	\$6,035	\$6,078	\$6,005	\$5,898	\$5,817					\$47,386
Total Revenue Credit	\$669,274	\$1,277,781	(\$258,633)	\$148,209	(\$13,583)	(\$421,956)	\$569,821	\$814,669	\$0	\$0	\$0	\$0	\$2,785,583

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					\$65,361.16
Deduct Admin Expense	\$2,180.41	\$2,217.64	\$2,279.69	\$2,289.32	\$2,305.56	\$2,277.75	\$2,237.14	\$2,206.62	\$0.00	\$0.00	\$0.00	\$0.00	\$17,974.32
Net Wind Revenue Credit	\$5,695.62	\$5,846.49	\$6,010.81	\$6,035.47	\$6,078.31	\$6,004.99	\$5,897.90	\$5,817.44	\$0.00	\$0.00	\$0.00	\$0.00	\$47,386.84

Avista Corporation - General Ledger Journal Entry

Print Date: 08-31-2004 05:02 PM

Journal ID: **RJECB** Journal Description: **Enron Contract Buyout Amort** Effective Date: **08-31-2004**

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

Control Amount Total: **46,795.00** Saved By: **Linda Donley** Saved Date: **08-31-2004 5:02:35 PM**

Edit Date: **08-31-2004 5:02:30 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	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			3,579.00	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	3,579.00	NON-UTILITY REVENUE/INT/DIV INCOME
<i>Interest income accrued</i>										
25	0000	9171	00	FIN	EE			3,579.00	0.00	INTEREST & DIVIDENDS REC
<i>Accrue interest income</i>										
30	0000	9171	00	FIN	EE			0.00	3,579.00	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	1,253.00	0.00	INCOME TAX /PROV DEFERED IT
<i>DFIT expense on Interest Income (Non-Operating)</i>										
45	0000	9283	36	028	EE			9,023.00	0.00	ADFIT-ENRON CONTRACT BUYOUT
Totals:								46,795.00	46,795.00	

Trans: 9 Rows: 9

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

Prepared By Linda Donley Date 8/31/04
 Reviewed By Jani Judge Date 9/2/04

Approved For Entry - Corporate Accounting Use Only _____ Date _____

SERVIC

AUG 11 2004

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of) DOCKET NO. UE-040611
)
AVISTA CORPORATION,) ORDER NO. 01
)
)
Energy Recovery Mechanism (ERM)) ORDER CLOSING DOCKET AFTER
Annual Filing to Review Deferrals for) REVIEW OF ERM DEFERRALS FOR
Calendar Year 2003) CALENDAR YEAR 2003
.....)

BACKGROUND

1 On April 1, 2004, in this docket, Avista Corporation (Avista or Company) filed testimony, exhibits and certain supporting documentation relating to certain power costs deferred under the Energy Recovery Mechanism (ERM) for calendar year 2003.

2 Under the Settlement Stipulation approved by the Commission in its Fifth Supplemental Order in Docket No. UE-011595 (June 18, 2002), Avista is required to make a filing by April 1 of each year regarding the power costs it deferred the prior calendar year under the ERM. *Settlement Stipulation in Docket No. UE-011595 at 6-7, ¶ 4.b.*

3 The Company's April 1 filings are intended to be sufficient to provide the Commission and interested parties an opportunity to review the prudence of, and audit, the ERM deferrals for the year in question. *Id.* A 90-day review period is contemplated, though that period can be extended. *Id.* In this docket, the 90-day review period was from April 1, 2004 to June 30, 2004.

4 The first ERM annual review covered the period July 1, 2002 through December 31, 2002,¹ and resulted in a Commission Order approving a settlement

¹ The review period was less than one year because the ERM did not begin until July 1, 2002.

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of the issues presented. *WUTC v. Avista Corp., Docket No. UE-030751, Order Approving and Adopting Settlement Stipulation (Order No. 5, February 3, 2004)*. Among other things, the Settlement Stipulation in Docket No. UE-030751 identified specific documentation the Company would file in ERM annual review proceedings. See *Settlement Stipulation in Docket No. UE-030751 at 6-7, ¶ III.C.*

5 On June 29, 2004, Commission Staff (Staff) filed a "Report on Behalf of Commission Staff Regarding Its Review of ERM Deferrals for Calendar Year 2003" (Report). In that Report, Staff stated it had conducted a review of the Company's ERM annual review filing in this Docket, and was satisfied that the Company provided adequate documentation of its ERM power cost deferrals for the calendar year 2003 period. Moreover, Staff stated it had not identified any issues to bring to the Commission's attention relating to the power costs deferred during the calendar year 2003 review period. Accordingly, Staff recommends this docket be closed.

6 No other persons or parties filed comments with the Commission within the 90-day review period. Nor has any person or party asked the Commission to extend that review period.

FINDINGS AND CONCLUSIONS

7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including Avista Corporation.

8 (2) Avista is engaged in the business of electric and natural gas service within the state of Washington.

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- 9 (3) This matter was brought before the Commission at its regularly scheduled meeting on July 28, 2004.

ORDER

- 10 (1) Avista Corporation filing meets the requirements of Docket Nos. UE-011595 and UE-030751 and the power cost deferrals represented are deemed prudent.
- 11 (2) Avista Corporation is still required to make annual filings with supporting documentations consistent with the Orders in Docket Nos. UE-011595 and UE-030751.
- 12 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimations, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.
- 13 (4) This Docket is hereby closed.

The Commissioners have directed the Commission's Secretary to enter this Order.

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DATED at Olympia, Washington, and effective this 11th day of August 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

A handwritten signature in black ink, reading "Carole J. Washburn". The signature is written in a cursive, flowing style.

CAROLE J. WASHBURN, Secretary