

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



Corp.

November 10, 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 October 2004

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of October 2004. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. Actual net power costs were lower than authorized costs by \$2,025,772. A deferral in the rebate direction of 90% of that amount, or \$1,823,195, was recorded.

Actual power supply expenses were lower than authorized due partly to higher than authorized hydro generation. Hydro generation was 83 aMW above the authorized levels. The average market purchase price was \$40.46/MWh compared to an authorized rate of \$34.12/MWh. The average market sales price was \$42.59/MWh compared to an authorized sales price of \$31.78/MWh.

Coyote Springs 2 generated 78 aMW above the authorized level of 96 aMW. Other gas-fired resources generated 26 aMW below the authorized level due to economics. Colstrip generated 13 aMW below the authorized, and Kettle Falls generated 24 aMW above the authorized level. Both thermal fuel expense and natural gas fuel expense were above the authorized level. Washington retail sales were 50 aMW above the authorized level.

Enclosed is a forward long-term power contract that contains confidential, market-sensitive information. Avista and the counter-party to the agreement might be directly affected by disclosure of the confidential information. The first page of the contract and the pages containing confidential information have been marked with the designation "confidential per WAC 480-07-160." The unredacted version is being filed under seal. Six copies of the unredacted version are being submitted in sealed envelopes, copied on yellow paper and identified as "Confidential Attachment A." Six copies of a redacted version are also being submitted in sealed envelopes. 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 NOV 12 AM 8:53
STATE OF WASH.
UTIL. AND TRASP.
COMMISSION

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

MONTH OF OCTOBER 2004

Avista Corporation - General Ledger Journal Entry

Print Date: 11-05-2004 10:19 AM

Journal ID: DJ702 Journal Description: WA - ERM Effective Date: 10-31-2004

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

Control Amount Total: 6,113,046.00 Saved By: Linda Donley Saved Date: 11-05-2004 10:19:36 A

Edit Date: 11-05-2004 10:19:28 AM

Seq	WO	UMain	Sub	RC	Cost Code	SL ID	LOC	Debit Amount	Credit Amount	Transaction Description
10	2577	0557	29	X55	EE	X	028	1,920,371.00	0.00	POWER TRANSACTIONS /* WA ERM AMT
12	0000	9182	35	028	EE			0.00	1,920,371.00	WASHINGTON ERM DEFERRAL BALANCE
15	2577	0557	28	G55	EE	X	028	1,823,195.00	0.00	POWER TRANSACTIONS/* WA ERM DEF
20	0000	9186	28	028	EE			0.00	1,823,195.00	WA ERM - CURRENT YEAR
43	0000	9182	35	028	EE			479,934.00	0.00	WASHINGTON ERM DEFERRAL BALANCE
										<i>Interest income on deferral balance in 18235 authorized for recovery</i>
45	0000	9186	28	028	EE			49,682.00	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	529,616.00	NON-UTILITY REVENUE/INT/DIV INCOME
70	0000	9171	00	FIN	EE			529,616.00	0.00	INTEREST & DIVIDENDS REC
										<i>Accrue interest income on deferral balance</i>
80	0000	9171	00	FIN	EE			0.00	529,616.00	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	1,310,248.00	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	185,366.00	0.00	INCOME TAX /PROV DEFERED IT
										<i>DFIT entry for interest income</i>
89	0000	9283	28	028	EE			1,124,882.00	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: 11-05-2004 10:19 AM

Journal ID: **DJ702** Journal Description: **WA - ERM** Effective Date: **10-31-2004**
 Corp: **WWP** Journal Sponsor: **RESOURCE** \$/ #: **\$** Tran Type: **C** Error Code: **Q** Code: **G**
 Control Amount Total: **6,113,046.00** Saved By: **Linda Donley** Saved Date: **11-05-2004 10:19:36 A**
 Edit Date: **11-05-2004 10:19:28 AM**

Seq	WO	U Main	Sub	RC	Cost Code	SL ID	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: 6,113,046.00 Trans: 12 Rows: 17

Prepared By: Linda Donley Date: 11/5/04
 Reviewed By: Jami Judge Date: 11/5/04

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

Approved For Entry - Corporate Accounting Use Only _____ Date _____

> GDA MAINSUB,18628

----- 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	.00	19,319,437.37	10,046,279.00
12	.00	22,791,372.37	18,418,548.00
TOTAL	.00	.00	.00
RECORD	1 OF 1		

11/09/04 10:59:25 1 M3LL CIX1 _____

ERM Deferral Balance (Current Year - 2004)

Account 9186.28 028

	Amount	Journal ID
Balance 9/30/04	\$11,917,361.00	
Deferral	-1,823,195.00	DJ702
Interest	49,682.00	DJ702
Balance 10/31/04	<u>\$10,143,848.00</u>	

> GDA MAINSUB,18629

----- 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
RECORD	1 OF 1		

11/09/04 11:00:02 1 M3LL CIX1 _____

ERM Deferral Balance (Prior year - 2003)

Account 9186.29 028

Balance 9/30/04

Transferred to Account 9182.35 028 in August 2004

Balance 10/31/04

Amount

Journal ID

\$0.00

DJ702

 \$0.00

> GDA MAINSUB,1823?

----- 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	.00	85,922,928.28	106,072,397.28
12	.00	99,774,940.28	104,166,540.28
TOTAL	.00	.00	.00
RECORD	7 OF 12		

11/09/04 10:54:46 1 M3LL CIX1 _____

Recoverable Deferral Balance
Account 9182.35 028

	Amount	Journal ID
Balance 9/30/04	\$107,487,249.65	
Amortization	-1,920,371.00	DJ702
Interest	479,934.00	DJ702
Balance 10/31/04	<u>\$106,046,812.65</u>	

> GDA MAINSUB,1823?

----- 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	.00	.00	.00
12	.00	974,754.00	.00
TOTAL	.00	.00	.00
RECORD	8 OF 12		

11/09/04 10:55:30 1 M3LL CIX1

Contract Buyout Deferral Balance

Account 9182.36 028

	Amount	Journal ID
Balance 9/30/04	\$745,870.00	
Amortization*	-\$29,361.00	RJECB
Interest	3,343.00	RJECB
Balance 10/31/04	<u>\$719,852.00</u>	

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

> GDA MAINSUB,18601

----- 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	.00	9,000,000.00	4,500,000.00
12	.00	9,000,000.00	4,500,000.00
TOTAL	.00	.00	.00
RECORD	1 OF 1		

11/09/04 10:57:08 1 M3LL CIX1 _____

ERM Deadband

Account 9186.01 028

Balance 9/30/04

2004 deadband accumulation

Balance 10/31/04

Amount
 \$9,000,000.00

Journal ID

0.00 DJ702

\$9,000,000.00

> GDA MAINSUB,18602

----- 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	.00	9,000,000.00-	4,500,000.00-
12	.00	9,000,000.00-	4,500,000.00-
TOTAL	.00	.00	.00
RECORD	1 OF 1		

11/09/04 10:57:37 1 M3LL CIX1 _____

ERM Deadband Contra Account
Account 9186.02 028
 Balance 9/30/04
 2004 deadband contra entry
 Balance 10/31/04

Amount	Journal ID
-\$9,000,000.00	
0.00	DJ702
-\$9,000,000.00	

> GDA MAINSUB,28328

----- 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	.00	43,625,888.00-	40,641,539.00-
12	.00	43,239,378.00-	42,904,783.00-
TOTAL	.00	.00	.00
RECORD	1 OF 1		

11/09/04 11:01:26 1 M3LL CIX1 _____

Account 9186.28 028 balance	\$10,143,848.00
Account 9186.29 028 balance	0.00
Account 9182.35 028 balance	106,046,812.65
Total	\$116,190,660.65
Federal income tax rate	-35%
Deferred FIT related to deferrals	-\$40,666,731
Rounding	-1
Balance in account	-\$40,666,732

> GDA MAINSUB,28336

----- 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	.00	.00	.00
12	.00	.00	.00
TOTAL	.00	.00	.00
RECORD	1 OF 1		

11/09/04 11:02:08 1 M3LL CIX1 _____

Account 9182.36 028 balance	\$719,852.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	<u>-\$251,948</u>
Rounding	-3
Balance in account	<u>-\$251,951</u>

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	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						
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						
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						
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						
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						
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
Jul-04						
06-30-2004	GL Balance including interest	88,948,869		Amortization	(685,282)	Operating 685,282
Jul-04	Surcharge Amortization	(1,957,949)		Interest	140,692	Nonoperating (140,692)
Jul-04	Interest		401,978		(544,590)	Total 544,590
07-31-2004	Balance before interest	86,990,920				
Aug-04						
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						
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						
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
Summary						
				GL Balance	Activity	GL Balance
				@ 9/30/04	Oct-04	@ 10/31/04
	Net ERM Balance	106,046,812		107,487,249	(1,440,437)	106,046,812
	ADFIT Balance	(37,116,384)				

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		Interest	3,035	Nonoperating	(3,035)
06-30-2004	Balance before interest	3,789,057		1,329,205	Total	(1,329,205)
Jul-04						
				DFIT Expense		ADFIT
Jul-04	ERM Deferral	5,265,590	Deferral	1,842,957	Operating	(1,842,957)
Jul-04	Interest		Interest	10,284	Nonoperating	(10,284)
07-31-2004	Balance before interest	9,063,318	29,384	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		Interest	17,105	Nonoperating	(17,105)
08-31-2004	Balance before interest	12,327,108	48,872	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		Interest	19,281	Nonoperating	(19,281)
09-30-2004	Balance before interest	11,784,017	55,088	(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		Interest	17,389	Nonoperating	(17,389)
10-31-2004	Balance before interest	9,960,822	49,682	(620,729)	Total	620,729
Summary						
				GL Balance	Activity	GL Balance
	Net ERM Balance	10,143,848		@ 9/30/04	Oct-04	@ 10/31/04
				11,917,361	(1,773,513)	10,143,848
	ADFIT Balance	(3,550,347)				

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
				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
	Net ERM Balance	0		GL Balance		Activity	GL Balance
				@ 9/30/04		Oct-04	@ 10/31/04
	ADFIT Balance	0		0.00	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
	<u>BALANCE</u>	<u>918235</u>	<u>18628</u>	<u>18629</u>	<u>18236</u>	<u>COMPONENTS</u>	<u>ACCOUNTS</u>	<u>BALANCE</u>
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	(8,050,003)	(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)	(31,632,675)	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)	(37,116,384)	(3,550,347)	0	0	(40,666,731)	1,124,883	(40,666,731)
10-31-2004							0	
11-30-2004							0	
12-31-2004							0	
			<i>ADFIT</i>			<i>Interest</i>		
		<i>41010</i>	<i>941020</i>	<i>928328</i>	<i>918235</i>	<i>918628</i>	<i>918629</i>	<i>941900</i>
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							
	918628							
	918629							
Total								
12-31-2004	918235							
	918628							
	918629							
Total								

			YTD	YTD	
			WA ERM	WA ERM	
			Company	Contra	Total
			Band	Account	GL
			<u>918601</u>	<u>918602</u>	<u>Impact</u>
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
 OCTOBER 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)	64.395%	93,553,027	0.405¢	\$378,890	0.956277	\$362,324
1 (601-1300 kWh)	27.955%	40,613,011	0.607¢	246,521	0.956277	235,742
1 (over 1300 kWh)	7.650%	11,113,917	0.853¢	94,802	0.956277	90,657
Total Sch 1	100.000%	145,279,955		720,213		688,723
11		25,774,255	0.788¢	203,101	0.956277	194,221
12		2,766,524	0.788¢	21,800	0.956277	20,847
21		128,308,145	0.549¢	704,412	0.956277	673,613
22		1,717,761	0.549¢	9,431	0.956277	9,019
25		75,937,068	0.352¢	267,298	0.956277	255,611
30		1,236,600	0.485¢	5,998	0.956277	5,736
31		7,762,830	0.485¢	37,650	0.956277	36,004
32		551,046	0.485¢	2,673	0.956277	2,556
41-46		\$262,705	109.78%	23,404	0.956277	22,381
47		\$80,764	109.78%	7,195	0.956277	6,880
48		\$56,110	109.78%	4,999	0.956277	4,780
Schedule Totals		389,334,184		\$2,008,174		\$1,920,371
kWh not subject to surcharge						-35%
Schedule 28		0				(\$672,130)
Schedule 29		0				DFIT Expense
Sch 41-48		2,266,423				
Total kWh		391,600,607				

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

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
RESIDENTIAL FIRM-COMMERCIAL INTERDEPARTMENT REV	1 001		187,121	145,279,775	8,497,056.08	1,859,588	185,958	1,805,139,413	107,012,792.08
	21 001		3	180	23.60	22	2	7,002	452.11
	80 001		187,124	145,279,955	8,497,079.68	1,859,610	185,961	1,805,146,415	107,013,244.19
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST LIGHTING-PUB ST-HIWIY INTERDEPARTMENT REV	1 011		17,987	25,485,072	2,250,257.18	179,469	17,946	276,351,580	24,266,108.60
	21 011		119	231,256	21,192.23	1,181	118	2,364,077	214,286.45
	31 011		15	6,927	147	147	14	70,344	6,651.22
	51 011		25	51,000	4,362.48	249	24	677,042	57,824.53
	80 011		18,146	25,774,255	2,276,470.87	181,046	18,104	279,463,043	24,544,880.80
RESIDENTIAL FIRM-COMMERCIAL	1 012		6,669	2,766,524	260,741.98	65,698	6,569	32,201,130	2,965,416.50
	21 012		6,669	2,766,524	260,741.98	65,698	6,569	32,201,130	2,965,416.50
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST INTERDEPARTMENT REV	1 021		3,130	117,622,658	7,749,092.59	31,132	3,113	1,138,168,300	75,078,486.14
	21 021		117	9,831,167	637,986.53	1,173	117	94,900,158	6,179,704.21
	31 021		8	854,320	53,855.44	80	8	9,177,540	567,680.41
	80 021		3,255	128,308,145	8,440,934.56	32,385	3,238	1,242,245,998	81,825,870.76
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST	1 022		60	1,717,761	109,048.06	553	55	35,715,972	2,038,169.48
	21 022		60	1,717,761	109,048.06	553	55	35,715,972	2,038,169.48
FIRM-COMMERCIAL FIRM-MISC INDUST	21 025		8	22,266,280	967,186.30	80	8	211,883,957	9,116,042.94
	31 025		11	53,670,788	2,237,720.48	110	11	516,313,131	22,086,563.48
	80 025		19	75,937,068	3,204,906.78	190	19	728,197,088	31,202,606.42
FIRM-COMMERCIAL FIRM-MISC INDUST	21 028				.00	6	6	593,520	23,682.93
	31 028				14,858.40	3	3	19,470	149,268.96
	80 028				14,858.40	9	9	612,990	172,951.89
FIRM-PUMPING-IRRIG	39 029				.00	7	7	16,146,525	.00
					.00	7	7	16,146,525	.00
FIRM-PUMPING-IRRIG	39 030		31	1,236,600	61,851.21	392	39	21,256,360	1,060,090.81
			31	1,236,600	61,851.21	392	39	21,256,360	1,060,090.81
RESIDENTIAL FIRM-COMMERCIAL FIRM-MISC INDUST FIRM-PUMPING-IRRIG INTERDEPARTMENT REV	1 031		514	4,918,766	282,235.44	4,860	486	45,783,685	2,590,208.12
	21 031		132	1,619,105	102,388.89	1,284	128	9,407,079	562,159.29
	31 031		355	1,215,319	78,041.11	3,704	370	17,294,424	1,040,159.87
	80 031		2	9,640	549.48	20	2	66,900	3,796.58
			1,003	7,762,830	463,214.92	9,868	986	72,552,088	4,196,323.86
RESIDENTIAL FIRM-PUMPING-IRRIG	1 032		971	453,696	31,769.09	9,552	955	7,285,319	466,002.83
	21 032		110	97,350	6,289.69	1,091	109	1,114,179	68,176.17
	39 032		1,081	551,046	38,058.78	10,643	1,064	8,399,498	534,179.00
LIGHTING-PUB ST-HIWIY	51 041		12	16,056	2,727.06	120	12	160,560	27,270.60
			12	16,056	2,727.06	120	12	160,560	27,270.60

WCIP7761)

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

DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
LIGHTING-PUB ST-HIWIY	51	042	214	1,046,222	237,806.44	2,137	213	10,464,556	2,378,022.13
			214	1,046,222	237,806.44	2,137	213	10,464,556	2,378,022.13
LIGHTING-PUB ST-HIWIY	51	044	13	21,600	1,889.85	129	12	212,539	18,622.84
			13	21,600	1,889.85	129	12	212,539	18,622.84
LIGHTING-PUB ST-HIWIY	51	045	7	181,416	7,922.76	102	10	1,945,476	86,540.46
			7	181,416	7,922.76	102	10	1,945,476	86,540.46
LIGHTING-PUB ST-HIWIY	51	046	16	174,495	12,358.93	192	19	1,712,880	121,390.34
			16	174,495	12,358.93	192	19	1,712,880	121,390.34
FIRM-COMMERCIAL	21	047		492,216	78,436.90			4,971,991	791,110.55
FIRM-MISC INDUST	31	047		14,387	2,022.61			145,382	20,410.73
FIRM-PUMPING-IRRIG	39	047		207	31.82			1,870	252.00
INTERDEPARTMENT REV	80	047		1,256	272.28			12,560	2,722.80
				508,066	80,763.61			5,131,803	814,496.08
RESIDENTIAL	1	048		318,568	56,109.82			3,191,076	562,124.89
				318,568	56,109.82			3,191,076	562,124.89
RESIDENTIAL FIRM-COMMERCIAL	1	056			.00				13.34
					.00				.00
					.00				13.34
RESIDENTIAL	1	058		307,171.82	307,171.82			3,777,595.57	3,777,595.57
FIRM-COMMERCIAL	21	058		478,177.33	478,177.33			4,794,090.76	4,794,090.76
FIRM-MISC INDUST	31	058		34,373.62	34,373.62			301,522.39	301,522.39
FIRM-PUMPING-IRRIG	39	058		300.29	300.29			2,596.27	2,596.27
LIGHTING-PUB ST-HIWIY	51	058		12,341.35	12,341.35			123,396.99	123,396.99
MISC-RENT ELECT PROP	85	058		1,140.84	1,140.84			11,413.76	11,413.76
MISC-OTHER ELECT REV	86	058		16.72	16.72			167.20	167.20
				833,521.97	833,521.97			9,010,782.94	9,010,782.94
RESIDENTIAL	1	058A		2,148.24CR	2,148.24CR			25,704.49CR	25,704.49CR
FIRM-COMMERCIAL	21	058A		2,475.66CR	2,475.66CR			21,551.93CR	21,551.93CR
FIRM-MISC INDUST	31	058A		.51CR	.51CR			5.24CR	5.24CR
FIRM-PUMPING-IRRIG	39	058A		57.77CR	57.77CR			674.60CR	674.60CR
LIGHTING-PUB ST-HIWIY	51	058A		19.72CR	19.72CR			59.16CR	59.16CR
				4,701.90CR	4,701.90CR			47,995.42CR	47,995.42CR
FIRM-ENERGY CHARGE	74	061		.00	.00			.00	.00
SURPLUS-ENERGY CHARG	75	061		.00	.00			.00	.00
EE - RESIDENTIAL	61	090		4.00	4.00			40.00	40.00
				4.00	4.00			40.00	40.00
RESIDENTIAL	1	095		7,590.99	7,590.99			73,457.85	73,457.85
FIRM-COMMERCIAL	21	095		834.23	834.23			8,292.99	8,292.99
				8,425.22	8,425.22			81,750.84	81,750.84
THEFT OF SERVICE	18	099		2,336.36	2,336.36			28,174.80	28,174.80

AVISTA UTILITIES - STATEMENT OF ELECTRIC REVENUES BY RATE SCHEDULE FOR WASHINGTON MONTH OF OCTOBER 04									
DESCRIPTION	CLS	SCH	CUSTOMERS	CURRENT MONTH QUANTITY	AMOUNT	CUSTOMERS	AVG CUST	YEAR TO DATE QUANTITY	AMOUNT
MISC-SERVICE REV SNP	83	099			23,113.00				236,474.00
MISC-RENT ELECT PROP	85	099			24,564.40				247,088.30
MISC-OTHER ELECT REV	86	099			262.09				2,620.90
					50,275.85				514,358.00
SVC TOTALS			217,650	391,600,607	24,654,268.85	2,163,081	216,308	4,264,755,997	269,121,150.75

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	\$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		
2	501 Thermal Fuel	\$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		
3	547 CT Fuel	\$1,642,906	\$403,167	\$278,540	\$361,288	\$378,095	\$280,957	\$690,676	\$779,333	\$2,859,252	\$5,117,402		
4	447 Sale for Resale	\$6,140,479	\$2,826,196	\$3,840,479	\$4,944,388	\$11,138,434	\$10,082,366	\$8,654,928	\$5,889,168	\$7,419,594	\$9,073,203		
5	Actual 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		
6	Pollatch 25 aMW directly assigned to ID	\$ (601,710)	\$ (562,890)	\$ (601,710)	\$ (581,491)	\$ (601,710)	\$ (582,300)	\$ (601,710)	\$ (601,710)	\$ (582,300)	\$ (602,519)		
7	Pollatch 62 aMW directly assigned to ID	\$ (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)	\$ (1,997,582)		
8	Adjusted Actual Net Expense	\$15,165,899	\$11,309,004	\$5,999,839	\$5,258,244	\$ (526,397)	\$1,738,600	\$10,035,148	\$13,735,228	\$7,397,163	\$7,218,342		
AUTHORIZED NET EXPENSE-SYSTEM													
9	555 Purchased Power	\$68,370,477	\$6,873,178	\$6,877,530	\$2,970,502	\$1,220,238	\$781,522	\$5,416,130	\$7,510,269	\$6,079,663	\$6,428,357	\$9,215,787	\$8,175,700
10	501 Thermal Fuel	\$15,777,429	\$1,497,543	\$1,321,593	\$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
11	547 CT Fuel	\$30,931,880	\$3,209,570	\$2,216,117	\$1,302,967	\$642,820	\$1,720,868	\$3,644,073	\$4,169,327	\$4,111,073	\$2,703,227	\$2,355,980	\$2,142,305
12	447 Sale for Resale	\$49,213,167	\$3,395,816	\$3,610,669	\$1,922,246	\$2,752,789	\$8,044,786	\$9,136,979	\$5,227,838	\$4,654,564	\$1,545,341	\$2,563,932	\$3,561,787
13	Authorized Net Expense	\$65,866,619	\$9,131,898	\$7,304,439	\$3,544,690	\$ (323,268)	\$ (4,439,362)	\$1,425,179	\$8,002,694	\$7,055,338	\$9,037,068	\$9,296,925	\$8,212,198
14	Actual - Authorized Net Expense	\$28,973,574	\$4,004,001	\$4,004,565	\$1,713,554	\$ (203,129)	\$6,177,982	\$8,609,969	\$5,732,534	\$341,825	\$ (1,818,726)		
15	Net Fuel Expense not incl in Acct 547 (1)	\$8,885,773	\$182,017	\$102,000	\$1,377,773	\$1,370,034	\$1,604,325	\$1,026,257	\$917,759	\$775,576	\$528,190		
16	Adjusted Actual - Authorized Net Exp	\$37,859,347	\$4,106,565	\$6,171,139	\$3,091,327	\$1,166,905	\$7,782,287	\$9,636,226	\$6,650,293	\$1,117,401	\$ (1,290,536)		
17	Washington Alloc. @ 66.29%	\$25,096,961	\$4,120,598	\$2,722,242	\$2,049,241	\$773,541	\$5,158,878	\$6,387,854	\$4,408,479	\$740,725	\$ (885,496)		
18	Enron Contract Buyout	\$326,248	\$32,626	\$32,626	\$32,626	\$32,626	\$32,626	\$32,623	\$32,623	\$32,623	\$32,623		
19	WA Retail Revenue Adjustment	\$ (5,365,263)	\$ (569,274)	\$ (1,277,781)	\$ (148,209)	\$13,583	\$421,956	\$ (569,821)	\$ (814,669)	\$ (1,376,782)	\$ (1,202,899)		
20	Net Power Cost Increase (Decrease)	\$20,057,946	\$3,483,950	\$1,477,087	\$1,933,658	\$819,750	\$5,613,480	\$5,850,656	\$3,626,433	\$ (603,434)	\$ (2,025,772)		
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	\$9,952,151			\$0	\$0	\$3,789,057	\$5,265,590	\$3,263,790	\$ (543,091)	\$ (1,823,195)		\$0

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
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	7,729,761	6,497,872			82,346,521
2	158,509	158,509	158,509	158,509	158,509	124,561	158,509	158,509	158,509	158,509			1,551,142
2	102,015	71,340	71,339	118,916	137,141	428,310	104,541	127,993	75,499	101,539			1,338,633
3	208,697	208,697	208,697	208,697	208,697	226,570	208,697	208,697	208,697	208,697			2,104,843
4	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817	99,817			994,748
5		0						217,530	-110				217,420
6	247	355	331	319	283	304	352	424	415	409			3,439
7	83,862	128,558	117,527	117,472	122,993	112,101	87,582	49,905	50,477	52,729			923,206
8	91,386	307,960	490,688	390,223	428,258	216,181	-4,984		38,553	158,564			2,116,829
9	2,541,438	2,296,432	1,254,691	1,215,202					0				7,307,763
10													
11	143,856	219,509	118,092	56,447	(4,793)	(34,091)	12,635	80,167	(42,934)	(16,642)			532,246
12	567,300	530,700	567,300	548,238	567,300	549,000	567,300	567,300	549,000	568,063			5,581,501
13	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			10,248,000
14	590,550	552,450	590,550	570,706	590,550	571,500	590,550	590,550	571,500	591,344			5,810,250
15	149,463	144,255	145,150	111,889	105,080	96,117	144,203	125,069	135,666	122,358			1,279,250
16	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			18,943,279
17	122,000	152,500	134,500	136,500	142,500	157,500	178,750	167,250	140,500	112,500			1,444,500
18				174,197	300,319	246,493	230,748	262,484	233,791	256,328			1,704,360
19	2,624	2,613	2,789	2,053	2,758	3,256	3,014	3,024	3,232	2,510			27,873
20	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			144,475,803

(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

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	6,937,831	8,593,879			65,992,617
22	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000			1,500,000
23	25,061	30,273	5,762	11,251	19,012	22,282	67,299	39,686	82,624	2,873			306,123
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	24,633	25,316			264,433
26	183,354	192,024	96,058	151,560	176,290	153,746	239,961	240,184	181,386	217,271			1,831,834
27	14,655	0											145,004
28	(11,310)	(4,173)	(3,856)	(5,473)	(3,978)	(12,978)	(4,790)	(4,421)	(3,985)	(5,121)			(60,086)
28	2,624	2,613	2,789	2,053	2,758	3,256	3,014	3,024	3,232	2,510			27,873
29	6,140,479	2,826,196	3,840,479	4,944,388	11,138,434	10,082,366	8,654,928	5,889,168	7,419,594	9,073,203			70,009,236

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
<u>501 FUEL-DOLLARS</u>													
30	wood	557,912	515,287	583,079	563,676	277,044	708,456	649,545	619,745	631,816	653,140		5,759,700
31	coal	862,129	981,341	1,129,753	670,981	503,685	789,491	988,765	1,005,947	925,685	1,136,012		8,993,789
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		14,753,489
33	gas	1,911	209	178	186	3,531	3,846	282	320	229	510		11,202
34	oil	(8,427)	154	9,280	1,106	91	26,894	66,533	21,366	23,413	31,114		171,524
35	Total Oil & Gas	(6,516)	363	9,458	1,292	3,622	30,740	66,815	21,686	23,642	31,624		182,726
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		14,936,215
<u>501 FUEL-TONS</u>													
37	Kettle Falls	46,083	45,232	48,458	44,712	21,147	36,427	46,049	41,993	46,044	45,702		421,847
38	Colstrip	101,926	89,232	102,899	62,461	47,454	64,628	85,911	83,125	85,080	101,446		824,162
<u>501 FUEL-COST PER TON</u>													
39	Kettle Falls	12.11 \$	11.39 \$	12.03 \$	12.61 \$	13.10 \$	19.45 \$	14.11 \$	14.76 \$	13.72 \$	14.29 \$	#DIV/0!	13.65 \$
40	Colstrip	8.46 \$	11.00 \$	10.98 \$	10.74 \$	10.61 \$	12.22 \$	11.51 \$	12.10 \$	10.88 \$	11.20 \$	#DIV/0!	10.91 \$
<u>547 FUEL</u>													
41	NE Combustion Turbine Gas/Oil	7	22	629	3,678	978	(47)	(897)			2,954		7,324
42	Boulder Park	69,742	12	(23)	61,521	25,326	311,111	369,940	72,923	702			984,134
43	Kettle Falls CT	28,115	17	(32)	23,727	2,730	184,645	167,718	34,254	24,798			498,727
44	Coyote Springs2	1,208,463	375,047	237,939	232,347	211,947	112,878	202,510	2,712,069	5,048,893			10,574,579
45	Rathdrum Gas Storage Fee	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000			400,000
46	Rathdrum Fuel Exp	296,579	(11,931)	27	15	(24)	42,089	62	6	55			326,852
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		12,791,616
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		102,194,398

AMISTA UTILITIES
 Washington Electric Jurisdiction
 Energy Recovery Mechanism Revenue Credit
 Month of October 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	416,857,613	391,600,607			4,264,755,997
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)	(273,277,338)	(271,581,077)			(2,819,082,420)
Deduct Prior Month Unbilled kWhs Heating							(11,310,979)	(24,554,051)	(18,203,926)	(286,524)			(54,355,480)
Deduct Prior Month Unbilled kWhs Cooling							261,360,335	273,277,338	271,581,077	304,992,151			2,772,997,761
Add Current Month Unbilled kWhs Heating	294,920,596	280,532,463	282,078,422	271,759,641	272,306,395	250,189,343	24,554,051	18,203,926	286,524				54,355,480
Add Current Month Unbilled kWhs Cooling						11,310,979							
Washington Retail kWhs	470,162,889	464,785,917	428,259,069	392,543,251	375,858,580	364,099,902	416,144,957	469,701,041	397,243,950	424,725,157			4,203,524,813
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	354,506,791	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	42,737,159	37,306,450			165,398,881
WA Retail Revenue Credit	\$663,578	\$1,271,935	(\$264,644)	\$142,174	(\$19,661)	(\$427,961)	\$563,923	\$808,852	\$1,371,008	\$1,196,791			\$5,305,996
Net Wind Revenue Credit	\$5,696	\$5,846	\$6,011	\$6,035	\$6,078	\$6,005	\$5,898	\$5,817	\$5,774	\$6,108			\$59,268
Total Revenue Credit	\$669,274	\$1,277,781	(\$258,633)	\$148,209	(\$13,583)	(\$421,956)	\$569,821	\$814,669	\$1,376,782	\$1,202,899	\$0	\$0	\$5,365,264

Schedule 95 Wind Revenue	\$7,856.03	\$8,094.13	\$8,290.50	\$8,324.79	\$8,383.87	\$8,282.74	\$8,135.04	\$8,024.06	\$7,964.46	\$8,425.22			\$81,750.84
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	\$2,316.94	\$0.00	\$0.00	\$22,481.48
0.005 x 55 = 0.275 per Revenue \$													
Net Wind Revenue Credit	\$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	\$0.00	\$0.00	\$59,268.36

Avista Corporation - General Ledger Journal Entry

Print Date: 11-02-2004 02:31 PM

Journal ID: **RJECB** Journal Description: **Enron Contract Buyout Amort** Effective Date: **10-31-2004**

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

Control Amount Total: **46,323.00** Saved By: **Linda Donley** Saved Date: **11-02-2004 2:31:16 PM**

Edit Date: **11-02-2004 2:31:10 PM**

Seq	WO	U Main	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		3,343.00	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	3,343.00	NON-UTILITY REVENUE/INT/DIV INCOME
<i>Interest income accrued</i>										
25	0000	9171	00	FIN	EE		3,343.00	0.00		INTEREST & DIVIDENDS REC
<i>Accrue interest income</i>										
30	0000	9171	00	FIN	EE		0.00	3,343.00		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	1,170.00	0.00	INCOME TAX /PROV DEFERED IT
<i>DFIT expense on Interest Income (Non-Operating)</i>										
45	0000	9283	36	028	EE		9,106.00	0.00		ADFIT-ENRON CONTRACT BUYOUT

Totals: 46,323.00 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 11/2/04
 Date: _____
 Reviewed By: Jani Adams 11/2/04
 Date: _____

Approved For Entry - Corporate
 Accounting Use Only
 Date: _____

Avista Corporation									
Enron Contract Buyout		Weighted cost of debt at 12/31/03 is		8.45%					
Amortization Schedule		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
				<u>DR</u>	<u>CR</u>	<u>DFIT</u>	<u>DFIT</u>	<u>ADFIT</u>	
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)	
Balance	10-31-2004	\$719,852						(251,951)	
								9,106	
Amortization	Nov-04	-29,361							
Net of amortization		690,491							
Average balance		705,172							
Interest (net of tax)	0.0045717	3,224							
Balance	11-30-2004	\$693,715							
Amortization	Dec-04	-29,361							
Net of amortization		664,354							
Average balance		679,035							
Interest (net of tax)	0.0045717	3,104							
Balance	12-31-2004	\$667,458							

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

“Redacted Attachment A”

Avista Corporation
Monthly Power Cost Deferral Report
Month of October 2004

Long-term Power Transaction
(See attached)

AGREEMENT FOR POWER SALE

This AGREEMENT FOR POWER SALE (this "Agreement"), dated July 1, 2004, is entered into by and between Black Creek Hydro, Inc. ("Black Creek Hydro") and Avista Corporation ("Avista"). Each of Black Creek Hydro and Avista is sometimes referred to in this Agreement as "Party"; both of Black Creek Hydro and Avista are sometimes referred to in this Agreement as "Parties".

Recitals

- A. Black Creek Hydro owns and operates a hydroelectric generating project (FERC Project No.6221) in King County, east of the town of Snoqualmie, Washington.
- B. Black Creek Hydro and Avista desire to establish in this Agreement the terms and conditions relating to the sale of the output of the project by Black Creek Hydro to Avista.
- C. Avista and Puget Sound Energy ("PSE") have entered into a separate agreement for the provisions of storage, transmission and associated ancillary services by PSE of the output of the project delivered by Black Creek Hydro to Avista at the Point of Delivery pursuant to this Agreement.
- D. This agreement supersedes an Agreement for Power Sale between Black Creek Hydro and Washington Water Power dated July 23, 1998.
- E. On April 10, 2003, the Black Creek Hydro project was certified as a low impact hydropower facility by the Low Impact Hydropower Institute. This certification means that the facility is considered to be a "qualified alternative resource" under Washington State definition.

Agreement

The Parties, therefore, agree as follows:

Definitions

Whenever used in this Agreement, the following capitalized terms shall have the following respective meanings, unless the particular context clearly requires a different meaning:

- 1.1 "Agreement," "Black Creek Hydro," Avista, "Party," "Parties" and "PSE" have the respective meanings set forth above.
- 1.2 "Contract Year" means the September 1 through August 31 period just proceeding the subsequent Pricing Period.
- 1.3 "Effective Date" means the later of (a) June 30, 2004 as agreed to by the Parties to allow continuation of power sales, or (b) the date by which this Agreement has been approved, accepted for filing or otherwise permitted to become effective by FERC; provided, that if FERC approves this Agreement, accepts this Agreement for filing or otherwise permits this Agreement to become effective with any change or new condition, this Agreement shall not be or become effective unless both of the Parties have agreed in writing, and until the date by which both of the Parties have so agreed, to such change or new condition.
- 1.4 "Excusable Delay" has the meaning set forth in paragraph 3. 1.
- 1.5 "On-Peak" means those hours ending 0700 through 2200 Pacific Prevailing Time, Monday through Sunday, inclusive.

1.6 "Off-Peak" means all hours other than On-Peak hours.

1.7 "Pacific Prevailing Time" means the Pacific Time, either standard or daylight, whichever is in effect at the pertinent time.

1.8 "Point of Delivery" means the point where the Project and PSE's electric system are connected.

1.9 "Pricing Period" means the month of October, following each Contract Year, during which Avista will take deliveries at the Mid-Columbia of power hereunder from PSE storage.

1.10 "Project" means the Black Creek hydroelectric generating facility (FERC Project No.6221), including one generating unit having a net electrical generating capacity of 3.7 megawatts, all as located in King County, east of the town of Snoqualmie, Washington, together with all equipment, facilities, structures, improvements, alterations, modifications, additions and betterments thereof or related thereto.

1.11 "Prudent Electrical Practice" means those practices, methods and acts which:

(a) when engaged in are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, reliability, efficiency and expedition; or

(b) in the exercise of reasonable judgment considering the facts known when engaged in, could have been expected to achieve the desired result consistent with applicable law, safety, reliability, efficiency and expedition.

Prudent Electrical Practice is not limited to the optimum practice, method or act, but rather is a spectrum of possible practices, methods or acts.

1.12 "Avista Indemnities" means Avista, its successors and assigns and the respective directors, officers, employees, agents and representatives of Avista and its successors and assigns.

1.13 "Certified Low Impact Hydropower Facility" means the facility complies with the certification criteria of the Low Impact Hydropower Certification Program administered by the Low Impact Hydropower Institute.

1.14 "Environmental Attributes" mean, with regard to energy generated by the Low Impact Hydropower Facility, any and all fuel, emissions, air quality, or other environmental characteristics, credits, benefits, reductions, offsets, and allowances, howsoever entitled or named, (a) resulting from the purchase, generation or use of renewable resource generation, or the avoidance of the emission of any gas, chemical or other substance to the air, soil or water attributable to such purchase, generation or use, or (b) arising out of any law, rule or regulation.

1.15 "Green Tags" mean any and all Environmental Attributes of electricity generated from a renewable energy source, and all right, title and interest in and to such environmental attributes. One (1) Green Tag represents the Environmental Attributes of one (1) MWh of renewable energy generation.

Purchase and Sale of Energy

2.1 General

Subject to the provisions of this Agreement Avista purchases and shall take from Black Creek Hydro, and Black Creek Hydro sells and shall deliver to Avista, the entire net electrical output of the Project including the Green Tags (i.e., the total output of the Project reduced by any amounts of electric power and energy

used in connection with the operation of the Project) generated by the Project beginning July 1, 2004 through the term of this Agreement. Black Creek Hydro shall deliver the entire net electrical output of the Project to Avista at the Point of Delivery.

2.2 Purchase Price

[REDACTED]

The sum paid by Avista shall be expressed mathematically as follows:

[REDACTED]

Rates to be paid by Avista for energy delivered by Black Creek Hydro shall not exceed [REDACTED] during any pricing period.

2.3 Payment

The amount payable in accordance with paragraph 2.2 for the electrical output delivered from the Project during each Contract Year shall be invoiced by Black Creek Hydro no earlier than November 5th following the end of the subsequent Pricing Period, and Avista shall make payment no later than ten (10) days after receiving the invoice. Each such payment shall be made by electronic wire transfer of immediately available funds into such account as Black Creek Hydro may designate in writing to Avista from time to time for such purpose, in accordance with Paragraph 5.1.

2.4 Metering

All energy delivered to Avista under this Agreement shall be measured by meters to be owned, installed, operated and maintained by Black Creek Hydro at the Project site. Black Creek Hydro shall, within twenty (20) days following the end of each calendar quarter during the term of this Agreement, provide to Avista a written report of the amount (in kilowatt-hours) of the output of the Project actually delivered to the Point of Delivery during the preceding calendar quarter.

Limitations of Liability, Insurance

3.1 Excusable Delay

Neither Party shall be liable under this Agreement for, or be considered to be in breach of or default under this Agreement on account of, any delay in or failure of performance, or any delay or failure to deliver, receive or accept delivery of energy, due to any of the following events:

(a) any cause or condition beyond such Party's reasonable control which such Party is unable to overcome by the exercise of reasonable diligence (such causes or conditions include but are not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act of civil, military or governmental authority; strike, lockout and other labor dispute; riot, insurrection, sabotage and war; breakdown of or damage to facilities or equipment; electrical disturbance originating in or transmitted through such Party's electric system (which term, for purposes of this Agreement, also refers to the Project) or any electric system with which such Party's electric system is interconnected; and, act or omission of any person or entity other than such Party and such Party's contractors or suppliers of any tier or anyone acting on behalf of such Party); or

(b) any action taken by such Party which is, in the sole judgment of such Party, necessary or prudent to protect the operation, performance, integrity, reliability or stability of such Party's electric system or any electric system with which such Party's electric system is interconnected, whether such action occurs automatically or manually.

Any such delay or failure is referred to in this Agreement as an "Excusable Delay"; provided, however, that "Excusable Delay" shall specifically exclude any such delay or failure resulting from (i) normal business occurrences, including, but not limited to, any change in business economic cycles, recession, bankruptcy, any change in tax law, sale of business, closure of business, any change in production level or (ii) inability to make any payment pursuant to any provision of this Agreement, including, without limitation, paragraphs 2.1, 2.2 and 2.4.

In the event of any Excusable Delay, the time for performance thereby delayed shall, subject to the terms of paragraphs 4.1 and 4.2, be extended by a period of time reasonably necessary to compensate for such delay. Avista shall not be obligated pursuant to this Agreement to pay for any of the output of the Project which, as a result of an Excusable Delay, is not delivered to Avista pursuant to this Agreement. Nothing contained in this paragraph 3.1 shall require any Party to settle any strike, lockout or other labor dispute. Each Party shall give the other Party prompt written notice of any delay which the Party giving notice considers to be an Excusable Delay of its performance; provided, that in any event shall be given within seven (7) days following the occurrence of any event, cause or condition giving rise to an Excusable Delay. Such notice shall include a particular description of the event, cause or condition giving rise to the purported Excusable Delay, the projected duration of the Excusable Delay and assurances that suspension of performance is of no greater scope and of no longer duration than is required by such event, cause or condition and that reasonable best efforts are being used to remedy or overcome such event cause or condition.

3.2 Indemnification by Black Creek Hydro

3.2.1 Black Creek Hydro shall indemnify, defend and hold harmless each of the Avista Indemnitities from and against any and all losses, expenses, liabilities, claims or actions, based upon or arising out of any bodily injuries or damages to persons (including, without limitation, death resulting therefrom) or physical damages to or losses of property caused by, arising out of or sustained in connection with the construction, operation or maintenance of the Project.

3.2.2 TO THE EXTENT PERMITTED BY APPLICABLE LAW, BLACK CREEK HYDRO WAIVES ANY IMMUNITY UNDER EXISTING WORKERS COMPENSATION LAW APPLICABLE TO THE JURISDICTION WHERE THE PROJECT IS LOCATED AS NECESSARY TO INDEMNIFY AND HOLD HARMLESS AVISTA TO THE EXTENT SET FORTH IN PARAGRAPH 3.2.1

3.2.3 BLACK CREEK HYDRO SPECIFICALLY WARRANTS

THAT THE TERMS AND CONDITIONS OF THE FOREGOING INDEMNITY PROVISIONS ARE THE SUBJECT OF MUTUAL NEGOTIATION BY THE PARTIES, AND ARE SPECIFICALLY AND EXPRESSLY AGREED TO IN CONSIDERATION OF THE MUTUAL BENEFITS DERIVED BY THE PARTIES FROM THIS AGREEMENT.

3.2.4 Black Creek shall obtain and maintain commercial liability insurance in a form satisfactory to Avista with a single limit of coverage of not less than \$2,000,000 for each occurrence. Such insurance shall be primary to any other insurance, and Avista shall be named as an additional insured on all such policies. Certificate of such insurance shall be provided to Avista.

Term Cancellation, Etc

4.1 Term

The term of this Agreement shall commence at 2400 hours on the Effective Date and shall continue until this Agreement is terminated or canceled in accordance with its terms. Either Party shall have the right to terminate this Agreement by delivering to the other Party written notice of such termination at least one hundred ten (110) days prior to such termination. Termination of this Agreement shall be effective upon such other Party's receipt of notice of termination pursuant to this subparagraph 4. 1. In no event shall either Party incur any liability (whether for lost revenues or lost profits or otherwise) as a result of any termination of this Agreement pursuant to this paragraph 4. 1. Notwithstanding any of the foregoing, this Agreement shall terminate at 2400 hours on August 31, 2009.

4.2 Cancellation

If either Party is at any time in material breach of or default under this Agreement (the "Defaulting Party"), the other Party (the "Canceling Party") shall have the right to cancel this Agreement by giving the Defaulting Party written notice of such cancellation. Such cancellation of this Agreement shall be effective upon the Defaulting Party's receipt of such notice of such cancellation pursuant to this subparagraph 4.2 For purposes of this subparagraph 4.2, a Party shall be deemed to be in material breach of or default under this Agreement if such Party:

- (a) fails to cure any material breach of or default under this Agreement by such Party prior to the later of (1) the expiration of sixty (60) days after the Canceling Party gives the Defaulting Party written notice of the breach or default and (2) the date upon which the Canceling Party gives the Defaulting Party written notice of cancellation; provided that, without limiting the generality of paragraph 4.3, either Party's right to cancel this Agreement pursuant to this subparagraph 4.2(a) is in addition to, and shall not preclude the exercise of, any other rights and remedies provided under this Agreement or at law or in equity;
- (b) is unable to meet its obligations as they become due or such Party's liabilities exceed its assets;
- (c) makes a general assignment of substantially all of its assets for the benefit of its creditors, files a petition for bankruptcy or reorganization or seeks other relief under any applicable insolvency laws;
- (d) has filed against it a petition for bankruptcy, reorganization or other relief under any applicable insolvency laws and such petition is not dismissed within sixty (60) days after it is filed;
- (e) suspends, dissolves or winds up its business; or

(f) fails to overcome or remedy, within one hundred twenty days following the commencement of any Excusable Delay, any condition that gave rise to such Excusable Delay.

In no event shall either Party incur any liability (whether for lost revenues or lost profits or otherwise) as a result of any cancellation of this Agreement pursuant to this paragraph 4.2.

4.3 Rights and Remedies Cumulative

All rights and remedies of either Party under this Agreement and at law and in equity shall be cumulative and not mutually exclusive and the exercise of one right or remedy shall not be deemed a waiver of any other right or remedy. Nothing contained in any provision of this Agreement shall be construed to limit or exclude any right or remedy of either Party (arising on account of the breach or default by the other Party or otherwise) now or hereafter existing under any other provision of this Agreement, at law upon equity.

Miscellaneous

5.1 Notices

Except as may be expressly provided otherwise in this Agreement, any notice, request, authorization, direction, or other communication under this Agreement shall be given in writing and shall be delivered in person or by first-class U.S. mail (stamped with the required postage), properly addressed to the intended recipient as follows:

If to Black Creek Hydro:
Black Creek Hydro, Inc.
6905 South 228th St.
MS- SKC-CAV
Kent, Washington 98032
Attention: Michael Richardson

If to Avista:
Avista Corporation East 1411 Mission P.O. Box 3727
Spokane, Washington 99220
Attention: Manager, Resource Optimization

Either Party may change its address specified above by giving the other Party notice of such change in accordance with this paragraph 5. 1.

5.2 Governmental Authority

This Agreement is subject to the rules, regulations, orders and other requirements, now or hereafter in effect, of all governmental authorities having jurisdiction over the Project, this Agreement, the Parties or either of them. All laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental authorities that are required to be incorporated in agreements of this character are by this reference incorporated in this Agreement.

5.3 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties. Further, neither Party shall have any right, power or authority to enter into any agreement or undertaking for or on behalf of, to act as or be an agent or representative of, or to otherwise bind, the other Party.

5.4 Nonwaiver

No failure or delay of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any other right under this Agreement, and no course of dealing or performance with respect thereto, shall be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect. The express waiver by either Party of any right or remedy under this Agreement in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance.

5.5 Survival

Paragraph 2.3, Section 3 and all other provisions of this Agreement which may reasonably be interpreted or construed as surviving the completion, termination or cancellation of this Agreement, shall survive the completion, termination or cancellation of this Agreement.

5.6 Entire Agreement

This Agreement sets forth the entire agreement, and supersedes any and all prior agreements (whether written or oral) of the Parties with respect to the subject matters hereof.

5.7 Successors and Assigns

No sale, assignment, conveyance, encumbrance or other transfer by either Party of any of its rights, titles and interests in, to or under this Agreement shall to any extent relieve such Party of, or release such Party from, any of its obligations under this Agreement. Subject to the foregoing restrictions, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, assigns and legal representatives.

5.8 No Unspecified Third-Party Beneficiaries

Except as specifically provided with respect to the Avista Indentees in paragraph 3.2, there are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns and legal representatives, and the third-party beneficiaries specifically identified in this Agreement.

5.9 Amendment

No change, amendment or modification of any provision of this Agreement or any exhibit to this Agreement shall be valid unless set forth hereafter in a written amendment to this Agreement or such exhibit signed by both Parties.

5.10 Implementation

Each Party shall take such action (including, but not limited to, the execution acknowledgment, and delivery of documents) as may reasonably be requested by the other Party for the implementation or continuing performance of this agreement.

5.11 Invalid Provision

The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

5.12 Applicable Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington (without reference to rules governing conflict of laws), except to the extent such laws may be preempted by laws of the United States of America.

Avista Corporation

By: Scott M

Title: Senior Vice President

Date Signed: 9-17-04

Black Creek Hydro, Inc.

By: Rob Ruhl

Title: President

Date Signed: 10/1/04