

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



June 16, 2008

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, May 2008

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of May 2008. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In May actual net power costs were higher than authorized costs by \$2,495,632. The year to date difference is \$14,752,320 in the surcharge direction, with \$7,277,088 being deferred and \$7,475,232 being absorbed by the Company.

Actual power supply expense was higher than the authorized level due primarily to lower hydro generation. Despite a better than normal snowpack, the cool spring weather delayed the run-off, resulting in hydro generation that was 57 aMW below the authorized level in May. The average market purchase price was \$53.30/MWh and the average market sales price was \$55.66/MWh.

Coyote Springs 2 generated 6 aMW above the authorized level. The average Coyote Springs 2 gas price was \$10.33/dth. Colstrip and Kettle Falls generated 47 aMW above and 3 aMW below the authorized levels, respectively. Net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 42 aMW below the authorized level.

In May 2008 the deferral balance increased by \$216,725. The May deferral was \$2,246,069, interest amounted to \$219,488, and amortization amounted to -\$2,248,832. The actual deferral balance at the end of May is \$52.8 million. The deferral balance would reach zero in the January 2010 timeframe based on the following assumptions:

1. Projected deferrals of -\$3.0 for the remainder of 2008. (Note: Actual hydro generation will depend on precipitation, temperatures and other variables during the remainder of the year.)
2. No deferrals projected in 2009.
3. Forecasted amortizations of approximately \$31 million annually assuming no change in the existing surcharge rate.

Interest is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002. Interest is applied to the average of the beginning and ending month deferral

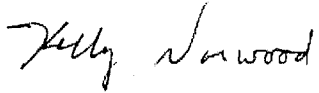
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balances net of associated deferred federal income tax. The Company's weighted cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually. The January and July reports contain the supporting workpapers for the semi-annual updates of the weighted cost of debt used in the interest calculations.

There were no forward long-term contracts of one year or longer entered into in the month of May 2008. 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 cursive script that reads "Kelly Norwood".

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 MAY 2008

**Avista Corporation Journal Entry**

Effective Date: 200805

Journal: 481-WA ERM

Team: Resource Accounting

Type: C

Category: DJ

Last Saved by: Cheryl Kettner

Last Saved: 06/06/2008 11:25 AM

Submitted by: Cheryl Kettner

Seq.	Co.#	FERC	Seg.	Jur.	S.I.	Debit	Credit	Comment	
10	001	557290 - WA ERM AMORTIZATION	ED	WA	DL	2,248,832.00		WA ERM surcharge amortization	
20	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL		2,248,832.00	WA ERM authorized for recovery	
30	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL		2,246,069.00	WA ERM current month deferral	
40	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL	2,246,069.00		WA ERM current year deferral	
50	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL	123,008.00		Accrue interest on deferral balance authorized for recovery	
60	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL	26,134.00		Accrue interest on current year deferral balance	
70	001	186290 - REGULATORY ASSET ERM DEFERRED LAST	ED	WA	DL	70,346.00		Accrue interest on previous year deferral balance	
80	001	419600 - INTEREST ON ENERGY DEFERRALS	ED	WA	DL		219,488.00	Non-utility interest income	
90	001	410100 - PRV DFIT DR	ED	WA	DL		967.00	DFIT entry for power supply deferral and surcharge amortization	
100	001	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	76,821.00		Non -op DFIT entry for interest income	
110	001	283280 - ADFIT ERM	ED	WA	DL		75,854.00	ADFIT WA ERM current and prior years	
120	001	186010 - REGULATORY ASSET ERM 100% COMPANY	ED	WA	DL	0.00		Track 100% company band accumulation	
130	001	186020 - REGULATORY ASSET ERM 100% CONTRA	ED	WA	DL		0.00	Contra account for 100% company band accumulation	
140	001	186030 - REGULATORY ASSET ERM 50% COMPANY	ED	WA	DL	0.00		Track 50% company band accumulation	
150	001	186035 - REGULATORY ASSET ERM 50% CONTRA	ED	WA	DL		0.00	Contra account for 50% company band accumulation	
160	001	186040 - REGULATORY ASSET ERM 10% COMPANY	ED	WA	DL	249,563.00		Track 10% company band accumulation	
170	001	186045 - REGULATORY ASSET ERM 10% CONTRA	ED	WA	DL		249,563.00	Contra account for 10% company band accumulation	
<b>TOTALS:</b>							<b>5,040,773.00</b>	<b>5,040,773.00</b>	

### Avista Corporation Journal Entry

Effective Date: 200805

Journal: 481-WA ERM

Team: Resource Accounting


Type: C


Category: DJ

Last Saved by: Cheryl Kettner

Last Saved: 06/06/2008 11:25 AM

Submitted by: Cheryl Kettner

  
 Prepared by Cheryl Kettner  
 Date 6/6/08

  
 Reviewed by Sami Judge  
 Date 6/6/08

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

Explanation:

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

Detail Balances (AVA CORP) - 001.186280.ED.WA.DL					
Balance Type		Actual		Currency Type	Entered
				Factor	Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713	USD	0.00		16,564,895.00	
200801	USD	-16,564,895.00		0.00	
200802	USD	0.00		0.00	
200803	USD	0.00		0.00	
200804	USD	5,041,702.00		5,041,702.00	
200805	USD	2,272,203.00		7,313,905.00	

**ERM Deferral Balance (Current Year - 2008)**

**Account 186280.ED.WA**

	Amount	Journal ID
Balance 4/30/08	\$5,041,702.00	
Deferral	\$2,246,069.00	481 - WA ERM
Interest	26,134.00	481 - WA ERM
Balance 5/31/08	<u>\$7,313,905.00</u>	
Year to date deferrals	\$7,277,088.00	
Year to date interest	36,817.00	
Balance in account	<u>\$7,313,905.00</u>	

Detail Balances (AVA CORP) - 001.186290.ED.WA.DL					
Balance Type		Actual		Currency Type	Entered
				Factor	Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713	USD	0.00		0.00	
200801	USD	16,635,241.00		16,635,241.00	
200802	USD	70,346.00		16,705,587.00	
200803	USD	70,346.00		16,775,933.00	
200804	USD	70,346.00		16,846,279.00	
200805	USD	70,346.00		16,916,625.00	

**ERM Deferral Balance (Prior year - 2007)**

**Account 186290.ED.WA**

Balance 4/30/08

Interest

Balance 5/31/08

Deferrals

Interest

Balance in account

Amount	Journal ID
\$16,846,279.00	
70,346.00	481 - WA ERM
<u>\$16,916,625.00</u>	
\$16,343,766.00	
572,859.00	
<u>\$16,916,625.00</u>	

Detail Balances (AVA CORP) - 001.182350.ED.WA.DL					
Balance Type <b>Actual</b>			Currency Type <b>Entered</b>		
			Factor <b>Units</b>		
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200713</b>	USD	0.00		41,958,847.65	
200801	USD	-3,128,661.00		38,830,186.65	
200802	USD	-3,187,387.00		35,642,799.65	
200803	USD	-2,509,811.00		33,132,988.65	
200804	USD	-2,437,265.00		30,695,723.65	
200805	USD	-2,125,824.00		28,569,899.65	

<b>Reccoverable Deferral Balance</b>		<u>Amount</u>	<u>Journal ID</u>
<b><u>Account 182350.ED.WA</u></b>			
Balance 4/30/08		\$30,695,723.65	
Amortization		-2,248,832.00	481 - WA ERM
Interest		123,008.00	481 - WA ERM
Balance 5/31/08		<u>\$28,569,899.65</u>	



Detail Balances (AVA CORP) - 001.186010.ED.WA.DL					
Balance Type <b>Actual</b>			Currency Type <b>Entered</b>		
			Factor <b>Units</b>		
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
<b>200713</b>	USD	0.00		8,482,641.00	
200801	USD	-7,542,532.00		940,109.00	
200802	USD	2,500,830.00		3,440,939.00	
200803	USD	-26,147.00		3,414,792.00	
200804	USD	585,208.00		4,000,000.00	
200805	USD	0.00		4,000,000.00	

**ERM \$4M Deadband**  
**Account 186010.ED.WA**  
 Balance 4/30/08  
 Current month entry  
 Balance 5/31/08

Amount	Journal ID
\$4,000,000.00	
0.00	481 - WA ERM
\$4,000,000.00	

	Total	Absorbed	Deferred
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	6,000,000.00	3,000,000.00	3,000,000.00
Over \$10,000,000 at 10%	4,752,320.00	475,232.00	4,277,088.00
Total	\$14,752,320.00	\$7,475,232.00	\$7,277,088.00

Detail Balances (AVA CORP) - 001.186020.ED.WA.DL

Balance Type **Actual**      Currency Type **Entered**  
 Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713	USD	0.00		-8,482,641.00	
200801	USD	7,542,532.00		940,109.00	
200802	USD	-2,500,830.00		-3,440,939.00	
200803	USD	26,147.00		-3,414,792.00	
200804	USD	-585,208.00		-4,000,000.00	
200805	USD	0.00		-4,000,000.00	

Journal Details      Summary Balances

**ERM \$4M Deadband Contra Account**  
**Account 186020.ED.WA**  
 Balance 4/30/08  
 Current month entry  
 Balance 5/31/08

Amount	Journal ID
-\$4,000,000.00	
0.00	481 - WA ERM
<u>-\$4,000,000.00</u>	

Detail Balances (AVA CORP) - 001.186030.ED.WA.DL					
Balance Type		Actual		Currency Type	Entered
				Factor	Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713					
200801					
200802					
200803					
200804	USD	3,000,000.00		3,000,000.00	
200805	USD	0.00		3,000,000.00	

**ERM 50%-50% Sharing Band**

**Account 186030.ED.WA**

Balance 4/30/08

Current month entry

Balance 5/31/08

Amount  
 \$3,000,000.00

0.00

\$3,000,000.00

Journal ID

481 - WA ERM

	Total	Absorbed	Deferred
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	6,000,000.00	3,000,000.00	3,000,000.00
Over \$10,000,000 at 10%	4,752,320.00	475,232.00	4,277,088.00
Total	<u>\$14,752,320.00</u>	<u>\$7,475,232.00</u>	<u>\$7,277,088.00</u>

Detail Balances (AVA CORP) - 001.186035.ED.WA.DL						
Balance Type		Actual		Currency Type		Entered
				Factor		Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted	
200713						
200801						
200802						
200803						
200804	USD	-3,000,000.00		3,000,000.00		
200805	USD	0.00		3,000,000.00		

Journal Details

Summary Balances

**ERM 50%-50% Sharing Contra Account**  
**Account 186035.ED.WA**  
 Balance 4/30/08  
 Current month entry  
 Balance 5/31/08

Amount	Journal ID
-\$3,000,000.00	
0.00	481 - WA ERM
<u>-\$3,000,000.00</u>	

Detail Balances (AVA CORP) - 001.186040.ED.WA.DL						
Balance Type <b>Actual</b>			Currency Type <b>Entered</b>			
			Factor <b>Units</b>			
Period	Currency	PTD	PTD Converted	YTD	YTD Converted	
<b>200713</b>						
200801						
200802						
200803						
200804	USD	225,669.00		225,669.00		
200805	USD	249,563.00		475,232.00		

**ERM 90%-10% Sharing Band**  
**Account 186040.ED.WA**  
 Balance 4/30/08  
 Current month entry  
 Balance 5/31/08

<u>Amount</u>	<u>Journal ID</u>
\$225,669.00	
249,563.00	481 - WA ERM
<u>\$475,232.00</u>	

	<u>Total</u>	<u>Absorbed</u>	<u>Deferred</u>
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	6,000,000.00	3,000,000.00	3,000,000.00
Over \$10,000,000 at 10%	4,752,320.00	475,232.00	4,277,088.00
<b>Total</b>	<u>\$14,752,320.00</u>	<u>\$7,475,232.00</u>	<u>\$7,277,088.00</u>

Detail Balances (AVA CORP) - 001.186045.ED.WA.DL					
Balance Type			Actual		
Currency Type			Entered		
Factor			Units		
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713					
200801					
200802					
200803					
200804	USD	-225,669.00		-225,669.00	
200805	USD	-249,563.00		-475,232.00	

ERM 90%-10% Sharing Contra Account  
Account 186045.ED.WA  
 Balance 4/30/08  
 Current month entry  
 Balance 5/31/08

<u>Amount</u>	<u>Journal ID</u>
-\$225,669.00	
-249,563.00	481 - WA ERM
<u>-\$475,232.00</u>	

Detail Balances (AVA CORP) - 001.283280.ED.WA.DL					
Balance Type		Actual		Currency Type	Entered
				Factor	Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713	USD	0.00		-20,483,309.00	
200801	USD	1,070,410.00		-19,412,899.00	
200802	USD	1,090,965.00		-18,321,934.00	
200803	USD	853,813.00		-17,468,121.00	
200804	USD	-936,174.00		-18,404,295.00	
200805	USD	-75,854.00		-18,480,149.00	

**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	\$7,313,905.00
Account 186290.ED.WA balance	16,916,625.00
Account 182350.ED.WA balance	28,569,899.65
Total	<u>\$52,800,429.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$18,480,150</u>
Rounding	1
Balance in account	<u><u>-\$18,480,149</u></u>

<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 12/31/07 is 7.840%.				Actual cost of debt at 6/30/07 is 7.843%			
The monthly rate is:				0.00653 Before Tax		0.00653583 Before Tax	
				0.0042467 After Tax		0.0042483 After Tax	
				0.35 Tax rate		0.35 Tax rate	
<b>Account 186280</b>				<b>2008 Interest</b>			
12-31-2007	GL Balance including interest	\$16,564,895					
01-31-2008	GL Balance	(\$16,564,895)	Transfer to 186290				
01-31-2008	GL Balance	0					
				<u>January</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
January	ERM Deferral	0		Deferral	0	Operating	0
January	Interest	0	0	Interest	0	Nonoperating	0
01-31-2008	Balance before interest	0			0	Total	0
				<u>February</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
February	ERM Deferral	0		Deferral	0	Operating	0
February	Interest	0	0	Interest	0	Nonoperating	0
02-29-2008	Balance before interest	0			0	Total	0
				<u>March</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
March	ERM Deferral	0		Deferral	0	Operating	0
March	Interest	0	0	Interest	0	Nonoperating	0
03-31-2008	Balance before interest	0			0	Total	0
				<u>April</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
April	ERM Deferral	5,031,019		Deferral	1,760,857	Operating	(1,760,857)
April	Interest		10,683	Interest	3,739	Nonoperating	(3,739)
04-30-2008	Balance before interest	5,031,019			1,764,596	Total	(1,764,596)
				<u>May</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
May	ERM Deferral	2,246,069		Deferral	786,124	Operating	(786,124)
May	Interest		26,134	Interest	9,147	Nonoperating	(9,147)
05-31-2008	Balance before interest	7,277,088			795,271	Total	(795,271)
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>	
	<b>Net ERM Balance</b>	<b>7,313,905</b>		<b>04-30-08</b>	<b>May-08</b>	<b>05-31-08</b>	
	<b>ADFIT Balance</b>	<b>(2,559,867)</b>		<b>5,041,702</b>	<b>2,272,203</b>	<b>7,313,905</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 12/31/07 is 7.840%.		0.00653 Before Tax		Actual cost of debt at 6/30/07 is 7.843%			
The monthly rate is:		0.0042467 After Tax		The monthly rate is:-		0.00653583 Before Tax	
		0.35 Tax rate				0.0042483 After Tax	
						0.35 Tax rate	
<b>Account 186290</b>		<b>2008 Interest</b>					
12-31-2007	GL Balance including interest		0				
01-31-2008	Transfer from 186280		\$16,564,895				
01-31-2008	GL Balance including interest		\$16,564,895		<u>January</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
January	Interest		70,346	Interest	24,621	Nonoperating	(24,621)
01-31-2008	Balance before interest		16,564,895		24,621	Total	(24,621)
					<u>February</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
February	Interest		70,346	Interest	24,621	Nonoperating	(24,621)
02-29-2008	Balance before interest		16,564,895		24,621	Total	(24,621)
					<u>March</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
March	Interest		70,346	Deferral	0	Operating	0
03-31-2008	Balance before interest		16,564,895	Interest	24,621	Nonoperating	(24,621)
					24,621	Total	(24,621)
					<u>April</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
April	Interest		70,346	Deferral	0	Operating	0
04-30-2008	Balance before interest		16,564,895	Interest	24,621	Nonoperating	(24,621)
					24,621	Total	(24,621)
					<u>May</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
May	Interest		70,346	Deferral	0	Operating	0
05-31-2008	Balance before interest		16,564,895	Interest	24,621	Nonoperating	(24,621)
					24,621	Total	(24,621)
	<b>Net ERM Balance</b>		<b>16,916,625</b>	<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
				<b>04-30-08</b>	<b>May-08</b>	<b>05-31-08</b>	
	<b>ADFIT Balance</b>		<b>(5,920,819)</b>	<b>16,846,279</b>	<b>70,346</b>	<b>16,916,625</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 12/31/07 is 7.840%.		0.00653 Before Tax		Actual cost of debt at 6/30/07 is 7.843%			
The monthly rate is:		0.0042467 After Tax		The monthly rate is:-		0.00653583 Before Tax	
		0.35 Tax rate				0.0042483 After Tax	
						0.35 Tax rate	
<b>Account 182350</b>		<b>2008 Interest</b>					
				<u>January</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
12-31-2007	GL Balance including interest	41,958,848		Amortization	(1,154,944)	Operating	1,154,944
January	Surcharge Amortization	(3,299,841)		Interest	59,913	Nonoperating	(59,913)
January	Interest		171,180		(1,095,031)	Total	1,095,031
01-31-2008	Balance before interest	38,659,007					
				<u>February</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
February	Surcharge Amortization	(3,344,459)		Amortization	(1,170,561)	Operating	1,170,561
February	Interest		157,072	Interest	54,975	Nonoperating	(54,975)
02-29-2008	Balance before interest	35,314,548			(1,115,586)	Total	1,115,586
				<u>March</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
March	Surcharge Amortization	(2,654,146)		Amortization	(928,951)	Operating	928,951
March	Interest		144,335	Interest	50,517	Nonoperating	(50,517)
03-31-2008	Balance before interest	32,660,402			(878,434)	Total	878,434
				<u>April</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
April	Surcharge Amortization	(2,570,506)		Amortization	(899,677)	Operating	899,677
April	Interest		133,241	Interest	46,634	Nonoperating	(46,634)
04-30-2008	Balance before interest	30,089,896			(853,043)	Total	853,043
				<u>May</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
May	Surcharge Amortization	(2,248,832)		Amortization	(787,091)	Operating	787,091
May	Interest		123,008	Interest	43,053	Nonoperating	(43,053)
05-31-2008	Balance before interest	27,841,064			(744,038)	Total	744,038
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>	
				<u>04-30-2008</u>	<u>May-08</u>	<u>05-31-2008</u>	
	<b>Net ERM Balance</b>	<b>28,569,900</b>		<b>30,695,724</b>	<b>(2,125,824)</b>	<b>28,569,900</b>	
	<b>ADFIT Balance</b>	<b>(9,999,465)</b>					

Tax Rate	35%	DJ481 LTD	DJ481 LTD	DJ481 LTD			DJ481 CURMO		
	283280	283280	283280	283280		283280	283280	283280	
<b>J481</b>	BEGINNING	ADFIT	ADFIT	ADFIT		BALANCE	FOR ALL	ENDING	
	<u>BALANCE</u>	<u>182350</u>	<u>186280</u>	<u>186290</u>		<u>COMPONENTS</u>	<u>ACCOUNTS</u>	<u>BALANCE</u>	
12-31-2007	(21,336,244)	(14,685,597)	(5,797,713)	0		(20,483,310)	852,935	(20,483,309)	
01-31-2008	(20,483,309)	(13,590,565)	0	(5,822,334)		(19,412,899)	1,070,410	(19,412,899)	
02-29-2008	(19,412,899)	(12,474,980)	0	(5,846,955)		(18,321,935)	1,090,964	(18,321,935)	
03-31-2008	(18,321,934)	(11,596,546)	0	(5,871,577)		(17,468,123)	853,813	(17,468,121)	
04-30-2008	(17,468,121)	(10,743,503)	(1,764,596)	(5,896,198)		(18,404,297)	(936,174)	(18,404,295)	
05-31-2008	(18,404,295)	(9,999,465)	0	(5,920,819)		(15,920,284)	2,484,013	(15,920,282)	
			<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>
01-31-2008	182350	(1,154,944)	59,913	1,095,031	171,180	0	70,346	(241,526)	
	186280	0	0	0					
	186290	0	24,621	(24,621)					
<b>Total</b>		(1,154,944)	84,534	1,070,410					
02-29-2008	182350	(1,170,561)	54,975	1,115,586	157,072	0	70,346	(227,418)	
	186280	0	0	0					
	186290	0	24,621	(24,621)					
<b>Total</b>		(1,170,561)	79,596	1,090,965					
03-31-2008	182350	(928,951)	50,517	878,434	144,335	0	70,346	(214,681)	
	186280	0	0	0					
	186290	0	24,621	(24,621)					
<b>Total</b>		(928,951)	75,138	853,813					
04-30-2008	182350	(899,677)	46,634	853,043	133,241	10,683	70,346	(214,270)	
	186280	1,760,857	3,739	(1,764,596)					
	186290	0	24,621	(24,621)					
<b>Total</b>		861,180	74,994	(936,174)					
05-31-2008	182350	(787,091)	43,053	744,038	123,008	26,134	70,346	(219,488)	
	186280	786,124	9,147	(795,271)					
	186290	0	24,621	(24,621)					
<b>Total</b>		(967)	76,821	(75,854)					
Recon:	Total interest 2008		1,117,383						
	Calc non op DFIT 2008		391,084						
	Total 410200 2008		391,083						

	YTD WA ERM Company Bands 186010	YTD WA ERM Contra Account 186020	GL Impact	YTD WA ERM Company Bands 186030	YTD WA ERM Contra Account 186035	GL Impact	YTD WA ERM Company Bands 186040	YTD WA ERM Contra Account 186045	GL Impact
2007 Requirement Band 1 \$4,000,000							2007 90/10 Sharing > \$10M Band 3		
	\$4,000,000			\$3,000,000			\$1,482,641		(\$1,482,641)
<b>Jan-08 Reverse 2007</b>	<b>(\$4,000,000)</b>	<b>\$4,000,000</b>		<b>(\$3,000,000)</b>			<b>(\$1,482,641)</b>		<b>\$1,482,641</b>
2008 Requirement Band 1 \$4,000,000							2008 90/10 Sharing > \$10M Band 3		
Jan-08	\$940,109								
01-31-2008	\$940,109	(\$940,109)	\$0						
Feb-08	\$2,500,830	(\$2,500,830)							
02-29-2008	\$3,440,939	(\$3,440,939)	\$0						
Mar-08	(\$26,147)	\$26,147					Activity		\$0
03-31-2008	\$3,414,792	(\$3,414,792)	\$0				Balance		\$0
Apr-08	\$585,208	(\$585,208)					Activity		(\$225,669)
04-30-2008	\$4,000,000	(\$4,000,000)	\$0				Balance		(\$225,669)
May-08	\$0	\$0					Activity		(\$249,563)
05-31-2008	\$4,000,000	(\$4,000,000)	\$0				Balance		(\$475,232)
							<b>Total company bands YTD</b>		<b>(\$7,475,232)</b>

AVISTA CORPORATION  
 MAY 2008 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule (a)	Sch 1 Block Percent (b)	kWh or \$ (c)	Proration Percentages (d)		Surcharge Rates (e)		Current Month Surcharge Revenue Rate (f)		Total (h)+(i)	Conversion Factor (k)	Deferral Amortization (l)* (k)
			Before 1-Jan-06	On/After 1-Jan-06	Before 1-Jan-06	On/After 1-Jan-06	Rate Before 1-Jan-06 (h)	Rate On/After 1-Jan-06 (i)			
1 (0-600 kWh)	59.402%	102,711,239	0.00%	100.00%	0.405¢	0.446¢	\$0	\$458,092	\$458,092	0.956325	\$438,085
1 (601-1300 kWh)	29.309%	50,677,817	0.00%	100.00%	0.607¢	0.668¢	0	338,528	338,528	0.956325	323,743
1 (over 1300 kWh)	11.289%	19,519,666	0.00%	100.00%	0.853¢	0.938¢	0	183,094	183,094	0.956325	175,097
Total Sch 1	100.000%	172,908,722					0	979,714	979,714		936,925
11		26,995,019	0.00%	100.00%	0.788¢	0.867¢	0	234,047	234,047	0.956325	223,825
12		3,313,571	0.00%	100.00%	0.788¢	0.867¢	0	28,729	28,729	0.956325	27,474
21		114,512,521	0.00%	100.00%	0.549¢	0.604¢	0	691,656	691,656	0.956325	661,448
22		4,259,190	0.00%	100.00%	0.549¢	0.604¢	0	25,726	25,726	0.956325	24,602
25		76,936,229	0.00%	100.00%	0.352¢	0.387¢	0	297,743	297,743	0.956325	284,739
30		2,737,960	0.00%	100.00%	0.485¢	0.534¢	0	14,621	14,621	0.956325	13,982
31		5,933,058	0.00%	100.00%	0.485¢	0.534¢	0	31,683	31,683	0.956325	30,299
32		921,463	0.00%	100.00%	0.485¢	0.534¢	0	4,921	4,921	0.956325	4,706
41-46		\$331,075	0.00%	100.00%	9.78%	9.84%	0	28,675	28,675	0.956325	27,423
47		\$96,907	0.00%	100.00%	9.78%	9.84%	0	8,393	8,393	0.956325	8,026
48		\$64,990	0.00%	100.00%	9.78%	9.84%	0	5,629	5,629	0.956325	5,383
Schedule Totals		408,517,733					\$0	\$2,351,537	\$2,351,537		\$2,248,832
kWh not subject to surcharge											-35%
Sch 28		21,000									
Sch 41-48		2,231,526									
Total kWh		410,770,259									(\$787,091) DFIT Expense

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
 for Accounting Period : 200805 , State Code : WA

Accounting Period	200805	State Code	WA
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Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Avg Meters	Ytd Usage	Ytd Revenue Amt
001	198,249	172,908,722	12,249,936	198,913	1,166,651,713	85,391,511
011	19,158	26,995,019	2,778,570	19,167	164,869,570	16,521,072
012	7,690	3,313,571	363,414	7,660	22,386,396	2,382,362
021	3,238	114,512,521	8,935,616	3,235	634,864,997	47,943,126
022	72	4,259,190	284,486	71	18,225,416	1,305,387
025	22	76,936,229	3,884,272	22	385,944,693	19,147,999
028	1	21,000	18,807	1	383,000	125,235
030	39	2,737,960	161,774	39	3,826,700	227,105
031	1,087	5,933,058	425,937	1,084	20,457,012	1,448,643
032	1,179	921,463	68,059	1,173	2,551,417	207,855
041	11	8,720	1,671	11	43,600	8,354
042	263	1,118,876	305,739	260	5,548,775	1,516,434
044	13	21,203	2,244	13	106,871	11,297
045	3	88,216	5,498	3	442,223	27,501
046	18	188,896	15,923	18	942,134	78,850
047	0	503,744	96,907	0	2,482,929	472,945
048	0	301,871	64,990	0	1,513,701	324,560
058	0	0	1,051,615	0	0	6,215,925
058A	0	0	-6,614	0	0	-43,183
063	0	0	0	0	0	0
090	0	0	4	0	0	20
095	0	0	14,353	0	0	70,465
099	0	0	59,857	0	0	274,331
Sum	231,043	410,770,259	30,783,059	231,669	2,431,241,147	183,657,792

SHINGTON POWER COST DEFERRALS

Line No. 2008 WA & ID Actual Deferrals.xlsWA summary WASHINGTON ACTUALS-2008

Table with columns for months from Jan-08 to Dec-08. Rows include: 1 555 Purchased Power, 2 501 Thermal Fuel, 3 547 CT Fuel, 4 447 Sale for Resale, 5 Actual Net Expense, 6 456016/100700 Transmission Revenue, 7 565 Transmission Expense, 8 557170 Broker Fees, 9 Less Potlatch 62 aMW directly to ID, 10 Adjusted Actual Net Expense.

AUTHORIZED NET EXPENSE-SYSTEM

Table with columns for months from Jan-08 to Dec-08. Rows include: 11 555 Purchased Power, 12 501 Thermal Fuel, 13 547 CT Fuel, 14 447 Sale for Resale, 15 456100 Transmission Revenue, 16 565 Transmission Expense, 17 557 Broker Fees, 18 Mark-to-Model Adjustment, 19 Authorized Net Expense, 20 Actual - Authorized Net Expense, 21 557 Resource Optimization, 22 Adjusted Net Expense, 23 Washington Alloc. @ 65.83%, 24 WA Retail Revenue Adjustment, 25 Net Power Cost Increase (Decrease), 26 Cumulative Balance.

Table with columns for months from Jan-08 to Dec-08. Rows include: 26 Cumulative Balance, Inpu 10,000,000 and up, Inpu 4,000,000 to \$10M, Inpu 0 to \$4M, Deferral Amount, Cumulative, Deferral Amount, Monthly Account 557 for Budget, Company Band Gross Margin Impact, Cumulative.

Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

Line No.	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	TOTAL 2008
555 PURCHASED POWER													
1 Short-Term Purchases	11,707,330	9,220,343	21,533,250	17,886,771	6,968,003								67,315,697
2 Northwestern Load Following	151,380	178,359	204,918	243,801	61,076								839,534
3 Priest Rapids	882,536	871,017	869,662	640,550	1,007,639								4,271,404
4 Rocky Reach	124,067	66,882	114,000	102,873	136,410								544,232
5 Wanapum	457,314	457,314	457,314	684,950	457,314								2,514,206
6 Wells	116,071	116,071	116,071	116,071	116,071								580,355
7 Black Creek Index Purchase		0											3,481
8 Deer Lake-IP&L	792	742	676	661	610								600,833
9 Small Power	79,209	116,287	142,816	135,435	127,086								969,648
10 Spokane-Upriver	159,443	123,703	263,024	274,717	148,761								8,374,345
11 WNP-3 (1)	2,912,355	2,631,597	1,437,823	1,392,567	3								(268,590)
12 Non-Mon. Accruals	(615,229)	158,623	97,777	(117,691)	207,930								2,826,425
13 MS #17189	576,600	539,400	575,825	558,000	576,600								2,808,190
14 MS #17633	572,880	535,920	572,110	554,400	572,880								2,771,568
15 MS #19537	565,288	528,960	564,680	547,200	565,440								3,145,538
16 BPEGY #102182	641,700	600,300	640,838	621,000	641,700								767,216
17 Stimson Lumber	158,526	160,952	149,923	139,267	158,548								7,658,946
18 Pollatch 62 aMW Purch	1,703,881	1,515,291	1,607,912	1,359,448	1,472,414								585,000
19 Douglas Capacity	65,000	65,000	130,000	162,500	162,500								1,742,765
20 BPA NT deviation energy	428,571	374,425	237,071	521,867	180,831								1,573,322
21 PPM Wind Power	274,110	243,731	394,800	376,994	283,687								558,000
22 Seattle Capacity	192,200	173,600	192,200		0								251,859
23 Douglas Settlement #107240	26,913	26,728	40,457	44,926	112,835								585,410
24 BPA Spin Reserve	68,411	56,315	53,781	52,473	53,579								284,559
25 WPM Ancillary Services	21,249,348	18,761,560	30,396,928	26,298,780	14,597,327	0	0	0					111,303,943
26 Total Account 555													
447 SALES FOR RESALE													
27 Short-Term Sales	4,259,411	6,591,790	20,913,319	9,256,690	13,950,361								54,971,571
28 Peaker LLC/PGE Cap Sale	150,000	150,000	150,000	150,000	150,000								750,000
29 Sovereign/Kaiser Load Following	10,628	12,160	116,996	10,795	8,797								159,376
30 Pend Oreille DES	38,937	34,967	30,009	30,633	29,366								163,912
31 Nichols Pumping Index Sale	277,449	250,009	325,237	389,928	265,372								1,507,995
32 Enron/PGE Cap Fee, employee svcs	(3,969)	(3,845)	(5,036)	(3,954)	(4,036)								(20,840)
33 Northwestern Load Following	616,718	555,338	577,445	619,106	236,992								2,605,599
34 BPA NT deviation energy rev	308,207	183,433	227,772	244,649	172,918								1,136,979
35 SMUD 50 + 25	4,532,060	4,013,938	4,326,655	5,150,760	4,143,672								22,167,089
36 Merchant Ancillary Services	68,411	56,315	53,781	52,473	53,579								284,559
37 Total Account 447	10,257,852	11,844,105	26,716,178	15,901,080	19,007,021								88,726,236

(1) Effective November, 2007, WNP-3 purchase expense has been adjusted to reflect the mid-point price, \$38.25/MWh for the 2007-08 contract year. per Settlement Agreement, Cause No. U-86-99



Avista Utilities  
System Power Supply Expenses  
WASHINGTON DEFERRED POWER COST CALCULATION

ACTUALS

Line No.	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	TOTAL 2008
\$													
501 FUEL-DOLLARS													
38	872,100	923,943	1,024,035	186,626	40,673								3,047,377
39	1,693,941	1,738,116	1,691,663	1,479,583	1,265,176								7,868,479
40	2,566,041	2,662,059	2,715,698	1,666,209	1,305,849								10,915,856
Total Coal & Wood													
41	2,012	1,269	858	5,254	9,343								18,736
42	12,803	0	565	9,391	14,693								37,452
43	14,815	1,269	1,423	14,645	24,036								56,188
44	2,580,856	2,663,328	2,717,121	1,680,854	1,329,885								10,972,044
501 FUEL-TONS													
45	44,035	47,683	52,849	9,679	1,282								155,528
46	102,698	98,215	104,690	93,586	88,447								487,636
501 FUEL-COST PER TON													
47	wood \$ 19.80	\$ 19.38	\$ 19.38	\$ 19.28	\$ 31.73								\$ 19.59
48	coal \$ 16.49	\$ 17.70	\$ 16.16	\$ 15.81	\$ 14.30								\$ 16.14
547 FUEL													
49	3,168	60,320	402	6,633	83,109								153,632
50	427,640	52,113	12,877	376,549	20,022								889,201
51	108,578	19,666	19,133	1,228	(2,347)								146,258
52	10,857,771	10,734,929	9,365,759	7,130,936	3,607,980								41,696,775
53	160,396	(493)	(1,709)	(16,690)	(5,531)								135,973
54	11,557,553	10,866,535	9,396,462	7,498,656	3,702,633								43,021,839
55	25,129,905	20,447,318	15,794,333	19,577,210	622,824								81,571,590

AVISTA UTILITIES  
 Washington Electric Jurisdiction  
 Energy Recovery Mechanism Revenue Credit  
 Month of May 2008

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	546,964,483	557,020,070	462,243,258	454,243,077	410,770,259								2,431,241,147
Deduct Prior Month Unbilled kWhs	(349,731,143)	(359,263,450)	(310,223,462)	(324,127,882)	(302,404,440)	(290,139,509)							(1,935,889,886)
Add Current Month Unbilled kWhs	359,263,450	310,223,462	324,127,882	302,404,440	290,139,509								1,586,158,743
Washington Retail kWhs	556,496,790	507,980,082	476,147,678	432,519,635	398,505,328	(290,139,509)							2,081,510,004
Test Year WA Retail Sales (1)	559,753,000	502,124,000	514,703,000	437,704,000	429,845,000	414,160,000	459,551,000	476,165,000	437,987,000	471,756,000	455,072,000	533,363,000	5,692,183,000
Difference from Test Year	(3,256,210)	5,856,082	(38,555,322)	(5,184,365)	(31,339,672)								(72,479,487)
WA Retail Revenue Credit (2)	0.04192												
Net Wind Revenue Credit													
Total Revenue Credit													

(1) from Exhibit No. \_\_\_ (WGJ-5) in Docket No. UE-070804.

(2) Production and Transmission Retail Revenue Credit Rate per the Production Factor Calculation in the Settlement Agreement approved in Docket No. UE-070804.

Schedule 95 Wind Revenue	\$13,898.11	\$13,875.99	\$14,031.31	\$14,306.55	\$14,353.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70,464.99
Deduct Admin Expense	\$3,821.98	\$3,815.90	\$3,858.61	\$3,934.30	\$3,947.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19,377.87
0.005 x 55 = 0.275 per Revenue \$													
Net Wind Revenue Credit	\$10,076.13	\$10,060.09	\$10,172.70	\$10,372.25	\$10,405.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$51,087.12