

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



Corp.

April 19, 2005

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report  
For the Month of March 2005

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of March 2005. 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 \$2,238,349. However, no deferral entry was recorded as the entire amount was applied toward the \$9 million deadband for 2005. The deadband has a debit balance at the end of March in the amount of \$227,307.

Actual power supply expenses were higher than authorized due primarily to lower than authorized hydro generation. Hydro generation was 108 aMW below the authorized level.

Due to Avista's acquisition of the second half of Coyote Springs 2 the plant generated 145 aMW above the authorized level of 103 aMW. Other gas-fired resources generated 9 aMW below the authorized level due to economics. Colstrip generated 19 aMW below the authorized level, and Kettle Falls generated 32 aMW above the authorized level. Both thermal fuel expense and natural gas fuel expense were above the authorized level. Washington retail sales were 2 aMW below 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

RECORDED  
05 APR 20 11:19:46  
OFFICE OF THE  
CLERK OF THE  
WASHINGTON  
UTILITY BOARD

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

MONTH OF MARCH 2005

**Avista Corporation Journal Entry**

Journal: 481-WA ERM (DJ) Effective Date: 200503

Sponsor: Resource Accounting

Tran Type: C

Bal. Cd.: Last Saved by: Lori Hamilton Saved Date: 04/06/2005 3:48 pm

Submitted by: Tami Judge

<u>Seq</u>	<u>Co.</u>	<u>FERC</u>	<u>Ser.</u>	<u>Jur.</u>	<u>S.L.</u>	<u>Debit</u>	<u>Credit</u>	<u>Comment</u>
10	001	557290	ED	WA	DL	2,274,763.00		WA ERM surcharge amortization
20	001	182350	ED	WA	DL		2,274,763.00	WA ERM authorized for recovery
30	001	557280	ED	WA	DL	0.00		WA ERM current month deferral
40	001	186280	ED	WA	DL	0.00		WA ERM current year deferral
50	001	182350	ED	WA	DL	430,498.00		Accrue interest on deferral balance authorized for recovery
60	001	186280	ED	WA	DL	0.00		Accrue interest on current year deferral balance
70	001	186290	ED	WA	DL	48,338.00		Accrue interest on previous year deferral balance
80	001	419000	ZZ	ZZ	DL		478,836.00	Non-utility interest income
90	001	410100	ED	WA	DL		796,167.00	DFIT entry for power supply deferral and surcharge amortization
100	001	410200	ZZ	ZZ	DL	150,674.00		Non -op DFIT entry for interest income
110	001	283280	ED	WA	DL	645,493.00		ADFIT WA ERM current and prior years
120	001	186010	ED	WA	DL	2,238,349.00		Track YTD company band accumulation
130	001	186020	ED	WA	DL		2,238,349.00	Contra account for YTD company band accumulation
140	001	182350	ED	WA	DL	0.00		Transfer ERM balance deemed prudent
150	001	186290	ED	WA	DL	0.00		Clear ERM balance for previous year
<b>TOTALS:</b>						<b>5,788,115.00</b>	<b>5,788,115.00</b>	

**Avista Corporation Journal Entry**

Effective Date: 200503

Journal: 481-WA ERM (DJ)

Sponsor: Resource Accounting

Tran Type: C

Bal. Cd.:

Last Saved by: Lori Hamilton

Saved Date: 04/06/2005 3:48 pm

Submitted by: Tami Judge

**Explanation:**

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

<u>L. Hamilton</u>	<u>4/6/05</u>
Prepared by Tami Judge LTH	Date
<u>Tami Judge</u>	<u>4/6/05</u>
Reviewed by	Date

Approved for Entry  
Corporate Accounting use Only

Detail Balances (AVA CORP) - DD1:186280.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		10,777,698.00	
200501	USD	-10,777,698.00		0.00	
200502	USD	0.00		0.00	
200503	USD	0.00		0.00	

Journal Details

Summary Balances

**ERM Deferral Balance (Current Year - 2005)**

**Account 186280.ED.WA**

	<u>Amount</u>	<u>Journal ID</u>
Balance 2/28/05	\$0.00	
Deferral	0.00	481 - WA ERM
Balance 3/31/05	<u>\$0.00</u>	

Detail Balances (AVA CORP) - 001 186290.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		0.00	
200501	USD	10,826,036.00		10,826,036.00	
200502	USD	48,338.00		10,874,374.00	
200503	USD	48,338.00		10,922,712.00	

Journal Details

Summary Balances

**ERM Deferral Balance (Prior year - 2004)**

**Account 186290.ED.WA**

	<u>Amount</u>	<u>Journal ID</u>
Balance 2/28/05	\$10,874,374.00	
Interest	48,338.00	481 - WA ERM
Balance 3/31/05	\$10,922,712.00	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		102,429,966.65	
200501	USD	-2,232,784.00		100,197,182.65	
200502	USD	-2,178,815.00		98,018,367.65	
200503	USD	-1,844,265.00		96,174,102.65	

Journal Details

Summary Balances

**Recoverable Deferral Balance**  
**Account 182350.ED.WA**  
 Balance 2/28/05  
 Amortization  
 Interest  
 Balance 3/31/05

Amount	Journal ID
\$98,018,367.65	
-2,274,763.00	481 - WA ERM
430,498.00	481 - WA ERM
<u>\$96,174,102.65</u>	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		667,458.00	
200501	USD	-26,403.00		641,055.00	
200502	USD	-26,522.00		614,533.00	
200503	USD	-26,641.00		587,892.00	

Journal Details

Summary Balances

<b>Contract Buyout Deferral Balance</b>		
<b>Account 182360.ED.WA</b>		
Balance 2/28/05	Amount	Journal ID
	\$614,533.00	
Amortization*	-\$29,331.00	485 - ECB AMORT
Interest	2,690.00	485 - ECB AMORT
Balance 3/31/05	<u>\$587,892.00</u>	

\*Amount grossed-up from 90% to 100% for ERM deferral calculations \$32,590



Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		9,000,000.00	
200501	USD	-9,031,191.00		-31,191.00	
200502	USD	-1,979,851.00		-2,011,042.00	
200503	USD	2,238,349.00		227,307.00	

Journal Details

Summary Balances

**ERM Deadband**  
Account 186010.ED.WA  
 Balance 2/28/05  
 2005 deadband accumulation  
 Balance 3/31/05

<u>Amount</u>	<u>Journal ID</u>
-\$2,011,042.00	
2,238,349.00	481 - WA ERM
<u>\$227,307.00</u>	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		-9,000,000.00	
200501	USD	9,031,191.00		31,191.00	
200502	USD	1,979,851.00		2,011,042.00	
200503	USD	-2,238,349.00		-227,307.00	

Journal Details

Summary Balances

**ERM Deadband Contra Account**

**Account 186020.ED.WA**

Balance 2/28/05  
 2005 deadband contra entry  
 Balance 3/31/05

<u>Amount</u>	<u>Journal ID</u>
\$2,011,042.00	
-2,238,349.00	481 - WA ERM
<u>-\$227,307.00</u>	

Detail Balances (AWA CORP) - 001.283280.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		-39,622,681.00	
200501	USD	764,561.00		-38,858,120.00	
200502	USD	745,661.00		-38,112,459.00	
200503	USD	645,493.00		-37,466,966.00	

Journal Details

Summary Balances

**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	\$0.00
Account 186290.ED.WA balance	10,922,712.00
Account 182350.ED.WA balance	96,174,102.65
Total	<u>\$107,096,814.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$37,483,885</u>
DFIT on \$48,338 of interest not recorded	16,918 (Will be corrected in April 2005)
Rounding	1
Balance in account	<u>-\$37,466,966</u>

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200413	USD	0.00		-233,613.00	
200501	USD	9,241.00		-224,372.00	
200502	USD	9,283.00		-215,089.00	
200503	USD	9,324.00		-205,765.00	

Journal Details

Summary Balances

**DFIT Associated with Contract Buyout Deferral**  
**Account 283360.ED.WA**

Account 182360.ED.WA balance	\$587,892.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-\$205,762
Rounding	-3
Balance in account	-\$205,765

<b>Changes Semiannually on January 1 and July 1 Beginning 7/1/02</b>							
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 12/31/04 is 8.28%.				Actual cost of debt at 6/30/04 is 8.44%			
The monthly rate is:				The monthly rate is:-			
0.00690 Before Tax				0.00703 Before Tax			
0.0044850 After Tax				0.0045695 After Tax			
0.35 Tax rate				0.35 Tax rate			
<b>Account 182350</b>		<b>2005 Interest</b>					
12-31-2004	GL Balance including interest	102,429,967		Jan-05	DFIT Expense		ADFIT
Jan-05	Surcharge Amortization	(2,686,159)		Amortization	(940,160)	Operating	940,160
Jan-05	Interest		453,375	Interest	158,681	Nonoperating	(158,681)
01-31-2005	Balance before interest	99,743,808			(781,479)	Total	781,479
				Feb-05	DFIT Expense		ADFIT
Feb-05	Surcharge Amortization	(2,620,290)		Amortization	(917,095)	Operating	917,095
Feb-05	Interest		441,475	Interest	154,516	Nonoperating	(154,516)
02-28-2005	Balance before interest	97,123,518			(762,579)	Total	762,579
				Mar-05	DFIT Expense		ADFIT
Mar-05	Surcharge Amortization	(2,274,763)		Amortization	(796,167)	Operating	796,167
Mar-05	Interest		430,498	Interest	150,674	Nonoperating	(150,674)
03-31-2005	Balance before interest	94,848,755			(645,493)	Total	645,493
				GL Balance	Activity	GL Balance	
				02-28-2005	Mar-05	03-31-2005	
	Net ERM Balance	96,174,103		98,018,368	(1,844,265)	96,174,103	
	ADFIT Balance	(33,660,936)					

Changes Semiannually on January 1 and July 1 Beginning 7/1/02					
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Actual cost of debt at 12/31/04 is 8.28%.			Actual cost of debt at 6/30/04 is 8.44%		
The monthly rate is:		0.00690 Before Tax	The monthly rate is:-	0.00793 Before Tax	
		0.0044850 After Tax		0.0045695 After Tax	
		0.35 Tax rate		0.35 Tax rate	
<b>Account 186290</b>		<b>2005 Interest</b>			
12-31-2004	GL Balance including interest	0			
12-31-2004	Transfer from 916628	\$10,777,698.00			
01-01-2005	GL Balance including interest	\$10,777,698.00		<u>Jan-05</u>	<u>DFIT Expense</u>
Jan-05	ERM Transfer to 182350	0		Deferral	0 Operating
Jan-05	Interest		48,338	Interest	16,918 Nonoperating
01-31-2005	Balance before interest	10,777,698			16,918 Total (16,918)
				<u>Feb-05</u>	<u>DFIT Expense</u>
Feb-05	ERM Transfer to 182350	0		Deferral	0 Operating
Feb-05	Interest		48,338	Interest	16,918 Nonoperating
02-28-2005	Balance before interest	10,777,698			16,918 Total (16,918)
				<u>Mar-05</u>	<u>DFIT Expense</u>
Mar-05	ERM Transfer to 182350	0		Deferral	0 Operating
Mar-05	Interest		48,338	Interest	16,918 Nonoperating
03-31-2005	Balance before interest	10,777,698			16,918 Total (16,918)
	<b>Net ERM Balance</b>	<b>10,922,712</b>		<b>GL Balance</b>	<b>Activity</b>
				<b>02-28-05</b>	<b>Mar-05</b>
	<b>ADFIT Balance</b>	<b>(3,822,949)</b>		<b>10,874,374.00</b>	<b>48,338.00</b>
					<b>03-31-05</b>
					<b>10,922,712.00</b>

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.							
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The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.							
Interest will be accrued monthly and compounded semi-annually.							
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Actual cost of debt at 12/31/04 is 8.28%.				Actual cost of debt at 6/30/04 is 8.44%			
The monthly rate is:				0.00690 Before Tax		The monthly rate is:-	
				0.0044850 After Tax		0.00703 Before Tax	
				0.35 Tax rate		0.0045695 After Tax	
						0.35 Tax rate	
<b>Account 186280</b>			<b>2005 Interest</b>				
12-31-2004	GL Balance including interest	\$10,777,698.00					
01-01-2005	GL Balance	(\$10,777,698.00)	Transfer to 186290				
01-01-2005	GL Balance	0					
				<u>Jan-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Jan-05	ERM Deferral	0		Deferral	0	Operating	0
Jan-05	Interest	0	0	Interest	0	Nonoperating	0
01-31-2005	Balance before interest	0			0	Total	0
				<u>Feb-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Feb-05	ERM Deferral	0		Deferral	0	Operating	0
Feb-05	Interest	0	0	Interest	0	Nonoperating	0
02-28-2005	Balance before interest	0			0	Total	0
				<u>Mar-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Mar-05	ERM Deferral	0		Deferral	0	Operating	0
Mar-05	Interest	0	0	Interest	0	Nonoperating	0
03-31-2005	Balance before interest	0			0	Total	0
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>	
	<b>Net ERM Balance</b>	0		<u>02-28-05</u>	<u>Mar-05</u>	<u>03-31-05</u>	
				0	0	0	
	<b>ADFIT Balance</b>	0					





			YTD	YTD		
			WA ERM	WA ERM		
			Company	Contra		Total
			Band	Account		GL
			186010	186020		Impact
12-31-2004	Balance		\$9,000,000	(\$9,000,000)		\$0
	2004 Requirement	\$9,000,000				
Jan-05	Reverse 2004		(\$9,000,000)	\$9,000,000		\$0
Jan-05	Activity		(\$31,191)	\$31,191		
01-31-2005	Balance		(\$31,191)	\$31,191		\$0
Feb-05	Activity		(\$1,979,851)	\$1,979,851		
02-28-2005	Balance		(\$2,011,042)	\$2,011,042	✓	\$0
Mar-05	Activity		\$2,238,349	(\$2,238,349)	✓	
03-31-2005	Balance		\$227,307	(\$227,307)		\$0

AVISTA CORPORATION  
 MARCH 2005 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule	Sch 1 Block Percent (a)	kWh or \$ (b)	Surcharge Rate On/After 1-Jul-02 (d)	Revenue (e) (c)*(d)	Conversion Factor (f)	Deferral Amortization (g) (e)*(f)
1 (0-600 kWh)	49.768%	101,345,208	0.405¢	\$410,448	0.956277	\$392,502
1 (601-1300 kWh)	30.855%	62,831,667	0.607¢	381,388	0.956277	364,713
1 (over 1300 kWh)	19.377%	39,458,409	0.853¢	336,580	0.956277	321,864
Total Sch 1	100.000%	203,635,284		1,128,416		1,079,079
11		29,209,270	0.788¢	230,169	0.956277	220,105
12		3,762,729	0.788¢	29,650	0.956277	28,354
21		121,727,516	0.549¢	668,284	0.956277	639,065
22		2,812,372	0.549¢	15,440	0.956277	14,765
25		71,595,938	0.352¢	252,018	0.956277	240,999
30		241,240	0.485¢	1,170	0.956277	1,119
31		3,491,467	0.485¢	16,934	0.956277	16,194
32		223,879	0.485¢	1,086	0.956277	1,039
41-46		\$263,413	109.78%	23,467	0.956277	22,441
47		\$80,722	109.78%	7,191	0.956277	6,877
48		\$55,478	109.78%	4,942	0.956277	4,726
Schedule Totals		436,699,695		\$2,378,767		\$2,274,763 Amortization
kWh not subject to surcharge						-35%
Schedule 28		34,740				(\$796,167)-DFIT Expense
Sch 41-48		2,266,067				
Total kWh		439,000,502				

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200503 , State Code : WA**

Accounting Period: 200503   State Code: WA
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	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
Rate Schedule Num						
001	188,681	203,635,284	11,808,580	188,690	695,219,395	40,669,533
011	18,308	29,209,270	2,554,992	18,318	94,008,646	8,196,119
012	6,770	3,762,729	335,549	6,769	12,490,810	1,101,473
021	3,293	121,727,516	8,069,570	3,284	377,322,773	24,765,442
022	71	2,812,372	169,586	68	9,150,241	547,923
025	22	71,595,938	3,069,464	21	223,108,219	9,541,396
028	1	34,740	17,573	0	34,740	47,831
030	40	241,240	12,278	39	247,540	13,052
031	1,030	3,491,467	211,368	1,028	10,768,111	657,701
032	1,077	223,879	19,305	1,076	628,024	55,952
041	12	16,056	2,727	12	48,168	8,181
042	213	1,048,696	238,480	214	3,145,125	715,185
044	13	21,600	1,890	13	64,800	5,670
045	7	182,793	8,006	7	546,627	23,915
046	16	173,685	12,310	16	521,055	36,930
047	0	506,695	80,722	0	1,523,453	242,595
048	0	316,542	55,478	0	950,456	166,587
058	0	0	870,036	0	0	2,889,203
058A	0	0	-6,835	0	0	-22,911

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200503 , State Code : WA**

Accounting Period: 200503   State Code: WA
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	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
090	0	0	4	0	0	12
095	0	0	10,004	0	0	29,771
099	0	0	48,678	0	0	144,490
Total WA	219,554	439,000,502	27,589,764	219,554	1,429,778,183	89,836,049
Total WA	219,554	439,000,502	27,589,764	219,554	1,429,778,183	89,836,049

Avista Utilities  
 WASHINGTON POWER COST DEFERRALS

Line No.	WASHINGTON ACTUALS-2005	Actual Jan-05	Actual Feb-05	Actual Mar-05	Actual Apr-05	Actual May-05	Actual Jun-05	Actual Jul-05	Actual Aug-05	Actual Sep-05	Actual Oct-05	Actual Nov-05	Actual Dec-05
1	555 Purchased Power	\$54,783,341	\$16,986,804	\$15,444,404	\$22,952,133	\$	\$	\$	\$	\$	\$	\$	\$
2	501 Thermal Fuel	\$5,242,251	\$1,705,350	\$1,631,062	\$1,905,839	\$	\$	\$	\$	\$	\$	\$	\$
3	547 CT Fuel	\$17,227,576	\$3,103,807	\$6,421,318	\$7,702,451	\$	\$	\$	\$	\$	\$	\$	\$
4	447 Sale for Resale	\$40,953,630	\$8,099,204	\$14,359,641	\$18,494,785	\$	\$	\$	\$	\$	\$	\$	\$
5.	Actual Net Expense	\$36,299,538	\$13,696,757	\$9,197,143	\$13,465,638	\$	\$	\$	\$	\$	\$	\$	\$
6	Politch 25 aMW directly assigned to ID	(\$1,746,900)	\$(601,710)	\$(543,480)	\$(601,710)	\$	\$	\$	\$	\$	\$	\$	\$
7	Politch 62 aMW directly assigned to ID	(\$5,271,133)	\$(1,984,277)	\$(1,807,447)	\$(1,479,409)	\$	\$	\$	\$	\$	\$	\$	\$
8	Adjusted Actual Net Expense	\$29,281,505	\$11,110,770	\$6,786,216	\$11,384,519	\$	\$	\$	\$	\$	\$	\$	\$
<b>AUTHORIZED NET EXPENSE-SYSTEM</b>													
9	555 Purchased Power	\$68,370,477	\$7,820,601	\$6,873,178	\$6,877,530	\$1,220,238	\$781,522	\$5,416,130	\$7,510,269	\$6,079,663	\$6,429,357	\$8,215,787	\$8,175,700
10	501 Thermal Fuel	\$15,777,429	\$1,497,543	\$1,328,377	\$1,193,467	\$566,463	\$1,103,034	\$1,501,955	\$1,550,936	\$1,519,166	\$1,449,825	\$1,289,090	\$1,455,980
11	547 CT Fuel	\$30,931,880	\$3,209,570	\$2,713,553	\$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	\$5,227,898	\$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	\$(323,266)	\$(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	\$5,226,348	\$1,978,872	\$(518,223)	\$3,765,699	\$	\$	\$	\$	\$	\$	\$	\$
15	Net Fuel Expense not incl in Acct 547 (1)	\$(1,062,347)	\$(456,235)	\$(91,865)	\$(514,247)	\$	\$	\$	\$	\$	\$	\$	\$
16	Adjusted Actual - Authorized Net Exp	\$4,164,001	\$1,522,637	\$(610,088)	\$3,251,452	\$	\$	\$	\$	\$	\$	\$	\$
17	Washington Alloc. @ 66.29%	\$2,760,317	\$1,009,356	\$(404,427)	\$2,155,388	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Enron Contract Buyout 100%	\$97,770	\$32,590	\$32,590	\$32,590	\$	\$	\$	\$	\$	\$	\$	\$
19	WA Retail Revenue Adjustment	\$(2,630,780)	\$(1,073,137)	\$(1,608,014)	\$50,371	\$	\$	\$	\$	\$	\$	\$	\$
20	Net Power Cost Increase (Decrease)	\$227,307	\$(31,191)	\$(1,979,851)	\$2,238,349	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

Line No.	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL 2005
<b>555 PURCHASED POWER</b>													
1	8,399,639	7,543,655	15,866,660										31,809,954
2	163,242	163,242	163,242										489,726
3	106,273	83,621	71,811										261,705
4	273,832	273,832	273,832										821,496
5	98,106	98,106	98,106										294,318
6	343	467	406										1,216
7	116,157	104,037	101,833										322,027
8	348,383	342,360	175,976										866,719
9	2,961,151	2,675,699	1,461,911										7,098,761
10	16,881	38,114	(2,459)										52,536
11	567,300	512,400	567,300										1,647,000
12	1,041,600	940,800	1,041,600										3,024,000
13	590,550	533,400	590,550										1,714,500
14	117,591	114,136	128,148										359,875
15	1,984,277	1,807,447	1,479,409										5,271,133
16	90,000	112,500	112,500										315,000
17	108,571	97,729	218,388										424,688
18	2,908	2,959	2,920										8,687
19	16,986,804	15,444,404	22,352,133	0	0	0	0	0	0	0	0	0	54,783,341
<b>447 SALES FOR RESALE</b>													
20	7,575,690	13,999,009	18,042,542										39,617,241
21	150,000	150,000	150,000										450,000
22	62,464	8,619	6,156										77,239
23	61,750	31,772	64,477										157,999
24	197,530	172,414	232,356										602,300
25	52,912	0	0										52,912
26	(4,050)	(5,032)	(3,666)										(12,748)
26	2,908	2,859	2,920										8,687
27	8,099,204	14,359,641	18,494,785										40,953,630

(1) Effective November, 2004, WNP-3 purchase expense has been adjusted to reflect the mid-point price (\$34.79/MWh for the 2004-05 contract year) per Settlement Agreement, Cause No. U-86-99

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION  
\$  
ACTUALS

Line No.	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL 2005
<u>501 FUEL-DOLLARS</u>													
28	wood	801,206	816,446	906,506									2,524,158
29	coal	884,025	804,280	994,367									2,682,672
30	Total Coal & Wood	1,685,231	1,620,726	1,900,873									5,206,830
31	gas	4,561	395	347									5,303
32	oil	15,558	9,941	4,619									30,118
33	Total Oil & Gas	20,119	10,336	4,966									35,421
34	Total Account 501	1,705,350	1,631,062	1,905,839									5,242,251
<u>501 FUEL-TONS</u>													
35	Kettle Falls	52,249	52,877	58,704									163,830
36	Colstrip	101,200	86,770	84,290									272,260
<u>501 FUEL-COST PER TON</u>													
37	wood \$	15.33	15.44	15.44	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	15.41
38	coal \$	8.74	9.27	11.80	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	9.85
<u>547 FUEL</u>													
39	NE Combustion Turbine Gas/Oil	484	2,078										2,562
40	Boulder Park	158,343	30,746	17,098									206,187
41	Kettle Falls CT	48,994	20,302	3,048									72,344
42	Coyote Springs2	2,855,500	6,327,750	7,642,386									16,825,636
43	Rathdrum Gas Storage Fee	40,000	40,000	40,000									120,000
44	Rathdrum Fuel Exp	486	442	(81)									847
45	Total Account 547	3,103,807	6,421,318	7,702,451									17,227,576
46	TOTAL NET EXPENSE	13,696,757	9,137,143	13,465,638	0								36,299,538

AVISTA UTILITIES  
 Washington Electric Jurisdiction  
 Energy Recovery Mechanism Revenue Credit  
 Month of March 2005

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	498,283,686	492,493,995	439,000,502										1,429,778,183
Deduct Prior Month Unbilled kWhs Heating	(336,802,948)	(321,228,105)	(303,770,568)										(961,801,621)
Deduct Prior Month Unbilled kWhs Cooling													
Add Current Month Unbilled kWhs Heating	321,228,105	303,770,568	299,482,363										924,481,036
Add Current Month Unbilled kWhs Cooling													
Washington Retail kWhs	482,708,843	475,036,458	434,712,297										1,392,457,598
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 in Docket No. UE-071595													
Difference from Test Year	33,230,939	49,899,391	(1,796,261)										81,334,069
WA Retail Revenue Credit	\$1,066,049	\$1,600,772	(\$57,624)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,609,197
Net Wind Revenue Credit	\$7,088	\$7,242	\$7,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,583
<b>Total Revenue Credit</b>	<b>\$1,073,137</b>	<b>\$1,608,014</b>	<b>(\$50,371)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,630,780</b>

Schedule 95 Wind Revenue	\$9,776.86	\$9,989.46	\$10,004.40										\$29,770.72
Deduct Admin Expense	\$2,688.64	\$2,747.10	\$2,751.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,186.95
0.005 x 55 = 0.275 per Revenue \$													
Net Wind Revenue Credit	\$7,088.22	\$7,242.36	\$7,253.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21,583.77



**Avista Corporation Journal Entry**

Journal: 485-ECB AMORT (DJ)  
 Sponsor: Resource Accounting  
 Tran Type: C  
 Bal. Cd.:

Effective Date: 200503

Last Saved by: Lori Hamilton  
 Submitted by: Tami Judge  
 Saved Date: 03/30/2005 8:53 am

Seq	Co.	FERC	Ser.	Jur.	S.L.	Debit	Credit	Comment
10	001	557162	ED	WA	DL	29,331.00		Amortization expense
20	001	182360	ED	WA	DL		29,331.00	Amortization for WA ERM
30	001	182360	ED	WA	DL	2,690.00		Accrue interest on unamortized balance for future recovery
40	001	419000	ZZ	ZZ	DL		2,690.00	Interest income accrued
50	001	410100	ED	WA	DL		10,266.00	DFIT expense on amortization (operating)
60	001	410200	ZZ	ZZ	DL	942.00		DFIT expense on amortization (non-operating)
70	001	283360	ED	WA	DL	9,324.00		ADFIT ECB
<b>TOTALS:</b>						<b>42,287.00</b>	<b>42,287.00</b>	

**Explanation:**

The WA ERM Settlement created a regulatory asset to be recovered over the 3 year period of the original purchased power contract (2004-2006). As the contract buyout expense is amortized it will become part of the monthly ERM calculation.

*LTH*  
 Prepared by Tami Judge LTH  
 Date 3/31/05

*Tami Judge*  
 Reviewed by  
 Date 3/31/05

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

Avista Corporation		Enron Contract Buyout		Amortization Schedule		January 2005 - December 2006		Weighted cost of debt at 12/31/04 is 8.28%		Weighted cost of debt at 06/30/05 is	
Uniform Monthly Amortization		90%	100%	\$32,590 Expense for deferral calculation, January through June 2005							
		-\$29,331	\$0	\$0 Expense for deferral calculation, July through Dec 2005							
				DR	CR	DFIT	DFIT	DFIT	DFIT	ADFIT	283360 ED WA Eff 1/05
Balance	12-31-2004	\$667,458									
Amortization	Jan-05	-29,331		557162 ED WA	182360 ED WA	410100 ED WA				(233,613)	
Net of amortization		638,127					(10,266)			10,266	
Average balance		652,793									
Interest (net of tax)	0.004485	2,928		182360 ED WA	419000 ZZ ZZ	410200 ZZ ZZ		1,025		(1,025)	
Balance	01-31-2005	\$641,055						(9,241)		9,241	Total monthly DFIT & ADFIT
Amortization	Feb-05	-29,331		557162 ED WA	182360 ED WA	410100 ED WA					
Net of amortization		611,724					(10,266)				
Average balance		626,390									
Interest (net of tax)	0.004485	2,809		182360 ED WA	419000 ZZ ZZ	410200 ZZ ZZ		983		(983)	
Balance	02-28-2005	\$614,533						(9,283)		9,283	Total monthly DFIT & ADFIT
Amortization	Mar-05	-29,331		557162 ED WA	182360 ED WA	410100 ED WA					
Net of amortization		585,202					(10,266)				
Average balance		599,868									
Interest (net of tax)	0.004485	2,690		182360 ED WA	419000 ZZ ZZ	410200 ZZ ZZ		942		(942)	
Balance	03-31-2005	\$587,892						(9,324)		9,324	Total monthly DFIT & ADFIT
											(205,765)

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 March 2005

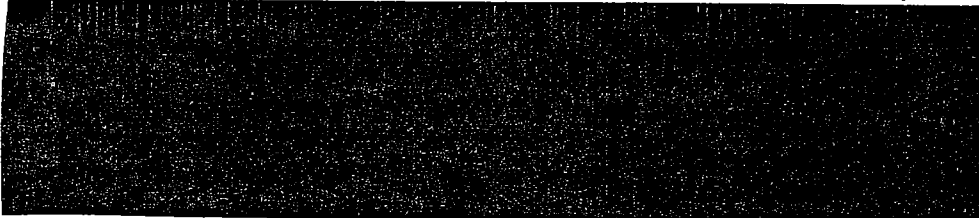
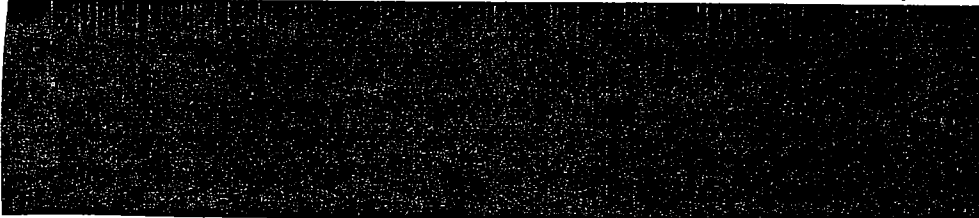
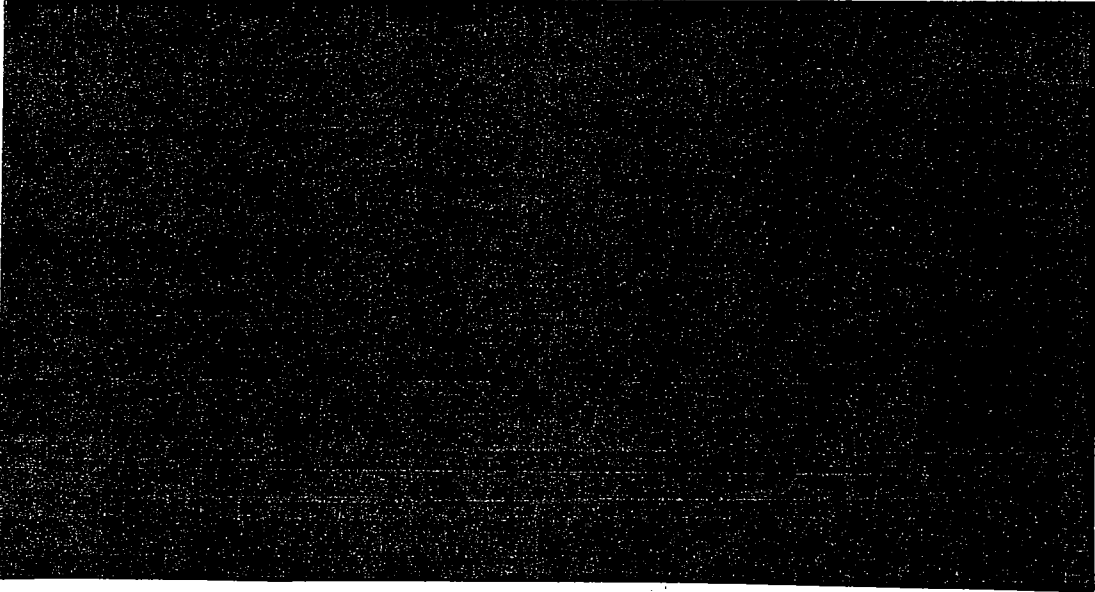
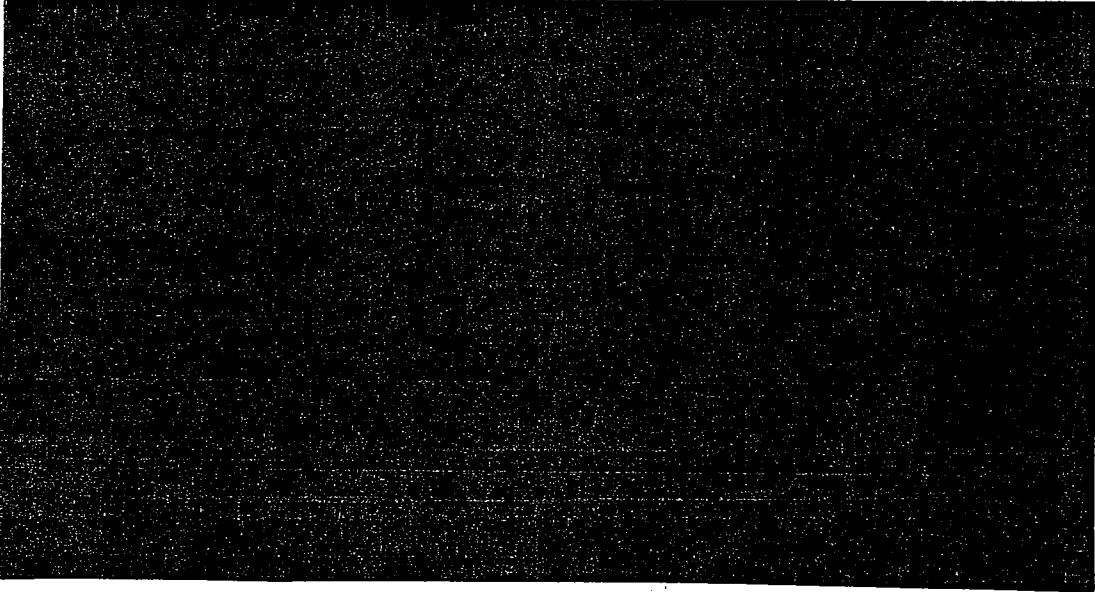
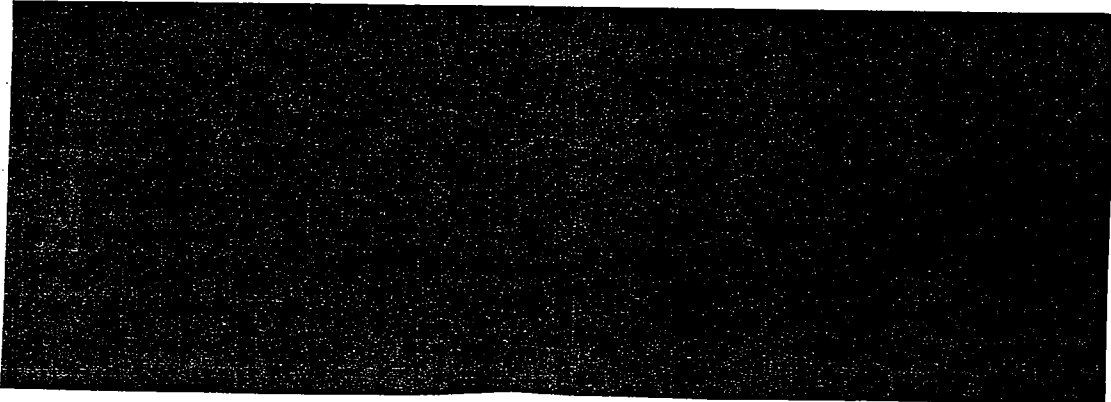
Long-term Power Transaction  
(See attached)



# Portland General Electric Company

## *Power Supply*



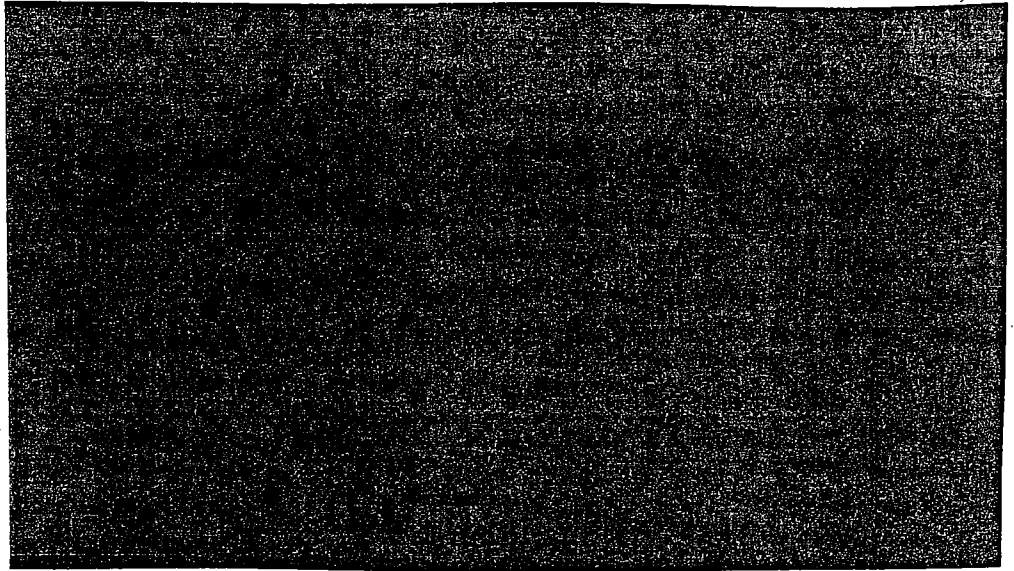
- 1) Parties: Portland General Electric Company ("PGE"), and Avista Corporation ("Avista").
- 2) Transaction: 
- 3) Term: 
- 4) Available Hours: On-Peak and/or Off-Peak Hours. On-Peak Hours include hours ending 0700 through 2200, PPT, Monday through Saturday, excluding NERC Holidays. Off-Peak Hours include hours ending 0100 through 0600 and hours ending 2300 through 2400, PPT, Monday through Saturday, and hours ending 0100 through 2400, PPT, Sundays and NERC holidays.
- 5) Available Contract Quantity: 
- 6) Product Quality: 
- 8) Power Delivery Point ("POD"):
- 9) Power Receipt Point ("POR"):
- 10) Contract Confirmation: Western Systems Power Pool ("WSPP") Agreement.
- 11) Scheduling Procedure: 

CONFIDENTIAL

12) Reference Price  
for Exchange:

13) Energy Charge  
& Settlement:

14) Option Premium:



Initially capitalized terms used herein but not otherwise defined shall have the meaning given in the WSPP Agreement.

IN WITNESS WHEREOF, the Parties have caused this Confirmation Agreement to be duly executed as of the date first above written. This Agreement shall not become effective as to any Party unless and until executed by both Parties.

PORTLAND GENERAL ELECTRIC  
COMPANY

AVISTA CORPORATION

By: *James F. Lobdell* for  
Name: James F. Lobdell  
Title: Vice President, Power Operations

By: *Thomas R. Peterson*  
Name: THOMAS R. PETERSON  
Title: VP ENERGY RESOURCES

By: *Kristin Stathis*  
Name: Kristin Stathis  
Title: General Manager, Risk Management –  
Power Supply

(LMA)  
*J*