

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

MONTH OF AUGUST 2006

**Avista Corporation Journal Entry**

Journal: 481-WA ERM      Effective Date: 200608  
 Team: Resource Accounting      Last Saved by: Lori Hamilton      Last Saved: 09/08/2006 2:03 PM  
 Type: C      Submitted by: Lori Hamilton  
 Category: DJ

<u>Seq.</u>	<u>FERC</u>	<u>Seq.</u>	<u>Jur.</u>	<u>S.I.</u>	<u>Debit</u>	<u>Credit</u>	<u>Comment</u>
10	557290 - WA ERM AMORTIZATION	ED	WA	DL			WA ERM surcharge amortization
20	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL	2,510,692.00	2,510,692.00	WA ERM authorized for recovery
30	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL		1,728,220.00	WA ERM current month deferral
40	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL	1,728,220.00		WA ERM current year deferral
50	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL	356,596.00		Accrue interest on deferral balance authorized for recovery
60	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL		13,017.00	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		343,579.00	Non-utility interest income
90	410100 - PRV DFIT DR	ED	WA	DL		273,865.00	DFIT entry for power supply deferral and surcharge amortization
100	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	120,252.00		Non -op DFIT entry for interest income
110	283280 - ADFIT ERM	ED	WA	DL	153,613.00		ADFIT WA ERM current and prior years
120	186010 - REGULATORY ASSET ERM YTD COMPANY BAND	ED	WA	DL	3,984,073.00		Track YTD company band accumulation
130	186020 - REGULATORY ASSET ERM YTD CONTRA	ED	WA	DL		3,984,073.00	Contra account for YTD company band accumulation
	<b>TOTALS:</b>				<b>8,853,446.00</b>	<b>8,853,446.00</b>	

### Avista Corporation Journal Entry

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 Team: Resource Accounting      Last Saved by: Lori Hamilton      Last Saved: 09/08/2006 2:03 PM  
 Type: C      Submitted by: Lori Hamilton  
 Category: DJ

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

<i>Lori Hamilton</i>	Date	9/8/06
Prepared by Lori Hamilton		
<i>Dani Judge</i>	Date	9/8/06
Reviewed by		
	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>200513</b>	USD	0.00		4,138,618.00	
200601	USD	4,138,618.00		0.00	
200602	USD	0.00		0.00	
200603	USD	0.00		0.00	
200604	USD	0.00		0.00	
200605	USD	-1,831,779.00		-1,831,779.00	
200606	USD	-2,956,443.00		-4,788,222.00	
200607	USD	3,005,589.00		-1,782,633.00	
200608	USD	1,715,203.00		-67,430.00	

Journal Details

Summary Balances

**ERM Deferral Balance (Current Year - 2006)**

**Account 186280.ED.WA**

	Amount	Journal ID
Balance 7/31/06	-\$1,782,633.00	
Deferral	1,728,220.00	481 - WA ERM
Interest	-13,017.00	481 - WA ERM
Balance 8/31/06	<u><u>-\$67,430.00</u></u>	
Year to date deferrals	\$0.00	
Year to date interest	<u>-67,430.00</u>	
Balance in account	<u><u>-\$67,430.00</u></u>	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200513	USD	0.00		0.00	
200601	USD	4,156,776.00		4,156,776.00	
200602	USD	18,158.00		4,174,934.00	
200603	USD	18,158.00		4,193,092.00	
200604	USD	18,158.00		4,211,250.00	
200605	USD	18,158.00		4,229,408.00	
200606	USD	4,229,408.00		0.00	
200607	USD	0.00		0.00	
200608	USD	0.00		0.00	

Journal Details

Summary Balances

**ERM Deferral Balance (Prior year - 2005)**

**Account 186290.ED.WA**

Balance 7/31/06

No current month activity

Balance 8/31/06

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

Detail Balances (AVA CORP) - 001.182350.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200513</b>	USD	0.00		92,052,194.65	
200601	USD	-2,464,349.00		89,587,845.65	
200602	USD	-2,426,654.00		87,161,191.65	
200603	USD	-2,360,123.00		84,801,068.65	
200604	USD	-2,050,571.00		82,750,497.65	
200605	USD	-1,832,184.00		80,918,313.65	
200606	USD	2,394,441.00		83,312,754.65	
200607	USD	-1,921,938.00		81,390,816.65	
200608	USD	-2,154,096.00		79,236,720.65	

Journal Details

Summary Balances

**Recoverable Deferral Balance**

**Account 182350.ED.WA**

Balance 7/31/06

Amortization

Interest

Balance 8/31/06

Amount

Journal ID

\$81,390,816.65

-2,510,692.00 481 - WA ERM

356,596.00 481 - WA ERM

\$79,236,720.65

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200513</b>	USD	0.00		342,601.00	
200601	USD	-27,868.00		314,733.00	
200602	USD	-27,990.00		286,743.00	
200603	USD	-28,113.00		258,630.00	
200604	USD	-28,237.00		230,393.00	
200605	USD	-28,360.00		202,033.00	
200606	USD	-28,485.00		173,548.00	
200607	USD	-28,603.00		144,945.00	
200608	USD	-28,731.00		116,214.00	

Journal Details

Summary Balances

**Contract Buyout Deferral Balance**

**Account 182360.ED.WA**

Balance 7/31/06

Amortization\*

Interest

Balance 8/31/06

Amount

Journal ID

\$144,945.00

-29,313.00 485 - ECB AMORT

582.00 485 - ECB AMORT

\$116,214.00

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

\$32,570

Balance Type		Actual	Currency Type		Entered
			Factor	Units	
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200513	USD	0.00		9,000,000.00	
200601	USD	-11,902,131.00		-2,902,131.00	
200602	USD	432,476.00		-2,469,655.00	
200603	USD	-2,743,056.00		5,212,711.00	
200604	USD	-3,172,065.00		-8,384,776.00	
200605	USD	-615,224.00		9,000,000.00	
200606	USD	1,805,726.00		-7,194,274.00	
200607	USD	1,466,054.00		5,728,220.00	
200608	USD	3,984,073.00		-1,744,147.00	

Journal Details

Summary Balances

**ERM Deadband plus Amounts Absorbed**

**Account 186010.ED.WA**

	<u>Amount</u>	<u>Journal ID</u>
Balance 7/31/06	-\$5,728,220.00	
Current month entry	3,984,073.00	481 - WA ERM
Balance 8/31/06	<u><u>-\$1,744,147.00</u></u>	

	<u>Total</u>	<u>Absorbed</u>	<u>Deferred</u>
First \$4,000,000 at 100%	-\$1,744,147.00	-\$1,744,147.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	0.00	0.00	0.00
Over \$10,000,000 at 10%	0.00	0.00	0.00
Total	<u><u>-\$1,744,147.00</u></u>	<u><u>-\$1,744,147.00</u></u>	<u><u>\$0.00</u></u>



Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200513	USD	0.00		9,000,000.00	
200601	USD	11,902,131.00		2,902,131.00	
200602	USD	432,476.00		2,469,655.00	
200603	USD	2,743,056.00		5,212,711.00	
200604	USD	3,172,065.00		8,384,776.00	
200605	USD	615,224.00		9,000,000.00	
200606	USD	-1,805,726.00		7,194,274.00	
200607	USD	-1,466,054.00		5,728,220.00	
200608	USD	-3,984,073.00		1,744,147.00	

Journal Details

Summary Balances

**ERM Deadband Contra Account**  
**Account 186020.ED.WA**  
 Balance 7/31/06  
 Current month entry  
 Balance 8/31/06

Amount	Journal ID
\$5,728,220.00	
-3,984,073.00	481 - WA ERM
<u>\$1,744,147.00</u>	

Balance Type		Actual		Currency Type		Entered	
				Factor		Units	
Period	Currency	PTD	PTD Converted	YTD	YTD Converted		
200513	USD	0.00		-33,666,784.00			
200601	USD	856,168.00		-32,810,616.00			
200602	USD	842,974.00		-31,967,642.00			
200603	USD	819,688.00		-31,147,954.00			
200604	USD	711,345.00		-30,436,609.00			
200605	USD	1,276,032.00		-29,160,577.00			
200606	USD	1,676,991.00		-27,483,586.00			
200607	USD	379,277.00		-27,862,863.00			
200608	USD	153,613.00		-27,709,250.00			

Journal Details

Summary Balances

<b>DFIT Associated with ERM Deferrals</b>	
<b>Account 283280.ED.WA</b>	
Account 186280.ED.WA balance	-\$67,430.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	79,236,720.65
Total	<u>\$79,169,290.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$27,709,252</u>
Rounding	2
Balance in account	<u><u>-\$27,709,250</u></u>

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200513</b>	USD	0.00		-119,910.00	
200601	USD	9,753.00		-110,157.00	
200602	USD	9,796.00		-100,361.00	
200603	USD	9,839.00		-90,522.00	
200604	USD	9,882.00		-80,640.00	
200605	USD	9,926.00		-70,714.00	
200606	USD	9,969.00		-60,745.00	
200607	USD	10,011.00		-50,734.00	
200608	USD	10,056.00		-40,678.00	

Journal Details

Summary Balances

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

Account 182360.ED.WA balance	\$116,214.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-40,675
Rounding	-3
Balance in account	<u>-40,678</u>

Changes Semiannually on January 1 and July 1 Beginning 7/1/02						
The rate is based on Avista's actual cost of debt, updated semiannually.						
The actual cost of debt calculated at 6/30 will be used for the interest calculation from July through December.						
The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.						
Interest will be accrued monthly and compounded semi-annually.						
Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current after tax interest rate						
Actual cost of debt at 12/31/05 is 8.10%--			Actual cost of debt at 6/30/06 is 8.253%			
The monthly rate is:			The monthly rate is:			
	0.00675	Before Tax		0.00687750	Before Tax	
	0.0043875	After Tax		0.0044704	After Tax	
	0.35	Tax rate		0.35	Tax rate	
<b>Account 182350</b>			<b>2006 Interest</b>			
12-31-2005	GL Balance including interest	92,052,195		Jan-06	DFIT Expense	ADFIT
Jan-06	Surcharge Amortization	(2,861,950)		Amortization	(1,001,683)	Operating 1,001,683
Jan-06	Interest		397,601	Interest	139,160	Nonoperating (139,160)
01-31-2006	Balance before interest	89,190,245			(862,523)	Total 862,523
				Feb-06	DFIT Expense	ADFIT
Feb-06	Surcharge Amortization	(2,811,808)		Amortization	(984,133)	Operating 984,133
Feb-06	Interest		385,154	Interest	134,804	Nonoperating (134,804)
02-28-2006	Balance before interest	86,378,437			(849,329)	Total 849,329
				Mar-06	DFIT Expense	ADFIT
Mar-06	Surcharge Amortization	(2,733,113)		Amortization	(956,590)	Operating 956,590
Mar-06	Interest		372,990	Interest	130,547	Nonoperating (130,547)
03-31-2006	Balance before interest	83,645,324			(826,043)	Total 826,043
				Apr-06	DFIT Expense	ADFIT
Apr-06	Surcharge Amortization	(2,412,273)		Amortization	(844,296)	Operating 844,296
Apr-06	Interest		361,702	Interest	126,596	Nonoperating (126,596)
04-30-2006	Balance before interest	81,233,051			(717,700)	Total 717,700
				May-06	DFIT Expense	ADFIT
May-06	Surcharge Amortization	(2,183,803)		Amortization	(764,331)	Operating 764,331
May-06	Interest		351,619	Interest	123,067	Nonoperating (123,067)
05-31-2006	Balance before interest	79,049,248			(641,264)	Total 641,264
				Jun-06	DFIT Expense	ADFIT
Jun-06	Surcharge Amortization	(2,195,138)		Amortization	(768,298)	Operating 768,298
Jun-06	Interest		342,013	Interest	119,705	Nonoperating (119,705)
06-30-2006	Balance before interest	76,854,110			(648,593)	Total 648,593
06-30-2006	Transfer from 186290	4,247,566				
06-30-2006	GL Balance including interest	83,312,755		Jul-06	DFIT Expense	ADFIT
Jul-06	Surcharge Amortization	(2,289,262)		Amortization	(801,242)	Operating 801,242
Jul-06	Interest		367,324	Interest	128,563	Nonoperating (128,563)
07-31-2006	Balance before interest	81,023,493			(672,679)	Total 672,679
				Aug-06	DFIT Expense	ADFIT
Aug-06	Surcharge Amortization	(2,510,692)		Amortization	(878,742)	Operating 878,742
Aug-06	Interest		356,596	Interest	124,809	Nonoperating (124,809)
08-31-2006	Balance before interest	78,512,801			(753,933)	Total 753,933
				GL Balance	Activity	GL Balance
				07-31-2006	Aug-06	08-31-2006
	<b>Net ERM Balance</b>	<b>79,236,721</b>		<b>81,390,817</b>	<b>(2,154,096)</b>	<b>79,236,721</b>
	<b>ADFIT Balance</b>	<b>(27,732,852)</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.						
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 12/31/05 is 8.10%--			Actual cost of debt at 6/30/06 is 8.253%			
The monthly rate is:			The monthly rate is:			
	0.00675	Before-Tax		0.00687750	Before Tax	
	0.0043875	After-Tax		0.0044704	After Tax	
	0.35	Tax rate		0.35	Tax rate	
<b>Account 186280</b>						
<b>2006 Interest</b>						
12-31-2005	GL Balance including interest	\$4,138,618.00				
01-01-2006	GL Balance	(\$4,138,618.00)	Transfer to 186290			
01-01-2006	GL Balance	0				
<b>Jan-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
Jan-06	ERM Deferral	0	Deferral	0	Operating	0
Jan-06	Interest	0	Interest	0	Nonoperating	0
01-31-2006	Balance before interest	0		0	Total	0
<b>Feb-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
Feb-06	ERM Deferral	0	Deferral	0	Operating	0
Feb-06	Interest	0	Interest	0	Nonoperating	0
02-28-2006	Balance before interest	0		0	Total	0
<b>Mar-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
Mar-06	ERM Deferral	(577,437)	Deferral	(202,103)	Operating	202,103
Mar-06	Interest	(1,267)	Interest	(443)	Nonoperating	443
03-31-2006	Balance before interest	(577,437)		(202,546)	Total	202,546
<b>Apr-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
Apr-06	ERM Deferral	(1,545,747)	Deferral	(541,011)	Operating	541,011
Apr-06	Interest	(5,924)	Interest	(2,073)	Nonoperating	2,073
04-30-2006	Balance before interest	(2,123,184)		(543,084)	Total	543,084
<b>May-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
May-06	ERM Deferral	(1,863,923)	Deferral	(652,373)	Operating	652,373
May-06	Interest	(13,404)	Interest	(4,691)	Nonoperating	4,691
05-31-2006	Balance before interest	(3,987,107)		(657,064)	Total	657,064
<b>Jun-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
Jun-06	ERM Deferral	(761,356)	Deferral	(266,475)	Operating	266,475
Jun-06	Interest	(19,164)	Interest	(6,707)	Nonoperating	6,707
06-30-2006	Balance before interest	(4,748,463)		(273,182)	Total	273,182
<b>Jul-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
06-30-2006	GL Balance including interest	(4,788,222)				
Jul-06	ERM Deferral	3,020,243	Deferral	1,057,085	Operating	(1,057,085)
Jul-06	Interest	(14,654)	Interest	(5,129)	Nonoperating	5,129
07-31-2006	Balance before interest	(1,767,979)		1,051,956	Total	(1,051,956)
<b>Aug-06</b>						
				<b>DFIT Expense</b>		<b>ADFIT</b>
04-30-2006	Adjustment to deferral balance	(A) (360,862)	Deferral	(126,302)	Operating	126,302
06-30-2006	Adjustment to YTD interest	(B) (5,859)	Interest	(2,051)	Nonoperating	2,051
07-31-2006	Restated balance before interest	(2,134,700)				
07-31-2006	Adjustment to July interest	(B) (2,285)	Interest	(800)	Nonoperating	800
Aug-06	ERM Deferral	(A) 2,089,082	Deferral	731,179	Operating	(731,179)
Aug-06	Interest	(4,873)	Interest	(1,706)	Nonoperating	1,706
08-31-2006	Balance before interest	(45,618)		600,320	Total	(600,320)
<b>Summary</b>						
				<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>
	<b>Net ERM Balance</b>	(67,430)		<b>07-31-06</b>	<b>Aug-06</b>	<b>08-31-06</b>
				(1,782,633)	1,715,203	(67,430)
	<b>ADFIT Balance</b>	23,601				

≤ (A) 1,728,220 -

≤ (B) (8,144)

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 6/30/06 is 6.253%		The monthly rate is:	
		0.00675 Before Tax 0.0043875 After Tax 0.35 Tax rate		0.00687750 Before Tax 0.0044704 After Tax 0.35 Tax rate		2006 Interest		RESTATED FOR RRC CORRECTION IN APRIL							
Account 186280															
12-31-2005 GL Balance including interest		\$4,138,618.00													
01-01-2006 GL Balance		(\$4,138,618.00)		Transfer to 186290											
01-01-2006 GL Balance		0													
Jan-06 ERM Deferral		0		Jan-06		DFIT Expense		ADFIT							
Jan-06 Interest		0		Deferral		0		Operating		0					
01-31-2006 Balance before interest		0		Interest		0		Nonoperating		0					
								Total		0					
Feb-06 ERM Deferral		0		Feb-06		DFIT Expense		ADFIT							
Feb-06 Interest		0		Deferral		0		Operating		0					
02-28-2006 Balance before interest		0		Interest		0		Nonoperating		0					
								Total		0					
Mar-06 ERM Deferral		(577,437)		Mar-06		DFIT Expense		ADFIT							
Mar-06 Interest				Deferral		(202,103)		Operating		202,103					
03-31-2006 Balance before interest		(577,437)		Interest		(1,267)		Nonoperating		443					
								Total		202,546					
Apr-06 ERM Deferral		(1,906,609)		Apr-06		DFIT Expense		ADFIT							
Apr-06 Interest				Deferral		(667,313)		Operating		667,313					
04-30-2006 Balance before interest		(2,484,046)		Interest		(6,716)		Nonoperating		2,351		(5,924)		(126,302)	
								Total		669,664		(2,073)		(278)	
May-06 ERM Deferral		(2,152,612)		May-06		DFIT Expense		ADFIT							
May-06 Interest				Deferral		(753,414)		Operating		753,414					
05-31-2006 Balance before interest		(4,636,658)		Interest		(15,621)		Nonoperating		5,467		(13,404)		(652,373)	
								Total		758,881		(4,691)		(776)	
Jun-06 ERM Deferral		(761,356)		Jun-06		DFIT Expense		ADFIT							
Jun-06 Interest				Deferral		(266,476)		Operating		266,475				0	
06-30-2006 Balance before interest		(5,398,014)		Interest		(22,014)		Nonoperating		7,705		(19,164)		(6,707)	
								Total		274,180		(2,850)		(998)	
06-30-2006 GL Balance including interest		(5,443,632)		Jul-06		DFIT Expense		ADFIT							
Jul-06 ERM Deferral				Deferral		(1,158,126)		Operating		(1,158,126)				1,057,085	
Jul-06 Interest				Interest		(5,929)		Nonoperating		5,929		(14,654)		(5,129)	
07-31-2006 Balance before interest		(2,134,700)						Total		(1,162,197)				(800)	
												(8,144)		(126,302)	
												additional interest		(2,852)	
												to customers		(129,154)	

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 12/31/05 is 8.10%--				Actual cost of debt at 6/30/06 is 8.253%			
The monthly rate is:		0.00675	Before Tax	The monthly rate is:		0.00687750	Before Tax
		0.0043875	After Tax			0.0044704	After Tax
		0.35	Tax rate			0.35	Tax rate
<b>Account 186290</b>		<b>2006 Interest</b>					
12-31-2005	GL Balance including interest	0					
01-31-2006	Transfer from 186280	\$4,138,618					
01-31-2006	GL Balance including interest	\$4,138,618		Jan-06	DFIT Expense		ADFIT
Jan-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
01-31-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
				Feb-06	DFIT Expense		ADFIT
Feb-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
02-28-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
				Mar-06	DFIT Expense		ADFIT
Mar-06	ERM Transfer to 182350	0		Deferral	0	Operating	0
Mar-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
03-31-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
				Apr-06	DFIT Expense		ADFIT
Apr-06	ERM Transfer to 18235	0		Deferral	0	Operating	0
Apr-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
04-30-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
				May-06	DFIT Expense		ADFIT
May-06	ERM Transfer to 18235	0		Deferral	0	Operating	0
May-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
05-31-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
				Jun-06	DFIT Expense		ADFIT
Jun-06	ERM Transfer to 18235	0		Deferral	0	Operating	0
Jun-06	Interest		18,158	Interest	6,355	Nonoperating	(6,355)
06-30-2006	Balance before interest	4,138,618			6,355	Total	(6,355)
06-30-2006	GL Balance including interest	4,247,566		Jun-06	DFIT Expense		ADFIT
06-30-2006	ERM Transfer to 182350	(4,247,566)		Deferral	0	Operating	0
Jul-06	Interest		0	Interest	0	Nonoperating	0
07-31-2006	Balance before interest	0			0	Total	0
				Aug-06	DFIT Expense		ADFIT
Aug-06	ERM Transfer to 18235			Deferral	0	Operating	0
Aug-06	Interest		0	Interest	0	Nonoperating	0
08-31-2006	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>07-31-06</b>	<b>Aug-06</b>	<b>08-31-06</b>	
	<b>ADFIT Balance</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	
	<b>6/28/06 - WUTC deemed 2005 deferred power costs prudent. Reclass to 182350 after interest calculation.</b>						

Tax Rate	35%	DJ481 LTD	DJ481 LTD	DJ481 LTD			DJ481 CURMO		
	283280	283280	283280	283280			283280	283280	
<b>DJ481</b>	BEGINNING	ADFIT	ADFIT	ADFIT			BALANCE	FOR ALL	
	BALANCE	182350	186280	186290			COMPONENTS	ACCOUNTS	
								ENDING	
								BALANCE	
12-31-2005	(33,048,222)	(32,218,268)	(1,448,516)	0			(33,666,784)	(618,562)	(33,666,784)
01-31-2006	(33,666,784)	(31,355,746)	0	(1,454,872)			(32,810,618)	856,166	(32,810,618)
02-28-2006	(32,810,616)	(30,506,417)	0	(1,461,227)			(31,967,644)	842,972	(31,967,644)
03-31-2006	(31,967,642)	(29,680,374)	0	(1,467,582)			(31,147,956)	819,686	(31,147,956)
04-30-2006	(31,147,954)	(28,962,674)	0	(1,473,938)			(30,436,612)	711,342	(30,436,612)
05-31-2006	(30,436,609)	(28,321,410)	641,123	(1,480,293)			(29,160,580)	1,276,029	(29,160,580)
06-30-2006	(29,160,577)	(27,672,816)	1,675,878	(1,486,648)			(27,483,586)	1,676,991	(27,483,586)
07-31-2006	(27,483,586)	(28,486,786)	623,922	0			(27,862,864)	(379,278)	(27,862,864)
08-31-2006	(27,862,863)	(27,732,852)	23,601	0			(27,709,251)	153,612	(27,709,251)
			<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>
01-31-2006	182350	(1,001,683)	139,160	862,523		397,601	0	18,158	(415,759)
	186280	0	0	0					
	186290	0	6,355	(6,355)					
<b>Total</b>		(1,001,683)	145,515	856,168					
02-28-2006	182350	(984,133)	134,804	849,329		385,154	0	18,158	(403,312)
	186280	0	0	0					
	186290	0	6,355	(6,355)					
<b>Total</b>		(984,133)	141,159	842,974					
03-31-2006	182350	(956,590)	130,547	826,043		372,990	(1,267)	18,158	(389,881)
	186280	(202,103)	(443)	202,546					
	186290	0	6,355	(6,355)					
<b>Total</b>		(1,158,693)	136,459	1,022,234					
04-30-2006	182350	(844,296)	126,596	717,700		361,702	(5,924)	18,158	(373,936)
	186280	(541,011)	(2,073)	543,084					
	186290	0	6,355	(6,355)					
<b>Total</b>		(1,385,307)	130,878	1,254,429					
05-31-2006	182350	(764,331)	123,067	641,264		351,619	(13,404)	18,158	(356,373)
	186280	(652,373)	(4,691)	657,064					
	186290	0	6,355	(6,355)					
<b>Total</b>		(1,416,704)	124,731	1,291,973					
06-30-2006	182350	(768,298)	119,705	648,593		342,013	(19,164)	18,158	(341,007)
	186280	(266,475)	(6,707)	273,182					
	186290	0	6,355	(6,355)					
<b>Total</b>		(1,034,773)	119,353	915,420					
07-31-2006	182350	(801,242)	128,563	672,679		367,324	(14,654)	0	(352,670)
	186280	1,057,085	(5,129)	(1,051,956)					
	186290	0	0	0					
<b>Total</b>		255,843	123,434	(379,277)					
08-31-2006	182350	(878,742)	124,809	753,933		356,596	(13,017)	0	(343,579)
	186280	604,877	(4,557)	(600,320)					
	186290	0	0	0					
<b>Total</b>		(273,865)	120,252	153,613					
Recon:	Total interest 2006		2,976,517						
	Calc non op DFIT 2006		1,041,781						
	Total 410200 2006		1,041,781						





AVISTA CORPORATION  
 AUGUST 2006 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule	Sch 1 Block Percent	kWh or \$ (c)	Proration Percentages		Surcharge Rates		Current Month Surcharge Revenue		Conversion Factor (k)	Deferral Amortization (l)*(k)
			Before 1-Jan-06 (d)	On/After 1-Jan-06 (e)	Before 1-Jan-06 (f)	On/After 1-Jan-06 (g)	Rate Before 1-Jan-06 (h)	Rate On/After 1-Jan-06 (i)		
1 (0-600 kWh)	55.292%	97,503,800	0.00%	100.00%	0.405¢	0.446¢	\$0	\$434,867	0.956325	\$415,874
1 (601-1300 kWh)	30.846%	54,394,889	0.00%	100.00%	0.607¢	0.668¢	0	363,358	0.956325	347,488
1 (over 1300 kWh)	13.862%	24,444,725	0.00%	100.00%	0.853¢	0.938¢	0	229,292	0.956325	219,278
Total Sch 1	100.000%	176,343,414					0	1,027,517		982,640
11		31,195,626	0.00%	100.00%	0.788¢	0.867¢	0	270,466	0.956325	258,653
12		2,785,081	0.00%	100.00%	0.788¢	0.867¢	0	24,147	0.956325	23,092
21		133,628,939	0.00%	100.00%	0.549¢	0.604¢	0	807,119	0.956325	771,868
22		2,740,634	0.00%	100.00%	0.549¢	0.604¢	0	16,553	0.956325	15,830
25		78,723,514	0.00%	100.00%	0.352¢	0.387¢	0	304,660	0.956325	291,354
30		5,178,260	0.00%	100.00%	0.485¢	0.534¢	0	27,652	0.956325	26,444
31		17,409,632	0.00%	100.00%	0.485¢	0.534¢	0	92,967	0.956325	88,907
32		2,257,203	0.00%	100.00%	0.485¢	0.534¢	0	12,053	0.956325	11,527
41-46		\$291,477	0.00%	100.00%	109.78%	110.76%	0	28,316	0.956325	27,079
47		\$83,771	0.00%	100.00%	109.78%	110.76%	0	8,138	0.956325	7,783
48		\$59,368	0.00%	100.00%	109.78%	110.76%	0	5,767	0.956325	5,515
Schedule Totals		450,262,303					\$0	\$2,625,355		\$2,510,692
kWh not subject to surcharge										-35%
Schedule 28		10								
Sch 41-48		2,126,017								
Total kWh		452,388,330								(\$878,742)

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200608 , State Code : WA**

Accounting Period: 200608   State Code: WA
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	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
Rate Schedule Num						
001	192,251	176,343,414	11,097,729	192,275	1,556,983,498	97,459,760
011	18,652	31,195,626	2,893,776	18,587	239,705,751	22,117,571
012	7,186	2,785,081	278,064	7,099	28,187,636	2,695,986
021	3,198	133,628,939	9,303,003	3,241	1,012,172,860	70,342,718
022	73	2,740,634	179,865	75	23,790,003	1,533,066
025	21	78,723,514	3,629,081	21	618,921,554	28,191,138
028	1	10	15,941	1	118,770	134,654
030	40	5,178,260	277,482	39	15,015,320	806,336
031	1,056	17,409,632	1,033,573	1,042	58,748,328	3,656,613
032	1,095	2,257,203	135,024	1,088	6,618,655	439,079
041	11	8,720	1,520	11	69,760	12,045
042	239	1,082,741	268,511	235	8,605,694	2,110,947
044	14	22,267	2,135	13	175,254	16,560
045	6	90,407	5,139	6	722,656	40,915
046	16	184,489	14,172	16	1,479,278	112,547
047	0	425,911	83,771	0	3,945,036	691,575
048	0	311,482	59,368	0	2,500,087	474,406
058	0	0	1,035,859	0	0	8,100,185
058A	0	0	-4,954	0	0	-52,694

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
 for Accounting Period : 200608 , State Code : WA

Accounting Period: 200608   State Code: WA
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	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
063	1	0	0	0	0	0
090	0	0	4	0	0	32
095	0	0	11,881	0	0	88,582
099	0	0	54,139	0	0	388,684
Total WA	223,860	452,388,330	30,375,084	223,749	3,577,760,140	239,360,704
Total WA	223,860	452,388,330	30,375,084	223,749	3,577,760,140	239,360,704

Avista Utilities  
 WASHINGTON POWER COST DEFERRALS

Line No.	2006 WA & ID Actual Deferrals.xlsWA summary WASHINGTON ACTUALS-2006	Actual Jan-06	Actual Feb-06	Actual Mar-06	Actual Apr-06	Actual May-06	Actual Jun-06	Actual Jul-06	Actual Aug-06	Actual Sep-06	Actual Oct-06	09-08-200610:17 AM sw Actual Nov-06																																	
1	555 Purchased Power	\$143,007,402	\$17,910,644	\$23,505,825	\$13,191,911	\$12,879,532	\$14,111,451	\$23,185,412	\$17,583,071	\$	\$	\$																																	
2	501 Thermal Fuel	\$15,361,017	\$2,346,267	\$2,087,116	\$1,417,995	\$1,218,808	\$954,497	\$2,235,744	\$3,034,176	\$	\$	\$																																	
3	547 CT Fuel	\$42,296,991	\$4,081,840	\$6,063,627	\$8,682,070	\$1,039,557	\$2,516,462	\$9,342,220	\$10,004,415	\$	\$	\$																																	
4	447 Sale for Resale	\$(132,809,128)	\$(14,135,065)	\$(15,563,340)	\$(14,606,723)	\$(17,702,240)	\$(16,945,256)	\$(18,645,337)	\$(8,793,473)	\$	\$	\$																																	
5	Actual Net Expense	\$67,856,282	\$12,652,745	\$10,757,198	\$7,857,317	\$569,983	\$2,564,343	\$16,118,039	\$21,828,189	\$	\$	\$																																	
6	456100 Transmission Revenue	\$ (7,471,082)	\$ (566,712)	\$ (605,537)	\$ (686,810)	\$ (987,177)	\$ (1,501,608)	\$ (1,036,900)	\$ (1,071,042)	\$	\$	\$																																	
7	565000 Transmission Expense	\$7,578,586	\$924,193	\$914,470	\$909,246	\$867,053	\$953,460	\$1,042,755	\$1,050,803	\$	\$	\$																																	
8	557170 Broker Fees	\$ 73,541	\$ 8,757	\$ 10,843	\$ 7,440	\$ 14,679	\$ 6,066	\$ 13,453	\$ 6,195	\$	\$	\$																																	
9	Less Pollatch 62 aMW directly to ID	\$(13,873,290)	\$ (1,854,831)	\$ (1,648,428)	\$ (1,504,346)	\$ (1,938,096)	\$ (1,089,696)	\$ (1,999,514)	\$ (1,976,681)	\$	\$	\$																																	
10	Adjusted Actual Net Expense	\$54,164,037	\$11,144,152	\$9,428,346	\$5,924,369	\$ (4,616,255)	\$ (994,624)	\$14,137,833	\$19,837,464	\$	\$	\$																																	
<b>AUTHORIZED NET EXPENSE-SYSTEM</b>																																													
11	555 Purchased Power	\$78,312,672	\$11,193,778	\$7,844,080	\$5,646,977	\$3,919,404	\$3,947,698	\$4,611,314	\$6,114,915	\$7,038,560	\$6,475,870	\$6,922,384																																	
12	501 Thermal Fuel	\$18,966,459	\$1,660,398	\$1,498,204	\$1,704,104	\$1,295,688	\$1,037,197	\$1,667,775	\$1,714,511	\$1,660,059	\$1,715,380	\$1,660,551																																	
13	547 CT Fuel	\$70,026,232	\$5,972,958	\$4,558,576	\$9,264,020	\$3,330,490	\$1,269,298	\$4,313,402	\$6,001,145	\$7,105,523	\$8,212,014	\$7,711,236																																	
14	447 Sale for Resale	\$(2,059,914)	\$(2,591,928)	\$(3,322,097)	\$(6,706,383)	\$(10,402,116)	\$(7,569,805)	\$(6,457,020)	\$(3,368,084)	\$(1,492,368)	\$(2,440,168)	\$(5,554,272)																																	
15	Settlement/Compliance Filing Adj.	\$ (251,923)	\$ 74,760	\$(516,741)	\$(129,319)	\$921,340	\$(1,353,073)	\$(1,331,742)	\$(28,867)	\$1,162,101	\$855,509	\$(283,194)																																	
16	456100 Transmission Revenue	\$(10,268,650)	\$(850,551)	\$(850,451)	\$(854,363)	\$(956,884)	\$(860,452)	\$(862,365)	\$(861,081)	\$(861,257)	\$(853,900)	\$(853,565)																																	
17	565 Transmission Expense	\$13,307,162	\$1,132,836	\$1,106,210	\$1,097,845	\$1,091,365	\$1,084,923	\$1,107,276	\$1,095,400	\$1,091,132	\$1,164,092	\$1,117,299																																	
18	557 Broker Fees	\$ 78,000	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500																																	
19	565 Compliance Filing	\$ (84,000)	\$	\$	\$	\$	\$	\$(49,000)	\$(7,000)	\$(7,000)	\$(7,000)	\$(7,000)																																	
20	Authorized Net Expense	\$50,558,817	\$16,598,741	\$10,324,281	\$3,866,759	\$ (1,511,676)	\$(2,426,035)	\$3,006,140	\$10,667,439	\$	\$	\$																																	
21	Actual - Authorized Net Expense	\$3,605,220	\$(5,454,589)	\$(895,935)	\$(4,108,799)	\$(3,104,579)	\$1,431,411	\$11,131,693	\$9,170,025	\$	\$	\$																																	
22	Net Fuel Expense not incl in Acct 547	\$ 2,032,649	\$ 1,729,085	\$ 766,402	\$ 1,024,018	\$ 277,505	\$ 5,164	\$(7,197)	\$(1,313,257)	\$ 105,939	\$	\$																																	
23	Adjusted Actual-Authorized Net Exp	\$ 5,637,869	\$(3,725,504)	\$(129,533)	\$(3,084,781)	\$(4,841,512)	\$(3,099,415)	\$1,424,214	\$9,818,436	\$9,275,964	\$	\$																																	
24	Washington Alloc. @ 65.16%	\$3,673,636	\$(2,427,538)	\$(84,404)	\$(2,010,043)	\$(3,154,729)	\$(2,019,579)	\$928,018	\$6,397,693	\$6,044,218	\$	\$																																	
25	Enron Contract Buyout 100%	\$260,518	\$32,563	\$32,563	\$32,563	\$32,563	\$32,563	\$32,570	\$32,570	\$32,570	\$	\$																																	
26	WA Retail Revenue Adjustment	\$(5,678,301)	\$(414,475)	\$645,853	\$(961,956)	\$(30,672)	\$(863,401)	\$(1,943,966)	\$(364,495)	\$	\$	\$																																	
27	Net Power Cost Increase (Decrease)	\$(1,744,147)	\$(2,809,450)	\$594,012	\$(2,939,436)	\$(3,091,494)	\$(845,952)	\$4,486,297	\$5,712,293	\$	\$	\$																																	
28	Cumulative Balance	\$(2,809,450)	\$(2,215,438)	\$(5,154,874)	\$(8,246,368)	\$(11,096,785)	\$(11,942,737)	\$(7,456,440)	\$(1,744,147)	\$	\$	\$																																	
<b>Balance by Deadband Band</b>																																													
<table border="0"> <tr> <td>0%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>10%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>20%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>30%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>40%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>50%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>60%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>70%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>80%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>90%</td> <td>0.000000</td> <td>\$0</td> </tr> <tr> <td>100%</td> <td>0.000000</td> <td>\$0</td> </tr> </table>													0%	0.000000	\$0	10%	0.000000	\$0	20%	0.000000	\$0	30%	0.000000	\$0	40%	0.000000	\$0	50%	0.000000	\$0	60%	0.000000	\$0	70%	0.000000	\$0	80%	0.000000	\$0	90%	0.000000	\$0	100%	0.000000	\$0
0%	0.000000	\$0																																											
10%	0.000000	\$0																																											
20%	0.000000	\$0																																											
30%	0.000000	\$0																																											
40%	0.000000	\$0																																											
50%	0.000000	\$0																																											
60%	0.000000	\$0																																											
70%	0.000000	\$0																																											
80%	0.000000	\$0																																											
90%	0.000000	\$0																																											
100%	0.000000	\$0																																											
check # should be zero																																													
<b>Deferral Amount, Cumulative</b>																																													
<b>Deferral Amount, Monthly</b>																																													
<b>Account 557 for Budget</b>																																													
<b>Company Band Gross Margin Impact, Cumulative</b>																																													

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

Line No.	555 PURCHASED POWER	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	TOTAL 2006
1	Short-Term Purchases	11,111,543	9,184,537	15,446,671	6,616,895	6,684,474	8,207,670	16,342,120	11,014,495					84,608,405
2	PGE CS2 1/2 Exchange	130,200	117,600	130,200	125,825	130,200	126,000	130,200	130,200					1,020,425
3	Northwestern Load Following	71,982	56,106	54,061	26,813	12,553	60,659	109,767	118,653					510,594
4	Priest Rapids	489,969	448,812	439,976	503,114	575,131	654,605	758,763	717,921					4,588,291
5	Rocky Reach	111,460	83,146	83,143	151,994	133,323	444,931	123,118	149,616					1,280,731
6	Wanapum	303,287	303,287	303,287	(242,877)	303,287	303,287	303,287	303,287					1,880,132
7	Wells	120,206	109,038	86,702	109,038	109,038	109,038	109,038	109,038					861,136
8	Black Creek Index Purchase		0											
9	Deer Lake-IP&L	677	479	548	454	492	452	398	532					4,032
10	Small Power	152,947	116,699	110,219	117,174	95,742	114,073	98,539	51,950					857,343
11	Spokane-Upriver	384,035	337,964	316,463	230,988	239,501	258,750	35,915						1,803,616
12	WNP-3 (1)	2,877,241	2,599,868	1,420,490	1,375,751									8,273,350
13	Non-Mon. Accruals	257,874	482,126	494,682	52,149	(62,610)	(38,666)	29,556	(72,263)					1,142,848
14	DUKE #2108	567,300	512,400	567,300	548,238	567,300	549,000	567,300	567,300					4,446,138
15	MS #118118	1,041,600	940,800	1,041,600	1,006,600	1,041,600	1,008,000	1,041,600	1,041,600					8,163,400
16	EL PASO/MS #135382	590,550	533,400	590,550	570,706	590,550	571,500	590,550	590,550					4,628,356
17	Haleywest/Simons Lumber	118,405	106,152	128,634	96,021	88,064	102,674	127,252	130,596					897,798
18	Pollatch 62 mW Purch	1,854,831	1,648,428	1,861,698	1,504,346	1,938,096	1,089,696	1,999,514	1,976,681					13,873,290
19	Douglas Capacity	26,300	54,450	131,500	131,500	131,500	157,800	157,800	157,800					948,650
20	BPA NT deviation energy	379,106	212,023	246,879	209,873	228,635	230,489	285,331	224,705					616,310
21	PPLM Wind Power				11,266	21,930	23,840	55,850	51,545					2,017,041
22	M.C./S.F LOSSES	50,043	63,329	51,222	46,043	50,726	51,815	56,035	51,872					164,431
23	WPM Ancillary Services	20,639,556	17,910,644	23,505,825	13,191,911	12,879,532	14,111,451	23,185,412	17,583,071					421,085
24	Total Account 555													143,007,402
(1) Effective November, 2005, WNP-3 purchase expense has been adjusted to reflect the mid-point price (\$35.62/MWh for the 2005-06 contract year) per Settlement Agreement, Cause No. U-86-99														
<b>447 SALES FOR RESALE</b>														
25	Short-Term Sales	13,490,234	14,944,085	25,803,958	14,157,413	17,219,988	16,256,574	17,424,159	7,652,041					126,948,452
26	Peaker LLC/PGE Cap Sale	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000					1,200,000
27	Kaiser Load Following	7,303	6,003	6,663	6,108	6,379	6,583	47,026	70,572					156,637
28	Pend Oreille DES	35,558	28,319	42,447	32,743	30,968	30,479	28,413	92,451					321,378
29	Nichols Pumping Index Sale	228,144	201,496	204,988	87,402	96,119	132,008	300,236	297,892					1,548,285
30	Enron/PGE Cap Fee, employee svcs	(4,095)	(3,951)	(4,709)	(5,094)	(12,200)	(4,915)	(4,915)	(4,095)					(43,153)
31	Northwestern Load Following	177,878	174,069	163,425	132,108	160,260	229,638	432,414	337,241					1,807,033
32	BPA NT deviation energy rev													451,319
33	Merchant Ancillary Services	50,043	63,329	50,922	46,043	50,726	50,207	56,035	51,872					419,177
34	Total Account 447	14,135,065	15,563,340	26,417,694	14,606,723	17,702,240	16,945,256	18,645,337	8,793,473					132,809,128

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

Line No.	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	TOTAL 2006
<b>501 FUEL-DOLLARS</b>													
35													
36	936,228	1,039,143	856,427	409,137	569,155	244,930	848,045	996,539					5,899,604
37	1,107,263	1,296,087	1,216,168	995,417	637,577	702,453	1,260,002	1,992,518					9,207,485
	2,043,491	2,335,230	2,072,595	1,404,554	1,206,732	947,383	2,108,047	2,989,057					15,107,089
38													
39	22,775	(1,493)	313	661	(976)	4,386	25,156	(10,404)					40,418
40	148	12,530	14,208	12,780	13,052	2,728	102,541	55,523					213,510
	22,923	11,037	14,521	13,441	12,076	7,114	127,697	45,119					253,928
41	2,066,414	2,346,267	2,087,116	1,417,995	1,218,808	954,497	2,235,744	3,034,176					15,361,017
<b>501 FUEL-TONS</b>													
42													
43	47,240	46,168	46,217	25,253	39,169	13,988	48,300	47,078					313,413
	91,999	85,433	94,722	77,639	55,753	49,165	87,718	106,890					649,319
<b>501 FUEL-COST PER TON</b>													
44													
45	19.82	22.51	18.53	16.20	14.53	17.51	17.56	21.17					\$ 18.82
	12.04	15.17	12.84	12.82	11.44	14.29	14.36	18.64					\$ 14.18
<b>547 FUEL</b>													
46													
47	102	(77)	17	(178)	399	36	131,578	9,367					141,244
48	(2,708)	7,246	1,505	4,296	88,837	82,910	287,029	204,299					673,414
49	3,153	13,263	(76)	3,779	502	1,065	6,107	42,194					69,987
50	4,078,827	6,042,794	8,679,738	560,356	832,793	2,204,212	7,923,906	9,644,605					39,967,231
51	2,466	401	886	(1,453)	117,026	228,239	993,600	103,950					1,445,115
	4,081,840	6,063,627	8,682,070	566,800	1,039,557	2,516,462	9,342,220	10,004,415					42,296,991
52	12,652,745	10,757,198	7,857,317	569,983	(2,564,343)	637,154	16,118,039	21,828,189					67,856,282

**AVISTA UTILITIES**  
 Washington Electric Jurisdiction  
 Energy Recovery Mechanism Revenue Credit  
 Month of August 2006

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	513,987,102	483,960,822	470,092,818	431,281,589	401,292,137	406,145,773	418,611,569	452,388,330	(288,060,092)	(4,466,739)	-	-	3,577,760,140
Deduct Prior Month Unbilled kWhs Heating	(355,532,546)	(333,551,203)	(299,669,681)	(293,686,289)	(294,319,437)	(293,057,121)	(286,171,989)	(299,064,904)	(288,060,092)	-	-	-	(2,743,113,262)
Deduct Prior Month Unbilled kWhs Cooling	333,551,203	299,669,681	293,686,289	294,319,437	293,057,121	(1,199,563)	(2,526,969)	(7,841,740)	(4,466,739)	-	-	-	(16,035,011)
Add Current Month Unbilled kWhs Heating	492,005,759	450,079,300	464,109,426	431,914,737	401,229,384	2,526,969	7,841,740	4,466,739	(292,526,831)	-	-	-	2,387,580,716
Add Current Month Unbilled kWhs Cooling	481,585,239	466,825,783	439,660,052	414,394,121	379,308,995	354,515,250	387,230,374	447,381,840	406,298,564	433,131,839	463,146,866	480,633,226	5,154,112,149
Test Year Consumption (1)	10,420,520	(16,746,483)	24,449,374	17,520,616	21,920,389	46,072,797	49,588,881	(9,373,323)	-	-	-	-	143,852,771
WA Retail Revenue Credit (2)	\$406,713	(\$653,615)	\$954,259	\$683,830	\$655,553	\$1,798,221	\$1,935,454	(\$365,841)	\$0	\$0	\$0	\$0	\$5,614,574
Net Wind Revenue Credit	\$7,762	\$7,762	\$7,697	\$7,221	\$7,848	\$8,312	\$8,512	\$8,614	\$0	\$0	\$0	\$0	\$63,728
Total Revenue Credit	\$414,475	(\$645,853)	\$961,956	\$691,051	\$663,401	\$1,806,533	\$1,943,966	(\$357,227)	\$0	\$0	\$0	\$0	\$5,678,302

(1) from Exhibit No. 185 (WGU-5) in Docket No. UE-050482 and Exhibit No. (WGU-2) in Docket No. UE-060181.

(2) Production and Transmission Retail Revenue Credit Rate per the Settlement Agreement approved in Docket No. UE-060181, Order 03. Reflects Exhibit No. 137 (TLK-7) Column F, Line 27 + Line 28, revised for Commission Ordered Adjustments and Revenue Increase Approved in Docket No. UE-050482.

Schedule 95 Wind Revenue	\$10,706.75	\$10,706.60	\$10,615.89	\$9,960.06	\$10,824.22	\$11,464.50	\$11,740.59	\$11,880.78	\$0.00	\$0.00	\$0.00	\$0.00	\$87,899.39
Deduct Admin Expense	\$2,944.36	\$2,944.32	\$2,919.37	\$2,739.02	\$2,976.66	\$3,152.74	\$3,228.66	\$3,267.21	\$0.00	\$0.00	\$0.00	\$0.00	\$24,172.33
Net Wind Revenue Credit	\$7,762.39	\$7,762.29	\$7,696.52	\$7,221.04	\$7,847.56	\$8,311.76	\$8,511.93	\$8,613.57	\$0.00	\$0.00	\$0.00	\$0.00	\$63,727.06

Year to Date Adjustment to Revenue Credit at May 2006

Revenue Credit as Recorded per ERM Journal	\$384,881	\$598,293	\$892,520	(\$27,914)	\$801,147	Year to Date Adjustment
Revised Revenue Credit per Settlement Agreer	\$414,475	(\$645,853)	\$961,956	(\$30,672)	\$663,401	\$1,452,340
						\$1,563,307
						<u>\$110,967</u>

Correct Input Error April 2006 Journal (3)

April Revenue Credit as revised June 2006						April Input Error Adjustment
Corrected April Revenue Credit						(\$30,672)
Adjustment recorded with August 2006 Journal						\$691,051
						<u>\$721,722</u>
<b>August Total Revenue Credit Entry</b>						<b>\$364,495</b>

(3) The April 2006 Journal had inadvertently used April 2005 Revenue Run kWhs in the calculation. This adjustment corrects the year to date revenue credit for this error.



	Actual Jan-06	Actual Feb-06	Actual Mar-06	Actual Apr-06	Actual May-06	Actual Jun-06	Actual Jul-06
<b>Revised Deferral Calc</b>							
Balance by Deadband Band							
input 1000000 and up	\$ -	\$ -	\$ -	\$ -	\$ (1,818,508)	\$ (2,664,460)	\$ -
input 4000000 to \$10M	\$ -	\$ -	\$ (1,154,874)	\$ (4,968,091)	\$ (6,000,000)	\$ (6,000,000)	\$ (4,178,163)
input 0 to \$4M	\$ (2,809,450)	\$ (2,215,438)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)
Deferral %	0.9	0.5	0				
			change 50% band	\$ (3,813,217)	\$ (1,031,909)	\$ -	\$ 1,821,837
			change 90% band	\$ -	\$ (1,818,508)	\$ (845,952)	\$ 2,664,460
<b>Previous Deferral Calc</b>							
Balance by Deadband Band							
input 1000000 and up	\$ -	\$ -	\$ -	\$ -	\$ (1,096,785)	\$ (1,942,737)	\$ -
input 4000000 to \$10M	\$ -	\$ -	\$ (1,154,874)	\$ (4,246,368)	\$ (6,000,000)	\$ (6,000,000)	\$ (3,456,440)
input 0 to \$4M	\$ (2,809,450)	\$ (2,215,438)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)	\$ (4,000,000)
Deferral %	0.9	0.5	0				
			change 50% band	\$ (3,091,494)	\$ (1,753,632)	\$ -	\$ 2,543,560
			change 90% band	\$ -	\$ (1,096,785)	\$ (845,952)	\$ 1,942,737
Change in sharing bands	\$ (721,723)	\$ (721,723)	\$ (721,723)	\$ (721,723)	\$ (721,723)	\$ (721,723)	\$ (721,723)
Change in deferral calc 50%	\$ (721,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (721,723)
Change in deferral calc 90%	\$ -	\$ -	\$ -	\$ -	\$ (721,723)	\$ -	\$ 721,723
Change in deferral calculation	\$ (721,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer portion	\$ (360,862)	\$ (288,689)	\$ (288,689)	\$ (288,689)	\$ (288,689)	\$ (288,689)	\$ 288,689
Previously deferred amount	\$ (1,545,747)	\$ (1,863,923)	\$ (1,863,923)	\$ (1,863,923)	\$ (1,863,923)	\$ (761,356)	\$ 3,020,243
Revised deferral amount	\$ (1,906,609)	\$ (2,152,612)	\$ (2,152,612)	\$ (2,152,612)	\$ (2,152,612)	\$ (761,356)	\$ 3,308,932
Difference	\$ (360,862)	\$ (288,689)	\$ (288,689)	\$ (288,689)	\$ (288,689)	\$ -	\$ 288,689



Revised band calculation  
 due to change in April RF

**Avista Corporation Journal Entry**

Effective Date: 200608

Journal: 485-ECB AMORT

Team: Resource Accounting

Type: C

Category: DJ

Last Saved by: Lori Hamilton

Last Saved: 08/28/2006 4:15 PM

Submitted by: Lori Hamilton

<u>Seq.</u>	<u>FERC</u>	<u>Ser.</u>	<u>Jur.</u>	<u>S.L</u>	<u>Debit</u>	<u>Credit</u>	<u>Comment</u>
10	557162 - ENRON CONTRACT BUYOUT	ED	WA	DL	29,313.00		Amortization expense
20	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL		29,313.00	Amortization for WA ERM
30	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL	582.00		Accrue interest on unamortized balance for future recovery
40	419000 - INTEREST AND DIVIDEND INCOME	ZZ	ZZ	DL		582.00	Interest income accrued
50	410100 - PRV DFIT DR	ED	WA	DL		10,260.00	DFIT expense on amortization (operating)
60	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	204.00		DFIT expense on interest (non-operating)
70	283360 - ADFIT ENRON CONTRACT BUYOUT	ED	WA	DL	10,056.00		ADFIT ECB
<b>TOTALS:</b>					<b>40,155.00</b>	<b>40,155.00</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  
 Date: 8/31/06

*Jani Judge*  
 Reviewed by  
 Date: 8/31/06

Approved for Entry  
 Corporate Accounting use Only  
 Date



“Redacted Attachment A”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of August 2006

Long-term Power Transaction  
(See attached)



# City of Seattle

Greg Nickels, Mayor

## Seattle City Light

Jorge Carrasco, Superintendent

July 28, 2006

Mr. Bill Johnson  
Senior Power Supply Analyst  
Avista Utilities

Via Facsimile: 509-495-4272

Dear Mr. Johnson:

This Confirmation Letter shall confirm a transaction agreed to between Bill Johnson (509-495-4046) of Avista Utilities and Doug Rough of Seattle City Light on July 25, 2006 of the sale of Firm Capacity Service by Seattle City Light to Avista Utilities. This agreement is being concluded pursuant to the Western Systems Power Pool (WSPP) Agreement effective September 1, 2005 as it is supplemented and modified below.

**Product:** Firm Capacity Service and Energy Exchange

**Buyer:** Avista Utilities ("Avista" or "Buyer")

**Seller:** Seattle City Light ("SCL" or "Seller")

**Term:** Oct. 1, 2006 through Sep. 30, 2007 exclusive of Q2 (Apr, May and Jun) 2007

**Type of Service:** WSPP Service Schedule C

**Delivery Capacity:** [REDACTED] every month during the Term.

**Energy Delivery Point:** Mid Columbia or other point upon mutual agreement

**Energy Return Point:** Mid Columbia or other point upon mutual agreement

**Days Available:** Every day during the Term.

**Delivery To Avista:** Each day over the Term, Avista can schedule and take delivery of energy for [REDACTED] for a total maximum energy delivery by SCL of [REDACTED]. Delivery can be in any [REDACTED] hours as requested by Avista. Delivery does not need to be in a contiguous [REDACTED] hour block but must be the same quantity for each of the [REDACTED] hours.

**Delivery To SCL:** Each day over the Term, Avista will identify and inform SCL of its choice of [REDACTED] during which Avista will deliver equal

Avista Utilities  
08/07/06  
Page 2

hourly amounts to SCL for a total daily return of [REDACTED]  
Delivery does not need to be in a contiguous [REDACTED] hour block.

**Daily Preschedule Election:** All deliveries under this agreement will be performed and scheduled by the parties only on a preschedule basis. Avista will notify SCL by 6:30 A.M. PPT on the standard WECC preschedule day for each day of delivery. If requested by SCL, Avista will make best efforts to provide SCL an estimate of its Preschedule Election by 2:00 P.M. PPT the day prior to the standard WECC preschedule day.

**Capacity Payment:** [REDACTED] of energy delivered by SCL to Avista.

Each month during the Term, Avista shall pay SCL for services under this agreement based on the product of the Capacity Payment (shown above) [REDACTED] hours per day and total number of days in each month, provided, however, such payment shall be reduced for energy not delivered due to Schedule Curtailments for which no make up energy is delivered.

**Schedule Curtailments:** In the event that deliveries of energy are curtailed either from SCL or Avista due to reasons beyond a party's control, the parties will make reasonable efforts to make up energy shortfalls during like hours and which are mutually agreeable to both parties. Reasonable efforts will be made to keep the quantity of energy delivered by SCL to Avista and returned by Avista to SCL equal within the day.

Avista Utilities  
08/07/06  
Page 3

Please indicate your acceptance of the term and conditions of this agreement in the space provided.

Sincerely,

Doug Rough  
Power Marketer, Power Management Branch

Avista Utility  
By: Scott Morris  
Name: Scott Morris  
Title: President COO  
Date: 8-28-06

Seattle City Light  
By: [Signature]  
Name: Steven E. Lewis  
Title: Acting Power Management Executive  
Date: 8/8/06

DHR:dr -- (Avista Confirm final)