

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



April 10, 2009

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, March 2009

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of March 2009. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In March actual net power costs were lower than authorized costs by \$1,154,359. No deferral was recorded as the entire amount was applied against the 2009 deadband. The year to date difference is \$2,675,848 in the rebate direction.

Actual power supply expense was lower than the authorized level due primarily to higher hydro generation. Hydro generation was 36 aMW above the authorized level. The average purchased power price was \$49.33/MWh and the average wholesale sale price was \$52.08/MWh.

Coyote Springs 2 generated 64 aMW above the authorized level due to economics. The average Coyote Springs 2 gas cost was \$7.68/dth. Colstrip and Kettle Falls generated 3 aMW and 19 aMW below the authorized levels, respectively. Net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 48 aMW above the authorized level.

In March 2009 the deferral balances decreased by \$3,087,203. The March deferral was zero, interest amounted to \$100,800, amortization amounted to -\$2,952,188, and net proceeds from the sale of a bankruptcy claim amounted to -\$235,815 (see page 23). The actual deferral balances at the end of March total \$27.2 million. The deferral balances would reach zero in the January 2010 timeframe based on the following assumptions:

1. Projected deferrals of -\$4.107 million for the remainder of 2009. (Note: Actual hydro generation will depend on precipitation, temperatures and other variables during the year.)
2. Forecasted amortizations of approximately \$31 million annually assuming no change in the existing surcharge rate.

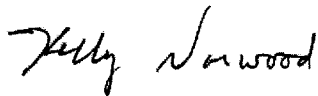
Interest is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002. Interest is applied to the average of the beginning and ending month deferral

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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. Page 23 of the January report shows the calculation of the weighted cost of debt at December 31, 2008, which is to be used for the January-June 2009 period.

There were no forward long-term contracts of one year or longer entered into in the month of March 2009. 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 MARCH 2009

**Avista Corporation Journal Entry**

Effective Date: 20903

Journal: 481-WA ERM

Team: Resource Accounting




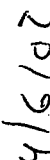
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Type: C

Submitted by: Cheryl Kettner

Category: DJ

Seq.	Co.#	FERC	Exp.	Debit	Credit	Comment
10	001	557290 - WA ERM AMORTIZATION	ED WA DL	2,952,188.00		WA ERM surcharge amortization
20	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED WA DL		2,952,188.00	WA ERM authorized for recovery
25	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED WA DL	75,182.00		Accrue interest on deferral balance authorized for recovery
30	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED WA DL		0.00	WA ERM current month deferral
40	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED WA DL	0.00		WA ERM current year deferral
60	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED WA DL	0.00		Accrue interest on current year deferral balance
70	001	186290 - REGULATORY ASSET ERM DEFERRED LAST	ED WA DL	25,618.00		Accrue interest on previous year deferral balance
80	001	419600 - INTEREST ON ENERGY DEFERRALS	ED WA DL		100,800.00	Non-utility interest income
120	001	186010 - REGULATORY ASSET ERM 100% COMPANY	ED WA DL		1,154,359.00	Track 100% company band accumulation
130	001	186020 - REGULATORY ASSET ERM 100% CONTRA	ED WA DL	1,154,359.00		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	0.00	0.00	Track 10% company band accumulation
170	001	186045 - REGULATORY ASSET ERM 10% CONTRA	ED WA DL	235,815.00		Contra account for 10% company band accumulation
180	001	557290 - WA ERM AMORTIZATION	ED WA DL		235,815.00	Lehman Settlement
190	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED WA DL		235,815.00	Lehman Settlement
<b>TOTALS:</b>				<b>4,443,162.00</b>	<b>4,443,162.00</b>	


  
 Prepared by Cheryl Kettner
   

  
 Reviewed by
   

  
 Date 4/6/09
   

  
 Date 4/6/09

**Explanation:**

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

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

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
200813	USD	0.00		7,223,823.00	
200901	USD	-7,223,823.00		0.00	
200902	USD	0.00		0.00	
200903	USD	0.00		0.00	

Journal Details      Summary Balances

**ERM Deferral Balance (Current Year - 2009)**

**Account 186280.ED.WA**

	<u>Amount</u>	<u>Journal ID</u>
Balance 2/28/09	\$0.00	
Deferral	0.00	481 - WA ERM
Interest	0.00	481 - WA ERM
Balance 3/31/09	<u>\$0.00</u>	
Year to date deferrals	\$0.00	
Year to date interest	<u>0.00</u>	
Balance in account	<u>\$0.00</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
200813	USD	0.00		0.00	
200901	USD	7,249,441.00		7,249,441.00	
200902	USD	25,618.00		7,275,059.00	
200903	USD	25,618.00		7,300,677.00	

Journal Details      Summary Balances

**ERM Deferral Balance (Prior year - 2008)**

**Account 186290.ED.WA**

Balance 2/28/09

Interest

Balance 3/31/09

Amount

\$7,275,059.00

25,618.00

\$7,300,677.00

Journal ID

481 - WA ERM

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

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200813	USD	0.00		29,728,183.65	
200901	USD	3,573,277.00		26,154,906.65	
200902	USD	3,175,355.00		22,979,551.65	
200903	USD	3,112,821.00		19,866,730.65	

Journal Details      Summary Balances

**Recoverable Deferral Balance**

**Account 182350.ED.WA**

	Amount	Journal ID
Balance 2/28/09	\$22,979,551.65	
Amortization	-2,952,188.00	481 - WA ERM
Sale of Lehman Bros. bankruptcy claim	-235,815.00	
Interest	75,182.00	481 - WA ERM
Balance 3/31/09	<u>\$19,866,730.65</u>	





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
200813	USD	0.00		4,000,000.00	
200901	USD	5,694,625.00		1,694,625.00	
200902	USD	173,136.00		1,521,489.00	
200903	USD	1,154,359.00		2,675,848.00	

Journal Details      Summary Balances

**ERM \$4M Deadband Contra Account**  
**Account 186020.ED.WA**  
 Balance 2/28/09  
 Current month entry  
 Balance 3/31/09

Amount	Journal ID
\$1,521,489.00	
1,154,359.00	481 - WA ERM
<u>\$2,675,848.00</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
200813	USD	0.00		-3,000,000.00	
200901	USD	3,000,000.00		0.00	
200902	USD	0.00		0.00	
200903	USD	0.00		0.00	

Journal Details      Summary Balances

**ERM 50%-50% Sharing Contra Account**  
**Account 186035.ED.WA**  
 Balance 2/28/09  
 No current month entry  
 Balance 3/31/09

<u>Amount</u>	<u>Journal ID</u>
\$0.00	
0.00	481 - WA ERM
<u>\$0.00</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 12/31/08 is 6.547%.				Actual cost of debt at 6/30/08 is 6.683%			
The monthly rate is:		0.00546	Before Tax	The monthly rate is:-		0.00556917	Before Tax
		0.0035463	After Tax			0.0036200	After Tax
		0.35	Tax rate			0.35	Tax rate
<b>Account 186280</b>				<b>2009 Interest</b>			
12-31-2008	GL Balance including interest	\$7,223,823					
01-31-2009	GL Balance	(\$7,223,823)	Transfer to 186290				
01-31-2009	GL Balance	0					
				<b>January</b>		<b>DFIT Expense</b>	
January	ERM Deferral	0		Deferral	0	Operating	0
January	Interest	0	0	Interest	0	Nonoperating	0
01-31-2009	Balance before interest	0			0	Total	0
				<b>February</b>		<b>DFIT Expense</b>	
February	ERM Deferral	0		Deferral	0	Operating	0
February	Interest	0	0	Interest	0	Nonoperating	0
02-28-2009	Balance before interest	0			0	Total	0
				<b>March</b>		<b>DFIT Expense</b>	
March	ERM Deferral	0		Deferral	0	Operating	0
March	Interest	0	0	Interest	0	Nonoperating	0
03-31-2009	Balance before interest	0			0	Total	0
				<b>GL Balance</b>		<b>Activity</b>	
<b>Net ERM Balance</b>		0		<b>02-28-09</b>	<b>Mar-09</b>	<b>GL Balance</b>	<b>03-31-09</b>
				0	0	0	
<b>ADFIT Balance</b>		0					

Changes Semiannually on January 1 and July 1 Beginning 7/1/02							
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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 12/31/08 is 6.547%.				Actual cost of debt at 6/30/08 is 6.683%			
The monthly rate is:		0.00546	Before Tax	The monthly rate is:-		0.00556917	Before Tax
		0.0035463	After Tax			0.0036200	After Tax
		0.35	Tax rate			0.35	Tax rate
<b>Account 186290</b>		<b>2009 Interest</b>					
12-31-2008	GL Balance including interest	0					
01-31-2009	Transfer from 186280	\$7,223,823					
01-31-2009	GL Balance including interest	\$7,223,823		January	DFIT Expense		ADFIT
January	Interest		25,618	Interest	8,966	Nonoperating	(8,966)
01-31-2009	Balance before interest	7,223,823			8,966	Total	(8,966)
				February	DFIT Expense		ADFIT
February	Interest		25,618	Interest	8,966	Nonoperating	(8,966)
02-28-2009	Balance before interest	7,223,823			8,966	Total	(8,966)
				March	DFIT Expense		ADFIT
March	Interest		25,618	Deferral	0	Operating	0
03-31-2008	Balance before interest	7,223,823		Interest	8,966	Nonoperating	(8,966)
					8,966	Total	(8,966)
	<b>Net ERM Balance</b>	<b>7,300,677</b>		<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
				<b>02-28-09</b>	<b>Mar-09</b>	<b>03-31-09</b>	
	<b>ADFIT Balance</b>	<b>(2,555,237)</b>		<b>7,275,059</b>	<b>25,618</b>	<b>7,300,677</b>	



<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 12/31/08 is 6.547%.			Actual cost of debt at 6/30/08 is 6.683%			
The monthly rate is:			The monthly rate is:			
	0.00546	Before Tax		0.00556917	Before Tax	
	0.0035463	After Tax		0.0036200	After Tax	
	0.35	Tax rate		0.35	Tax rate	
<b>Account 182350</b>			<b>2009 Interest</b>			
12-31-2008	GL Balance including interest	29,728,184		January	DFIT Expense	ADFIT
January	Surcharge Amortization	(3,672,191)		Amortization	(1,285,267)	Operating 1,285,267
January	Interest		98,914	Interest	34,620	Nonoperating (34,620)
01-31-2009	Balance before interest	26,055,993			(1,250,647)	Total 1,250,647
				February	DFIT Expense	ADFIT
February	Surcharge Amortization	(3,261,973)		Amortization	(1,141,691)	Operating 1,141,691
February	Interest		86,618	Interest	30,316	Nonoperating (30,316)
02-28-2009	Balance before interest	22,794,020			(1,111,375)	Total 1,111,375
				March	DFIT Expense	ADFIT
March	Lehman Settlement	(235,815)		Amortization	(1,033,266)	Operating 1,033,266
March	Surcharge Amortization	(2,952,188)		Interest	26,314	Nonoperating (26,314)
03-31-2009	Balance before interest	19,606,017	75,182		(1,006,952)	Total 1,006,952
				GL Balance	Activity	GL Balance
				02-28-2009	Mar-09	03-31-2009
	Net ERM Balance	19,866,731		22,979,552	(3,112,821)	19,866,731
	ADFIT Balance	(6,953,356)				

		<i>Interest</i>	
	<b>182350</b>	<b>186280</b>	<b>419600</b>
01-31-2009	98,914	0	(124,532)
<b>Total</b>			
02-28-2009	86,618	0	(112,236)
<b>Total</b>			
03-31-2009	75,182	0	(100,800)
<b>Total</b>			



AVISTA CORPORATION  
MARCH 2009 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule	Sch 1 Block Percent (b)	kWh or \$ (c)	Proration Percentages		Surcharge Rates		Current Month Surcharge Revenue Rate		Conversion Factor (k)	Deferral Amortization (l) (k)
			Before 1-Jan-06 (d)	On/After 1-Jan-06 (e)	Before 1-Jan-06 (f)	On/After 1-Jan-06 (g)	Before 1-Jan-06 (h)	On/After 1-Jan-06 (i)		
1 (0-600 kWh)	41.541%	102,909,521	0.00%	100.00%	0.405¢	0.446¢	\$0	\$458,976	0.956325	\$438,930
1 (601-1300 kWh)	30.528%	75,627,015	0.00%	100.00%	0.607¢	0.668¢	0	505,188	0.956325	483,124
1 (over 1300 kWh)	27.931%	69,193,467	0.00%	100.00%	0.853¢	0.938¢	0	649,035	0.956325	620,688
Total Sch 1	100.000%	247,730,003					0	1,613,199		1,542,742
11		33,689,224	0.00%	100.00%	0.788¢	0.867¢	0	292,086	0.956325	279,329
12		4,856,394	0.00%	100.00%	0.788¢	0.867¢	0	42,105	0.956325	40,266
21		131,413,585	0.00%	100.00%	0.549¢	0.604¢	0	793,738	0.956325	759,071
22		3,757,767	0.00%	100.00%	0.549¢	0.604¢	0	22,697	0.956325	21,706
25		67,184,589	0.00%	100.00%	0.352¢	0.387¢	0	260,004	0.956325	248,648
30		2,400	0.00%	100.00%	0.485¢	0.534¢	0	13	0.956325	12
31		3,387,213	0.00%	100.00%	0.485¢	0.534¢	0	18,088	0.956325	17,298
32		439,948	0.00%	100.00%	0.485¢	0.534¢	0	2,349	0.956325	2,246
41-46		\$365,303	0.00%	100.00%	9.78%	9.02%	0	29,003	0.956325	27,736
47		\$102,542	0.00%	100.00%	9.78%	9.02%	0	8,141	0.956325	7,785
48		\$70,447	0.00%	100.00%	9.78%	9.02%	0	5,593	0.956325	5,349
Schedule Totals		492,461,123					\$0	\$3,087,016		\$2,952,188
kWh not subject to surcharge										-35%
Sch 28		0								
Sch 41-48		2,221,432								
Total kWh		494,682,555								(\$1,033,266)

**Electric Revenue Report by Revenue Class**  
**Current Month and Year-to-Date**  
 for Accounting Period : 200903 , State Code : WA

Accounting Period	200903	State Code	WA
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Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Avg Meters	Ytd Usage	Ytd Revenue Amt
001	200,560	247,730,003	20,175,735	200,704	844,662,074	67,506,847
011	19,223	33,689,224	3,767,732	19,213	110,198,517	11,906,684
012	7,896	4,856,394	569,015	7,892	16,456,819	1,848,521
021	3,284	131,413,585	10,986,786	3,270	406,533,004	32,922,190
022	78	3,757,767	306,917	78	12,339,754	965,759
025	22	67,184,589	3,802,269	22	221,657,631	11,943,628
028	1	0	17,950	1	25,000	55,045
030	34	2,400	368	34	6,840	1,058
031	1,092	3,387,213	267,558	1,093	10,524,067	805,505
032	1,210	439,948	40,729	1,210	1,352,170	120,642
41	11	8,720	1,839	11	26,160	5,316
042	273	1,119,288	337,241	272	3,384,486	1,012,191
044	13	21,203	2,470	13	63,609	7,140
045	3	88,216	6,051	3	264,648	17,839
046	19	190,743	17,702	19	572,122	51,239
047	0	498,825	102,542	0	1,501,121	307,293
048	0	294,437	70,447	0	883,934	205,829
058	0	0	1,429,980	0	0	4,570,548
058A	0	0	-9,761	0	0	-32,617
063	0	0	0	0	0	0
090	0	0	4	0	0	12
095	0	0	14,619	0	0	43,993
099	0	0	64,853	0	0	176,857
Sum	233,719	494,682,555	41,973,046	233,835	1,630,451,956	134,441,519

WASHINGTON POWER COST DEFERRALS

Line No. WASHINGTON ACTUALS-2009

	Actual Jan-09	Actual Feb-09	Actual Mar-09	Actual Apr-09	Actual May-09	Actual Jun-09	Actual Jul-09	Actual Aug-09	Actual Sep-09	Actual Oct-09	Actual Nov-09	Actual Dec-09
1 555 Purchased Power	\$ 33,956,314	\$ 28,667,796	\$ 29,459,310									
2 501 Thermal Fuel	\$ 2,179,880	\$ 2,204,722	\$ 1,603,609									
3 547 CT Fuel	\$ 6,539,393	\$ 10,237,460	\$ 7,433,226									
4 447 Sale for Resale	\$ (22,741,863)	\$ (21,937,867)	\$ (21,864,088)									
5 Actual Net Expense	\$ 19,933,724	\$ 19,162,111	\$ 16,632,057									
6 456 Transmission Revenue	\$ (738,580)	\$ (561,457)	\$ (903,276)									
7 565 Transmission Expense	\$ 1,207,892	\$ 1,094,291	\$ 1,110,874									
8 557 Broker Fees	\$ 6,856	\$ 7,506	\$ 11,728									
9 Less Pottlatch 62 aMW directly to ID	\$ (1,618,857)	\$ (1,436,103)	\$ (1,634,222)									
10 Adjusted Actual Net Expense	\$ 18,791,035	\$ 18,266,348	\$ 15,217,161									

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
<b>AUTHORIZED NET EXPENSE-SYSTEM</b>												
11 555 Purchased Power	\$ 30,815,709	\$ 22,497,321	\$ 23,748,739	\$ 9,576,306	\$ 6,013,732	\$ 6,135,751	\$ 11,291,787	\$ 14,534,468	\$ 15,911,420	\$ 16,868,118	\$ 17,130,195	\$ 18,840,297
12 501 Thermal Fuel	\$ 2,852,149	\$ 2,625,875	\$ 2,858,774	\$ 2,503,526	\$ 1,171,537	\$ 1,230,713	\$ 2,823,145	\$ 2,907,513	\$ 2,808,407	\$ 2,900,544	\$ 2,821,155	\$ 2,885,342
13 547 CT Fuel	\$ 5,339,721	\$ 7,064,719	\$ 5,388,438	\$ 1,822,977	\$ 1,374,669	\$ 1,895,670	\$ 7,640,615	\$ 10,638,904	\$ 9,441,646	\$ 7,054,881	\$ 8,772,818	\$ 9,013,307
14 447 Sale for Resale	\$ (15,020,426)	\$ (14,285,980)	\$ (15,804,909)	\$ (8,013,034)	\$ (12,014,237)	\$ (10,521,527)	\$ (12,975,470)	\$ (7,700,787)	\$ (6,912,310)	\$ (2,903,607)	\$ (4,498,401)	\$ (4,075,797)
15 456 Transmission Revenue	\$ (9,252,389)	\$ (656,246)	\$ (730,202)	\$ (696,682)	\$ (790,645)	\$ (1,121,595)	\$ (1,014,918)	\$ (861,766)	\$ (653,241)	\$ (718,736)	\$ (703,074)	\$ (632,690)
16 565 Transmission Expense	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417	\$ 1,204,390	\$ 1,193,417	\$ 1,193,417	\$ 1,193,417
17 557 Broker Fees	\$ 52,000	\$ 4,334	\$ 4,334	\$ 4,334	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333
18 Authorized Net Expense	\$ 24,512,338	\$ 18,443,440	\$ 16,858,591	\$ 6,390,834	\$ (3,047,194)	\$ (1,193,238)	\$ 8,962,909	\$ 20,716,062	\$ 21,804,645	\$ 24,398,950	\$ 24,720,443	\$ 27,228,209
19 Actual - Authorized Net Expense	\$ (5,721,303)	\$ (177,082)	\$ (1,641,430)	\$ (6,390,834)	\$ 3,047,194	\$ 1,193,238	\$ (8,962,909)	\$ (20,716,062)	\$ (21,804,645)	\$ (24,398,950)	\$ (24,720,443)	\$ (27,228,209)

20 Resource Optimization	\$ 4,951,477	\$ 463,595	\$ 2,421,669									
21 Adjusted Net Expense	\$ (3,655,090)	\$ 286,503	\$ 780,239	\$ (6,390,834)	\$ 3,047,194	\$ 1,193,238	\$ (8,962,909)	\$ (20,716,062)	\$ (21,804,645)	\$ (24,398,950)	\$ (24,720,443)	\$ (27,228,209)
22 Washington Alloc. @ 64.59%	\$ (85,626,943)	\$ 185,052	\$ 503,956	\$ (4,127,840)	\$ 1,968,183	\$ 770,712	\$ (5,789,143)	\$ (13,380,504)	\$ (14,083,620)	\$ (15,759,282)	\$ (15,966,934)	\$ (17,586,700)
23 WA Retail Revenue Adjustment	\$ (1,004,034)	\$ (\$11,916)	\$ (\$1,658,315)									
24 Net Power Cost Increase (Decrease)	\$ (2,675,849)	\$ 173,136	\$ (1,154,359)									

25 Cumulative Balance	\$ (1,694,626)	\$ 173,136	\$ (1,154,359)									
Deferred %												
Surch												
Reb												
input: 10,000,000 and cur												
input: 4,000,000 to 10M												
input: 10,000,000 to 10M												
input: 10,000,000 to 10M												
check # should be zero												

Deferred Amount, Cumulative  
 Deferred Amount, Monthly  
 Account 557 for Budget  
 Company Band Gross Margin Impact, Cumulative

System Power es  
 -IV Expenses  
 WASHINGTON DEFERRED POWER COST CALCULATION

Line No.	744	744	744	744	744	744	744	744	744	744	744	744
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
<b>ACTUALS</b>												
555	<b>PURCHASED POWER</b>											
1	22,822,489	19,163,442	20,312,826									
2	196,396	166,911	133,427									
3	975,269	460,995	766,598									
4	118,798	142,225	117,104									
5	509,220	509,220	509,220									
6	124,153	126,636	124,153									
7	933,501	933,501	933,501									
8	0	0	0									
9	730	800	1,037									
10	54,154	77,947	141,008									
11	296,159	215,690	274,819									
12	<b>3,123,031</b>	<b>2,821,971</b>	<b>1,541,845</b>									
13	576,600	520,800	575,825									
14	572,880	517,440	572,110									
15	565,440	510,720	564,680									
16	641,700	579,600	640,838									
17	90,520	72,607	67,926									
18	1,618,857	1,436,103	1,634,222									
19	111,301	92,115	73,190									
20	341,046	91,710	373,294									
21	192,200	192,200										
22	23,730	9,525	21,854									
23	68,088	55,938	66,750									
24	(1,948)	(40,180)	13,083									
25	<b>33,956,314</b>	<b>28,657,796</b>	<b>29,459,310</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>447 SALES FOR RESALE</b>												
26	18,833,589	18,624,661	18,810,951									
27	144,891	146,345	144,955									
28	72,750	73,725	22,866									
29	36,126	32,801	33,339									
30	182,533	143,192	129,301									
31	71,621	52,914	8,246									
32	473,246	373,015	482,727									
33	143,456	102,935	127,161									
34	2,715,563	2,332,341	2,037,792									
35	68,088	55,938	66,750									
36	<b>22,741,863</b>	<b>21,937,867</b>	<b>21,864,088</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(1) Effective November, 2008, WNP-3 purchase expense has been adjusted to reflect the mid-point price, \$39.38/MWh for the 2008-09 contract year. per Settlement Agreement, Cause No. U-86-99

Line No.	Description	System Power Monthly Expenses											
		744	672	743	720	744	744	720	744	720	744	720	744
		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
		ACTUALS											
<b>501 FUEL-DOLLARS</b>													
37	Kettle Falls-501110	wood	\$ 653,209	\$ 695,926	\$ 449,073								
38	Colstrip Coal-501140	coal	\$ 1,521,762	\$ 1,502,386	\$ 1,157,043								
39	Total Coal & Wood		\$ 2,174,971	\$ 2,198,312	\$ 1,606,116								
40	Kettle Falls GS-501120	gas	\$ 4,909	\$ 2,403	\$ 2,471								
41	Colstrip Oil-501160	oil	\$ -	\$ 4,007	\$ (4,978)								
42	Total Oil & Gas		\$ 4,909	\$ 6,410	\$ (2,507)								
43	Total Account 501		\$ 2,179,880	\$ 2,204,722	\$ 1,603,609								
<b>501 FUEL-TONS</b>													
44	Kettle Falls		27,151	29,722	27,327								
45	Colstrip		107,102	92,329	93,314								
46	Kettle Falls	wood	\$ 24.06	\$ 23.41	\$ 16.43	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
47	Colstrip	coal	\$ 14.21	\$ 16.27	\$ 12.40	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>501 FUEL-COST PER TON</b>													
48	NE Combustion Turbine Gas/Oil		\$ 278	\$ 194	\$ -								
49	Boulder Park		\$ 3,239	\$ 1,808	\$ 131,948								
50	Kettle Falls CT		\$ 672	\$ 394	\$ (32)								
51	Coyote Springs2		\$ 6,542,047	\$ 10,233,807	\$ 7,193,794								
52	Rathdrum CT		\$ (6,843)	\$ 1,257	\$ 107,516								
53	Total Account 547		\$ 6,539,393	\$ 10,237,460	\$ 7,433,226								
54	TOTAL NET EXPENSE		\$ 19,933,724	\$ 19,162,111	\$ 16,632,057								





**From:** Mckenzie, Ron  
**Sent:** Thursday, April 02, 2009 9:18 AM  
**To:** Donley, Linda  
**Subject:** FW: Lehman Brothers Bankruptcy Claim

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**From:** Mckenzie, Ron  
**Sent:** Monday, March 30, 2009 10:29 AM  
**To:** Munson, Adam  
**Cc:** Norwood, Kelly  
**Subject:** RE: Lehman Brothers Bankruptcy Claim

In September 2008 Avista recorded a write-off of the net amounts owed to Avista for power delivered in August and the first part of September 2008 to Lehman Brothers Commodity Services, Inc. (LBCS). Lehman Brother Holdings, Inc., the parent of LBCS, filed for Chapter 11 Bankruptcy on September 15, 2008. The write-off was \$2,705,100.00 and was charged to Account 557.160 - Other Resource Costs, and reflected in the Washington and Idaho power cost deferral calculations. Avista was in the 90/10 sharing band in Washington in 2008, and the Idaho sharing was and is currently 90/10. Hence, 90% of the write-off was deferred in both Washington and Idaho.

Subsequently, Avista sold its Lehman Brothers bankruptcy claim to Silver Point Capital. Proceeds from the sale amounted to \$438,828.38 with the proceeds being received in late March 2009. Avista incurred legal fees associated with the bankruptcy claim and sale. Billings for legal fees are still coming in, but the estimate for total legal is \$30-\$40K.

The Washington and Idaho power cost deferrals should be credited for their respective shares of 90% of the proceeds from the sale of the bankruptcy claim, net of associated legal fees. The 90% amount is appropriate for crediting the net proceeds to the deferral accounts, since 90% was used when the deferral accounts were charged with the write-off. We expect that that the Commission Staffs will concur with this treatment.

FERC Account Activity	232110 ZZ ZZ	14261 ZZ	142610 ZZ ZZ	ZZ	142610 ZZ ZZ	ZZ	144610 ED AN	557 ED AN
Lehman Brothers Commodity Services Inc.	Payable	August-08	August-08	September-08	Net Receivable	Receivable	Provision for Uncollectible Accounts	Uncollectible Accounts
Period	\$ (149,700)	\$ 1,903,200	\$ 951,600	\$ 2,705,100	@ 9/16/2008	@ 9/30/2008	@ 9/30/2008	@ 9/30/2008
Lehman Brothers Commodity Services Inc.	\$	\$	\$	\$	\$	\$	\$ (2,705,100)	\$ 2,705,100

FERC Account Activity	232110 ZZ ZZ	142610 ZZ ZZ	184055 ZZ ZZ	09903410	923000 ED Z57	144610 ED AN	557160 ED AN
Lehman Brothers Commodity Services Inc. & Silver Point Capital Claim Assignment	Payable	Receivable	Resource Clearing	Outside Services Incurred	Provision for Uncollectible Accounts	Provision for Uncollectible Accounts	Uncollectible Accounts
Period	@ 3/31/2009	@ 3/31/2009	@ 3/31/2009	@ 3/31/2009	@ 3/31/2009	@ 3/31/2009	3/2009 entry
Lehman Brothers Commodity Services Inc. & Silver Point Capital Claim Assignment	\$ (149,700)	\$ 2,854,800	\$ (438,828.38)	\$ 33,167.35	\$ (2,705,100)	\$ (2,705,100)	\$ (438,828.38)
Legal fees - Peitzman Weg & Kempinsky LLP	\$	\$	\$	\$	\$	\$	\$
	\$0	\$0	\$0	\$0	\$0	\$0	\$ (405,661.03)

System Cost	PT Ratio	Net Power Cost	90% Deferred	Regulatory Asset ERM Amortization Balance	Deferred Benefit
<b>Washington ERM - DJ481</b>				182350 ED WA	557290 ED WA
\$ (405,661)	64.59%	\$ (262,016)	\$ (235,815)	\$ (235,815)	\$ 235,815
The entry to 557160 will not be used in the current month ERM because ERM is not in the 90/10 sharing band. A separate entry recording the decrease in the ERM balance and the increase in deferral costs will be recorded in the amortization balance.					
<b>Idaho PCA - DJ480</b>				Regulatory Asset Current Year PCA Balance	Deferred Benefit
\$ (405,661)	35.41%	\$ (143,645)	\$ (129,280)	182387 ED ID	557380 ED ID
\$		\$	\$	\$ (129,280)	\$ 129,280
The entry to 557160 will be used in the current month PCA because PCA is in the 90/10 sharing band. The impact of the claims assignment will be included in the current month deferral entry.					
Net Income Statement Impact (Benefit) Expense					\$ (40,566)
Total Uncollectible Expense not Deferred @ 10%					\$ (40,566)
					\$0