

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



Corp.

December 8, 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

RECEIVED  
RECORDS MANAGEMENT  
05 DEC 12 AM 11:38  
STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

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

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of November 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 \$67,953. However, no deferral entry was recorded as the entire amount was applied toward the \$9 million deadband for 2005. The deadband has a balance at the end of November in the surcharge direction of \$4,803,235.

Actual power supply expenses were slightly higher than the authorized level. Hydro generation was 12 aMW below the authorized levels. Coyote Springs 2 generated 75 aMW above the authorized level due primarily to the acquisition of the second half of the plant. The average market purchase price was \$67.34/MWh compared to an authorized rate of \$32.20/MWh. The average market sales price was \$69.14/MWh compared to an authorized sales price of \$30.85/MWh.

Colstrip generated 12 aMW above the authorized level, and Kettle Falls generated 28 aMW above the authorized level. Due to economics gas fueled plants other than Coyote Springs 2 generated 15 aMW below the authorized level. Thermal fuel and natural gas fuel expense were both above the authorized level. Washington retail sales were 43 aMW above the authorized level.

Enclosed are two forward long-term power contracts that contain confidential, market-sensitive information. Avista and the counter-parties to the agreements might be directly affected by disclosure of the confidential information. The first page of each contract and the pages containing confidential information have been marked

with the designation “confidential per WAC 480-07-160.” The unredacted versions are being filed under seal. Six copies of the unredacted versions are being submitted in sealed envelopes, copied on yellow paper and identified as “Confidential Attachment A” and “Confidential Attachment B.” Six copies of redacted versions 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,

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

Kelly Norwood  
Vice President State and Federal Regulation

RM  
Enclosure

C: Mary Kimball  
S. Bradley Van Cleve

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

MONTH OF NOVEMBER 2005

Avista Corporation Journal Entry

Printed 12/06/ at 11:57 am

Journal: 481-WA ERM

Effective Date: 200511

Team: Resource Accounting

Last Saved by: Lori Hamilton

Last Saved: 12/06/2005 11:36 AM

Type: C

Submitted by: Lori Hamilton

Category: DJ

Seq.	FERC	Seq.	Jur.	S.I.	Debit	Credit	Comment
10	557290 - WA ERM AMORTIZATION	ED	WA	DL	2,053,447.00		WA ERM surcharge amortization
20	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL		2,053,447.00	WA ERM authorized for recovery
30	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL	0.00		WA ERM current month deferral
40	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL	0.00		WA ERM current year deferral
50	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL	410,393.00		Accrue interest on deferral balance authorized for recovery
60	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL	0.00		Accrue interest on current year deferral balance
70	186290 - REGULATORY ASSET ERM DEFERRED LAST	ED	WA	DL	0.00		Accrue interest on previous year deferral balance
80	419600 - INTEREST ON ENERGY DEFERRALS	ED	WA	DL		410,393.00	Non-utility interest income
90	410100 - PRV DFIT DR	ED	WA	DL		718,706.00	DFIT entry for power supply deferral and surcharge amortization
100	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	143,644.00		Non-op DFIT entry for interest income
110	283280 - ADFIT ERM	ED	WA	DL	575,062.00		ADFIT WA ERM current and prior years
120	186010 - REGULATORY ASSET ERM YTD COMPANY BAND	ED	WA	DL	67,953.00		Track YTD company band accumulation
130	186020 - REGULATORY ASSET ERM YTD CONTRA	ED	WA	DL		67,953.00	Contra account for YTD company band accumulation
	<b>TOTALS:</b>				<b>3,250,499.00</b>	<b>3,250,499.00</b>	

Avista Corporation Journal Entry

Effective Date: 200511

Last Saved by: Lori Hamilton  
Submitted by: Lori Hamilton  
Last Saved: 12/06/2005 11:36 AM

Journal: 481-WA ERM

Team: Resource Accounting

Type: C

Category: DJ

Explanation:

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

Lori Hamilton  
Prepared by Lori Hamilton

Jami Judex  
Reviewed by

12/6/05  
Date

12/6/05  
Date

\_\_\_\_\_  
Date

Approved for Entry  
Corporate Accounting use Only

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200413</b>	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	
200504	USD	0.00		0.00	
200505	USD	0.00		0.00	
200506	USD	0.00		0.00	
200507	USD	0.00		0.00	
200508	USD	0.00		0.00	
200509	USD	0.00		0.00	
200510	USD	0.00		0.00	
200511	USD	0.00		0.00	

Journal Details

Summary Balances

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

**Account 186280.ED.WA**

Balance 10/31/05

No current month entry

Balance 11/30/05

Amount

Journal ID

\$0.00

0.00 481 - WA ERM

\$0.00

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	
200504	USD	48,338.00		10,971,050.00	
200505	USD	48,338.00		11,019,388.00	
200506	USD	-11,019,388.00		0.00	
200507	USD	0.00		0.00	
200508	USD	0.00		0.00	
200509	USD	0.00		0.00	
200510	USD	0.00		0.00	
200511	USD	0.00		0.00	

Journal Details

Summary Balances

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

**Account 186290.ED.WA**

Balance 10/31/05  
 No current month entry  
 Balance 11/30/05

<u>Amount</u>	<u>Journal ID</u>
\$0.00	
0.00	481 - WA ERM
<hr/> \$0.00	

Balance Type: **Actual**

Currency Type: **Entered**

Factor: **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<del>200413</del>	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	
200504	USD	-1,655,005.00		94,519,097.65	
200505	USD	-1,524,500.00		92,994,597.65	
200506	USD	9,564,809.00		102,559,406.65	
200507	USD	-1,499,776.00		101,059,630.65	
200508	USD	-1,711,907.00		99,347,723.65	
200509	USD	-1,649,033.00		97,698,690.65	
200510	USD	-1,632,147.00		96,066,543.65	
200511	USD	-1,643,054.00		94,423,489.65	

Journal Details

Summary Balances

**Recoverable Deferral Balance**

**Account 182350.ED.WA**

Balance 10/31/05  
 Amortization  
 Interest  
 Balance 11/30/05

Amount	Journal ID
\$96,066,543.65	
-2,053,447.00	481 - WA ERM
410,393.00	481 - WA ERM
<u>\$94,423,489.65</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	
200504	USD	-26,760.00		561,132.00	
200505	USD	-26,880.00		534,252.00	
200506	USD	-27,001.00		507,251.00	
200507	USD	-27,141.00		480,110.00	
200508	USD	-27,261.00		452,849.00	
200509	USD	-27,381.00		425,468.00	
200510	USD	-27,501.00		397,967.00	
200511	USD	-27,622.00		370,345.00	

Journal Details

Summary Balances

**Contract Buyout Deferral Balance**

**Account 182360.ED.WA**

Balance 10/31/05

Amortization\*

Interest

Balance 11/30/05

Amount

Journal ID

\$397,967.00

-29,308.00 485 - ECB AMORT

1,686.00 485 - ECB AMORT

\$370,345.00

\*Amount grossed-up from 90% to 100% for ERM deferral calculations

\$32,564

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200413</b>	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	
200504	USD	1,405,401.00		1,632,708.00	
200505	USD	-3,247,308.00		-1,614,600.00	
200506	USD	905,444.00		-709,156.00	
200507	USD	3,131,961.00		2,422,805.00	
200508	USD	3,859,160.00		6,281,965.00	
200509	USD	1,254,523.00		7,536,488.00	
200510	USD	-2,801,206.00		4,735,282.00	
200511	USD	67,953.00		4,803,235.00	

Journal Details

Summary Balances

**ERM Deadband**

**Account 186010.ED.WA**

Balance 10/31/05  
 2005 deadband accumulation  
 Balance 11/30/05

Amount	Journal ID
\$4,735,282.00	
67,953.00	481 - WA ERM
<u>\$4,803,235.00</u>	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<del>200413</del>	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	
200504	USD	-1,405,401.00		-1,632,708.00	
200505	USD	3,247,308.00		1,614,600.00	
200506	USD	905,444.00		709,156.00	
200507	USD	3,131,961.00		2,422,805.00	
200508	USD	3,859,160.00		6,281,965.00	
200509	USD	-1,254,523.00		-7,536,488.00	
200510	USD	2,801,206.00		4,735,282.00	
200511	USD	67,953.00		4,803,235.00	

Journal Details

Summary Balances

**ERM Deadband Contra Account**

**Account 186020.ED.WA**

Balance 10/31/05

2005 deadband contra entry

Balance 11/30/05

Amount	Journal ID
-\$4,735,282.00	
-67,953.00	481 - WA ERM
<u>-\$4,803,235.00</u>	

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	
200504	USD	545,419.00		-36,921,547.00	
200505	USD	516,657.00		-36,404,890.00	
200506	USD	509,103.00		-35,895,787.00	
200507	USD	524,922.00		-35,370,865.00	
200508	USD	599,168.00		-34,771,697.00	
200509	USD	577,161.00		-34,194,536.00	
200510	USD	571,252.00		-33,623,284.00	
200511	USD	575,062.00		-33,048,222.00	

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	0.00
Account 182350.ED.WA balance	94,423,489.65
Total	\$94,423,489.65
Federal income tax rate	-35%
Deferred FIT related to deferrals	-\$33,048,221
Rounding	-1
Balance in account	-\$33,048,222

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<del>200412</del>	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	
200504	USD	9,366.00		-196,399.00	
200505	USD	9,408.00		-186,991.00	
200506	USD	9,450.00		-177,541.00	
200507	USD	9,500.00		-168,041.00	
200508	USD	9,542.00		-158,499.00	
200509	USD	9,584.00		-148,915.00	
200510	USD	9,626.00		-139,289.00	
200511	USD	9,668.00		-129,621.00	

Journal Details

Summary Balances

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

Account 182360.ED.WA balance	\$370,345.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-\$129,621
Rounding	0
Balance in account	-\$129,621

<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 6/30/05 is 8.12%			
The monthly rate is:			The monthly rate is:			
	0.00690	Before Tax		0.00676667	Before Tax	
	0.0044850	After Tax		0.0043983	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
<b>Feb-05</b>						
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
<b>Mar-05</b>						
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
<b>Apr-05</b>						
Apr-05	Surcharge Amortization	(2,075,747)		Amortization	(726,511)	Operating 726,511
Apr-05	Interest		420,742	Interest	147,260	Nonoperating (147,260)
04-30-2005	Balance before interest	92,773,008			(579,251)	Total 579,251
<b>May-05</b>						
May-05	Surcharge Amortization	(1,936,245)		Amortization	(677,686)	Operating 677,686
May-05	Interest		411,745	Interest	144,111	Nonoperating (144,111)
05-31-2005	Balance before interest	90,836,763			(533,575)	Total 533,575
<b>Jun-05</b>						
Jun-05	Surcharge Amortization	(1,906,046)		Amortization	(667,116)	Operating 667,116
Jun-05	Interest		403,129	Interest	141,095	Nonoperating (141,095)
06-30-2005	Balance before interest	88,930,717			(526,021)	Total 526,021
06-30-2005	Transfer from 186290	11,067,726				
06-30-2005	GL Balance including interest	102,559,407		Jul-05	DFIT Expense	ADFIT
Jul-05	Surcharge Amortization	(1,946,582)		Amortization	(681,304)	Operating 681,304
Jul-05	Interest		446,806	Interest	156,382	Nonoperating (156,382)
07-31-2005	Balance before interest	100,612,825			(524,922)	Total 524,922
<b>Aug-04</b>						
Aug-04	Surcharge Amortization	(2,149,705)		Amortization	(752,397)	Operating 752,397
Aug-04	Interest		437,798	Interest	153,229	Nonoperating (153,229)
08-31-2005	Balance before interest	98,463,120			(599,168)	Total 599,168
<b>Sep-05</b>						
Sep-05	Surcharge Amortization	(2,077,535)		Amortization	(727,137)	Operating 727,137
Sep-05	Interest		428,502	Interest	149,976	Nonoperating (149,976)
09-30-2005	Balance before interest	96,385,585			(577,161)	Total 577,161
<b>Oct-05</b>						
Oct-05	Surcharge Amortization	(2,051,568)		Amortization	(718,049)	Operating 718,049
Oct-05	Interest		419,421	Interest	146,797	Nonoperating (146,797)
10-31-2005	Balance before interest	94,334,017			(571,252)	Total 571,252
<b>Nov-05</b>						
Nov-05	Surcharge Amortization	(2,053,447)		Amortization	(718,706)	Operating 718,706
Nov-05	Interest		410,393	Interest	143,644	Nonoperating (143,644)
11-30-2005	Balance before interest	92,280,570			(575,062)	Total 575,062
<b>Summary</b>						
				GL Balance	Activity	GL Balance
				10-31-2005	Nov-05	11-30-2005
	Net ERM Balance	94,423,490		96,066,544	(1,643,054)	94,423,490
	ADFIT Balance	(33,048,222)				

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 12/31/04 is 8.28% The monthly rate is:	0.00690 Before Tax 0.0044850 After Tax 0.35 Tax rate	Actual cost of debt at 6/30/05 is 8.12% The monthly rate is:	0.00676667 Before Tax 0.0043983 After Tax 0.35 Tax rate
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Account 186280		2005 Interest				
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	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	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	Interest	0	Nonoperating 0
03-31-2005	Balance before interest	0			0	Total 0
				<u>Apr-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Apr-05	ERM Deferral	0		Deferral	0	Operating 0
Apr-05	Interest		0	Interest	0	Nonoperating 0
04-30-2005	Balance before interest	0			0	Total 0
				<u>May-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
May-05	ERM Deferral	0		Deferral	0	Operating 0
May-05	Interest		0	Interest	0	Nonoperating 0
05-31-2005	Balance before interest	0			0	Total 0
				<u>Jun-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Jun-05	ERM Deferral			Deferral	0	Operating 0
Jun-05	Interest		0	Interest	0	Nonoperating 0
06-30-2005	Balance before interest	0			0	Total 0
06-30-2005	GL Balance including interest	0		<u>Jul-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Jul-05	ERM Deferral			Deferral	0	Operating 0
Jul-05	Interest		0	Interest	0	Nonoperating 0
07-31-2005	Balance before interest	0			0	Total 0
				<u>Aug-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Aug-05	ERM Deferral			Deferral	0	Operating 0
Aug-05	Interest		0	Interest	0	Nonoperating 0
08-31-2005	Balance before interest	0			0	Total 0
				<u>Sep-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Sep-05	ERM Deferral			Deferral	0	Operating 0
Sep-05	Interest		0	Interest	0	Nonoperating 0
09-30-2005	Balance before interest	0			0	Total 0
				<u>Oct-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Oct-05	ERM Deferral			Deferral	0	Operating 0
Oct-05	Interest		0	Interest	0	Nonoperating 0
10-31-2005	Balance before interest	0			0	Total 0
				<u>Nov-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Nov-05	ERM Deferral			Deferral	0	Operating 0
Nov-05	Interest		0	Interest	0	Nonoperating 0
11-30-2005	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>10-31-05</u>	<u>Nov-05</u>	<u>11-30-05</u>
				0	0	0
	<b>ADFIT Balance</b>	0				

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 12/31/04 is 8.28%				Actual cost of debt at 6/30/05 is 8.12%			
The monthly rate is:		0.006990	Before Tax	The monthly rate is:		0.00676667	Before Tax
		0.0044850	After Tax			0.0043983	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 918628	\$10,777,698.00					
01-01-2005	GL Balance including interest	\$10,777,698.00		<u>Jan-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Jan-05	ERM Transfer to 182350	0		Deferral	0	Operating	0
Jan-05	Interest		48,338	Interest	16,918	Nonoperating	(16,918)
01-31-2005	Balance before interest	10,777,698			16,918	Total	(16,918)
				<u>Feb-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Feb-05	ERM Transfer to 182350	0		Deferral	0	Operating	0
Feb-05	Interest		48,338	Interest	16,918	Nonoperating	(16,918)
02-28-2005	Balance before interest	10,777,698			16,918	Total	(16,918)
				<u>Mar-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Mar-05	ERM Transfer to 182350	0		Deferral	0	Operating	0
Mar-05	Interest		48,338	Interest	16,918	Nonoperating	(16,918)
03-31-2005	Balance before interest	10,777,698			16,918	Total	(16,918)
				<u>Apr-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Apr-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
Apr-05	Interest		48,338	Interest	16,914	Nonoperating	(16,914)
04-30-2005	Balance before interest	10,777,698			16,914	Total	(16,914)
				<u>May-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
May-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
May-05	Interest		48,338	Interest	16,918	Nonoperating	(16,918)
05-31-2005	Balance before interest	10,777,698			16,918	Total	(16,918)
				<u>Jun-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Jun-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
Jun-05	Interest		48,338	Interest	16,918	Nonoperating	(16,918)
06-30-2005	Balance before interest	10,777,698			16,918	Total	(16,918)
06-30-2005	GL Balance including interest	11,067,726		<u>Jun-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
06-30-2005	ERM Transfer to 182350	(11,067,726)		Deferral	0	Operating	0
Jul-05	Interest		0	Interest	0	Nonoperating	0
07-31-2005	Balance before interest	0			0	Total	0
				<u>Aug-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Aug-05	ERM Transfer to 18235			Deferral	0	Operating	0
Aug-05	Interest		0	Interest	0	Nonoperating	0
08-31-2005	Balance before interest	0			0	Total	0
				<u>Sep-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Sep-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
Sep-05	Interest		0	Interest	0	Nonoperating	0
09-30-2005	Balance before interest	0			0	Total	0
				<u>Oct-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Oct-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
Oct-05	Interest		0	Interest	0	Nonoperating	0
10-31-2005	Balance before interest	0			0	Total	0
				<u>Nov-05</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
Nov-05	ERM Transfer to 18235	0		Deferral	0	Operating	0
Nov-05	Interest		0	Interest	0	Nonoperating	0
11-30-2005	Balance before interest	0			0	Total	0
	<b>Net ERM Balance</b>	<b>0</b>		<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
	<b>ADFIT Balance</b>	<b>0</b>		<b>10-31-05</b>	<b>Nov-05</b>	<b>11-30-05</b>	
				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
Annual Filing for Prudency Review made March 30, 2005							
Order received 6/29/2005 per Ron Mckenzie							
Transfer \$11,067,726 to 182350 after interest calculation is made							



Tax Rate	35%	DJ481 LTD	DJ481 LTD	DJ481 LTD			DJ481 CURMO		
	283280	283280	283280	283280			283280	283280	
<b>DJ702</b>	<b>BEGINNING</b>	<b>ADFIT</b>	<b>ADFIT</b>	<b>ADFIT</b>			<b>BALANCE</b>	<b>FOR ALL</b>	
	<b>BALANCE</b>	<b>182350</b>	<b>186280</b>	<b>186290</b>			<b>COMPONENTS</b>	<b>ACCOUNTS</b>	
								<b>BALANCE</b>	
10-31-2004	(40,666,732)	(37,116,384)	(3,550,347)	0			(40,666,731)	1 (40,666,731)	
11-30-2004	(39,862,249)	(36,564,060)	(3,298,189)	0			(39,862,249)	0 (39,862,249)	
12-31-2004	(39,622,681)	(35,850,488)	(3,772,194)	0			(39,622,682)	0 (39,622,681)	
01-31-2005	(39,622,681)	(35,069,014)	0	(3,789,113)			(38,858,127)	764,554 (38,858,127)	
02-28-2005	(38,858,120)	(34,306,429)	0	(3,806,031)			(38,112,460)	745,660 (38,112,460)	
03-31-2005	(38,112,459)	(33,660,936)	0	(3,806,031)			(37,466,967)	645,492 (37,466,967)	
04-30-2005	(37,466,966)	(33,081,684)	0	(3,839,868)			(36,921,552)	545,414 (36,921,552)	
05-31-2005	(36,921,547)	(32,548,109)	0	(3,856,786)			(36,404,895)	516,657 (36,404,890)	
06-30-2005	(36,404,890)	(32,022,088)	0	(3,873,704)			(35,895,792)	509,103 (35,895,787)	
07-31-2005	(35,895,787)	(35,370,871)	0	0			(35,370,871)	524,922 (35,370,865)	
08-31-2005	(35,370,865)	(34,771,703)	0	0			(34,771,703)	599,168 (34,771,697)	
09-30-2005	(34,771,697)	(34,194,542)	0	0			(34,194,542)	577,161 (34,194,536)	
10-31-2005	(34,194,536)	(33,623,290)	0	0			(33,623,290)	571,252 (33,623,284)	
11-03-2005	(33,623,284)	(33,048,222)	0	0			(33,048,222)	575,062 (33,048,222)	
			<b>ADFIT</b>				<b>Interest</b>		
		<b>410100</b>	<b>410200</b>	<b>283280</b>			<b>182350</b>	<b>186280</b>	
							<b>186290</b>	<b>419600</b>	
01-31-2005	182350	(940,160)	158,681	781,479	453,375	0	48,338	(501,713)	
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(940,160)	175,599	764,561					
02-28-2005	182350	(917,095)	154,516	762,579	441,475	0	48,338	(489,813)	
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(917,095)	171,434	745,661					
03-31-2005	182350	(796,167)	150,674	645,493	430,498	0	48,338	(478,836)	
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(796,167)	167,592	628,575					
04-30-2005	182350	(726,511)	147,260	579,251	420,742	0	48,338	(469,080)	
	186280	0	0	0					
	186290	0	16,914	(16,914)					
Total		(726,511)	164,174	562,337					
05-31-2005	182350	(677,686)	144,111	533,575	411,745	0	48,338	(460,083)	
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(677,686)	161,029	516,657					
06-30-2005	182350	(667,116)	141,095	526,021	403,129	0	48,338	(451,467)	
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(667,116)	158,013	509,103					
07-31-2005	182350	(681,304)	156,382	524,922	446,806	0	0	(446,806)	
	186280	0	0	0					
	186290	0	0	0					
Total		(681,304)	156,382	524,922					
08-31-2005	182350	(752,397)	153,229	599,168	437,798	0	0	(437,798)	
	186280	0	0	0					
	186290	0	0	0					
Total		(752,397)	153,229	599,168					
09-30-2005	182350	(727,137)	149,976	577,161	428,502	0	0	(428,502)	
	186280	0	0	0					
	186290	0	0	0					
Total		(727,137)	149,976	577,161					
10-31-2005	182350	(718,049)	146,797	571,252	419,421	0	0	(419,421)	
	186280	0	0	0					
	186290	0	0	0					
Total		(718,049)	146,797	571,252					
11-30-2005	182350	(718,706)	143,644	575,062	410,393	0	0	(410,393)	
	186280	0	0	0					
	186290	0	0	0					
Total		(718,706)	143,644	575,062					
		True up non op ADFIT in Nov + \$6							
	Total interest 2005		4,993,912						
	Total non op DFIT 2005		1,747,869						
	Total 410200 2005		1,747,869						

			YTD WA ERM Company Band <u>186010</u>	YTD WA ERM Contra Account <u>186020</u>	Total GL 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
Apr-05	Activity		\$1,405,401	(\$1,405,401)	
04-30-2005	Balance		\$1,632,708	(\$1,632,708)	\$0
May-05	Activity		(\$3,247,308)	\$3,247,308	
05-31-2005	Balance		(\$1,614,600)	\$1,614,600	\$0
Jun-05	Activity		\$905,444	(\$905,444)	
06-30-2005	Balance		(\$709,156)	\$709,156	\$0
Jul-05	Activity		\$3,131,961	(\$3,131,961)	
07-31-2005	Balance		\$2,422,805	(\$2,422,805)	\$0
Aug-05	Activity		\$3,859,160	(\$3,859,160)	
08-31-2005	Balance		\$6,281,965	(\$6,281,965)	\$0
Sep-05	Activity		\$1,254,523	(\$1,254,523)	
09-30-2005	Balance		\$7,536,488	(\$7,536,488)	\$0
Oct-05	Activity		(\$2,801,206)	\$2,801,206	
10-31-2005	Balance		\$4,735,282	(\$4,735,282)	\$0
Nov-05	Activity		\$67,953	(\$67,953)	
11-30-2005	Balance		\$4,803,235	(\$4,803,235)	\$0

AVISTA CORPORATION  
 NOVEMBER 2005 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)	58.113%	99,434,519	0.405¢	\$402,710	0.956277	\$385,102
1 (601-1300 kWh)	29.897%	51,155,401	0.607¢	310,513	0.956277	296,936
1 (over 1300 kWh)	11.990%	20,515,546	0.853¢	174,998	0.956277	167,347
Total Sch 1	100.000%	171,105,466		888,221		849,385
11		26,714,768	0.788¢	210,512	0.956277	201,308
12		3,078,960	0.788¢	24,262	0.956277	23,201
21		122,663,006	0.549¢	673,420	0.956277	643,976
22		2,659,369	0.549¢	14,600	0.956277	13,962
25		79,478,298	0.352¢	279,764	0.956277	267,532
30		423,000	0.485¢	2,052	0.956277	1,962
31		3,621,804	0.485¢	17,566	0.956277	16,798
32		236,968	0.485¢	1,149	0.956277	1,099
41-46		\$265,118	109.78%	23,619	0.956277	22,586
47		\$81,147	109.78%	7,229	0.956277	6,913
48		\$55,464	109.78%	4,941	0.956277	4,725
Schedule Totals		409,981,639		\$2,147,335		\$2,053,447 Amortization
kWh not subject to surcharge		0				-35%
Schedule 28		0				(\$718,706) DFIT Expense
Sch 41-48		2,195,899				
Total kWh		412,177,538				

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200511 , State Code : WA**

Accounting Period: 200511   State Code: WA
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Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
001	191,181	171,105,466	9,808,067	189,041	1,969,123,707	113,686,376
011	18,437	26,714,768	2,355,755	18,304	306,606,341	26,918,944
012	6,997	3,078,960	283,440	6,855	35,435,013	3,232,906
021	3,302	122,663,006	8,081,551	3,283	1,360,411,076	89,688,606
022	75	2,659,369	162,039	71	42,935,096	2,478,964
025	21	79,478,298	3,371,966	21	843,219,094	36,003,587
028	0	0	15,400	1	201,180	181,442
030	40	423,000	21,368	40	23,747,567	1,184,318
031	1,039	3,621,804	222,439	1,035	84,173,904	4,889,219
032	1,090	236,968	19,668	1,077	8,272,065	522,580
041	11	12,542	2,299	12	36,056	12,856
042	228	1,065,718	243,191	221	11,671,534	2,658,300
044	13	21,600	1,890	13	237,600	20,788
045	7	94,174	4,903	7	1,831,733	81,758
046	16	181,239	12,835	16	2,062,875	146,013
047	0	505,915	81,147	0	5,566,082	888,220
048	0	314,711	55,464	0	3,473,351	610,828
058	0	0	859,402	0	0	9,787,615
058A	0	0	-5,270	0	0	-62,814

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200511 , State Code : WA**

Accounting Period: 200511   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	44
095	0	0	10,228	0	0	111,445
099	0	0	48,641	0	0	552,439
Total WA	222,457	412,177,538	25,656,428	219,995	4,699,004,274	293,594,435
Total WA	222,457	412,177,538	25,656,428	219,995	4,699,004,274	293,594,435

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	\$225,194,706	\$16,986,804	\$15,444,404	\$22,352,133	\$18,431,402	\$16,486,668	\$17,939,891	\$22,013,132	\$25,544,710	\$23,044,848	\$21,986,578	\$24,964,136
2	501 Thermal Fuel	\$19,697,439	\$1,705,350	\$1,631,062	\$1,905,839	\$1,862,175	\$1,289,837	\$1,643,869	\$1,983,617	\$1,989,378	\$2,062,542	\$1,667,481	\$1,956,289
3	547 CT Fuel	\$60,398,241	\$3,103,807	\$6,421,318	\$7,702,451	\$6,754,860	\$953,664	\$484,879	\$5,468,404	\$7,462,569	\$7,205,940	\$7,590,548	\$7,249,801
4	447 Sale for Resale	\$197,766,507	\$8,099,204	\$14,359,641	\$18,494,785	\$18,376,602	\$20,560,146	\$21,110,600	\$19,822,476	\$18,472,367	\$17,633,348	\$21,077,407	\$19,759,931
5	Actual Net Expense	\$107,523,879	\$13,696,757	\$9,137,143	\$13,465,638	\$8,671,835	\$11,829,977	\$11,041,961	\$9,642,677	\$16,524,290	\$14,679,982	\$10,167,200	\$14,410,295
6	Pollatch 25 aMW directly assigned to ID	(\$6,482,940)	\$(601,710)	\$(543,480)	\$(601,710)	\$(581,491)	\$(601,710)	\$(601,710)	\$(601,710)	\$(601,710)	\$(582,300)	\$(602,519)	\$(582,300)
7	Pollatch 62 aMW directly assigned to ID	(\$20,229,310)	\$(1,984,277)	\$(1,807,447)	\$(1,479,409)	\$(1,969,470)	\$(1,841,697)	\$(1,417,691)	\$(1,976,294)	\$(1,932,387)	\$(1,949,426)	\$(1,985,050)	\$(1,886,162)
8	Adjusted Actual Net Expense	\$80,811,629	\$11,110,770	\$6,786,216	\$11,384,519	\$6,120,874	\$4,273,384	\$7,064,673	\$13,990,193	\$12,148,256	\$7,579,631	\$11,941,833	\$
<b>AUTHORIZED NET EXPENSE-SYSTEM</b>													
9	555 Purchased Power	\$68,370,477	\$7,820,601	\$6,873,178	\$6,877,530	\$2,970,502	\$1,220,238	\$781,522	\$5,416,130	\$7,510,269	\$6,079,663	\$6,429,357	\$8,215,787
10	501 Thermal Fuel	\$15,777,429	\$1,497,543	\$1,328,377	\$1,321,593	\$1,193,467	\$566,463	\$1,103,034	\$1,501,955	\$1,550,936	\$1,519,166	\$1,449,825	\$1,289,090
11	547 CT Fuel	\$30,931,880	\$3,209,570	\$2,713,553	\$2,216,117	\$1,302,967	\$642,820	\$1,720,868	\$3,644,073	\$4,169,327	\$4,111,073	\$2,703,227	\$2,355,980
12	447 Sale for Resale	\$49,213,167	\$3,395,816	\$3,610,689	\$2,796,420	\$1,922,246	\$2,752,789	\$8,044,786	\$9,136,979	\$5,227,838	\$4,654,564	\$1,545,341	\$2,563,932
13	Authorized Net Expense	\$65,866,619	\$9,131,898	\$7,304,439	\$7,618,820	\$3,544,690	\$(323,268)	\$(4,439,362)	\$1,425,179	\$8,002,694	\$7,055,338	\$9,037,068	\$9,296,925
14	Actual - Authorized Net Expense	\$23,157,208	\$1,978,872	\$(518,223)	\$3,765,699	\$2,576,184	\$(3,950,116)	\$1,397,410	\$5,639,494	\$5,987,499	\$5,092,918	\$(1,457,437)	\$2,644,908
15	Net Fuel Expense not incl in Acct 547 (1)	\$(4,437,658)	\$(456,235)	\$(91,865)	\$(514,247)	\$(201,950)	\$(606,892)	\$596,352	\$(522,343)	\$(496,358)	\$(579,199)	\$(479,645)	\$(1,065,276)
16	Adjusted Actual - Authorized Net Exp	\$18,719,550	\$1,522,637	\$(610,088)	\$3,251,452	\$2,374,234	\$(4,557,008)	\$1,993,762	\$5,117,151	\$5,491,141	\$4,513,719	\$(1,937,082)	\$1,559,632
17	Washington Alloc. @ 66.29%	\$12,409,189	\$1,009,356	\$(404,427)	\$2,155,388	\$1,573,880	\$(3,020,841)	\$1,321,665	\$3,392,159	\$3,640,077	\$2,992,144	\$(1,284,092)	\$1,033,880
18	Enron Contract Buyout 100%	\$358,360	\$32,590	\$32,590	\$32,590	\$32,590	\$32,590	\$32,590	\$32,564	\$32,564	\$32,564	\$32,564	\$32,564
19	WA Retail Revenue Adjustment	\$(7,964,314)	\$(1,073,137)	\$(1,608,014)	\$50,371	\$(201,069)	\$(259,057)	\$(448,811)	\$(292,762)	\$186,519	\$(1,770,185)	\$(1,549,678)	\$(998,491)
20	Net Power Cost Increase (Decrease)	\$4,803,235	\$(31,191)	\$(1,979,651)	\$2,238,349	\$1,405,401	\$(3,247,308)	\$905,444	\$3,131,961	\$3,859,160	\$1,254,523	\$(2,801,206)	\$67,953

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

\$  
ACTUALS

Line No.	555 PURCHASED POWER	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
1	Short-Term Purchases	8,399,639	7,543,655	15,866,660	11,842,156	10,986,980	12,686,242	16,602,900	20,094,887	17,848,326	16,314,586	16,418,882		154,604,913
2	Priest Rapids	163,242	163,242	163,242	163,242	134,280	163,242	163,242	163,242	163,242	163,242	512,022		2,115,480
3	Rocky Reach	106,273	83,621	71,811	131,011	200,198	417,000	156,180	117,943	93,845	121,920	105,646		1,605,448
4	Wanapum	273,832	273,832	273,832	273,832	244,597	273,832	273,832	273,832	273,832	273,832	273,832		2,982,917
5	Wells	98,106	98,106	98,106	98,106	98,106	98,106	87,069	87,069	109,038	109,038	109,038		1,089,888
6	Black Creek Index Purchase									0	230,340	(30,712)		199,628
7	Deer Lake-IP&L	343	467	406	376	361	379	331	448	482	370	397		4,360
8	Small Power	116,157	104,037	101,833	124,765	112,002	106,336	103,533	140,873	54,636	62,232	79,537		1,105,941
9	Spokane-Upriver	348,383	342,360	175,976	300,393	310,479	121,033	3,341		3,649	91,437	146,519		1,843,570
10	WNP-3 (1)	2,961,151	2,675,699	1,461,911	1,415,883	(0)				0		2,784,772		11,299,416
11	Non-Mon. Accruals	16,881	38,114	(2,459)	89,840	(53,043)	17,714	(28,089)	3,441	(92,291)	67,717	101,902		159,727
12	DUKE #2108 (25 FLAT)-30.50	567,300	512,400	567,300	548,238	567,300	549,000	567,300	567,300	549,000	568,063	549,000		6,112,201
13	DUKE&MS #2113/14 (50 FLAT)-28	1,041,600	940,800	1,041,600	503,300	1,041,600	1,008,000	1,041,600	1,041,600	1,008,000	1,043,000	1,008,000		10,719,100
14	EL PASO #2107 (25 FLAT)	590,550	533,400	590,550	570,706	590,550	571,500	590,550	590,550	571,500	591,343	571,500		6,362,699
15	Haleywest	117,591	114,136	128,148	96,785	88,065	82,919	133,595	143,859	128,425	110,292	137,465		1,281,280
16	Pollatch 62 atMW Purch	1,984,277	1,807,447	1,479,409	1,969,470	1,841,697	1,417,691	1,976,294	1,932,387	1,949,426	1,985,050	1,886,162		20,229,310
17	Douglas Capacity	90,000	112,500	112,500	147,500	152,500	178,000	178,500	183,750	203,750	90,000	112,500		1,561,500
18	PPLM Wind Power	108,571	97,729	218,388	153,406	167,253	243,296	157,650	198,974	175,348	160,806	194,652		1,876,073
19	WPM Ancillary Services	2,908	2,859	2,920	2,394	3,742	5,601	5,304	4,555	4,640	3,310	3,022		41,255
	Total Account 555	16,986,804	15,444,404	22,352,133	18,431,402	16,486,668	17,939,891	22,013,132	25,544,710	23,044,848	21,986,578	24,964,136		225,194,706
(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														
<b>447 SALES FOR RESALE</b>														
20	Short-Term Sales	7,575,690	13,999,009	18,042,542	17,970,013	20,231,230	20,740,145	19,385,275	17,926,325	16,919,753	20,455,303	19,202,114		192,447,399
21	Peaker LLC/PGE Cap Sale	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000		1,650,000
22	Kaiser Load Following	62,464	8,619	6,156	7,979	28,267	13,236	6,473	7,993	30,586	20,691	8,407		200,871
23	Pend Oreille DES	61,750	31,772	64,477	32,487	30,697	31,376	29,850	58,924	166,853	32,884	75,644		616,713
24	Nichols Pumping Index Sale	197,530	172,414	232,356	217,716	133,679	174,163	250,348	328,472	365,549	420,100	324,664		2,816,991
25	Mirant Operating Reserves/DES	52,912	0											52,912
26	Enron/PGE Cap Fee, employee svcs	(4,050)	(5,032)	(3,666)	(3,987)	(17,469)	(3,920)	(4,774)	(3,902)	(4,033)	(4,881)	(3,920)		(59,634)
26	Merchant Ancillary Services	2,908	2,859	2,920	2,394	3,742	5,601	5,304	4,555	4,640	3,310	3,022		41,255
27	Total Account 447	8,099,204	14,359,641	18,494,785	18,376,602	20,560,146	21,110,600	19,822,476	18,472,367	17,633,348	21,077,407	19,759,931		197,766,507

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	801,206	816,446	906,506	717,674	89,116	627,475	806,092	852,823	826,903	721,895	829,843	-	7,995,979
29	884,025	804,280	994,367	1,115,397	1,181,167	1,003,449	1,164,926	1,130,027	1,210,203	925,939	1,086,478	-	11,500,258
30	1,685,231	1,620,726	1,900,873	1,833,071	1,270,283	1,630,924	1,971,018	1,982,850	2,037,106	1,647,834	1,916,321	-	19,496,237
31	4,561	395	347	2,897	1,368	4,382	1,874	824	145	6,330	6,998	-	30,121
32	15,558	9,941	4,619	26,207	18,186	8,563	10,725	5,704	25,291	13,317	32,970	-	171,081
33	20,119	10,336	4,966	29,104	19,554	12,945	12,599	6,528	25,436	19,647	39,968	-	201,202
34	1,705,350	1,631,062	1,905,839	1,862,175	1,289,837	1,643,869	1,983,617	1,989,378	2,062,542	1,667,481	1,956,289	-	19,697,439
<u>501 FUEL-TONS</u>													
35	52,249	52,877	58,704	47,869	2,262	12,286	46,959	47,795	42,414	37,286	43,569	-	444,270
36	101,200	86,770	84,290	93,546	99,907	91,250	100,553	88,712	97,814	92,190	96,397	-	1,032,629
<u>501 FUEL-COST PER TON</u>													
37	15.33	15.44	15.44	14.99	39.40	51.07	17.17	17.84	19.50	19.36	19.05	#DIV/0!	18.00
38	8.74	9.27	11.80	11.92	11.82	11.00	11.59	12.74	12.37	10.04	11.27	#DIV/0!	11.14
<u>547 FUEL</u>													
39	484	2,078	-	3,579	155	675	-	1,896	14	2,055	897	-	11,833
40	158,343	30,746	17,098	71	3,750	30,120	144,024	127,216	15,499	(2,026)	121,278	-	646,119
41	48,994	20,302	3,048	13,641	330	6,150	68,053	93,158	16,286	(844)	58,145	-	327,263
42	2,855,500	6,327,750	7,642,386	6,737,590	948,047	448,585	5,110,914	7,214,400	7,174,141	7,591,363	6,932,311	-	58,982,987
43	40,000	40,000	40,000	-	-	-	-	-	-	-	-	-	120,000
44	486	442	(81)	(21)	1,382	(651)	145,413	25,899	-	-	137,170	-	310,039
45	3,103,807	6,421,318	7,702,451	6,754,860	953,664	484,879	5,468,404	7,462,569	7,205,940	7,590,548	7,249,801	-	60,398,241
46	13,696,757	9,137,143	13,465,638	8,671,835	(1,829,977)	(1,041,961)	9,642,677	16,524,290	14,679,982	10,167,200	14,410,295	-	107,523,879



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

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	498,283,666	492,493,995	489,000,502	412,790,116	392,449,973	390,241,285	396,240,274	430,656,607	421,404,877	413,265,421	412,177,538	412,177,538	4,699,004,274
Deduct Prior Month Unbilled kWhs Heating	(336,802,948)	(321,228,105)	(303,770,568)	(299,482,363)	(280,846,269)	(271,038,777)	(269,939,011)	(267,211,214)	(280,207,504)	(280,260,901)	(302,953,893)	(302,953,893)	(3,213,741,553)
Deduct Prior Month Unbilled kWhs Cooling						(1,670,129)	(3,724,562)	(17,675,427)	(12,465,243)	(463,709)			(95,999,070)
Add Current Month Unbilled kWhs Heating	321,228,105	303,770,568	299,482,363	280,846,269	271,038,777	269,939,011	267,211,214	280,207,504	280,260,901	302,953,893	359,252,142		3,236,190,747
Add Current Month Unbilled kWhs Cooling					1,670,129	3,724,562	17,675,427	12,465,243	463,709				35,999,070
Washington Retail kWhs	482,708,843	475,036,458	434,712,297	394,154,022	384,312,610	391,195,952	407,463,342	438,442,713	409,456,740	435,494,704	469,475,787		4,721,453,468
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-071596													
Difference from Test Year	33,230,939	49,899,391	(1,796,261)	6,042,639	7,841,153	13,755,625	8,897,041	(6,044,724)	54,949,949	48,075,997	30,893,870		246,745,619
WA Retail Revenue Credit	\$1,066,049	\$1,600,772	(\$57,624)	\$193,848	\$251,544	\$441,280	\$285,417	(\$193,915)	\$1,762,794	\$1,542,278	\$991,075	\$0	\$7,883,519
Net Wind Revenue Credit	\$7,088	\$7,242	\$7,253	\$7,221	\$7,513	\$7,531	\$7,345	\$7,396	\$7,391	\$7,400	\$7,416	\$0	\$80,796
Total Revenue Credit	\$1,073,137	\$1,608,014	(\$50,371)	\$201,069	\$259,057	\$448,811	\$292,762	(\$186,519)	\$1,770,185	\$1,549,678	\$998,491	\$0	\$7,964,315

Schedule 95 Wind Revenue	\$9,776.86	\$9,989.46	\$10,004.40	\$9,960.06	\$10,362.81	\$10,388.16	\$10,131.21	\$10,201.98	\$10,194.26	\$10,206.88	\$10,228.49	\$0.00	\$111,444.57
Deduct Admin Expense	\$2,688.64	\$2,747.10	\$2,751.21	\$2,739.02	\$2,849.77	\$2,856.74	\$2,786.08	\$2,805.54	\$2,803.42	\$2,806.89	\$2,812.83	\$0.00	\$30,647.26
Net Wind Revenue Credit	\$7,088.22	\$7,242.36	\$7,253.19	\$7,221.04	\$7,513.04	\$7,531.42	\$7,345.13	\$7,396.44	\$7,390.84	\$7,399.99	\$7,415.66	\$0.00	\$80,797.31

**Avista Corporation Journal Entry**

Printed 12/01/05 at 2:40 pm

Journal: 485-ECB AMORT  
 Team: Resource Accounting  
 Type: C  
 Category: DJ

Effective Date: 200511  
 Last Saved by: Lori Hamilton  
 Submitted by: Lori Hamilton  
 Last Saved: 11/30/2005 4:08 PM

<u>Seq.</u>	<u>FERC</u>	<u>Ser.</u>	<u>Jur.</u>	<u>S.I.</u>	<u>Debit</u>	<u>Credit</u>	<u>Comment</u>
10	557162 - ENRON CONTRACT BUYOUT	ED	WA	DL	29,308.00		Amortization expense
20	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL		29,308.00	Amortization for WA ERM
30	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL	1,686.00		Accrue interest on unamortized balance for future recovery
40	419000 - INTEREST AND DIVIDEND INCOME	ZZ	ZZ	DL		1,686.00	Interest income accrued
50	410100 - PRV DFIT DR	ED	WA	DL		10,258.00	DFIT expense on amortization (operating)
60	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	590.00		DFIT expense on interest (non-operating)
70	283360 - ADFIT ENRON CONTRACT BUYOUT	ED	WA	DL	9,668.00		ADFIT ECB
<b>TOTALS:</b>					<b>41,252.00</b>	<b>41,252.00</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.

*Lori Hamilton*  
 Prepared by Lori Hamilton

*Sami Snodgrass*  
 Reviewed By

12/1/05  
 Date

12/1/05  
 Date

Approved for Entry  
 Corporate Accounting use Only



“Redacted Attachment A”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of November 2005

Long-term Power Transaction  
(See attached)

AGREEMENT FOR PURCHASE AND SALE OF POWER

This agreement, dated as of January 1, 2006, is made by and between Public Utility District No. 1 of Douglas County, a Washington Municipal Corporation acting through its Electric Distribution System (the "District") and Avista Corporation, a Washington Corporation ("Avista Corp."). The District and Avista Corp. agree as follows:

Section 1. Definitions

Whenever used in this Agreement, the following terms will have the following specified meanings:

1.1 "Delivering Party" means the party obligated to deliver energy to the other party under this Agreement.

1.2 "Energy" and "Capacity" means energy or capacity, as the case may be, which is made available or sold by the District from a District resource for the account of the District's Electric Distribution system.

1.3 "Heavy Load Hours" means the hours ending from 0800 to 2200 on any Monday, Tuesday, Wednesday, Thursday, Friday and Saturday.

1.4 "Hours" means hours measured by Pacific Time, Standard or Daylight, whichever is in effect at the pertinent time.

1.5 "Month" means a calendar month.

1.6 "Person" means any corporation, municipal corporation, cooperative, partnership, association, agency, firm, organization, individual, governmental authority or other entity.


1.7 "Point of Delivery" means the 230-kV bus in the Douglas Switchyard or such other point as the parties may agree upon for the delivery or return of energy under this Agreement.

1.8 "Receiving Party" means the party entitled to receive the delivery of energy by the other party under this Agreement.

1.9 "Term" means the period commencing at 0000 Hours on January 1, 2006 and ending at 2400 Hours on December 31, 2006.

Section 2. Capacity and Energy

2.1 Minimum Capacity. The District shall make available to Avista Corp., and Avista Corp. shall purchase from the District, Capacity at the Point of Delivery during Heavy Load Hours at the following demand levels for each Month included in the Term:

<u>Month</u>	<u>Capacity (kW)</u>
January 2006	
February 2006	
March 2006	
April 2006	
May 2006	
June 2006	
July 2006	
August 2006	
September 2006	
October 2006	
November 2006	
December 2006	

2.2 Additional Capacity. If and to the extent that the District determines that it has Capacity in excess of (a) the District's contractual commitments in effect on the date of this Agreement, (b) the District's needs to service its own service area loads, and (c) the amount of Capacity required to be made available to Avista Corp. under paragraph 2.1, then the District will offer to make such Capacity available to Avista Corp. under this Agreement prior to offering such excess Capacity to any other Person. The District will make available to Avista Corp., and Avista Corp. will purchase from the District, at the point of Delivery so much of such excess Capacity as Avista Corp. agrees to purchase.

2.3 Estimates of Additional Capacity. Upon execution of this Agreement, the District will deliver to Avista Corp. the District's best estimate of the amount of excess Capacity that it will offer to Avista Corp. under paragraph 2.2 for each Month included in the Term. The District will notify Avista Corp. of the amount of such excess Capacity that it has to offer for each Month included in the Term on or before the twentieth (20th) day of the preceding Month. Avista Corp. will notify the District of Avista Corp.'s intent to purchase all, none or a portion of such excess Capacity offered by the District for any Month included in the Term on or before the twenty-fifth (25th) day of the preceding Month.

2.4 Delivery of Energy by the District. The District will deliver to Avista Corp. Energy associated with the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2 if and to the extent that such energy is scheduled by Avista Corp. pursuant to paragraph 2.6. The District shall not be obligated to deliver Energy during any continuous Heavy Load Hour period in excess of the product of nine (9) hours and the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2.

2.5 Return. If and to the extent any Energy is delivered by the District pursuant to paragraph 2.4, Avista Corp. will return an equivalent amount of energy to the District. Subject to the following, all energy to be returned to the District shall be scheduled by the District pursuant to paragraph 2.6. Upon

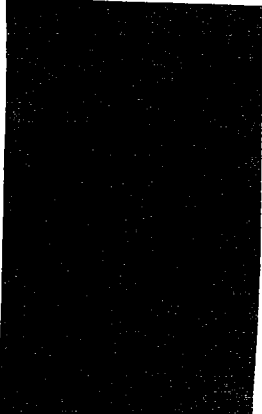
Avista Corp.'s request, the District will schedule the return of all or any portion of such energy within twenty-four (24) hours after delivery of the energy to Avista Corp.. The District may, however, limit the return of such energy to seventy-five percent (75%) of the energy delivered to Avista Corp. within the previous twenty-four (24) hours. Upon the District's request, Avista Corp. will return up to fifty percent (50%) of such energy within twenty four (24) hours after delivery of the energy to Avista Corp.. Unless otherwise agreed, the balance will be returned within 168 hours after delivery to Avista Corp.. Unless otherwise agreed, the aggregate quantity of energy not returned within twenty-four (24) hours after delivery to Avista Corp. shall not exceed the product of twenty-four (24) hours and the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2 as of 2400 hours on any Saturday over the Term hereof. Notwithstanding the foregoing provisions, Avista Corp. will not have any obligation to return or pay for energy not scheduled by the District for return within 168 hours after delivery to Avista Corp.. Unless otherwise agreed by Avista Corp., the District shall not schedule the return of any energy during Heavy Load Hours or at a rate in excess of the sum of the demand levels specified in paragraph 2.1 and 2.2 for the month in which such energy is to be returned.

2.6 Schedules. The Receiving Party shall submit to the Delivering Party schedules for the delivery or return of energy pursuant to this Agreement no later than 0730 hours on each preschedule day common to both parties consistent with standard utility practice for prescheduling on a five (5) day per week basis. The Receiving Party may at any time revise any such schedule; provided that any revision after 0730 Hours on the aforementioned preschedule day shall be subject to the approval of the Delivering Party, which approval shall not be unreasonably withheld. The Avista Corp. shall be responsible for providing all required interchange schedule "tags"; provided, further, that said "tags" are also required to have "implement" status by 1500 Hours on the aforementioned preschedule day.

2.7 Point of Delivery. All energy to be delivered or returned under this Agreement shall be delivered or returned, as the case may be, at the Point of Delivery.

### Section 3. Compensation

3.1 Capacity. Avista Corp. will pay the District for Capacity made available by the District pursuant to paragraph 2.1 and for any Capacity made available by the District and purchased by Avista Corp. pursuant to paragraph 2.2 at the following rates for each Month included in the Term (if this Agreement commences or is terminated on other than the first or last day of a month, such rates shall be prorated on a daily basis for the Month):

<u>Month</u>	<u>Rate (\$/kW)</u>
January 2006	
February 2006	
March 2006	
April 2006	
May 2006	
June 2006	
July 2006	
August 2006	
September 2006	
October 2006	
November 2006	
December 2006	

3.2 Billing and Payment. The District shall render billings to Avista Corp. for Capacity purchased by Avista Corp. under this Agreement during any Month on or about the tenth (10th) day following the end of such Month. Avista Corp. shall pay the amount owing within twenty (20) days after Avista Corp.'s receipt of the District's billing. All payments are acknowledged to be moneys of the District, derived through ownership of the District's Electric Distribution System and shall accrue to the District's Electric Distribution System Revenue Fund.

Section 4. Miscellaneous

4.1 Force Majeure. Neither party shall be liable to the other for, or be considered to be in breach of or default under this agreement on account of, any delay in performance of its obligations under this Agreement if such delay is due to any cause beyond the control of the party claiming force majeure, including but not restricted to: failure or threat of failure of facilities; flood; earthquake; geohydrolic subsidence; tornado; storm; fire; civil disturbances or disobedience; labor dispute; labor or material shortage; sabotage; restraint by court order or public authority (whether valid or invalid); action or non-action by or inability to obtain or keep the necessary authorizations or approvals from any governmental agency or authority; reductions or interruptions in services which, in a party's reasonable judgment, are necessary to protect generation or transmission facilities; curtailments or interruptions of third party transmission service which is being used for transmitting energy hereunder; and necessary maintenance, repairs, replacements or installations of equipment or the investigation of such equipment. Nothing contained herein shall be construed so as to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under this Agreement by reason of force majeure shall give prompt written notice of such fact to the other party together with the particulars of the occurrence and shall exercise due diligence to remove its inability to perform with all reasonable dispatch.



4.2 Payment during Force Majeure. If, because of force majeure, either party is unable to fulfill its obligations under Sections 2.4 or 2.5 above, the Delivering Party shall immediately notify the Receiving Party of such interruption, the cause of the interruption, and the expected duration of such reduction or nondelivery, and at such time the District may suspend its obligation under section 2.4 to deliver Energy associated with Capacity to Avista Corp.. If, because of force majeure, the District is unable to deliver Energy and Capacity as provided in section 2.4, the District shall, at its option and upon written notice within 24 hours of the force majeure, deliver such Energy and Capacity as soon as practical thereafter to Avista Corp., or, adjust payments due under this agreement for such prorata Capacity and Energy not delivered. If, because of force majeure, Avista Corp. is unable to return any Energy to the District within 168 hours as required in section 2.5, Avista Corp.'s obligation to return any such outstanding balance of Energy to the District shall remain until satisfied.

4.3 Invalid Provision. If this Agreement is determined by any court or regulatory authority having jurisdiction to be invalid in whole or in part or to place either party in violation of other agreements to which either the District or Avista Corp. is a party, this Agreement may be canceled by either party giving the other party at least 30 days advance written notice of such cancellation. In the event of such cancellation, neither party shall have any claim of any nature whatsoever against the other on account of the cancellation; provided, however, that the right to receive payment for capacity delivered prior to cancellation will survive such cancellation.

4.4 Survival. The provisions of Section 3 and 4 of this Agreement (together with any other provisions which may reasonably be interpreted or construed to survive the expiration, termination or cancellation of this Agreement) shall survive the expiration, termination or cancellation of this Agreement.

4.5 Amendment. No change, modification or amendment of this Agreement shall be valid unless set forth in a written instrument signed by the Party to be bound thereby.

4.6 Assignment. Neither Party shall assign this Agreement without the prior written consent of the other Party. Subject to the foregoing restriction on assignment, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their successive successors and assigns.

4.7 No Third-Party Beneficiary. There are no third-party beneficiaries of this Agreement. This Agreement shall not confer any right or remedy upon any Person other than the parties and their respective successors and assigns permitted under paragraph 4.5. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Agreement or the transactions contemplated hereby. This Agreement shall not release or discharge any obligation or

liability of any third party to any party or give any third party any right of subrogation or action over or against any party.

4.8 No Dedication of Facilities. No undertaking by either party to the other party under any provision of this Agreement shall constitute a dedication of the electric system of such party (or any portion thereof) to the public or to the other party.

4.9 Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Washington or the laws of the United States of America, whichever is applicable, as if executed and to be performed wholly within the State of Washington. Venue of any legal action arising out of this Agreement shall be exclusively in a court of competent jurisdiction of Douglas County, State of Washington, or U.S. District Court for the Eastern District of Washington.

4.10 Entire Agreement. This Agreement sets forth the entire agreement of the parties with regard to the purchases and sales of Capacity described herein. There exists no promises, terms or conditions with regard to such purchases and sales other than those contained herein; all prior communication and negotiations between the parties, either verbal or written, relating to the subject matter of this Agreement, not herein contained, are hereby withdrawn and annulled.

4.11 Binding Agreement. Each party warrants to the other that it has duly entered into this Agreement and that this Agreement constitutes the valid, legal and binding obligation of such party, enforceable strictly against such party in accordance with its terms. If any court or regulatory authority having jurisdiction determines that either party is in breach of this warranty, this Agreement may be canceled by either party giving the other party at least thirty (30) days advance written notice of such cancellation. In the event of such cancellation, neither party shall have any claim of any nature whatsoever against the other on account of this breach or cancellation; provided, however, that the right to receive payment for Capacity or Energy delivered prior to cancellation will survive such cancellation.

AVISTA CORPORATION

By Paul R. Primm

Title: VICE PRESIDENT

Date Signed: 11-4-05

PUBLIC UTILITY DISTRICT NO. 1  
OF DOUGLAS COUNTY

By William C. Dobbins

William C. Dobbins  
CEO/Manager

Date Signed: 11-14-05

“Redacted Attachment B”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of November 2005

Long-term Power Transaction  
(See attached)

**TRANSACTION RECORD**  
**BETWEEN**  
**NORTHWESTERN CORPORATION**  
**AND**  
**AVISTA CORPORATION**

## TRANSACTION RECORD

This Transaction Record ("Transaction") shall serve to confirm a transaction made between NorthWestern Corporation ("NWE"), and Avista Corporation ("Avista Corp" or "AVA"), sometimes hereinafter referred to individually as "Party" and collectively as "Parties" under Avista Corp's FERC Electric Tariff, Fifth Revised Volume No. 9 and FERC Electric Tariff, Original Volume No. 10.

WHEREAS, NWE currently supplies its annual Load requirements from a combination of contracted Resources and power purchases from capacity and electric suppliers in the region;

WHEREAS, the Hot Springs substation, located near Hot Springs, MT, establishes an Interchange Point between the electrical systems that are separately owned and operated by NWE and Avista Corp;

WHEREAS, NWE desires to purchase from Avista Corp an amount of Dynamic Capacity and Energy Service that shall follow a portion of the instantaneous variations resulting from the difference between NWE's electrical Loads and Resources within a specified bandwidth;

WHEREAS, NWE is responsible for ensuring capacity and energy Resources meet NWE's estimated Load on an hourly basis;

WHEREAS, the Parties intend this contract to assist NWE in balancing its Resources with its Load requirements and ensuring control area reliability and WECC compliance through this energy neutral capacity service. Neither NWE nor Avista Corp shall intentionally use energy from or return energy to the other's system in a manner that creates an economic advantage to the using Party.

WHEREAS, the Parties shall maintain interchange points and associated metering and communication systems necessary to provide signals usable by Avista Corp in order to provide the services under this Transaction;

WHEREAS, both Parties desire to continue to transact business between them in a manner that exposes no Party or its customers to significant financial risks associated with variations in the price of electric power in the wholesale markets.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, NWE and Avista Corp agree as follows:

## 1. **DEFINITIONS**

Except as modified herein, capitalized terms appearing in Vol. No. 9 and Vol. No. 10 as applicable shall have the meanings specified therein. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meaning specified:

1.1 **Balancing Account**: An account established between Avista Corp and NWE for the purpose of accounting for any accumulated hourly-integrated energy as further described in Exhibit B.

1.2 **Control Area**: The electrical (not necessarily geographical) area within which a controlling electric utility has the responsibility to adjust its generation to match internal Load and power flows across Interchange Points to other areas controlled by other electric utilities.

1.3 **Delivery Points**: The point(s) at which Avista Corp shall make available to NWE Dynamic Capacity and Energy Service under this Transaction, which Delivery Points are set forth in Section 6.

1.4 **Dynamic Capacity and Energy Service**: The electric generating capability, expressed in Megawatts and associated megawatt-hours, made available to NWE by Avista Corp at the Delivery Point(s) pursuant to this Transaction.

1.5 **FERC**: The Federal Energy Regulatory Commission or the successor to its regulatory powers and duties.

1.6 **Firm Energy Index Rate**: The daily weighted average electricity price reported in the Dow Jones Mid-Columbia Electricity Index for firm energy delivered On-Peak and/or Off-Peak expressed in dollars per megawatt-hour. In the absence of the Dow Jones Mid-Columbia Electricity Index for firm energy delivered On Peak and/or Off Peak, a comparable publication of firm energy prices at the Mid-Columbia as agreed to by the Parties shall be the Firm Energy Index Rate.

1.7 **Good Utility Practice**: The practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including all applicable and generally followed standards, guidelines, criteria, practices and methods established by FERC, NERC, the WECC and the NWPP, and including design methods, equipment specification methods, manufacturer quality assurance screening and ordering practices, maintenance practices and the like.

1.8 Interchange Point: The electrical interconnection point between two electrical systems that is established and metered for the purpose of defining Control Area boundaries.

1.9 Load: The total energy supply requirements within the NWE control area.

1.10 Load-Following: The incorporation of the NWE Dynamic Capacity and Energy Service request signal into Avista's Control Area load-following calculations on a continuous and instantaneous basis and the maintenance of electrical system frequency.

1.11 Megawatt (MW): 1000 kilowatts.

1.12 NERC: The North American Electric Reliability Council, or its successor.

1.13 NWPP: The Northwest Power Pool, or its successor.

1.14 Off-Peak: All hours other than On-Peak hours.

1.15 On-Peak: The hours ending 0700 through 2200 Pacific Prevailing Time, Monday through Sunday inclusive, including NERC holidays.

1.16 Pacific Prevailing Time: The Pacific Time, either standard or daylight, whichever is in effect at the pertinent time.

1.17 Resources: The total electric output of NWE's electric generation resources, contracts, and power schedules dedicated to serving NWE Load.

1.18 Safety and Reliability Requirements: All requirements of Good Utility Practice, all applicable mandatory requirements concerning levels of reserves and provisions for contingencies, all applicable mandatory laws, governmental rules, regulations, and orders, and all applicable mandatory reliability criteria, standards, guidelines and operating procedures of NERC, FERC, WECC, NWPP and other organizations that apply to the planning, design and operation of a Party's electrical system.

1.19 Telemetry Equipment: The instantaneous and hourly power flow metering, transducers, communication equipment and communication circuits necessary to provide Avista Corp with a signal usable by Avista Corp for the purpose of meeting NWE's Dynamic Capacity requirements and to provide the signal or signals usable by any third party operator of adjacent Control Areas.

1.20 Term: As defined in Section 2.1.

1.21 Vol. No. 9: Avista Corp's FERC Electric Tariff Fifth Revised Volume No. 9 pursuant to FERC Order with effective date of December 8, 2004.

1.22 Vol. No. 10: Avista Corp's FERC Electric Tariff Original Volume No. 10 pursuant to FERC Order dated November 16, 1998.

1.23 WECC: The Western Electric Coordinating Council, or its successor.

## 2. **TERM**

2.1 Term of Transaction - The Term of this Transaction shall commence on [REDACTED], and continue through [REDACTED], unless terminated earlier pursuant to Section 2.2 or Section 9 of this Transaction.

2.2 Approvals - This Transaction shall terminate unless the execution and delivery hereof are authorized and approved before December 1, 2005, by NWE's Vice President of Energy Supply. NWE shall provide written notice of such approval. Avista Corp shall file this Transaction Record with the FERC prior to commencement of service. The obligations of Avista Corp to provide service hereunder are conditioned upon FERC's acceptance for filing or approval without change of the terms and conditions herein within sixty (60) days of the effective date of this Agreement. In the event that FERC does not so approve the Transaction Record or approves it upon conditions that are unacceptable to either Party in its sole discretion, Avista Corp's obligation to provide service shall terminate upon the effective date of the order of such FERC disapproving this Transaction Record or approving it with unacceptable conditions. The Parties agree to attempt to negotiate in good faith for a period of thirty (30) days following such termination a substitute agreement that shall comply with the conditions of FERC and preserve the economic benefits to both Parties of the terms and conditions of this Transaction Record, provided nothing herein shall be construed as an obligation to execute any such substitute agreement.

2.3 Eligibility - Currently, NWE does not require services hereunder as part of any transmission arrangements between the Parties and as such NWE is not receiving transmission dependent service from Avista Corp. If at a later time, NWE has acquired transmission dependent customers or generation within the Avista Corp transmission network, then NWE shall provide notice to Avista Corp as provided herein within thirty (30) days of such acquisition. The Parties shall negotiate in good faith alternate arrangements for services hereunder that may be affected by such transmission dependent customers or generation.

## 3. **DYNAMIC CAPACITY AND ENERGY SERVICE UNDER VOL. 10**

3.1 Sale of Dynamic Capacity and Energy Service - For the entire Term of the Transaction, Avista Corp shall make available to NWE, and NWE shall purchase under Avista Corp's Vol. No. 10, Service Schedule A, an amount of Dynamic



Capacity and Energy Service equal to [REDACTED] kilowatts for each hour on an absolute value basis. Dynamic Capacity and Energy Service herein shall be provided by Avista Corp by incorporating the NWE generation request signal into Avista Corp's Control Area load following calculations on a continuous and instantaneous basis up to the maximum absolute value capacity differential, during any hour, specified above. For example, NWE's Load following requirements could be from [REDACTED] or any variation thereof within any hour. Any energy associated with providing Dynamic Capacity and Energy Service herein, that is either delivered by Avista Corp to NWE or returned by NWE to Avista Corp during each hour shall be accounted for in a Balancing Account established by the Parties pursuant to Section 4 of this Transaction. The Parties intend this service to be energy neutral and result in energy deliveries between the Parties that are balanced to zero over a period of time.

3.2 Rates For Dynamic Capacity and Energy Service - The fees owed to Avista Corp by NWE, on a calendar month basis, for Dynamic Capacity and Energy Service shall be equal to the product of the Dynamic Capacity and Energy Service rate, expressed in dollars per kilowatt-month shown in Exhibit A and [REDACTED] kilowatts. The Dynamic Capacity rate shall be less than the “up to” rate established under Vol. No. 10, Service Schedule A.

3.3 Adjustment to rates for Dynamic Capacity and Energy Service in Excess of [REDACTED] Kilowatts - It is the responsibility of NWE to limit the Dynamic Capacity and Energy Service amount to [REDACTED] kW in each hour. In the unexpected event that NWE utilizes Dynamic Capacity and Energy Service in excess of [REDACTED] kW in any hour during a calendar month, NWE shall compensate Avista Corp according to the following formula for the entire amount of Dynamic Capacity and Energy service for the calendar month:

$$[REDACTED] = \text{Dynamic Capacity and Energy Service Rate}$$

Where “E” = kW in excess of [REDACTED] kW on an absolute value basis

The rate for Dynamic Capacity and Energy Service in Excess of [REDACTED] kW shall be less than or equal to the “up to” rate established under Vol. No. 10, Service Schedule A.

The Parties do not intend NWE to take Dynamic Capacity and Energy Service above [REDACTED] kW in any calendar month, even after an event that establishes an adjusted rate level for that calendar month. In the unintended event that NWE utilizes Dynamic Capacity and Energy Service in excess of [REDACTED] kW during multiple hours during a single calendar month, and such unintended event occurs in a total of three calendar months which three calendar months need not be

consecutive, then either Party shall have the option at its sole discretion to terminate the Agreement upon 30 days advance notice to the other Party.

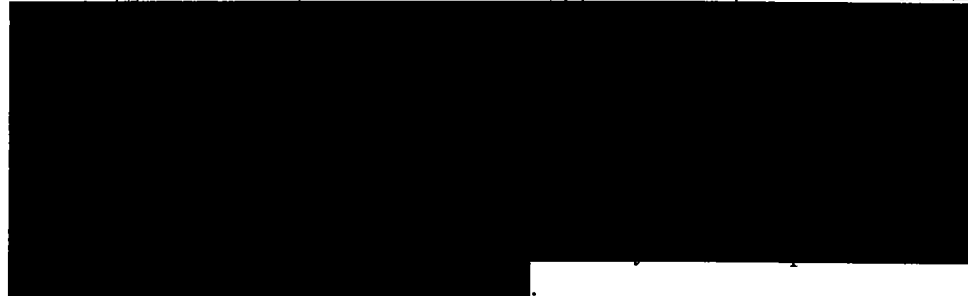
**4. BALANCING ACCOUNT**

4.1 Establishment of a Balancing Account – The Parties shall establish a Balancing Account utilizing the calculations shown in Exhibit B for the purpose of recording and accumulating, on an hourly-integrated basis, those energy amounts that may be transferred between the Parties that result from dynamic signals from NWE. Avista Corp shall have the responsibility to maintain the accounting for the Balancing Account on an hourly integrated basis in a form that is mutually agreeable between the Parties. For each month of the Term of the Transaction, or at NWE's request, Avista Corp shall provide to NWE a report that summarizes the status of the Balancing Account.

4.2 Balancing Account Financial Settlement - For each month of the Term of the Transaction the Balancing Account shall be financially settled in the following manner: The hourly integrated energy, measured in megawatt-hours, flowing to one Party or the other shall be multiplied by the appropriate daily Firm Energy Index Rate for such On-Peak or Off-Peak hour. This amount shall represent the value of the energy either sent to NWE or received from NWE in each hour. On a monthly basis, the total dollar amount owed to each party shall be summed. The net amount owed to the Party with the larger balance shall be determined by subtracting the larger amount owed from the smaller amount owed. The Party owing the net amount from the Balancing Account shall pay the owed net balance to the other Party. Any net sale of power by Avista Corp associated with the financial settlement described above shall be under Avista Corp's Volume No. 9, Service Schedule C, as identified in Exhibit A.

4.3 Balancing Adjustments – If Avista Corp, at its reasonable sole discretion, determines that NWE has intentionally utilized the Dynamic Capacity and Energy Service to provide an economic advantage to NWE; the integrated hourly amount of energy in the Balancing Account for those specific hours shall be charged at:

4.3.1 For energy delivered by NWE to Avista Corp, Avista Corp shall credit NWE



4.3.2 For energy delivered by Avista Corp to NWE, Avista Corp shall charge

NWE [REDACTED]

**5. INFORMATION EXCHANGE**

- 5.1 Planning Data - The Parties agree to exchange any Load, Resource or other planning and coordinating information as may be reasonably requested for the purposes of estimating NWE's hourly capacity and energy requirements provided under this Transaction and in compliance with applicable Safety and Reliability Requirements. The receiving Party shall agree to maintain such information confidential.
- 5.2 Avista Corp Rights to Examine Records - Avista Corp may, upon reasonable notice, examine NWE's records and estimates associated with this Transaction.
- 5.3 Notice Provision – The Parties have designated the following persons to receive communications of a formal nature:

Director, Power Supply  
 Avista Corporation  
 PO Box 3727  
 1411 East Mission Avenue  
 Spokane, WA 99220-3727  
 Phone:  
 Facsimile:

Vice President, Wholesale Operations  
 NorthWestern Corporation

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Phone:  
 Facsimile:

Any formal notice required or permitted by this Transaction Record shall be in writing and shall be (i) personally delivered; (ii) transmitted by postage prepaid registered mail; (iii) transmitted by a recognized overnight courier service; or (iv) transmitted electronically. All notices shall be deemed to have been given upon (i) the date of receipt if personally delivered; (ii) the fifth (5<sup>th</sup>) day after mailed; (iii) the business day following delivery by overnight delivery; or (iv) the business day following electronic transmission, provided the receiving party voluntarily and affirmatively acknowledges receipt of electronic transmission, whichever occurs first.

Each Party shall give notice to the other Party of all persons and their addresses, electronic mail addresses, and phone numbers who are designated by their respective Party to receive information (1) of a financial nature concerning the calculation and transmittal of invoices and payment information; and (2) of an operational nature concerning Load, Resource or other planning and coordinating information regarding the operations of the electric systems of Avista Corp and NWE. Said notices shall be set forth in writing separate from this Transaction Record.

Any Party may change its address for purposes of notice by providing the other Party of written notice of the change.

## **6. DELIVERY**

- 6.1 Delivery Points - Unless otherwise mutually agreed upon by the Parties, deliveries pursuant to this Transaction shall be at the [REDACTED] [REDACTED] Avista Corp shall acquire the necessary transmission and ancillary services, if any are required, on its own transmission system for delivery of Dynamic Capacity and Energy Service to the Delivery Point. NWE shall reimburse Avista Corp at a rate not to exceed the applicable FERC tariff rate for the cost of acquiring such transmission and ancillary services. The current FERC tariff associated with acquisition of such transmission capacity service from the Avista Corp system to the Delivery Point at Hot Springs is listed in Exhibit A. Consistent with Section 3 of Vol. No. 10, when Avista Corp's open access transmission tariff applies to Avista Corp's deliveries of energy to NWE pursuant to this Transaction, Avista Corp shall separately set forth in the invoices for the applicable calendar months the costs of transmission service and ancillary services under the Avista Corp open access transmission tariff. In addition, NWE shall compensate Avista Corp for any associated transmission losses to Avista Corp, at the rate identified in Exhibit A. The Parties may agree upon alternate Delivery Points other than the [REDACTED] [REDACTED] from time-to-time. NWE shall pay for any additional transmission costs and losses associated with alternate Delivery Points.

## **7. THIRD PARTY CHARGES**

- 7.1 Third Party Charges - In the event that either Avista Corp or NWE incur charges on account of the use of facilities of third parties, the use of which is commercially and reasonably required to provide Dynamic Capacity and Energy Service under this Transaction ("Third Party Charges"), such charges shall be paid by NWE. The Parties agree that Third Party Charges may include, but are not necessarily limited to, charges associated with third party wheeling, transmission losses, and reactive power supply. To the extent that Avista Corp is aware in advance of Third Party Charges, Avista Corp shall provide advance notice to NWE of such Third Party

Charges. Furthermore, if NWE, in its sole discretion, determines, that such Third Party Charges materially increase the costs of this Transaction to NWE beyond those that would be reasonably expected and are inconsistent with this Transaction, NWE shall have the right to terminate upon thirty (30) days advance written notice to Avista Corp

## **8. ARBITRATION**

- 8.1 Any dispute between the Parties involving service under this Agreement shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the Parties may agree upon by mutual agreement, such dispute shall be arbitrated and resolved in accordance with the arbitration procedures set forth below.
- 8.2 Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, provided, however, that the Parties shall be entitled to all rights of discovery pursuant to the Federal Rules of Civil Procedure.
- 8.3 Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Transaction and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) shall also be filed with FERC if it affects jurisdictional rates, terms and conditions of service or facilities.

8.4 Costs - Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

8.4.1 the cost of the arbitrator chosen by the Party to sit on the three member panel and one-half of the cost of the third arbitrator chosen; or

8.4.2 one-half the cost of the single arbitrator jointly chosen by the Parties.

**10. SIGNATURE CLAUSE**

The signatories hereto represent that they have been authorized to enter into this Transaction on behalf of the Party for whom they sign.

AVISTA CORPORATION

NORTHWESTERN CORPORATION

By: \_\_\_\_\_

Ronald R. Peterson  
V.P. Energy Resources

By: \_\_\_\_\_

David G. Gates  
V.P. Wholesale Operations

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

I:\Spodocs\11150\04144\agree\00368093.DOC

TRANSACTION RECORD  
BETWEEN  
NORTHWESTERN CORPORATION  
AND  
AVISTA CORPORATION

EXHIBIT A

Rates

Tariff	Rate Type	Period	Rate
Vol. 10 Service Schedule A	Dynamic Capacity and Energy Service	[REDACTED]	[REDACTED]
Vol. 10 Service Schedule A	Dynamic Capacity and Energy Service exceeding [REDACTED] kW	[REDACTED]	[REDACTED]
Vol 9 Service Schedule C	Energy (Balancing Account Financial Settlement)	[REDACTED]	Firm Energy Index Rate for applicable On-Peak or Off- Peak hours
Vol 9 Service Schedule C	Energy (Balancing Account Financial Settlement - Adjusted Rate)	[REDACTED]	For energy delivered to Avista Corp, NWE shall be credited [REDACTED]

Vol. 9 Service Schedule C	Energy (Financial Settlement of the Transmission losses associated with energy deliveries)	[REDACTED]	[REDACTED]
Vol. 8 Point to Point Transmission Service Schedule 7	Monthly Point to Point Transmission	[REDACTED]	Current effective rate for [REDACTED] kW per month of firm, Point to Point transmission
Vol. 8 Ancillary Service Schedule 1	Scheduling, System Control and Dispatch Service	[REDACTED]	Current effective rate
Vol. 8 Ancillary Service Schedule 2	Reactive Supply and Voltage Control from Generation Sources Service	[REDACTED]	Current effective rate



TRANSACTION RECORD  
BETWEEN  
NORTHWESTERN CORPORATION  
AND  
AVISTA CORPORATION

EXHIBIT B

Technical Data

The intent of this exhibit is to clarify the calculations utilized to implement the contract.

**Request and Delivery Signals for Dynamic Capacity and Energy Service**

NWE shall transmit a request signal to Avista Corp via Intercompany Communications Protocols ("ICCP") datalink ("Request"). Notwithstanding other limitations contained in this Agreement, the Request shall not exceed [REDACTED]. It is also NWE's sole responsibility to limit the Request to be within the [REDACTED] "maximum absolute value capacity differential" described elsewhere in the contract.

Avista Corp shall return a delivery signal to NWE via ICCP datalink ("Delivery"). Both Avista Corp and NWE shall incorporate the Delivery signal into their respective Area Control Error ("ACE") calculations. In the event NWE's Request exceeds [REDACTED], Avista Corp shall limit the Delivery signal to [REDACTED]. In the event NWE's Request is less than [REDACTED], Avista Corp shall limit the Delivery signal to [REDACTED].

**Sign Conventions**

- A positive Request signal ("Out MW") is a request for MW to flow from AVA to NWE. The resultant positive Delivery signal would result in the AVA ACE moving in the negative direction, and the NWE ACE moving in the positive direction.
- A negative Request signal ("In MW") is a request for MW to flow from NWE to AVA. The resultant negative Delivery signal would result in the AVA ACE moving in the positive direction, and the NWE ACE moving in the negative direction.

**Calculation of Hourly Net Interchange MWH for the Balancing Account**

- Avista Corp shall integrate the Delivery signal for each clock hour.
- Integrations of the positive and negative portions of the Delivery signal shall be performed separately to obtain an In Hourly MWH value and an Out Hourly MWH.

- In order to obtain control area interchange values expressed in whole numbers, a 'truncate and accumulate the remainder' calculation shall be performed on the In Hourly MWH value to obtain the In Whole Hourly MWH value. A 'truncate and accumulate the remainder' calculation shall also be performed on the Out Hourly MWH value to obtain the Out Whole Hourly MWH value.
- The In Whole Hourly MWH and the Out Whole Hourly MWH values shall be subtracted to obtain the Hourly Net Interchange MWH value.
- The Hourly Net Interchange MWH value shall be the official hourly interchange between Avista Corp and NWE control areas.

### **'Truncate and accumulate the remainder' calculation**

The purpose of these calculations is to ensure that each individual hourly interchange value is a whole number and that any decimal truncation remainders are incorporated in the subsequent hourly interchange value.

- The In Hourly MWH value is calculated by integrating the negative portions of the real-time Delivery MW within each hour.
- The previous hour's In Truncation Remainder value is added to the current hour's In Hourly MWh value.
- This value is then truncated, not rounded, the decimal portion is removed leaving only the whole number. This is the In Whole MWH value.
- The decimal portion which was removed is the In Truncation Remainder. This is stored and later incorporated in the subsequent hour's calculation.
- A similar calculation is performed to yield the Out Whole MWH value.

### **'Maximum absolute value capacity differential' calculation**

- The maximum and minimum values of the Delivery signal shall be tracked during each hour.
- The difference between the two values (maximum minus minimum) is the maximum absolute value variation within the hour.
- At the beginning of the hour the MW Hourly Max and Min are both set equal to the Delivery value.
- Throughout the hour the MW Hourly Max tracks the maximum value of Delivery.
- Throughout the hour the MW Hourly Min tracks the minimum value of Delivery.
- The Hourly Band, or 'maximum absolute value capacity differential', is calculated as the MW Hourly Max minus the MW Hourly Min.

### **Signal Integration Calculation**

To perform the integration of the positive portion of the Delivery signal the following calculation is performed.

- At the beginning of the hour a counter register and a running summation register are reset to zero.
- At an agreed upon periodicity, for instance every 4 seconds, the counter register is incremented by 1.
- At the same periodicity, if the present value of the Delivery signal is positive, then the Delivery MW is added to the running summation register.
- If the Delivery signal is not positive the running summation register remains unchanged.
- At the end of the hour the running summation value is divided by the counter value, the result is the integration of the positive portion of the Delivery signal.
- A similar calculation is performed to yield the integration of the negative portion of the Delivery signal.