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September 10, 2008

Mr. David Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

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

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of August 2008. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In August actual net power costs were higher than authorized costs by \$892,134. The year to date difference is \$11,177,928 in the surcharge direction, with \$4,060,135 being deferred and \$7,117,793 being absorbed by the Company.

Actual power supply expense was higher than the authorized level due primarily to reduced hydro generation and higher thermal and natural gas fuel expense. Hydro generation was 7 aMW below the authorized level. The average market purchase price was \$63.74/MWh and the average market sales price was \$66.75/MWh.

Coyote Springs 2 generated 61 aMW above the authorized level due to economics. The average Coyote Springs 2 gas price was \$8.37/dth. Colstrip and Kettle Falls generated 3 aMW and 15 aMW below the authorized levels, respectively. Net transmission expense (transmission expense less transmission revenue) was above the authorized level. Washington retail sales were 23 aMW below the authorized level.

In August 2008 the deferral balances decreased by \$1,561,794. The July deferral was an increase of \$802,920, interest amounted to \$158,577, and amortization amounted to -\$2,523,291. The actual deferral balances at the end of August total \$43.3 million. The deferral balances would reach zero in the January 2010 timeframe based on the following assumptions:

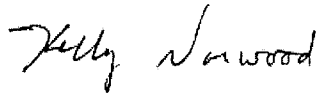
1. Projected deferrals of \$232,000 for the remainder of 2008. (Note: Actual hydro generation will depend on precipitation, temperatures and other variables during the remainder of the year.)
2. Projected deferrals of \$1.9 million in 2009.
3. Forecasted amortizations of approximately \$31 million annually 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

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.

Enclosed is a forward long-term power contract that contains confidential, market-sensitive information. Avista and the counter-party to the agreement might be directly affected by disclosure of the confidential information. The first page of the contract and the pages containing confidential information have been marked with the designation "confidential per WAC 480-07-160." The unredacted version is being filed under seal. Six copies of the unredacted version are being submitted in sealed envelopes, copied on yellow paper and identified as "Confidential Attachment A." Six copies of the redacted version are also being submitted. If you have any questions, please contact Bill Johnson at (509) 495-4046 or Ron McKenzie at (509) 495-4320.

Sincerely,



Kelly Norwood  
Vice President State and Federal Regulation  
RM  
Enclosure  
C: Mary Kimball, S. Bradley Van Cleve

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

MONTH OF AUGUST 2008

**Avista Corporation Journal Entry**

Effective Date: 200808

Journal: 481-WA ERM

Team: Resource Accounting

Last Saved by: Lori Hamilton

Type: C

Submitted by: Lori Hamilton

Category: DJ

Seq.	Co.#	FERC	Seq.	Jur.	S.I.	Debit	Credit	Comment
10	001	557290 - WA ERM AMORTIZATION	ED	WA	DL	2,523,291.00		WA ERM surcharge amortization
20	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL		2,523,291.00	WA ERM authorized for recovery
30	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL		802,920.00	WA ERM current month deferral
40	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL	802,920.00		WA ERM current year deferral
50	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL	145,090.00		Accrue interest on deferral balance authorized for recovery
60	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL	13,487.00		Accrue interest on current year deferral balance
70	001	186290 - REGULATORY ASSET ERM DEFERRED LAST	ED	WA	DL	0.00		Accrue interest on previous year deferral balance
80	001	419600 - INTEREST ON ENERGY DEFERRALS	ED	WA	DL	0.00	158,577.00	Non-utility interest income
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	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	0.00	Contra account for 50% company band accumulation
160	001	186040 - REGULATORY ASSET ERM 10% COMPANY	ED	WA	DL	89,214.00		Track 10% company band accumulation
170	001	186045 - REGULATORY ASSET ERM 10% CONTRA	ED	WA	DL		89,214.00	Contra account for 10% company band accumulation
<b>TOTALS:</b>						<b>3,574,002.00</b>	<b>3,574,002.00</b>	

Explanation:

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

*Lori Hamilton*  
 Prepared by Lori Hamilton  
 Date 9/5/08

*Sami Gudge*  
 Reviewed by  
 Date 9/5/08

Approved for Entry  
 Corporate Accounting use Only  
 Date

Detail Balances (AWA CORP) - 001.186280.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
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	
200806	USD	-351,394.00		6,962,511.00	
200807	USD	-3,619,766.00		3,342,745.00	
200808	USD	816,407.00		4,159,152.00	

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

**Account 186280.ED.WA**

	<u>Amount</u>	<u>Journal ID</u>
Balance 7/31/08	\$3,342,745.00	
Deferral	\$802,920.00	481 - WA ERM
Interest	13,487.00	481 - WA ERM
Balance 8/31/08	<u>\$4,159,152.00</u>	
Year to date deferrals	\$4,060,135.00	
Year to date interest	99,017.00	
Balance in account	<u>\$4,159,152.00</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
<b>200713</b>	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	
200806	USD	70,346.00		16,986,971.00	
200807	USD	-16,986,971.00		0.00	
200808	USD	0.00		0.00	

Journal Details      Summary Balances

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

**Account 186290.ED.WA**

Balance 7/31/08  
 No current month activity  
 Balance 8/31/08

<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 <b>Actual</b>			Currency Type <b>Entered</b>		
			Factor <b>Units</b>		
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200713	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	
200806	USD	-2,021,482.00		26,548,417.65	
200807	USD	14,946,860.00		41,495,277.65	
200808	USD	-2,378,201.00		39,117,076.65	

**Recoverable Deferral Balance**  
**Account 182350.ED.WA**

Balance 7/31/08  
 Amortization  
 Interest  
 Balance 8/31/08

Amount	Journal ID
\$41,495,277.65	
-2,523,291.00	481 - WA ERM
145,090.00	481 - WA ERM
<u>\$39,117,076.65</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
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	
200806	USD	0.00		4,000,000.00	
200807	USD	0.00		4,000,000.00	
200808	USD	0.00		4,000,000.00	

**ERM \$4M Deadband**  
**Account 186010.ED.WA**

	Amount	Journal ID
Balance 7/31/08	\$4,000,000.00	
Current month entry	0.00	481 - WA ERM
Balance 8/31/08	\$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%	1,177,928.00	117,793.00	1,060,135.00
<b>Total</b>	<b>\$11,177,928.00</b>	<b>\$7,117,793.00</b>	<b>\$4,060,135.00</b>



Detail Balances (AVA CORP) - 001.186020.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
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	
200806	USD	0.00		4,000,000.00	
200807	USD	0.00		4,000,000.00	
200808	USD	0.00		4,000,000.00	

**ERM \$4M Deadband Contra Account**

**Account 186020.ED.WA**

Balance 7/31/08

Current month entry

Balance 8/31/08

Amount

-\$4,000,000.00

0.00

-\$4,000,000.00

Journal ID

481 - WA ERM

Detail Balances (AVA CORP) - 001:186030.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	3,000,000.00		3,000,000.00	
200805	USD	0.00		3,000,000.00	
200806	USD	0.00		3,000,000.00	
200807	USD	0.00		3,000,000.00	
200808	USD	0.00		3,000,000.00	

**ERM 50%-50% Sharing Band**  
**Account 186030.ED.WA**

Balance 7/31/08	\$3,000,000.00	
Current month entry	0.00	481 - WA ERM
Balance 8/31/08	\$3,000,000.00	

	<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%	1,177,928.00	117,793.00	1,060,135.00
<b>Total</b>	<b>\$11,177,928.00</b>	<b>\$7,117,793.00</b>	<b>\$4,060,135.00</b>

Detail Balances (AVA CORP) - 001.186035.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	3,000,000.00		3,000,000.00	
200805	USD	0.00		3,000,000.00	
200806	USD	0.00		3,000,000.00	
200807	USD	0.00		3,000,000.00	
200808	USD	0.00		3,000,000.00	

**ERM 50%-50% Sharing Contra Account**  
**Account 186035.ED.WA**

Balance 7/31/08  
 Current month entry  
 Balance 8/31/08

<u>Amount</u>	<u>Journal ID</u>
-\$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		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	
200806	USD	42,388.00		432,844.00	
200807	USD	404,265.00		28,579.00	
200808	USD	89,214.00		117,793.00	

**ERM 90%-10% Sharing Band**

**Account 186040.ED.WA**

Balance 7/31/08

Current month entry

Balance 8/31/08

Amount

Journal ID

\$28,579.00

89,214.00

481 - WA ERM

\$117,793.00

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%

1,177,928.00

117,793.00

1,060,135.00

Total

\$11,177,928.00

\$7,117,793.00

\$4,060,135.00

Detail Balances (AWA CORP) - 001.186045.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	
200806	USD	42,388.00		432,844.00	
200807	USD	404,265.00		28,579.00	
200808	USD	89,214.00		117,793.00	

**ERM 90%-10% Sharing Contra Account**  
**Account 186045.ED.WA**

Balance 7/31/08  
 Current month entry  
 Balance 8/31/08

Amount	Journal ID
-\$28,579.00	
-89,214.00	481 - WA ERM
<u>-\$117,793.00</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	
200806	USD	805,885.00		-17,674,264.00	
200807	USD	1,980,956.95		-15,693,307.05	
200808	USD	546,627.90		-15,146,679.15	

Journal Details      Summary Balances

**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	\$4,159,152.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	39,117,076.65
Total	<u>\$43,276,228.65</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>-\$15,146,680</u>
Rounding	1
Balance in account	<u><u>-\$15,146,679</u></u>

<b>Changes Semiannually on January 1 and July 1 Beginning 7/1/02</b>						
<b>The rate is based on Avista's actual cost of debt, updated semiannually.</b>						
<b>The actual cost of debt calculated at 6/30 will be used for the interest calculation from July through December.</b>						
<b>The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.</b>						
<b>Interest will be accrued monthly and compounded semi-annually.</b>						
<b>Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current after tax interest rate</b>						
Actual cost of debt at 12/31/07 is 7.840%--			Actual cost of debt at 6/30/08 is 6.683%			
The monthly rate is:			0.00653	Before Tax	The monthly rate is: 0.00556917 Before Tax	
			0.0042467	After Tax	0.0036200 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				
			<b>January</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
January	ERM Deferral	0	Deferral	0	Operating	0
January	Interest		Interest	0	Nonoperating	0
01-31-2008	Balance before interest	0		0	Total	0
			<b>February</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
February	ERM Deferral	0	Deferral	0	Operating	0
February	Interest		Interest	0	Nonoperating	0
02-29-2008	Balance before interest	0		0	Total	0
			<b>March</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
March	ERM Deferral	0	Deferral	0	Operating	0
March	Interest		Interest	0	Nonoperating	0
03-31-2008	Balance before interest	0		0	Total	0
			<b>April</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
April	ERM Deferral	5,031,019	Deferral	1,760,857	Operating	(1,760,857)
April	Interest		Interest	3,739	Nonoperating	(3,739)
04-30-2008	Balance before interest	5,031,019		1,764,596	Total	(1,764,596)
			<b>May</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
May	ERM Deferral	2,246,069	Deferral	786,124	Operating	(786,124)
May	Interest		Interest	9,147	Nonoperating	(9,147)
05-31-2008	Balance before interest	7,277,088		26,134	Total	(795,271)
			<b>June</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
June	ERM Deferral	(381,488)	Deferral	(133,521)	Operating	133,521
June	Interest		Interest	10,533	Nonoperating	(10,533)
06-30-2008	Balance before interest	6,895,600		(122,988)	Total	122,988
			<b>July</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
06-30-2008	GL Balance including interest	6,962,511	Deferral	(1,273,435)	Operating	1,273,435
July	ERM Deferral	(3,638,385)	Interest	6,517	Nonoperating	(6,517)
July	Interest			(1,266,918)	Total	1,266,918
07-31-2008	Balance before interest	3,324,126		18,619		
			<b>August</b>	<b>DFIT Expense</b>	<b>ADFIT</b>	
August	ERM Deferral	802,920	Deferral	281,022	Operating	(281,022)
August	Interest		Interest	4,720	Nonoperating	(4,720)
08-31-2008	Balance before interest	4,127,046		285,742	Total	(285,742)
			<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
<b>Net ERM Balance</b>			<b>07-31-08</b>	<b>Aug-08</b>	<b>08-31-08</b>	
			<b>3,342,745</b>	<b>816,407</b>	<b>4,159,152</b>	
<b>ADFIT Balance</b>						
					<b>(1,455,703)</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%				Actual cost of debt at 6/30/08 is 6.683%			
The monthly rate is:		0.00653	Before Tax	The monthly rate is:		0.00556917	Before Tax
		0.0042467	After Tax			0.0036200	After Tax
		0.35	Tax rate			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		January	DFIT Expense		ADFIT
January	Interest		70,346	Interest	24,621	Nonoperating	(24,621)
01-31-2008	Balance before interest	16,564,895			24,621	Total	(24,621)
				February	DFIT Expense		ADFIT
February	Interest		70,346	Interest	24,621	Nonoperating	(24,621)
02-29-2008	Balance before interest	16,564,895			24,621	Total	(24,621)
				March	DFIT Expense		ADFIT
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)
				April	DFIT Expense		ADFIT
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)
				May	DFIT Expense		ADFIT
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)
				June	DFIT Expense		ADFIT
June	Interest		70,346	Deferral	0	Operating	0
06-30-2008	Balance before interest	16,564,895		Interest	24,621	Nonoperating	(24,621)
					24,621	Total	(24,621)
06-30-2008	GL Balance including interest	16,986,971		July	DFIT Expense		ADFIT
06-30-2008	ERM Transfer to 182350	(16,986,971)		Deferral	0	Operating	0
July	Interest		0	Interest	0	Nonoperating	0
07-31-2008	Balance before interest	0			0	Total	0
				August	DFIT Expense		ADFIT
August	Interest		0	Deferral	0	Operating	0
08-31-2008	Balance before interest	0		Interest	0	Nonoperating	0
					0	Total	0
	<b>Net ERM Balance</b>	0		<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
				<b>07-31-08</b>	<b>Aug-08</b>	<b>08-31-08</b>	
	<b>ADFIT Balance</b>	0		0	0	0	
When WUTC deems 2007 deferred power costs prudent - reclass to 182350.							
Prudency granted 7/31/08.							



<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 6/30/08 is 6.683%			
The monthly rate is:			0.00653 Before Tax	The monthly rate is: 0.00556917 Before Tax		
			0.0042467 After Tax	0.0036200 After Tax		
			0.35 Tax rate	0.35 Tax rate		
<b>Account 182350 2008 Interest</b>						
12-31-2007	GL Balance including interest	41,958,848		<u>January</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
January	Surcharge Amortization	(3,299,841)		Amortization	(1,154,944)	Operating 1,154,944
January	Interest		171,180	Interest	59,913	Nonoperating (59,913)
01-31-2008	Balance before interest	38,659,007			(1,095,031)	Total 1,095,031
				<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>June</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
June	Surcharge Amortization	(2,135,181)		Amortization	(747,313)	Operating 747,313
June	Interest		113,699	Interest	39,795	Nonoperating (39,795)
06-30-2008	Balance before interest	25,705,883			(707,518)	Total 707,518
06-30-2008	Transfer from 186290	16,986,971				
06-30-2008	GL Balance including interest	26,548,418		<u>July</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
July	Surcharge Amortization	(2,193,738)		Amortization	(767,808)	Operating 767,808
July	Interest		153,627	Interest	53,769	Nonoperating (53,769)
07-31-2008	Balance before interest	41,341,651			(714,039)	Total 714,039
				<u>August</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
August	Surcharge Amortization	(2,523,291)		Amortization	(883,152)	Operating 883,152
August	Interest		145,090	Interest	50,782	Nonoperating (50,782)
08-31-2008	Balance before interest	38,818,360			(832,370)	Total 832,370
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>
				<u>07-31-2008</u>	<u>Aug-08</u>	<u>08-31-2008</u>
	<b>Net ERM Balance</b>	<b>39,117,077</b>		<b>41,495,278</b>	<b>(2,378,201)</b>	<b>39,117,077</b>
	<b>ADFIT Balance</b>	<b>(13,690,977)</b>				

		<b>Interest</b>		
	<b>182350</b>	<b>186280</b>	<b>186290</b>	<b>419600</b>
01-31-2008	171,180	0	70,346	(241,526)
<b>Total</b>				
02-29-2008	157,072	0	70,346	(227,418)
<b>Total</b>				
03-31-2008	144,335	0	70,346	(214,681)
<b>Total</b>				
04-30-2008	133,241	10,683	70,346	(214,270)
<b>Total</b>				
05-31-2008	123,008	26,134	70,346	(219,488)
<b>Total</b>				
06-30-2008	113,699	30,094	70,346	(214,139)
<b>Total</b>				
07-31-2008	153,627	18,619	0	(172,246)
<b>Total</b>				
08-31-2008	145,090	13,487	0	(158,577)
<b>Total</b>				



AVISTA CORPORATION  
 AUGUST 2008 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule	Sch 1 Block Percent (b)	kWh of \$ (c)	Proration Percentages		Surcharge Rates		Rate Before		Current Month Surcharge Revenue		Conversion Factor (k)	Deferral Amortization (l) (i)*(k)
			Before 1-Jan-06 (d)	On/After 1-Jan-06 (e)	Before 1-Jan-06 (f)	On/After 1-Jan-06 (g)	1-Jan-06 (h)	On/After 1-Jan-06 (i)	Rate (c)*(d)*(f) (j)	Rate (c)*(e)*(g) (h)+(i)		
1 (0-600 kWh)	56.901%	99,906,502	0.00%	100.00%	0.405¢	0.446¢	\$0	\$445,583	\$445,583	0.956325	\$426,122	
1 (601-1300 kWh)	30.417%	53,406,022	0.00%	100.00%	0.607¢	0.668¢	0	356,752	356,752	0.956325	341,171	
1 (over 1300 kWh)	12.682%	22,266,995	0.00%	100.00%	0.853¢	0.938¢	0	208,864	208,864	0.956325	199,742	
Total Sch 1	100.000%	175,579,519					0	1,011,199	1,011,199		967,035	
11		31,636,425	0.00%	100.00%	0.788¢	0.867¢	0	274,288	274,288	0.956325	262,308	
12		3,020,560	0.00%	100.00%	0.788¢	0.867¢	0	26,188	26,188	0.956325	25,044	
21		138,319,319	0.00%	100.00%	0.549¢	0.604¢	0	835,449	835,449	0.956325	798,961	
22		2,839,212	0.00%	100.00%	0.549¢	0.604¢	0	17,149	17,149	0.956325	16,400	
25		78,326,780	0.00%	100.00%	0.352¢	0.387¢	0	303,125	303,125	0.956325	289,886	
30		4,523,800	0.00%	100.00%	0.485¢	0.534¢	0	24,157	24,157	0.956325	23,102	
31		17,165,002	0.00%	100.00%	0.485¢	0.534¢	0	91,661	91,661	0.956325	87,658	
32		2,387,305	0.00%	100.00%	0.485¢	0.534¢	0	12,748	12,748	0.956325	12,191	
41-46		\$330,538	0.00%	100.00%	9.78%	9.84%	0	28,629	28,629	0.956325	27,379	
47		\$96,783	0.00%	100.00%	9.78%	9.84%	0	8,383	8,383	0.956325	8,017	
48		\$64,101	0.00%	100.00%	9.78%	9.84%	0	5,552	5,552	0.956325	5,310	
Schedule Totals		453,797,922					\$0	\$2,638,528	\$2,638,528		\$2,523,291	
kWh not subject to surcharge		0										-35%
Sch 28												(\$883,152) DFIT Expense
Sch 41-48		2,224,152										
Total kWh		456,022,074										

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
**for Accounting Period : 200808 , State Code : WA**

Accounting Period	200808	State Code	WA
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Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Avg Meters	Ytd Usage	Ytd Revenue Amt
001	197,555	175,579,519	12,411,606	198,415	1,642,365,664	118,880,531
011	19,161	31,636,425	3,219,920	19,169	250,680,568	25,304,710
012	7,769	3,020,560	333,252	7,687	31,018,439	3,341,818
021	3,245	138,319,319	10,497,649	3,238	1,017,203,114	77,339,156
022	75	2,839,212	208,352	73	25,801,671	1,868,282
025	22	78,326,780	3,970,635	22	616,614,162	30,847,083
028	0	0	17,350	1	467,000	183,113
030	39	4,523,800	267,139	39	17,925,400	1,059,504
031	1,093	17,165,002	1,126,649	1,088	61,462,210	4,188,430
032	1,190	2,387,305	162,182	1,179	8,268,613	604,057
041	11	8,720	1,671	11	69,760	13,366
042	268	1,115,261	305,162	263	8,893,598	2,431,498
044	13	21,203	2,244	13	170,480	18,029
045	3	88,216	5,498	3	706,785	43,989
046	18	189,371	15,963	18	1,509,618	126,685
047	0	503,064	96,783	0	3,992,641	763,288
048	0	298,317	64,101	0	2,412,500	517,867
058	0	0	1,174,392	0	0	9,429,939
058A	0	0	-5,676	0	0	-59,827
063	0	0	0	0	0	0
090	0	0	4	0	0	32
095	0	0	14,743	0	0	114,431
099	0	0	68,849	0	0	473,385
Sum	230,462	456,022,074	33,958,467	231,217	3,689,562,223	277,489,368

WASHINGTON POWER COST DEFERRALS

Line No.	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08
1	\$ 21,249,348	\$ 18,761,560	\$ 30,396,928	\$ 26,298,780	\$ 14,597,327	\$ 12,178,629	\$ 31,753,595	\$ 24,396,488				
2	\$ 2,580,856	\$ 2,663,328	\$ 2,717,121	\$ 1,680,854	\$ 1,329,885	\$ 755,507	\$ 1,538,517	\$ 2,833,489				
3	\$ 11,557,553	\$ 10,866,535	\$ 9,396,462	\$ 7,498,656	\$ 3,702,633	\$ 776,903	\$ 7,583,035	\$ 11,656,253				
4	\$ (10,257,852)	\$ (11,844,105)	\$ (26,716,178)	\$ (15,901,080)	\$ (19,007,021)	\$ (16,573,398)	\$ (36,606,193)	\$ (18,232,852)				
5	\$ 25,129,905	\$ 20,447,318	\$ 15,794,333	\$ 19,577,210	\$ 622,824	\$ (2,862,359)	\$ 4,268,954	\$ 20,653,578				
6	\$ (704,392)	\$ (518,626)	\$ (516,931)	\$ (548,555)	\$ (767,381)	\$ (1,135,274)	\$ (1,058,495)	\$ (895,485)				
7	\$ 1,351,141	\$ 1,177,394	\$ 1,126,431	\$ 1,126,304	\$ 1,080,951	\$ 993,915	\$ 1,079,500	\$ 1,121,007				
8	\$ 4,507	\$ 9,809	\$ 12,273	\$ 8,464	\$ 11,007	\$ 8,888	\$ 10,842	\$ 6,107				
9	\$ (1,703,881)	\$ (1,515,291)	\$ (1,607,912)	\$ (1,359,448)	\$ (1,472,414)	\$ (1,420,266)	\$ (1,480,955)	\$ (1,577,782)				
10	\$ 24,077,280	\$ 19,600,604	\$ 14,808,194	\$ 18,803,975	\$ (525,013)	\$ (4,415,096)	\$ 2,819,846	\$ 19,307,425				
<b>AUTHORIZED NET EXPENSE-SYSTEM</b>												
11	\$ 118,454,461	\$ 10,015,962	\$ 11,979,075	\$ 6,937,925	\$ 5,310,561	\$ 5,039,557	\$ 6,119,078	\$ 10,757,020	\$ 8,665,785	\$ 12,519,647	\$ 11,358,422	\$ 12,877,645
12	\$ 2,324,182	\$ 2,195,481	\$ 2,306,191	\$ 2,036,664	\$ 978,477	\$ 1,076,887	\$ 2,266,701	\$ 2,342,250	\$ 2,275,764	\$ 2,348,297	\$ 2,283,837	\$ 2,337,481
13	\$ 5,500,597	\$ 5,979,584	\$ 5,617,375	\$ 3,069,671	\$ 2,715,420	\$ 2,339,513	\$ 6,293,663	\$ 7,936,629	\$ 9,964,531	\$ 8,719,367	\$ 9,214,143	\$ 8,672,254
14	\$ (58,637,113)	\$ (3,053,458)	\$ (2,201,112)	\$ (7,112,455)	\$ (11,788,024)	\$ (10,761,577)	\$ (7,774,515)	\$ (2,261,396)	\$ (2,805,726)	\$ (2,270,716)	\$ (4,113,089)	\$ (2,671,351)
15	\$ (9,204,726)	\$ (674,135)	\$ (774,215)	\$ (640,216)	\$ (753,096)	\$ (1,135,807)	\$ (947,392)	\$ (863,299)	\$ (704,938)	\$ (668,279)	\$ (671,240)	\$ (659,543)
16	\$ 13,752,996	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083	\$ 1,146,083
17	\$ 92,004	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667	\$ 7,667
18	\$ (697,180)	\$ (195,951)	\$ (58,289)	\$ 239,815	\$ 34,070	\$ (363,539)	\$ 127,100	\$ 94,085	\$ 68,100	\$ 67,115	\$ (61,050)	\$ (203,515)
19	\$ 163,555,401	\$ 15,421,233	\$ 18,022,775	\$ 5,685,154	\$ (2,348,842)	\$ (2,651,216)	\$ 7,238,445	\$ 19,159,039	\$ 17,617,266	\$ 21,869,181	\$ 19,164,773	\$ 21,506,721
20	\$ (869,078,186)	\$ 4,179,371	\$ (3,214,581)	\$ 13,118,821	\$ 1,823,829	\$ (1,763,880)	\$ (4,418,599)	\$ 148,386	\$ (17,617,266)	\$ (21,869,181)	\$ (19,164,773)	\$ (21,506,721)
21	\$ (2,802,308)	\$ 29,630	\$ 7,744	\$ (1,796)	\$ (12,693)	\$ (397,115)	\$ (3,314,167)	\$ 150,959				
22	\$ (71,880,494)	\$ 4,187,115	\$ (2,479,451)	\$ 13,117,025	\$ 1,811,136	\$ (2,160,995)	\$ (7,732,766)	\$ 299,345	\$ (17,617,266)	\$ (21,869,181)	\$ (19,164,773)	\$ (21,506,721)
23	\$ (47,318,928)	\$ 813,684	\$ (1,632,223)	\$ 8,634,938	\$ 1,192,271	\$ (1,422,583)	\$ (55,090,480)	\$ 197,059	\$ (11,597,446)	\$ (14,395,482)	\$ (12,616,170)	\$ (14,157,874)
24	\$ 5,728,884	\$ 126,425	\$ 1,606,076	\$ 206,958	\$ 1,303,361	\$ 998,707	\$ 1,047,830	\$ 695,075				
25	\$ 11,177,928	\$ 940,109	\$ 2,500,830	\$ 8,841,896	\$ 2,495,632	\$ (423,876)	\$ (4,042,650)	\$ 892,134				
26		\$ 940,109	\$ 3,414,792	\$ 12,256,688	\$ 14,752,320	\$ 14,328,444	\$ 10,285,794	\$ 11,177,928				
Deferral % Input: 10,000,000 and up 90% Input: 4,000,000 to \$10M 50% Input: 0 to \$4M 0% check # should be zero												
Deferral Amount, Cumulative Deferral Amount, Monthly Account 557 for Budget												
Company Band Gross Margin Impact, Cumulative												

Deferral %  
 Input: 10,000,000 and up 90%  
 Input: 4,000,000 to \$10M 50%  
 Input: 0 to \$4M 0%  
 check # should be zero

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	11,707,330	9,220,343	21,533,250	17,886,771	6,968,003	4,912,860	24,568,853	17,419,630					114,217,040
2	151,380	178,359	204,918	243,801	61,076	1,851	120,211	178,320					1,139,916
3	882,536	871,017	869,662	640,550	1,007,639	793,710	979,166	902,324					6,946,604
4	124,067	66,882	114,000	102,873	136,410	456,188	116,097	161,283					1,277,800
5	457,314	457,314	457,314	684,950	457,314	457,314	457,314	457,314					3,886,148
6	116,071	116,071	116,071	116,071	116,071	116,071	116,071	116,071					928,568
7		0											4,939
8	792	742	676	661	610	447	432	579					880,996
9	79,209	116,287	142,816	135,435	127,086	132,277	103,154	44,732					1,316,864
10	159,443	123,703	263,024	274,717	148,761	160,078	187,138						8,374,344
11	2,912,355	2,631,597	1,437,823	1,392,567	3	(1)	(154,528)	92,428					(410,714)
12	(615,229)	158,623	97,777	(117,691)	207,930	(80,024)	(154,528)	92,428					4,537,625
13	576,600	539,400	575,825	558,000	576,600	558,000	576,600	576,600					4,508,350
14	572,880	535,920	572,110	554,400	572,880	554,400	572,880	572,880					4,448,918
15	565,288	528,960	564,680	547,200	565,440	547,200	565,440	564,710					5,049,938
16	600,300	600,300	640,838	621,000	641,700	621,000	641,700	641,700					5,279,349
17	158,526	160,952	149,923	139,267	158,548	151,427	157,286	203,420					1,217,949
18	1,703,881	1,515,291	1,607,912	1,359,448	1,472,414	1,420,266	1,480,955	1,577,782					1,170,000
19	65,000	65,000	130,000	162,500	162,500	195,000	195,000	195,000					2,061,087
20	428,571	374,425	237,071	521,867	180,831	46,795	112,087	159,440					2,462,846
21	274,110	243,731	394,800	376,994	283,687	384,377	266,293	238,854					942,400
22	192,200	173,600	192,200		0	0	192,200	192,200					518,534
23	26,913	26,728	40,457	44,926	112,835	129,331	92,743	44,601					1,499,738
24					585,410	562,855	351,473						453,416
25	68,411	56,315	53,781	52,473	53,579	57,207	55,030	56,620					179,632,655
26	21,249,348	18,761,560	30,396,928	26,298,780	14,597,327	12,178,629	31,753,595	24,396,488					
447	SALES FOR RESALE												
27	4,259,411	6,591,790	20,913,319	9,256,690	13,950,361	12,286,382	30,971,665	12,385,896					110,615,514
28	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000					1,200,000
29	10,628	12,160	116,996	10,795	8,797	14,545	142,926	64,564					381,312
30	38,937	34,967	30,009	30,633	29,366	31,780	31,589	33,915					261,196
31	277,449	250,009	325,237	389,928	265,372	119,365	305,905	337,133					2,270,398
32	(3,969)	(3,845)	(5,036)	(3,954)	(4,036)	(4,850)	(4,102)	(3,972)					(33,764)
33	616,718	555,338	577,445	619,106	236,992	180,859	476,185	618,776					3,881,419
34	308,207	183,433	227,772	244,649	172,918	58,989	112,087	191,927					1,499,982
35	4,532,060	4,013,938	4,326,655	5,150,760	4,143,672	3,679,121	4,365,007	4,397,793					34,609,006
36	68,411	56,315	53,781	52,473	53,579	57,207	55,031	56,620					453,417
37	10,257,852	11,844,105	26,716,178	15,901,080	19,007,021	16,573,398	36,606,193	18,232,652					155,138,480

(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
<u>501 FUEL-DOLLARS</u>													
38	872,100	923,943	1,024,035	186,626	40,673	(51,371)	-	746,061					3,742,067
39	1,693,941	1,738,116	1,691,663	1,479,583	1,265,176	784,963	1,541,332	2,085,867					12,280,641
40	2,566,041	2,662,059	2,715,698	1,666,209	1,305,849	733,592	1,541,332	2,831,928					16,022,708
41	2,012	1,269	858	5,254	9,343	1,043	(3,169)	1,483					18,093
42	12,803	0	565	9,391	14,693	20,872	354	78					58,756
43	14,815	1,269	1,423	14,645	24,036	21,915	(2,815)	1,561					76,849
44	2,580,856	2,663,328	2,717,121	1,680,854	1,329,885	755,507	1,538,517	2,833,489					16,099,557
<u>501 FUEL-TONS</u>													
45	44,035	47,683	52,849	9,679	1,282	-	-	31,060					186,588
46	102,698	98,215	104,690	93,586	88,447	51,047	91,008	99,138					728,829
<u>501 FUEL-COST PER TON</u>													
47	19.80	19.38	19.38	19.28	31.73	-	-	24.02					\$ 20.06
48	16.49	17.70	16.16	15.81	14.30	15.38	16.94	21.04					\$ 16.85
<u>547 FUEL</u>													
49	3,168	60,320	402	6,633	83,109	116	(351)	115,178					268,575
50	427,640	52,113	12,877	376,549	20,022	19,673	114,111	317,901					1,340,886
51	108,578	19,666	19,133	1,228	(2,347)	(3,137)	9,531	109,354					262,006
52	10,857,771	10,734,929	9,365,759	7,130,936	3,607,380	757,887	7,252,322	11,110,791					60,817,775
53	160,396	(493)	(1,709)	(16,690)	(5,531)	2,364	207,422	3,029					348,788
54	11,557,553	10,866,535	9,396,462	7,498,656	3,702,633	776,903	7,583,035	11,656,253					63,038,030
55	25,129,905	20,447,318	15,794,333	19,577,210	622,824	-2,862,359	4,268,954	20,653,578	0	0	0	0	103,631,762



**AVISTA UTILITIES**  
 Washington Electric Jurisdiction  
 Energy Recovery Mechanism Revenue Credit  
 Month of August 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	482,243,258	454,243,077	410,770,259	396,727,234	405,571,768	456,022,074	(315,533,313)	-	-	-	3,689,562,223
Deduct Prior Month Unbilled kWhs	(349,731,143)	(359,263,450)	(310,223,462)	(324,127,882)	(302,404,440)	(290,139,509)	(283,498,932)	(312,226,357)	(315,533,313)	-	-	-	(2,847,148,488)
Add Current Month Unbilled kWhs	359,263,450	310,223,462	324,127,882	302,404,440	290,139,509	283,498,932	312,226,357	315,533,313	(315,533,313)	-	-	-	2,497,417,345
Washington Retail kWhs	556,496,790	507,980,082	476,147,678	432,519,635	398,505,328	390,086,657	434,299,193	459,329,030	(315,533,313)	-	-	-	3,339,831,080
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)	(24,073,343)	(25,251,807)	(16,835,970)	(16,835,970)				(138,640,607)
WA Retail Revenue Credit (2)	0.04192												
Net Wind Revenue Credit	\$10,076	\$245,488	(\$1,616,249)	(\$217,390)	(\$1,313,767)	(\$1,009,161)	(\$1,058,562)	(\$705,764)	\$0	\$0	\$0	\$0	(\$5,811,845)
Total Revenue Credit	(\$126,425)	\$255,548	(\$1,606,076)	(\$206,958)	(\$1,303,361)	(\$998,707)	(\$1,047,830)	(\$695,075)	\$0	\$0	\$0	\$0	(\$5,726,883)

(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	\$14,419.86	\$14,802.62	\$14,743.27	\$0.00	\$0.00	\$0.00	\$0.00	\$114,430.74
Deduct Admin Expense	\$3,821.98	\$3,815.90	\$3,858.61	\$3,934.30	\$3,947.08	\$3,965.46	\$4,070.72	\$4,054.40	\$0.00	\$0.00	\$0.00	\$0.00	\$31,468.45
Net Wind Revenue Credit	\$10,076.13	\$10,060.09	\$10,172.70	\$10,372.25	\$10,405.95	\$10,454.40	\$10,731.90	\$10,688.87	\$0.00	\$0.00	\$0.00	\$0.00	\$82,962.29

“Redacted Attachment A”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of August 2008

Long-term Power Transaction  
(See attached)

Commissioners:  
T. JAMES DAVIS  
LYNN M. HEMINGER  
RONALD E. SKAGEN

General Manager:  
WILLIAM C. DOBBINS



# Public Utility District No. 1 of Douglas County

1151 Valley Mall Parkway • East Wenatchee, Washington 98802-4497 • 509/884-7191 • FAX 509/884-0553 • www.douglaspubd.org

Mr. Bill Johnson  
Wholesale Marketing Manager  
Avista Corp.  
1411 E Mission  
Spokane, WA 99220  
Fax: (509) 495-8856

## CONFIRMATION AGREEMENT

This confirmation agreement (this "Confirmation" or "Agreement") shall confirm the agreement reached on August 21, 2008, between Avista Corporation ("Avista") and PUBLIC UTILITY DISTRICT NO. 1 of DOUGLAS COUNTY ("Douglas") (herein sometimes referred to individually as a "Party" and collectively as the "Parties") regarding the sale of electric energy under the terms and conditions set forth below.

- Transaction:** Avista desires to purchase and Douglas desires to sell electric energy produced by the Colville Tribe's rights to four and one-half percent (4.5%) of the Wells Hydroelectric Project ("Project") owned and operated by Seller. In no event will Purchaser have any responsibility for any matter relating hereto to the Colville Tribe, or, with respect to the Colville Tribe or with respect to Seller's compliance with any agreement it may have in place with the Colville Tribe or any other person, tribe or entity.
- Terms and Conditions:** Avista and Douglas hereby agree that this Confirmation shall incorporate the terms and conditions of the Western System Power Pool Agreement effective April 1, 2008 as amended from time to time (the "WSPP Agreement"); provided, however, that any conflict between this Confirmation and the WSPP Agreement shall be resolved in favor of this Confirmation. Any capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to such terms in the WSPP Agreement. All hourly times identified herein shall refer to Pacific Prevailing Time.
- Seller:** Douglas.
- Purchaser:** Avista.
- Contract Term:** HE 0100 October 1, 2008 through HE 2400 September 30, 2010.
- Level of Firmness:** Firm Energy Sale pursuant to Service Schedule C of the WSPP Agreement.
- Product/Quantity:** 4.5% of the available capacity, energy and pondage from Project net of Project obligations of Canadian entitlement and encroachment. Product will be added to the Purchaser's existing rights (3.34%) in each hour for a total of 7.84% pro rata share of the total available Project output.

- Delivery Point:** 230 kV bus at the Douglas switchyard or the Wells 230 kV bus.
- Delivery Rate:** As determined solely by Purchaser on a day-ahead preschedule or day-of, real-time basis, based on available capacity and stream flow conditions that determine energy production for the Project, with Purchaser receiving an equal pro rata share of all capacity and energy that Seller has available to sell to all Purchasers from the Project.
- Douglas shall make all determinations concerning the Wells Project maximum output and minimum discharge; and Douglas shall have the unilateral right to determine the maximum allowable amount of change in project output during any time period and maximum number of unit starts and stops allowable during any time period. Purchaser's daily and hourly schedules shall be based on Purchaser's 4.5% share in accordance with the Wells Project operational parameters as established by Douglas from time to time.
- Notification:** Notifications shall follow requirements as outlined and practiced in the Northwest Coordination Agreement and the Agreement of the Hourly Coordination of Projects on the Mid-Columbia River.
- Scheduling:** All scheduling shall be performed consistent with prevailing WECC practices and protocols. All energy shall be scheduled in whole megawatts.
- Contract Price:** Purchaser shall pay a fixed rate of [REDACTED] per month for each month of the Term consistent with payment terms and conditions in the WSPP Agreement.
- Special Conditions:**
- Purchaser agrees to return the pond account at the end of Term to the level of receipt of the pond account at the start of the Term. Any pond account imbalance will be settled against the weighted average of the on and off peak firm Dow Jones Mid-Columbia power prices as published for the last day of the Term.
  - Purchaser may be subject to real-time schedule changes, however, the amount of real-time schedule changes should be small driven only by unexpected operational conditions such as changes to inflows and/or unit loss or potential grid operations.
  - Seller shall bear and Purchaser shall not be subjected to any transmission or ancillary service costs to transmit the power from a delivery point to the Delivery Point.
  - Purchaser and Seller will work together with Grant PUD Central Operations to properly adjust the Purchaser's allocation percentage in a timely and efficient manner allowing Purchaser to schedule the 4.5% allocation via dynamic signaling.
- Notices:** All written notices under this Agreement shall be deemed properly sent if delivered in person or sent by facsimile, or by registered or certified mail, postage prepaid to the persons specified below:
- |  |                               |
|--|-------------------------------|
| <b>If to Douglas:</b>                          | <b>If to Avista:</b>          |
| Public Utility District No.1 of Douglas County | Avista Corporation            |
| Attn: Mr. Charles Wagers                       | Attn: Mr. Bill Johnson        |
| Power Planning and Contracts Administrator     | Wholesale Marketing Manager   |
| 1151 Valley Mall Parkway                       | 1411 E Mission, P.O. Box 3727 |
| East Wenatchee, Washington 98802               | Spokane, WA 99220-3727        |
| Phone: (509) 881-2214                          | Phone : (509) 495-4046        |
| Fax: (509) 884-0553                            | (509) 495-8856                |

**Billing/Payments:** Seller shall render billings to Purchaser for energy purchased by Purchaser under this confirmation during any month on or about the tenth (10<sup>th</sup>) day following the end of such month. Purchaser shall pay the amount owing within twenty (20) days after Purchaser's receipt of Seller's billing.

Seller's invoices shall be rendered to Purchaser as follows:

**Avista Corporation**  
Attn: Resource Accounting  
P.O. Box 3727  
Spokane, WA 99220-3727

All payments to Seller shall be sent to:

**Public Utility District No. 1 of Douglas County**  
Attn.: Auditor  
P.O. Box 1119  
Bridgeport, WA 98813

If Purchaser fails to pay the amount of a Seller's invoice when due, then Purchaser shall pay interest on the amount that is not paid from the date that such amount is due to the date on which Seller receives payment, at a rate that is equal to the lesser of (i) one and one-half percent per month or (ii) the maximum amount allowed by law.

**Choice of Laws:** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Washington. Venue of any legal action involving the Seller and Purchaser shall be in U.S. District Court for the Eastern District of Washington.

This Confirmation and the terms of the WSPP Agreement that are not inconsistent with this Confirmation, set forth the terms of the transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of electric energy and/or electric capacity.

IN WITNESS WHEREOF, the undersigned parties have signed this Agreement as of the date first set forth above.

**PURCHASER**

**SELLER**

**AVISTA CORPORATION**

**PUBLIC UTILITY DISTRICT No. 1 of DOUGLAS COUNTY**

By: Scott Morris  
Name: Scott Morris  
Title: President & CEO

By: Charles E. Wagers, Jr.  
Name: Charles E. Wagers, Jr.  
Title: Power Planning & Contracts Administrator

*76A AS TO FORM.*