

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05-_____

EXHIBIT NO. ____ (WGJ-2)

WILLIAM G. JOHNSON

REPRESENTING AVISTA CORPORATION

Avista Corp.
Power Supply Proforma - Washington Jurisdiction
System Numbers - 2004 Actual and Proforma Jan 2006 - Dec 2006

Line No.	Jan 04 - Dec 04 Actuals	Adjustment	Jan 06 - Dec 06 Proforma
<u>555 PURCHASED POWER</u>			
1	\$95,990	-\$75,073	\$20,917
2	1,848	68	1,916
3	2,522	1,012	3,534
4	1,868	-1,868	0
5	1,079	98	1,177
6	10,789	3,117	13,906
7	0	5,512	5,512
8	0	-2,690	-2,690
9	6,698	-19	6,680
10	6,149	-17	6,132
11	6,149	-17	6,132
12	6,972	-19	6,953
13	392	-392	0
14	4	0	4
15	1,137	-216	921
16	1,525	64	1,589
17	2,719	-716	2,003
18	1,647	-1,647	0
19	217	225	442
20	428	-428	0
21	22,797	-22,797	0
22	1,928	1,258	3,186
23	172,858	-94,545	78,313
<u>556 SYSTEM CONTROL & DISPATCH</u>			
24	0	2	2
25	123	-123	0
26	25	-25	0
27	150	0	150
28	298	-146	152
<u>557 OTHER EXPENSES</u>			
29	65	13	78
30	72,602	-72,602	0
31	72,667	-72,589	78
<u>501 THERMAL FUEL EXPENSE</u>			
32	7,392	703	8,095
33	13	-13	0
34	10,629	54	10,683
35	188	0	188
36	18,222	744	18,966
<u>547 OTHER FUEL EXPENSE</u>			
37	15,085	44,309	59,394
38	2,680	3,560	6,240
39	414	-333	81
40	7	-7	0
41	992	2,246	3,238
42	526	67	593
43	480	0	480
44	20,184	49,842	70,026
<u>565 TRANSMISSION OF ELECTRICITY BY OTHERS</u>			
45	688	84	772
46	31	18	49
47	268	80	348
48	5,190	3,125	8,315

Avista Corp.
Power Supply Proforma - Washington Jurisdiction
System Numbers - 2004 Actual and Proforma Jan 2006 - Dec 2006

Line No.	Jan 04 - Dec 04		Jan 06 - Dec 06	
	Actuals	Adjustment	Proforma	
49	BPA Townsend-Garrison Wheeling	1,173	72	1,245
50	Avista on BPA - Borderline	1,291	398	1,689
51	Kootenai for Worley	32	0	32
52	Garrison-Burke	132	82	214
53	PGE Firm Wheeling	643	0	643
54	Total Account 565	9,448	3,859	13,307
536 WATER FOR POWER				
55	Headwater Benefits Payments	750	2	752
550 RENTS				
56	Rathdrum Lease Payments	4,694	2,035	6,729
549 MISC OTHER GENERATION EXPENSE				
57	Rathdrum Municipal Payment	133	0	133
58	TOTAL EXPENSE	299,254	-110,797	188,457
447 SALES FOR RESALE				
59	Short-Term Market Sales	84,909	-28,577	56,332
60	Peaker (PGE) Capacity Sale	1,800	0	1,800
61	Spokane Energy Service Fee - Peaker Sale	-68	5	-63
62	BPA on AVA Load Following Revenue	0	272	272
63	Nichols Pumping Sale	2,347	980	3,327
64	Kaiser DES	388	-319	69
65	Pend Oreille DES & Spinning	325	-1	324
66	Mirant Coyote Reserves	256	-256	0
67	Sovereign DES	4	-4	0
68	Total Account 447	89,961	-27,900	62,061
456 OTHER ELECTRIC REVENUE				
69	Spokane Energy Scheduling Services	47	1	48
70	Skookumchuck Hydro	2	-2	0
71	Gas Not Consumed Sales Revenue	63,990	-63,990	0
72	Total Account 456	64,039	-63,991	48
453 SALES OF WATER AND WATER POWER				
73	Upstream Storage Revenue	360	5	365
454 MISC RENTS				
74	Colstrip Rents	23	1	24
75	TOTAL REVENUE	154,383	-91,885	62,498
76	TOTAL NET EXPENSE	144,871	-18,912	125,959

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05-_____

EXHIBIT NO. ____ (WGJ-3)

WILLIAM G. JOHNSON

REPRESENTING AVISTA CORPORATION

Avista Corp.
Brief Description of Power Supply Adjustments

Line No.

- 1 **Short-term Purchases** - Short-term purchases are normalized through use of the
2 AURORA Dispatch Simulation Model. The proforma value reflects the short-term
3 purchases during the proforma period from the dispatch simulation study.
- 4 **Rocky Reach** - The proforma cost for Rocky Reach is based on Chelan PUD's 2005
5 budgeted expenses. Avista's costs are based on the Company's 2.9% share of total cost.
- 6 **Wanapum** - Proforma costs are based on Grant Count PUD's Power Cost Forecast for
7 Wanapum. Avista's costs are based on the Company's 8.2% share of total cost.
- 8 **Priest Rapids** - Priest Rapids proforma costs are \$0 because the contract for Priest
9 Rapids ends October 31, 2005.
- 10 **Wells** - Wells' costs are based on Douglas PUD's Power Purchaser's Pro-Forma
11 Statement. Avista's costs are based on the Company's 3.5% share of total cost.
- 12 **WNP-3** - Proforma costs are based on the 5-year average amount of energy and the
13 midpoint rate for contract year 2004 through 2005 escalated at the 5-year average
14 escalation rate.
- 15 **Grant Displacement** - Grant Displacement is scheduled energy from Grant PUD that is
16 priced at the BPA PF rate.
- 17 **Grant Revenue Credit**- Grant Revenue Credit is based on the sale of Avista's
18 allocation of 30% (Reasonable Portion) of the Priest Rapids and Wanapum projects.
- 19 **Contract A** - This is a power purchase for the period January 2004 through December
20 2006 (Contract details are provided in a CONFIDENTIAL workpaper).
- 21 **Contract B** - This is a power purchase for the period January 2004 through December
22 2006 (Contract details are provided in a CONFIDENTIAL workpaper).
- 23 **Contract C** - This is a power purchase for the period January 2004 through December
24 2006 (Contract details are provided in a CONFIDENTIAL workpaper).
- 25 **Contract D** - This is a power purchase for the period January 2004 through December
26 2006 (Contract details are provided in a CONFIDENTIAL workpaper).

- 1 13 **Wood Power Inc. (WPI) Amortization** - Wood Power amortization expense ended
2 December 2004.
- 3
- 4 14 **Deer Lake-IP&L** - Proforma expense is same as test year.
- 5
- 6 15 **Small Power** - Proforma costs are based on an expected generation and proforma
7 period contract rates. (Contract details are provided in a CONFIDENTIAL workpaper).
- 8
- 9 16 **Haleywest** – This purchase is from the cogeneration plant at Plummer, Idaho.
10 Proforma costs are based on expected generation and proforma period contract rates.
11 This contract expires September 2006, but expectation is that it will be extended at
12 avoided cost rates. (Contract details are provided in a CONFIDENTIAL workpaper).
- 13
- 14 17 **Spokane-Upriver** - Proforma expense is based on the new contract effective July 2004.
15 Proforma expense is based on a purchase on the net of pumping (at the plant)
16 generation at a rate equal to the 8 year levelized avoided cost included in the
17 Company's 2003 Integrated Resource Plan.
- 18
- 19 18 **Capacity Purchases** - Proforma expense is \$0. Test year 2004 capacity purchases
20 were for exchange capacity, which is not included in the proforma expense.
- 21
- 22 19 **Black Creek Index Purchase** - Expense is for an October purchase at index prices less
23 transmission expense and a margin.
- 24
- 25 20 **Non-Monetary** - Non-monetary accruals include accounting entries related to timing
26 differences to properly match revenues and expenses. The account is adjusted to \$0 in
27 the proforma.
- 28
- 29 21 **Potlatch Co-Gen Purchase** – Proforma expense is \$0 because entire purchase expense
30 is allocated to Idaho jurisdiction.
- 31
- 32 22 **PPM-Stateline Wind Purchase** - Proforma expense is for a 10-year purchase from a
33 Northwest wind project. Expense is based on expected energy amount time contract
34 rate. (Contract details are provided in a CONFIDENTIAL workpaper).
- 35
- 36 23 **Total Account 555**
- 37
- 38 24 **Microwave Charge – Proforma expense is associated with the DES contracts in**
39 **Account 447.**
- 40
- 41 25 **Cogentrix DES Bill Credit** – Contract expired 1-22-05.
- 42
- 43 26 **Metering Amortization Cost** – Contract ended July 2004.
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- 27 **BPA Power Factor Penalty Charge** – As part of its 2002 Transmission Rate Case, BPA began charging interconnected control areas for reactive power supplied by BPA. Charges began in 2003. Proforma expense is based on the expected BPA charge, which is based on the estimated reactive power supplied to Avista.
- 28 **Total Account 556**
- 29 **Broker Commission Fees** – Proforma expense is associated with short-term purchases and sales.
- 30 **Fixed Cost Gas Purchases** – This is the expense for natural gas purchased for but not consumed for generation. Proforma expense is \$0 because all gas purchased is assumed to be used for generation, and included in Account 547.
- 31 **Total Account 557**
- 32 **Kettle Falls Wood Fuel Cost** - Proforma fuel expense is based on the generation of the Kettle Falls plant in the AURORA Model simulation and the projected unit cost of fuel.
- 33 **Kettle Falls Gas** – Proforma expense is \$0 because gas was not a fuel option for Kettle Falls in the AURORA Model.
- 34 **Colstrip Coal Cost** - Proforma fuel expense is based on the generation of the Colstrip plant in the AURORA Model simulation and the projected unit cost of fuel.
- 35 **Colstrip Oil** – Proforma expense is based on the test year cost for start-up oil expense.
- 36 **Total Account 501**
- 37 **Coyote Springs Gas** - Proforma expense is an output of the AURORA Model simulation based on the projected unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 38 **Gas Transportation Charge** – This expense is for transportation of natural gas from AECO to the Coyote Springs 2 plant. Proforma expense is based on transportation charges in Canada and from the Canadian Border (Kingsgate) and for the Coyote Springs lateral.
- 39 **Rathdrum Gas** - Proforma expense is an output of the AURORA Model simulation based on the projected unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.

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- 40 **Northeast CT Gas** – Proforma expense is an output of the AURORA Model simulation based on the projected unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 41 **Boulder Park Gas** – Proforma expense is an output of the AURORA Model simulation based on the projected unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 42 **Kettle Falls CT Gas** – Proforma expense is an output of the AURORA Model simulation based on the projected unit cost of fuel and the dispatch of the plant, which determines the volume of fuel consumed.
- 43 **Rathdrum Gas Storage Fee** – This expense is for storage of gas that allows for the immediate availability of gas at the Company’s gas fueled plants. Proforma expense is based on Avista’s contract for gas storage with Pacific Gas and Electric Company.
- 44 **Total Account 547**
- 45 **WNP-3 Transmission** - Proforma WNP-3 wheeling is based on 32.22 MW at a rate of \$1.99714/kW/mo.
- 46 **Black Creek Wheeling** – Expense is associated with the Black Creek power purchase.
- 47 **Wheeling for System Sales and Purchases** – Proforma expense is based on an average of the past 5 years.
- 48 **BPA PTP Wheeling for Colstrip and Coyotes Springs 2**– This wheeling is for the transmission of 196 MW from Colstrip at the Garrison substation and 270 MW from the Coyote Springs 2 plant to Avista’s system. Proforma expense is based on 466 MW of capacity at a rate of \$1.487/kW/mo. In July 2004 Avista place a 123 MW transmission request on BPA for the output of the second half of Coyote Springs 2. BPA does not have adequate annual firm transmission available to meet Avista’s request. Until additional annual firm transmission is available Avista will make other arrangements to wheel power from the second half of Coyote Springs 2, which may include purchasing monthly firm or nonfirm transmission or entering into purchase and/or sale agreements. To the extent Avista enters into purchase and/or sale agreements to wheel power from Coyote Springs 2 the cost of those arrangements will be credited to customers in the ERM deferrals.
- 49 **BPA Townsend-Garrison Wheeling** – This expense is for the transmission of Colstrip power from the Townsend substation to the Garrison substation. Proforma expense is based on the 2003 test year expense escalated for anticipated O&M cost increases.

- 1 50 **Avista on BPA Borderline** – This expense is for Avista load served using BPA
2 facilities. The current General Transfer Agreement with BPA ends December 31, 2005.
3 Beginning January 2006, Avista will be required to purchase BPA NT transmission to
4 serve its borderline loads. Proforma expense is based on Avista's borderline loads
5 priced at BPA's NT transmission rates plus ancillary services cost and use of facilities
6 charges.
7
- 8 51 **Kootenai for Worley** – This expense is for Avista load served using Kootenai PUD's
9 facilities. Proforma expense is same as test year.
10
- 11 52 **Garrison Burke Wheeling** – Garrison Burke wheeling reflects the transmission of
12 Colstrip energy above 196 MW from the Garrison substation over Montana Power's
13 transmission system to the interconnection of Montana and Avista at Burke. The
14 proforma expense is based on the 5-year average expense.
15
- 16 53 **PGE Firm Wheeling** – PGE Firm wheeling reflects the cost of transmission from the
17 John Day substation to COB (Intertie South) purchased from Portland General Electric.
18 The Proforma expense is based on 100 MW at the current rate of \$.53549/kW/mo.
19
- 20 54 **Total Account 565**
- 21
- 22 55 **Headwater Benefits Expense** - Proforma expense is based on the expense for contract
23 year September 2004 through August 2005.
24
- 25 56 **Rathdrum Lease Payments** - Proforma costs reflect payments per the lease payment
26 schedule.
27
- 28 57 **Rathdrum Municipal Payment** – This includes an annual payment of \$50,000 and
29 amortization of a \$1 million payment in 1995 to the city of Rathdrum for mitigation
30 related to the Rathdrum generating facility.
31
- 32 58 **Total Expenses** – Sum of Accounts 555, 556, 557, 501, 547, 656, 536, 550, 549 and
33 553.
34
- 35 59 **Short-Term Market Sales** - Short-term sales volumes and market prices are
36 normalized through use of the AURORA Model simulation. The proforma value
37 reflects short-term sales during the proforma period.
38
- 39 60 **Peaker (PGE) Capacity Sale** – This proforma revenue is based on 150 MW of
40 capacity at a price of \$1/kW/mo.
41
- 42 61 **Spokane Energy Service Fee** - This is an expense associated with the Peaker (PGE)
43 Capacity Sale. The proforma revenue reduction in Account 447 is \$63,000, of which
44 \$48,000 is included as Spokane Energy Scheduling Service revenue in Account 456.

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- 62 **BPA on Avista Load Following Revenue** - The current General Transfer Agreement with BPA ends December 31, 2005. Beginning January 2006, BPA will be required to purchase transmission from Avista to serve its borderline loads. Proforma revenue is for ancillary services provided to BPA under Avista's Open Access Transmission Tariff.
- 63 **Nichols Pumping Sale** – This is a sale of energy to other Colstrip Units 3 and 4 owners at the Mid Columbia index price. Proforma revenue is based on 8 MW at the market price as determined by the AURORA model.
- 64 **Kaiser DES** – This contract provides load control services to Kaiser's Trentwood plant. (Contract details are provided in a CONFIDENTIAL workpaper).
- 65 **Pend Oreille DES & Spinning Reserves** – This contract provides load control and spinning reserves for Pend Oreille PUD. (Contract details are provided in a CONFIDENTIAL workpaper).
- 66 **Mirant Coyote Springs 2 Reserves** – Contract ended January 20, 2005.
- 67 **Sovereign DES** – Contract ended August 2004.
- 68 **Total Account 447**
- 69 **Spokane Energy Scheduling Services** – This revenue is for scheduling services provided to Spokane Energy to serve the Peaker (PGE) Capacity Sale. This revenue (except \$15,000 retained to pay for administrative expenses related to servicing the contract) offsets the revenue reduction in Account 447.
- 70 **Skookumchuck Hydro** – Plant was sold November, 2004.
- 71 **Gas Not Consumed Sales Revenue** - This is the revenue for natural gas purchased for but not consumed for generation. Proforma expense is \$0 because all gas purchased is assumed to be used for generation, and included in Account 547.
- 72 **Total Account 456**
- 73 **Upstream Storage Revenue** – Proforma revenue is based on the revenue for contract year September 2004 through August 2005.
- 74 **Colstrip Rents** – Proforma revenue is based on expected revenue.
- 75 **Total Revenue** – Sum of Accounts 447, 456, 453 and 454.

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76 **Total Net Expense** – Total expense minus total revenue.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05-_____

EXHIBIT NO. ____ (WGJ-4)

WILLIAM G. JOHNSON

REPRESENTING AVISTA CORPORATION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05-_____

EXHIBIT NO. ____ (WGJ-5)

WILLIAM G. JOHNSON

REPRESENTING AVISTA CORPORATION

Avista Corp.
Energy Recovery Mechanism
Authorized Power Supply Expense and Retail Sales

Authorized ERM Power Supply Expense (1)

	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
555 Purchased Power	\$78,312,672	\$11,193,778	\$7,844,080	\$5,646,977	\$5,167,798	\$3,919,404	\$3,947,698	\$4,611,314	\$6,114,915	\$7,038,560	\$6,475,870	\$6,922,364	\$9,429,894
501 Thermal Fuel	\$18,966,459	\$1,660,398	\$1,498,204	\$1,704,104	\$1,638,517	\$1,295,688	\$1,037,197	\$1,687,775	\$1,714,511	\$1,660,059	\$1,715,380	\$1,660,551	\$1,714,075
547 CT Fuel	\$70,026,233	\$5,972,958	\$4,558,576	\$9,264,020	\$4,700,957	\$3,330,490	\$1,269,298	\$4,313,402	\$6,001,145	\$7,105,523	\$8,212,014	\$7,711,236	\$7,586,613
447 Sale for Resale	\$62,059,914	\$2,591,928	\$3,322,087	\$6,706,383	\$8,805,375	\$10,402,116	\$7,569,805	\$6,457,020	\$3,368,084	\$1,492,368	\$2,440,168	\$5,554,272	\$3,350,298
Net Expense	\$105,245,450	\$16,235,206	\$10,578,764	\$9,908,717	\$2,701,897	-\$1,856,534	-\$1,315,611	\$4,105,471	\$10,462,486	\$14,311,774	\$13,963,096	\$10,739,900	\$15,380,284

Authorized ERM Retail Sales (2)

	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Schedule 1	2,205,385,534	245,003,937	219,459,197	206,070,466	172,774,999	144,914,730	120,826,251	131,687,013	163,227,076	157,447,463	183,962,081	210,503,513	249,508,808
Schedule 11/12	371,391,016	36,448,611	34,495,068	32,521,162	29,408,585	26,649,938	24,676,291	26,573,961	30,153,877	30,157,307	32,538,142	33,323,892	34,444,182
Schedule 21/22	1,521,166,277	126,444,649	130,729,482	123,896,113	123,707,728	121,663,921	113,852,800	130,565,731	147,835,251	123,267,817	131,439,907	132,309,114	115,453,764
Schedule 25	908,595,319	67,515,784	75,967,285	70,233,974	77,820,108	71,142,882	75,454,327	75,549,594	81,153,669	80,879,346	77,253,088	80,024,145	75,601,157
Schedule 28	87,420	-	-	-	-	-	2,650	10,170	-	6,650	-	20,910	47,040
Schedule 31/32	120,124,725	3,871,399	3,896,034	4,611,180	8,406,893	12,663,139	17,430,572	20,570,810	22,732,681	12,269,200	5,672,218	4,692,960	3,307,639
Schedules 41 - 49	27,361,858	2,300,859	2,278,737	2,327,157	2,275,808	2,274,385	2,272,359	2,273,095	2,279,286	2,270,781	2,266,423	2,272,332	2,270,636
Washington Total	5,154,112,149	481,585,239	466,825,783	439,660,052	414,394,121	379,308,995	354,515,250	367,230,374	447,381,840	406,298,564	433,131,839	463,146,866	480,633,226

Source:
 1) Exhibit No. _____ (WGJ-2)
 2) Falkner worksheet No. Y6.