

**Avista Corp.**  
1411 East Mission PO Box 3727  
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Telephone 509-489-0500  
Toll Free 800-727-9170



November 13, 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, October 2009

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of October 2009. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In October actual net power costs were lower than authorized costs by \$2,303,992. The year to date difference is \$5,957,512 in the surcharge direction. A deferral of \$1,151,996 in the rebate direction was recorded in October.

Actual power supply expense was lower than the authorized level due primarily to higher hydro generation and low electricity purchase prices and low natural gas fuel prices. Hydro generation was 39 aMW above the authorized level. The average purchase price was \$48.93/MWh compared to an authorized price of \$67.44/MWh. The average natural gas price for Coyote Springs 2 was \$3.52/dth compared to an authorized price of \$8.22/dth.

Colstrip generation was 108 aMW below the authorized level due to the outage at Unit 4. Coyote Springs 2 generated 109 aMW above the authorized level and Kettle Falls generation was 20 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 34 aMW below the authorized level.

In October 2009 the deferral balances decreased by \$3,287,249. The October deferral was -\$1,151,996, interest amounted to \$45,227, and amortization amounted to -\$2,180,480. The actual deferral balances at the end of October total \$12.4 million. The deferral balances at the end of December 2009 are expected to be approximately \$5.4 million based on the following assumptions:

1. Net projected deferrals of approximately -\$1.4 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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STATE OF WASHINGTON  
UTILITY AND TRANSPORTATION  
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PROGRAM MANAGER

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 July report shows the calculation of the weighted cost of debt at June 30, 2009, which is to be used for the July-December 2009 period.

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,

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 OCTOBER 2009

# Avista Corporation Journal Entry

Effective Date: 200910

Journal: 481-WA ERM

Team: Resource Accounting

Type: C

Category: DJ

Last Saved by: Cheryl Kettner

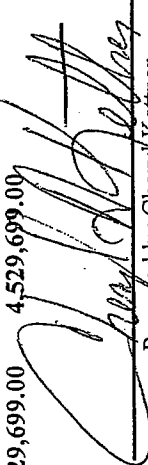

Submitted by: Cheryl Kettner

Last Saved: 11/05/2009 3:45 PM

Seq.	Co.#	FERC	Seq.	Jur.	S.I.	Debit	Credit	Comment
10	001	557290 - WA ERM AMORTIZATION	ED	WA	DL			WA ERM surcharge amortization
20	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL	2,180,480.00		WA ERM authorized for recovery
25	001	182350 - REGULATORY ASSET ERM APPROVED FOR F	ED	WA	DL	40,139.00		Accrue interest on deferral balance authorized for recovery
30	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL	1,151,996.00		WA ERM current month deferral
40	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL		1,151,996.00	WA ERM current year deferral
60	001	186280 - REGULATORY ASSET ERM DEFERRED CURF	ED	WA	DL	5,088.00		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	45,227.00	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	Contra account for 100% company band accumulation
140	001	186030 - REGULATORY ASSET ERM 50% COMPANY	ED	WA	DL		1,151,996.00	Track 50% company band accumulation
150	001	186035 - REGULATORY ASSET ERM 50% CONTRA	ED	WA	DL	1,151,996.00		Contra account for 50% company band accumulation
160	001	186040 - REGULATORY ASSET ERM 10% COMPANY	ED	WA	DL		0.00	Track 10% company band accumulation
170	001	186045 - REGULATORY ASSET ERM 10% CONTRA	ED	WA	DL		0.00	Contra account for 10% company band accumulation
<b>TOTALS:</b>						<b>4,529,699.00</b>	<b>4,529,699.00</b>	

**Explanation:**

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


  
 Prepared by Cheryl Kettner
   

  
 Reviewed by
   
 Date: 11/5/09
   
 Date: 11/5/09

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

Detail Balances (AWA 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	
200904	USD	0.00		0.00	
200905	USD	0.00		0.00	
200906	USD	90,914.00		90,914.00	
200907	USD	2,897,913.00		2,988,827.00	
200908	USD	162,745.00		2,826,082.00	
200909	USD	672,572.00		2,153,510.00	
200910	USD	1,146,908.00		1,006,602.00	

Journal Details      Summary Balances

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

**Account 186280.ED.WA**

Balance 9/30/09

Deferral

Interest

Balance 10/31/09

Amount

\$2,153,510.00

-1,151,996.00

5,088.00

\$1,006,602.00

Journal ID

481 - WA ERM

481 - WA ERM

Year to date deferrals

\$978,756.00

Year to date interest

27,846.00

Balance in account

\$1,006,602.00

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	
200904	USD	25,618.00		7,326,295.00	
200905	USD	25,618.00		7,351,913.00	
200906	USD	25,618.00		7,377,531.00	
200907	USD	7,377,531.00		0.00	
200908	USD	0.00		0.00	
200909	USD	0.00		0.00	
200910	USD	0.00		0.00	

Journal Details      Summary Balances

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

**Account 186290.ED.WA**

Balance 9/30/09

No current month entry

Balance 10/31/09

Amount

Journal ID

\$0.00

0.00

\$0.00

481 - WA ERM

Detail Balances (AWA 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	
200904	USD	2,388,908.00		17,477,822.65	
200905	USD	2,169,372.00		15,308,450.65	
200906	USD	2,211,199.00		13,097,251.65	
200907	USD	5,286,457.00		18,383,708.65	
200908	USD	2,464,513.00		15,919,195.65	
200909	USD	2,395,398.00		13,523,797.65	
200910	USD	2,140,341.00		11,383,456.65	

Journal Details      Summary Balances

**Recoverable Deferral Balance**

**Account 182350.ED.WA**

Balance 9/30/09  
 Amortization  
 Interest  
 Balance 10/31/09

<u>Amount</u>	<u>Journal ID</u>
\$13,523,797.65	
-2,180,480.00	481 - WA ERM
40,139.00	481 - WA ERM
<u>\$11,383,456.65</u>	

Detail Balances (AWA CORP) - 001.186010.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	
200904	USD	1,490,918.00		1,184,930.00	
200905	USD	2,532,855.00		1,347,925.00	
200906	USD	2,652,075.00		4,000,000.00	
200907	USD	0.00		4,000,000.00	
200908	USD	0.00		4,000,000.00	
200909	USD	0.00		4,000,000.00	
200910	USD	0.00		4,000,000.00	

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

Balance 9/30/09  
 Current month entry  
 Balance 10/31/09

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

	Total	Absorbed	Deferred
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	1,957,512.00	978,756.00	978,756.00
Over \$10,000,000 at 10%	0.00	0.00	0.00
Total	\$5,957,512.00	\$4,978,756.00	\$978,756.00



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

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
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	
200904	USD	1,490,918.00		1,184,930.00	
200905	USD	2,532,855.00		1,347,925.00	
200906	USD	2,652,075.00		4,000,000.00	
200907	USD	0.00		4,000,000.00	
200908	USD	0.00		4,000,000.00	
200909	USD	0.00		4,000,000.00	
200910	USD	0.00		4,000,000.00	

Journal Details      Summary Balances

**ERM \$4M Deadband Contra Account**  
**Account 186020.ED.WA**

Balance 9/30/09  
 Current month entry  
 Balance 10/31/09

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

Detail Balances (AWA CORP) - 001.186030.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	
200904	USD	0.00		0.00	
200905	USD	0.00		0.00	
200906	USD	90,753.00		90,753.00	
200907	USD	2,892,576.00		2,983,329.00	
200908	USD	171,919.00		2,811,410.00	
200909	USD	680,658.00		2,130,752.00	
200910	USD	1,151,996.00		978,756.00	

Journal Details      Summary Balances

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

	<u>Amount</u>	<u>Journal ID</u>
Balance 9/30/09	\$2,130,752.00	
Current month entry	<u>-1,151,996.00</u>	481 - WA ERM
Balance 10/31/09	<u>\$978,756.00</u>	

	<u>Total</u>	<u>Absorbed</u>	<u>Deferred</u>
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	1,957,512.00	978,756.00	978,756.00
Over \$10,000,000 at 10%	0.00	0.00	0.00
<b>Total</b>	<u>\$5,957,512.00</u>	<u>\$4,978,756.00</u>	<u>\$978,756.00</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	
200904	USD	0.00		0.00	
200905	USD	0.00		0.00	
200906	USD	-90,753.00		-90,753.00	
200907	USD	-2,892,576.00		-2,983,329.00	
200908	USD	171,919.00		-2,811,410.00	
200909	USD	680,658.00		-2,130,752.00	
200910	USD	1,151,996.00		-978,756.00	

Journal Details      Summary Balances

**ERM 50%-50% Sharing Contra Account**  
**Account 186035.ED.WA**  
 Balance 9/30/09  
 No current month entry  
 Balance 10/31/09

<u>Amount</u>	<u>Journal ID</u>
-\$2,130,752.00	
1,151,996.00	481 - WA ERM
<u>-\$978,756.00</u>	

Detail Balances (AWA CORP) - 001.186040.ED.WA.DL

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200813	USD	0.00		449,843.00	
200901	USD	449,843.00		0.00	
200902	USD	0.00		0.00	
200903	USD	0.00		0.00	
200904	USD	0.00		0.00	
200905	USD	0.00		0.00	
200906	USD	0.00		0.00	
200907	USD	0.00		0.00	
200908	USD	0.00		0.00	
200909	USD	0.00		0.00	
200910	USD	0.00		0.00	

Journal Details      Summary Balances

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

**Account 186040.ED.WA**

Balance 9/30/09

No current month entry

Balance 10/31/09

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

	<u>Total</u>	<u>Absorbed</u>	<u>Deferred</u>
First \$4,000,000 at 100%	\$4,000,000.00	\$4,000,000.00	\$0.00
\$4,000,000 to \$10,000,000 at 50%	1,957,512.00	978,756.00	978,756.00
Over \$10,000,000 at 10%	0.00	0.00	0.00
Total	<u>\$5,957,512.00</u>	<u>\$4,978,756.00</u>	<u>\$978,756.00</u>

Detail Balances (AWA CORP) - 001.186045.ED.WA.DL

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200813	USD	0.00		449,843.00	
200901	USD	449,843.00		0.00	
200902	USD	0.00		0.00	
200903	USD	0.00		0.00	
200904	USD	0.00		0.00	
200905	USD	0.00		0.00	
200906	USD	0.00		0.00	
200907	USD	0.00		0.00	
200908	USD	0.00		0.00	
200909	USD	0.00		0.00	
200910	USD	0.00		0.00	

Journal Details      Summary Balances

**ERM 90%-10% Sharing Contra Account**  
**Account 186045.ED.WA**  
 Balance 9/30/09  
 No current month entry  
 Balance 10/31/09

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

Detail Balances (AVA CORP) - 001.283280.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
200813	USD	0.00		-12,933,201.45	
200901	USD	1,241,680.65		11,691,520.80	
200902	USD	1,102,407.95		10,589,112.85	
200903	USD	1,080,521.05		9,508,591.80	
200904	USD	827,151.50		8,681,440.30	
200905	USD	750,313.90		7,931,126.40	
200906	USD	733,133.45		7,197,992.95	
200907	USD	282,393.65		7,480,386.60	
200908	USD	919,540.30		6,560,846.30	
200909	USD	1,073,789.50		5,487,056.80	
200910	USD	1,150,537.15		4,336,519.65	

Journal Details      Summary Balances

**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	\$1,006,602.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	11,383,456.65
Total	\$12,390,058.65
Federal income tax rate	-35%
Deferred FIT related to deferrals	-\$4,336,521
Rounding	1
Balance in account	-\$4,336,520

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 12/31/08 is 6.547%--		Actual cost of debt at 6/30/09 is 6.041%
The monthly rate is:	0.00546 Before Tax	The monthly rate is: 0.00503417 Before Tax
	0.0035463 After Tax	0.0032722 After Tax
	0.35 Tax rate	0.35 Tax rate

Account 186280		2009 Interest				
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>	<b>ADFIT</b>
January	ERM Deferral	0		Deferral	0	Operating 0
January	Interest		0	Interest		Nonoperating 0
01-31-2009	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		0	Interest		Nonoperating 0
02-28-2009	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		0	Interest		Nonoperating 0
03-31-2009	Balance before interest	0			0	Total 0
				<b>April</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
April	ERM Deferral	0		Deferral	0	Operating 0
April	Interest		0	Interest		Nonoperating 0
04-30-2009	Balance before interest	0			0	Total 0
				<b>May</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
May	ERM Deferral			Deferral	0	Operating 0
May	Interest		0	Interest		Nonoperating 0
05-31-2009	Balance before interest	0			0	Total 0
				<b>June</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
June	ERM Deferral	90,753		Deferral	31,764	Operating (31,764)
June	Interest		161	Interest	56	Nonoperating (56)
06-30-2009	Balance before interest	90,753			31,820	Total (31,820)
06-30-2009	GL Balance including interest	90,914		<b>July</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
July	ERM Deferral	2,892,576		Deferral	1,012,402	Operating (1,012,402)
July	Interest		5,337	Interest	1,868	Nonoperating (1,868)
07-31-2009	Balance before interest	2,983,490			1,014,270	Total (1,014,270)
				<b>August</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
August	ERM Deferral	(171,919)		Deferral	(60,172)	Operating 60,172
August	Interest		9,174	Interest	3,211	Nonoperating (3,211)
08-31-2009	Balance before interest	2,811,571			(56,961)	Total 56,961
				<b>September</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
September	ERM Deferral	(680,658)		Deferral	(238,230)	Operating 238,230
September	Interest		8,086	Interest	2,830	Nonoperating (2,830)
09-30-2009	Balance before interest	2,130,913			(235,400)	Total 235,400
				<b>October</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
October	ERM Deferral	(1,151,996)		Deferral	(403,199)	Operating 403,199
October	Interest		5,088	Interest	1,781	Nonoperating (1,781)
10-31-2009	Balance before interest	978,917			(401,418)	Total 401,418
				<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>
	<b>Net ERM Balance</b>	<b>1,006,602</b>		<b>09-30-09</b>	<b>Oct-09</b>	<b>10-31-09</b>
				<b>2,153,510</b>	<b>(1,146,908)</b>	<b>1,006,602</b>
	<b>ADFIT Balance</b>	<b>(352,311)</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 12/31/08 is 6.547%				Actual cost of debt at 6/30/09 is 6.041%			
The monthly rate is:		0.00546	Before Tax	The monthly rate is:		0.00503417	Before Tax
		0.0035463	After Tax			0.0032722	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
03-31-2009	Balance before interest	7,223,823		Interest	8,966	Nonoperating	(8,966)
					8,966	Total	(8,966)
				April	DFIT Expense		ADFIT
April	Interest		25,618	Deferral	0	Operating	0
04-30-2009	Balance before interest	7,223,823		Interest	8,966	Nonoperating	(8,966)
					8,966	Total	(8,966)
				May	DFIT Expense		ADFIT
May	Interest		25,618	Deferral	0	Operating	0
05-31-2009	Balance before interest	7,223,823		Interest	8,966	Nonoperating	(8,966)
					8,966	Total	(8,966)
				June	DFIT Expense		ADFIT
June	Interest		25,618	Deferral	0	Operating	0
06-30-2009	Balance before interest	7,223,823		Interest	8,966	Nonoperating	(8,966)
					8,966	Total	(8,966)
06-30-2009	GL Balance including interest	7,377,531		July	DFIT Expense		ADFIT
06-30-2009	ERM Transfer to 182350	(7,377,531)		Deferral	0	Operating	0
July	Interest	0	0	Interest	0	Nonoperating	0
07-31-2009	Balance before interest	0			0	Total	0
				August	DFIT Expense		ADFIT
August	Interest		0	Deferral	0	Operating	0
08-31-2009	Balance before interest	0		Interest	0	Nonoperating	0
					0	Total	0
				September	DFIT Expense		ADFIT
September	Interest		0	Deferral	0	Operating	0
09-30-2009	Balance before interest	0		Interest	0	Nonoperating	0
					0	Total	0
				October	DFIT Expense		ADFIT
October	Interest		0	Deferral	0	Operating	0
10-31-2009	Balance before interest	0		Interest	0	Nonoperating	0
					0	Total	0
	<b>Net ERM Balance</b>	<b>0</b>		<b>GL Balance</b>	<b>Activity</b>	<b>GL Balance</b>	
				<b>09-30-09</b>	<b>Oct-09</b>	<b>10-31-09</b>	
	<b>ADFIT Balance</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	
	<b>When WUTC deems 2008 deferred power costs prudent - reclass to 182350.</b>						
	<b>Prudency granted 7/16/09.</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 6/30/09 is 6.041%			
The monthly rate is:				The monthly rate is:			
		0.00546	Before Tax			0.00503417	Before Tax
		0.0035463	After Tax			0.0032722	After Tax
		0.35	Tax rate			0.35	Tax rate
<b>Account 182350</b>				<b>2009 Interest</b>			
				<u>January</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
12-31-2008	GL Balance including interest	29,728,184		Amortization	(1,285,267)	Operating	1,285,267
January	Surcharge Amortization	(3,672,191)		Interest	34,620	Nonoperating	(34,620)
January	Interest		98,914	Total	(1,250,647)	Total	1,250,647
01-31-2009	Balance before interest	26,055,993		<u>February</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
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		Total	(1,111,375)	Total	1,111,375
March	Lehman Settlement	(235,815)		<u>March</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
March	Surcharge Amortization	(2,952,188)		Amortization	(1,033,266)	Operating	1,033,266
March	Interest		75,182	Interest	26,314	Nonoperating	(26,314)
03-31-2009	Balance before interest	19,606,017		Total	(1,006,952)	Total	1,006,952
April	Surcharge Amortization	(2,454,085)		<u>April</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
April	Interest		65,177	Amortization	(858,930)	Operating	858,930
04-30-2009	Balance before interest	17,151,932		Interest	22,812	Nonoperating	(22,812)
May	Surcharge Amortization	(2,226,250)		Total	(836,118)	Total	836,118
May	Interest		56,878	<u>May</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
05-31-2009	Balance before interest	14,925,682		Amortization	(779,188)	Operating	779,188
June	Surcharge Amortization	(2,260,122)		Interest	19,907	Nonoperating	(19,907)
June	Interest		48,923	Total	(759,281)	Total	759,281
06-30-2009	Balance before interest	12,665,560		<u>June</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
06-30-2009	Transfer from 186290	7,377,531		Amortization	(791,043)	Operating	791,043
06-30-2009	GL Balance including interest	13,097,252		Interest	17,123	Nonoperating	(17,123)
July	Surcharge Amortization	(2,154,547)		Total	(773,920)	Total	773,920
July	Interest		63,473	<u>July</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
07-31-2009	Balance before interest	18,320,236		Amortization	(754,091)	Operating	754,091
August	Surcharge Amortization	(2,520,337)		Interest	22,216	Nonoperating	(22,216)
August	Interest		55,824	Total	(731,875)	Total	731,875
08-31-2009	Balance before interest	15,799,899		<u>August</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
September	Surcharge Amortization	(2,443,101)		Amortization	(882,118)	Operating	882,118
September	Interest		47,703	Interest	19,538	Nonoperating	(19,538)
09-30-2009	Balance before interest	13,356,798		Total	(862,580)	Total	862,580
October	Surcharge Amortization	(2,180,480)		<u>September</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
October	Interest		40,139	Amortization	(855,085)	Operating	855,085
10-31-2009	Balance before interest	11,176,318		Interest	16,696	Nonoperating	(16,696)
				Total	(838,389)	Total	838,389
				<u>October</u>	<u>DFIT Expense</u>		<u>ADFIT</u>
				Amortization	(763,168)	Operating	763,168
				Interest	14,049	Nonoperating	(14,049)
				Total	(749,119)	Total	749,119
				<u>GL Balance</u>	<u>Activity</u>	<u>GL Balance</u>	
				<u>09-30-2009</u>	<u>Oct-09</u>	<u>10-31-2009</u>	
	<b>Net ERM Balance</b>	<b>11,383,457</b>		<b>13,523,798</b>	<b>(2,140,341)</b>	<b>11,383,457</b>	
	<b>ADFIT Balance</b>	<b>(3,984,210)</b>					

			<u>Interest</u>		
	<b>182350</b>	<b>186280</b>	<b>186290</b>	<b>419600</b>	
01-31-2009	98,914	0	25,618	(124,532)	
Total					
02-28-2009	86,618	0	25,618	(112,236)	
Total					
03-31-2009	75,182	0	25,618	(100,800)	
Total					
04-30-2009	65,177	0	25,618	(90,795)	
Total					
05-31-2009	56,878	0	25,618	(82,496)	
Total					
06-30-2009	48,923	161	25,618	(74,702)	
Total					
07-31-2009	63,473	5,337	0	(68,810)	
Total					
08-31-2009	55,824	9,174	0	(64,998)	
Total					
09-30-2009	47,703	8,086	0	(55,789)	
Total					
10-31-2009	40,139	5,088	0	(45,227)	
Total					

	YTD WA ERM Company Bands 186010	YTD WA ERM Contra Account 186020	YTD WA ERM Company Bands 186030	YTD WA ERM Contra Account 186035	YTD WA ERM Company Bands 186040	YTD WA ERM Contra Account 186045
Jan-09	Reverse 2008	\$4,000,000	(\$3,000,000)	\$3,000,000	(\$449,843)	\$449,843
2009 Requirement						
Band 1 \$4,000,000						
Jan-09	Activity	\$1,694,625				
01-31-2009	Balance	(\$1,694,625)	\$0			
Feb-09	Activity	(\$173,136)				
02-28-2009	Balance	(\$1,521,489)	\$0			
Mar-09	Activity	\$1,154,359				
03-31-2009	Balance	(\$2,675,848)	\$0			
Apr-09	Activity	\$1,490,918				
04-30-2009	Balance	(\$1,184,930)	\$0			
May-09	Activity	\$2,532,855				
05-31-2009	Balance	(\$1,347,925)	\$0			
Jun-09	Activity	\$2,652,075				
06-30-2009	Balance	\$4,000,000	\$0			
Jul-09	Activity	\$0				
07-31-2009	Balance	\$4,000,000	\$0			
Aug-09	Activity	\$0				
08-31-2009	Balance	\$4,000,000	\$0			
Sep-09	Activity	\$0				
09-30-2009	Balance	\$4,000,000	\$0			
Oct-09	Activity	\$0				
10-31-2009	Balance	\$4,000,000	\$0			
Total company bands YTD						
					\$4,978,756	(\$4,978,756)
						\$0

2009 50/50 Sharing \$4M - \$10M (Surcharge)  
 2009 25/75 Sharing \$4M - \$10M (Febate)  
 Band 2 range \$4,000,001 - \$10,000,000

2009 90/10 Sharing > \$10M  
 Band 3

AVISTA CORPORATION  
 OCTOBER 2009 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule (a)	Sch 1 Block Percent (b)	kWh or \$ (c)	Proration Percentages		Surcharge Rates		Current Month Surcharge Revenue		Total (h)+(i)
			Before 1-Jan-06 (d)	On/After 1-Jan-06 (e)	Before 1-Jan-06 (f)	On/After 1-Jan-06 (g)	Rate Before 1-Jan-06 (h)	Rate On/After 1-Jan-06 (i)	
1 (0-600 kWh)	63.862%	99,800,933	0.00%	100.00%	0.405¢	0.446¢	\$0	\$445,112	\$445,112
1 (601-1300 kWh)	27.862%	43,541,599	0.00%	100.00%	0.607¢	0.668¢	0	290,858	290,858
1 (over 1300 kWh)	8.276%	12,933,395	0.00%	100.00%	0.853¢	0.938¢	0	121,315	121,315
Total Sch 1	100.000%	156,275,927					0	857,285	857,285
11		27,295,758	0.00%	100.00%	0.788¢	0.867¢	0	236,654	236,654
12		2,852,141	0.00%	100.00%	0.788¢	0.867¢	0	24,728	24,728
21		122,560,528	0.00%	100.00%	0.549¢	0.604¢	0	740,266	740,266
22		2,696,300	0.00%	100.00%	0.549¢	0.604¢	0	16,286	16,286
25		74,554,580	0.00%	100.00%	0.352¢	0.387¢	0	288,526	288,526
30		2,347,760	0.00%	100.00%	0.485¢	0.534¢	0	12,537	12,537
31		10,399,069	0.00%	100.00%	0.485¢	0.534¢	0	55,531	55,531
32		1,013,583	0.00%	100.00%	0.485¢	0.534¢	0	5,413	5,413
41-46		\$366,590	0.00%	100.00%	9.78%	9.02%	0	29,105	29,105
47		\$104,457	0.00%	100.00%	9.78%	9.02%	0	8,293	8,293
48		\$68,494	0.00%	100.00%	9.78%	9.02%	0	5,438	5,438
Schedule Totals		399,995,646					\$0	\$2,280,062	\$2,280,062

kWh not subject to surcharge	Conversion factor	0.9556325
Sch 28	Amortization	\$2,180,180
Sch 41-48	FIT rate	-35%
Total kWh	DFIT expense	-\$763,168

Accounting Period	200910	State Code	WA
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Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Avg Meters	Ytd Usage	Ytd Revenue Amt
001	200,529	156,275,927	12,096,222	200,000	2,036,105,932	162,024,866
011	19,197	27,295,758	3,093,027	19,185	310,052,479	34,435,958
012	8,048	2,852,141	349,348	7,935	38,081,376	4,504,657
021	3,275	122,560,528	10,481,668	3,273	1,276,303,229	106,765,065
022	81	2,696,300	222,317	79	31,499,982	2,563,297
025	22	74,554,580	4,156,646	22	732,271,957	40,439,692
028	1	0	17,950	0	55,000	182,275
030	34	2,347,760	153,089	34	23,398,480	1,524,955
031	1,116	10,399,069	785,106	1,106	90,983,626	6,796,481
032	1,233	1,013,583	83,803	1,218	11,483,545	927,492
041	11	8,720	1,839	11	87,200	18,188
042	277	1,121,533	337,953	275	11,230,532	3,376,447
044	13	21,372	2,488	13	212,368	24,464
044A	0	0	672	0	0	941
045	3	86,565	5,931	3	875,179	59,688
46	19	190,743	17,707	19	1,907,323	175,189
047	0	482,520	104,457	0	4,919,210	1,036,831
048	0	286,581	68,494	0	2,899,593	688,983
058	0	0	1,144,582	0	0	13,002,479
058A	0	0	-6,512	0	0	-79,016
063	0	0	0	0	0	0
090	0	0	4	0	0	40
095	0	0	14,709	0	0	147,112
099	0	0	61,639	0	0	655,541
Sum	233,859	402,193,680	33,193,137	233,174	4,572,367,011	379,271,626

WASHINGTON POWER COST DEFERRALS

Line No.		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
WASHINGTON ACTUALS-2009													
	TOTAL												
1	555 Purchased Power	\$ 33,956,314	\$ 28,657,796	\$ 29,459,310	\$ 16,648,014	\$ 13,712,393	\$ 12,695,388	\$ 30,094,050	\$ 29,366,666	\$ 28,079,779	\$ 25,428,837	\$ -	\$ -
2	447 Sale for Resale	\$ (22,741,863)	\$ (21,937,867)	\$ (21,864,088)	\$ (11,004,447)	\$ (12,717,667)	\$ (11,015,086)	\$ (19,715,947)	\$ (16,428,335)	\$ (14,901,779)	\$ (11,892,880)	\$ -	\$ -
3	501 Thermal Fuel	\$ 2,179,880	\$ 2,204,722	\$ 1,603,609	\$ 1,083,718	\$ 293,572	\$ 1,175,957	\$ 1,159,291	\$ 2,456,591	\$ 1,667,229	\$ 1,485,013	\$ -	\$ -
4	547 CT Fuel	\$ 6,539,393	\$ 10,237,460	\$ 7,433,226	\$ 1,531,956	\$ 805,002	\$ 598,412	\$ 6,609,652	\$ 7,906,448	\$ 7,636,447	\$ 5,655,217	\$ -	\$ -
5	Actual Net Expense	\$ 19,933,724	\$ 19,162,111	\$ 16,632,057	\$ 8,259,241	\$ 2,093,300	\$ 3,454,671	\$ 18,147,046	\$ 23,301,370	\$ 22,501,676	\$ 20,656,187	\$ -	\$ -
6	456 Transmission Revenue	\$ (628,628)	\$ (560,003)	\$ (899,322)	\$ (627,732)	\$ (820,458)	\$ (797,802)	\$ (878,522)	\$ (747,123)	\$ (906,713)	\$ (893,936)	\$ -	\$ -
7	565 Transmission Expense	\$ 1,207,892	\$ 1,094,291	\$ 1,110,874	\$ 1,141,075	\$ 982,053	\$ 1,029,799	\$ 1,070,037	\$ 1,118,860	\$ 1,074,194	\$ 1,065,149	\$ -	\$ -
8	557 Broker Fees	\$ 6,856	\$ 7,506	\$ 11,728	\$ 10,282	\$ 13,327	\$ 11,815	\$ 14,875	\$ 5,976	\$ 14,031	\$ 13,831	\$ -	\$ -
9	Less Clearwater 62 aMW directly to ID	\$ (1,618,857)	\$ (1,436,103)	\$ (1,634,222)	\$ (1,478,852)	\$ (1,747,617)	\$ (1,699,802)	\$ (1,573,447)	\$ (1,877,142)	\$ (1,589,413)	\$ (1,575,422)	\$ -	\$ -
10	Adjusted Actual Net Expense	\$ 18,909,987	\$ 18,267,802	\$ 15,221,115	\$ 7,304,014	\$ 520,605	\$ 2,058,681	\$ 16,779,989	\$ 22,001,941	\$ 21,093,775	\$ 19,265,809	\$ -	\$ -
AUTHORIZED NET EXPENSE-SYSTEM													
11	555 Purchased Power	\$ 193,363,843	\$ 22,497,321	\$ 23,748,739	\$ 9,576,306	\$ 6,013,732	\$ 6,195,751	\$ 11,291,787	\$ 14,534,468	\$ 15,911,420	\$ 16,868,118	\$ 17,130,195	\$ 18,840,297
12	447 Sale for Resale	\$ (114,526,485)	\$ (14,285,980)	\$ (15,604,909)	\$ (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)
13	501 Thermal Fuel	\$ 30,388,680	\$ 2,852,149	\$ 2,625,875	\$ 2,658,774	\$ 1,171,557	\$ 1,230,713	\$ 2,823,145	\$ 2,907,513	\$ 2,808,407	\$ 2,900,544	\$ 2,821,155	\$ 2,885,342
14	547 CT Fuel	\$ 75,438,365	\$ 5,339,721	\$ 7,064,719	\$ 1,822,977	\$ 1,374,669	\$ 1,895,670	\$ 7,640,615	\$ 10,639,904	\$ 9,441,646	\$ 7,054,881	\$ 8,772,818	\$ 9,013,307
15	456 Transmission Revenue	\$ (9,252,389)	\$ (672,566)	\$ (790,202)	\$ (696,692)	\$ (790,645)	\$ (1,121,595)	\$ (1,014,918)	\$ (861,786)	\$ (653,241)	\$ (718,736)	\$ (703,074)	\$ (632,680)
16	565 Transmission Expense	\$ 14,331,977	\$ 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	\$ (5,611,351)	\$ (175,638)	\$ (1,637,476)	\$ 913,180	\$ 3,567,799	\$ 3,251,919	\$ 7,817,080	\$ 1,285,879	\$ (710,870)	\$ (5,133,141)	\$ (24,720,443)	\$ (27,228,209)
20	Resource Optimization	\$ (1,049,423)	\$ 1,956,261	\$ 462,141	\$ 115,108	\$ (101,664)	\$ (53,042)	\$ (1,738,089)	\$ (1,860,369)	\$ (2,053,036)	\$ (253,048)	\$ 28,840	\$ 29,760
21	Adjusted Net Expense	\$ (49,430,694)	\$ (3,655,090)	\$ 780,239	\$ 1,028,288	\$ 3,466,135	\$ 3,198,877	\$ 6,078,991	\$ (574,490)	\$ (2,763,908)	\$ (5,386,189)	\$ (24,691,603)	\$ (27,198,449)
22	Washington Allocation @ 64.59%	\$ (31,927,285)	\$ (2,360,823)	\$ 185,052	\$ 664,171	\$ 2,238,777	\$ 2,066,155	\$ 3,926,420	\$ (371,063)	\$ (1,785,207)	\$ (3,478,939)	\$ (15,948,306)	\$ (17,567,478)
23	WA Retail Revenue Adjustment	\$ 4,369,013	\$ 666,197	\$ (911,916)	\$ 826,747	\$ 294,078	\$ 767,426	\$ 1,858,733	\$ 27,225	\$ 423,890	\$ 1,174,948	\$ 0	\$ 0
24	Net Power Cost Increase (Decrease)	\$ (1,694,626)	\$ 173,136	\$ (1,154,359)	\$ 1,490,918	\$ 2,532,855	\$ 2,833,581	\$ 5,785,153	\$ (343,838)	\$ (1,361,317)	\$ (2,303,951)	\$ -	\$ -
25	Cumulative Balance	\$ (1,694,626)	\$ (1,521,490)	\$ (1,521,490)	\$ (1,184,931)	\$ 1,347,924	\$ 4,181,505	\$ 9,966,658	\$ 9,622,820	\$ 8,261,503	\$ 5,957,512	\$ 5,957,512	\$ 5,957,512

Deferral %  
 Surch  
 check #-should be zero

Deferral Amount, Cumulative  
 Deferral Amount, Monthly  
 Account 557 Actuals  
 Company Band Gross Margin Impact, Cumulative

AVI's  
 System Power Supply 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		
1	22,822,489	19,163,442	20,539,826	7,921,765	5,947,423	5,045,912	22,619,949	21,903,863	20,728,412	17,877,015		
2	198,396	186,911	133,427	89,673	27,413	23,617	78,797	156,263	116,886	173,405		
3	975,269	460,965	642,598	885,246	902,516	820,338	891,001	815,588	812,077	830,789		
4	118,798	142,225	117,104	106,349	149,316	428,681	114,618	133,090	110,908	110,495		
5	509,220	509,220	406,220	509,220	509,220	509,220	509,220	509,220	509,220	509,220		
6	124,153	126,636	124,153	124,153	124,153	124,153	124,153	124,153	139,316	139,316		
7	933,501	933,501	933,501	933,501	933,501	933,501	933,501	933,501	933,501	933,501		
8	0	0	0	0	0	0	0	0	0	0		
9	730	800	1,037	242	874	79	354	544	579	389		
10	54,154	77,947	141,008	128,046	107,818	100,909	101,825	49,509	37,127	45,467		
11	296,159	215,580	274,819	222,714	205,208	212,046	14,331	0	0	52,137		
12	3,123,031	2,821,971	1,541,845	1,493,289	0	0	0	0	0	0		
13	576,600	520,800	575,825	558,000	576,600	558,000	576,600	576,600	558,000	576,600		
14	572,880	517,440	572,110	554,400	572,880	554,400	572,880	572,880	554,400	572,880		
15	565,440	510,720	564,880	547,200	595,440	547,200	595,440	565,440	546,440	565,440		
16	641,700	579,600	640,838	621,000	641,700	621,000	641,700	641,700	621,000	641,700		
17	90,820	72,607	67,926	114,509	155,324	162,510	205,431	205,431	211,090	206,531		
18	1,618,857	1,436,103	1,634,222	1,478,852	1,747,617	1,689,802	1,573,447	1,677,142	1,569,413	1,575,422		
19	111,301	92,115	73,190	70,300	61,968	29,964	59,602	63,499	117,853	164,019		
20	341,046	91,710	373,294	202,108	297,756	256,902	197,980	284,528	205,965	130,387		
21	192,200	192,200	0	0	0	0	167,400	167,400	162,000	161,820		
22	23,730	9,525	21,854	75,077	93,157	99,350	43,818	10,796	20,274	9,996		
23	68,088	55,938	66,750	51,286	52,095	50,262	55,363	55,363	56,409	57,532		
24	(1,948)	(40,180)	(13,083)	(48,916)	(40,414)	(22,688)	86,840	(79,844)	51,909	(44,034)		
25	33,956,314	28,657,796	29,459,310	16,648,014	13,712,393	12,695,388	30,094,050	29,366,666	28,079,779	25,428,837		

(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.

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		
26	18,885,195	18,586,741	18,825,536	8,450,579	10,172,830	8,802,552	16,576,033	12,918,892	11,689,127	7,876,351		
27	144,891	146,345	144,955	146,215	146,085	146,150	145,020	146,020	146,150	145,020		
28	9,762	7,899	7,490	7,322	7,354	6,628	5,870	6,454	6,552	9,651		
29	36,126	32,801	33,339	33,256	49,164	61,954	25,690	28,885	24,591	39,314		
30	182,533	149,192	129,426	70,925	79,445	60,365	149,599	186,053	117,658	196,948		
31	71,621	52,914	8,912	48,564	82,488	78,752	41,017	80,856	96,912	176,054		
32	484,628	476,761	482,727	436,075	208,956	199,886	336,239	515,746	510,851	498,814		
33	143,456	102,935	127,161	56,047	60,157	38,767	81,529	91,192	55,221	119,085		
34	2,715,563	2,332,341	2,037,792	1,704,178	1,859,693	1,669,770	2,299,266	2,418,874	2,189,308	2,774,111		
35	68,088	55,938	66,750	51,286	52,095	50,262	55,684	55,684	53,409	57,532		
36	22,741,863	21,937,867	21,864,088	11,004,447	12,717,667	11,015,086	19,715,947	16,428,335	14,901,779	11,892,880		

447 SALES FOR RESALE

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		
447000	(7,837,633)	(8,450,196)	(7,230,011)	(4,326,333)	(6,461,859)	(5,182,926)	(5,189,639)	(3,517,873)	(2,507,835)	(3,987,923)		
447100	(13,512,769)	(12,136,295)	(13,229,683)	(5,285,975)	(2,641,825)	(4,242,401)	(13,007,575)	(10,928,518)	(10,396,776)	(6,314,809)		
447720	(1,391,461)	(1,341,376)	(1,220,228)	(891,371)	(1,240,512)	(1,012,442)	(1,518,739)	(1,861,944)	(1,956,145)	(1,922,356)		
447720	(22,741,863)	(21,937,867)	(21,864,088)	(11,004,447)	(12,717,667)	(11,015,086)	(19,715,947)	(16,428,335)	(14,901,779)	(11,892,880)		

Avista Utilities  
 System Power Supply 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		
	ACTUALS											
<b>501 FUEL-DOLLARS</b>												
37	Kettle Falls-501110	653,209	695,926	449,073	282,427	851	489,302	554,567	904,390	653,971	788,893	
38	Colstrip Coal-501140	1,521,782	1,502,386	1,157,043	784,652	287,463	686,739	576,404	1,532,508	1,029,550	681,339	
39	Total Coal & Wood	2,174,971	2,198,312	1,606,116	1,067,079	288,314	1,176,041	1,130,971	2,436,898	1,683,521	1,470,232	
40	Kettle Falls GS-501120	4,909	2,403	2,471	132	19	(149)	6,390	397	3,046	13,906	
41	Colstrip Oil-501160		4,007	(4,978)	16,507	5,239	65	18,930	18,296	662	875	
42	Total Oil & Gas	4,909	6,410	(2,507)	16,639	5,258	(84)	28,320	19,693	3,708	14,781	
43	Total Account 501	2,179,880	2,204,722	1,603,609	1,083,718	293,572	1,175,957	1,159,291	2,456,591	1,687,229	1,485,013	
<b>501 FUEL-TONS</b>												
44	Kettle Falls	27,151	29,722	27,327	12,159		19,996	21,937	35,246	25,493	31,871	
45	Colstrip	107,102	92,329	93,314	41,516	49,525	34,163	46,344	51,341	49,266	48,410	
<b>501 FUEL-COST PER TON</b>												
46	Kettle Falls	24.06	23.41	16.43	23.23	#DIV/0!	24.47	25.28	25.66	25.65	24.75	
47	Colstrip	14.21	16.27	12.40	18.90	6.60	20.10	12.44	29.85	20.90	14.07	
<b>547 FUEL</b>												
48	NE CT Gas/Oil-547213	276	194		68,372	16,837	1,918	1,016	(232)	(85)	(890)	
49	Boulder Park-547216	3,239	1,808	131,948	7	7	19,627	212,203	327,478	341,988	137,508	
50	Kettle Falls CT-547211	672	394	(32)	(1,152)		(59)	56,920	104,884	38,235	29,784	
51	Coyote Springs-547610	6,542,047	10,283,807	7,193,784	1,407,594	747,896	953,078	6,584,002	6,810,200	5,459,743		
52	Raindium CT-547310	(6,843)	1,267	107,516	57,142	40,262	23,242	72,447	780,316	946,109	8,662	
53	Total Account 547	6,539,393	10,237,460	7,433,226	1,531,956	805,002	598,412	6,609,682	7,906,448	7,636,447	5,635,217	
54	TOTAL NET EXPENSE	19,933,724	19,182,111	16,832,057	8,259,241	2,093,300	3,454,671	18,147,046	23,301,370	22,801,676	20,556,187	
<b>456 TRANSMISSION REV</b>												
55	456100 ED AN	(621,149)	(525,524)	(891,843)	(620,253)	(912,979)	(790,323)	(871,043)	(799,476)	(905,713)	(893,936)	
56	456700 ED WA	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	(7,479)	
57	to WA summary	(828,628)	(560,003)	(899,322)	(627,732)	(820,458)	(797,802)	(878,522)	(747,123)	(806,713)	(893,936)	
<b>565 TRANSMISSION EXP</b>												
58	565000 ED AN	1,205,862	1,092,261	1,108,844	1,139,045	980,023	1,027,769	1,055,346	1,116,830	1,072,164	1,063,119	
59	565710 ED AN	2,030	2,030	2,030	2,030	2,030	2,030	14,681	2,030	2,030	2,030	
60	to WA summary	1,207,892	1,094,291	1,110,874	1,141,075	982,053	1,029,799	1,070,027	1,118,860	1,074,194	1,065,149	
61	557170 ED AN Broker Fees	6,958	7,506	11,728	10,282	13,327	11,815	14,875	5,976	14,031	13,931	
<b>RESOURCE OPTIMIZATION</b>												
62	Econ Dispatch-557150	7,811,315	2,692,645	6,419,422	3,458,788	751,706	(54,785)	2,705,061	2,777,432	2,182,782	522,602	
63	Gas Bookouts-557700				107,417			(107,417)		46,750		
64	Fuel Dispatch-456015	(5,745,102)	(2,229,050)	(3,997,753)	(3,344,348)	(851,916)	3,197	(4,440,959)	(4,637,801)	(4,295,818)	(751,561)	
65	Fuel Bookouts-456720				(105,295)			105,295		(45,750)		
66	to WA summary	2,066,213	463,595	2,421,669	116,562	(100,210)	(51,588)	(1,737,416)	(1,860,369)	(2,053,036)	(228,979)	
67	Misc Revs 456016 ED AN	(109,952)	(1,454)	(3,954)	(1,454)	(1,454)	(1,454)	(673)			(24,069)	
68	REG Expense Authorized	29,760	26,880	29,720	28,800	29,760	28,800	29,760	29,760	28,800	29,760	
69	557160 ED AN Actuals	29,760	26,880	29,720	28,800	29,760	28,800	29,760	29,760	28,800	29,760	
70	to WA summary											
71	Net Resource Optimization	1,956,261	462,141	2,417,715	115,108	(101,664)	(63,042)	(1,738,089)	(1,860,369)	(2,053,036)	(253,048)	
<b>Adjusted Actual Net Expense</b>												
		22,476,105	20,166,046	19,273,052	9,897,974	2,166,558	3,645,441	16,615,347	21,818,714	20,630,152	20,588,183	



AVISTA UTILITIES  
 Washington Electric Jurisdiction  
 Energy Recovery Mechanism Revenue Credit  
 Month of October 2009

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	594,203,023	541,566,378	494,662,555	431,520,144	404,829,564	415,249,675	397,044,965	451,871,519	439,205,508	402,193,680	(317,210,115)	(317,210,115)	4,572,367,011
Deduct Prior Month Unbilled kWhs	(410,882,853)	(359,706,111)	(300,949,240)	(310,045,884)	(273,651,277)	(280,198,185)	(266,940,385)	(305,815,811)	(310,896,713)	(287,976,540)	(317,210,115)	-	(3,424,473,114)
Add Current Month Unbilled kWhs	359,706,111	300,949,240	310,045,884	273,851,277	280,198,185	266,940,385	305,815,811	310,896,713	287,976,540	317,210,115	(317,210,115)	-	3,013,590,261
Washington Retail kWhs	543,026,281	482,809,507	503,779,199	395,325,557	411,176,472	401,991,875	435,920,391	456,952,421	416,285,335	431,427,255	(317,210,115)	-	4,161,464,158
Test Year WA Retail Sales (1)	557,362,856	482,599,842	468,215,165	413,064,770	417,489,177	417,457,930	475,798,809	458,543,840	425,385,485	456,639,554	475,819,710	532,405,915	5,560,763,052
Difference from Test Year	(14,336,575)	209,665	35,564,034	(17,739,233)	(6,312,705)	(15,466,055)	(39,878,418)	(1,591,419)	(9,100,150)	(25,212,299)			(93,863,153)
WA Retail Revenue Credit (1)	(\$668,371)	\$9,775	\$1,657,995	(\$827,003)	(\$294,298)	(\$721,027)	(\$1,859,132)	(\$74,192)	(\$424,249)	(\$1,175,397)	\$0	\$0	(\$4,375,900)
Net Wind Revenue Credit	\$2,174	\$2,141	\$320	\$256	\$220	\$221	\$399	\$347	\$359	\$449	\$0	\$0	\$6,886
Total Revenue Credit	(\$666,197)	\$11,916	\$1,658,315	(\$826,747)	(\$294,078)	(\$720,806)	(\$1,858,733)	(\$73,845)	(\$423,890)	(\$1,174,948)	\$0	\$0	(\$4,369,014)
(1) from APPENDIX 2 of the Settlement Agreement in Docket No. UE-080416													
(2) June Revenue Credit as included in PCA Journal due to Input error													
Correction to June Revenue Credit						(\$767,426)							
						August Revenue Credit Entry		\$46,620					
								(\$27,225)					
Current Period Schedule 95 Revenue	\$14,728.56	\$14,645.85	\$14,618.77	\$14,751.61	\$14,744.71	\$14,703.49	\$14,757.47	\$14,783.47	\$14,668.30	\$14,709.43	\$13,985.26	\$13,957.96	\$147,111.68
Schedule 95 Revenue in Base Rates	\$11,730.36	\$11,692.65	\$11,177.63	\$14,398.73	\$14,440.76	\$14,399.94	\$14,206.91	\$14,305.11	\$14,172.94	\$14,090.47	\$13,985.26	\$13,957.96	\$165,557.72
Incremental Schedule 95 Renewable Revenue	\$2,998.22	\$2,953.20	\$441.14	\$352.88	\$303.95	\$304.55	\$550.56	\$478.36	\$495.36	\$618.96	\$0.00	\$0.00	\$9,497.18
Deduct Admin Expense	\$824.51	\$812.13	\$121.31	\$97.04	\$83.59	\$83.75	\$151.40	\$131.55	\$136.22	\$170.21	\$0.00	\$0.00	\$2,611.72
0.005 x 55 = 0.275 per Revenue \$													
Net Renewable Revenue Credit	\$2,173.71	\$2,141.07	\$319.83	\$255.84	\$220.36	\$220.80	\$399.16	\$346.81	\$359.14	\$448.75	\$0.00	\$0.00	\$6,885.46

“Redacted Attachment A”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of October 2009

Long-term Power Transaction  
(See attached)

**TRANSACTION RECORD**  
**BETWEEN**  
**PUBLIC UTILITY DISTRICT NO. 1 of PEND OREILLE COUNTY**  
**AND**  
**AVISTA CORPORATION**

**September 2009**

## TRANSACTION RECORD

This Transaction Record ("Transaction") shall serve to confirm a transaction made between Public Utility District No. 1 of Pend Oreille County ("Pend Oreille"), and Avista Corporation ("Avista"), a Washington corporation, sometimes hereinafter referred to individually as "Party" and collectively as "Parties" under Avista's FERC Electric Tariff, Seventh Revised Volume No. 9 and the 1997 Northwest Coordination Agreement.

WHEREAS, Pend Oreille currently supplies its annual power supply requirements from a combination of its own resources and power purchases from the Bonneville Power Administration ("BPA");

WHEREAS, the southern terminal of Pend Oreille's transmission system, at the Pine Street 115 kV Substation located in Newport, Washington, establishes a transmission interconnection between the electrical systems that are separately owned and operated by Pend Oreille and Avista;

WHEREAS, the Parties have entered into a separate transmission Interconnection Agreement dated May 18, 1999 (Avista Contract No. TR 99-0126), which describes each Parties' obligations with respect to the Pine Street Substation interconnection;

WHEREAS, Pend Oreille desires to purchase from Avista an amount of dynamic generating capability that shall follow the normal instantaneous variations in Pend Oreille's electrical loads, and maintain the reliability and flexibility of Pend Oreille's hydroelectric resources;

WHEREAS, Pend Oreille is responsible for supplying capacity and energy resources to match Pend Oreille's estimated load on an hourly basis;

WHEREAS, concurrent with this Transaction, the Parties are entering into a separate Telemetering and Metering and Equipment Maintenance Service Agreement (Avista Contract No. TR09-0278) ("Metering Agreement"), that establishes interchange points and associated metering and communication systems responsibilities of the Parties necessary to provide signals usable by Avista in order to provide the services under this Transaction;

WHEREAS, the Parties entered into the Prior Transaction under which Pend Oreille purchased and Avista sold an amount of dynamic generating capability to follow the normal instantaneous variations in Pend Oreille's electrical loads and to maintain the reliability and flexibility of Pend Oreille's hydroelectric resources;

WHEREAS, Pend Oreille desires to procure electric power and services for an additional period of five years similar to those provided by Avista pursuant to the Prior Transaction, and Avista is willing to provide such electric power and services, subject to the terms and conditions set forth herein; and

WHEREAS, both Parties desire to continue to transact business between them in a manner that exposes no Party or its customers to significant financial risks associated with variations in the price of electric power in the wholesale markets.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, Pend Oreille and Avista agree as follows:

1. DEFINITIONS:

Except as modified herein, capitalized terms appearing in Vol. No. 9 shall have the meanings specified therein. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meaning specified:

- 1.1 “Avista Electric System” means the electric transmission and distribution facilities that are owned, operated, and maintained by Avista.
- 1.2 “Balancing Authority Area” means the electrical (not necessarily geographical) area within which a controlling electric utility has the responsibility to adjust its generation to match internal load and power flows across Interchange Points to other areas controlled by other electric utilities.
- 1.3 “Business Day” means every day other than a Saturday or Sunday or a national holiday. National holidays shall be those holidays observed by NERC.
- 1.4 “Delivery Point(s)” means such point(s) where Avista shall make available to Pend Oreille the Dynamic Capacity and other services under to this Transaction, which Delivery Point(s) are set forth in Section 8 and Exhibit B.
- 1.5 “Deviation Account” means the account established pursuant to Section 6 between Avista and Pend Oreille for the purpose of accounting for any hourly deviations between Pend Oreille’s actual Loads and Resources and Pend Oreille’s forecasted Loads and scheduled Resources.
- 1.6 “Dynamic Capacity” means the electric generating capability, expressed in megawatts (MW) and associated megawatt-hours (MWh), made available to Pend Oreille by Avista at the Delivery Points pursuant to this Transaction.
- 1.7 “Effective Date” shall have the meaning provided in Section 2 of this Transaction.
- 1.8 “FERC” means the Federal Energy Regulatory Commission, or its successor.
- 1.9 “Firm Energy Index Rate” means the daily weighted average electricity price reported in the Dow Jones Mid-Columbia Electricity Index for firm energy delivered On Peak and/or Off Peak expressed in dollars per megawatt-hour. In the absence of the Dow Jones Mid-Columbia Electricity Index for firm energy delivered On Peak and/or Off Peak, a comparable publication of firm energy prices at the Mid-Columbia as agreed to by the Parties shall be the Firm Energy Index Rate. The Parties agree that for the purposes of this Transaction in no event shall the Firm Energy Index Rate be greater than any applicable FERC cap.

- 1.10 “Good Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4) and all applicable and generally followed standards, guidelines, criteria, practices and methods established by FERC, NERC, the WECC and the NWPP, and including design methods, equipment specification methods, manufacturer quality assurance screening and ordering practices, maintenance practices and the like.
- 1.11 “Interchange Point” means the electrical interconnection point between two electrical systems that is established and metered for the purpose of defining Balancing Authority Area boundaries.
- 1.12 “Load” means the Pend Oreille native load plus any additional Pend Oreille electric sales of power originally acquired by Pend Oreille to serve Load, but which is surplus to Pend Oreille’s Load requirements at the time of sale.
- 1.13 “Load Following” means the continuous balancing of resources with load and the maintenance of electrical system frequency.
- 1.14 “Load Shaping” means the hourly balancing of any deviations between Pend Oreille’s actual Loads and Resources and Pend Oreille’s forecasted Loads and scheduled Resources.
- 1.15 “NERC” means the North American Electric Reliability Corporation, or its successor.
- 1.16 “NWPP” means the Northwest Power Pool, or its successor.
- 1.17 “On-Peak” means the hours ending 0700 through 2200 Pacific Prevailing Time, Monday through Sunday including NERC holidays
- 1.18 “Off-Peak” means all hours other than On-Peak hours.
- 1.19 “Operating Reserves” means the electric capacity and energy reserves necessary to back up Pend Oreille’s scheduled generation output within a given hour.
- 1.20 “Pacific Prevailing Time” means the Pacific Time, either standard or daylight, whichever is in effect at the pertinent time.

- 1.21 “Pend Oreille Electric System” means the electric transmission and distribution facilities that are owned, operated and maintained by Pend Oreille.
- 1.22 “Pend Oreille Native Load” means those retail customers on whose behalf, by statute, franchise or contract, Pend Oreille undertakes an obligation to plan, construct and operate its electrical system to provide reliable electric service.
- 1.23 “PNCA Storage” means the right to store water in the reservoirs of hydroelectric projects as set forth in the 1997 Pacific Northwest Storage Agreement (“PNCA”), as filed with FERC in 2000, as such agreement may be amended from time to time.
- 1.24 “Prior Transaction” means that transaction between the Parties that commenced on December 1, 2004, and that expires on September 30, 2009 (accepted by FERC in FERC Docket No. ER05-271-000).
- 1.25 “Resources” means the electric output of Pend Oreille’s electric generation resources plus any electric power purchases for the purpose of serving Pend Oreille Load.
- 1.26 “Safety and Reliability Requirements” means all requirements of Good Utility Practice, all applicable mandatory requirements concerning levels of reserves and provisions for contingencies, all applicable mandatory laws, governmental rules, regulations, and orders, and all applicable mandatory reliability criteria, standards, guidelines and operating procedures of NERC, FERC, WECC, NWPP and other organizations that apply to the planning, design and operation of a Party’s electrical system.
- 1.27 “Spill Hour” means any hour that the Cabinet Gorge or Noxon Rapids hydroelectric developments are spilling due to river flows that exceed the turbine capacity of either the Cabinet Gorge or Noxon Rapids hydroelectric developments or because of lack of load or market.
- 1.28 “Telemetry Equipment” means the instantaneous and hourly power flow metering, transducers, communication equipment and communication circuits necessary to provide Avista with a signal usable by Avista for the purpose of meeting Pend Oreille’s Dynamic Capacity requirements and to provide the signal or signals usable by any third party operator of adjacent Balancing Authority Areas.
- 1.29 “Term” shall have the meaning provided in Section 2 of this Transaction.
- 1.30 “Transaction” means this Transaction Record, including any exhibits attached hereto, as may be amended. Any exhibits are made part of this Transaction by this reference.
- 1.31 “Vol. No. 9” means Avista’s FERC Electric Tariff Seventh Revised Volume No. 9, as may be amended.
- 1.32 “WECC” The Western Electricity Coordinating Council, or its successor.

2. TERM

The Term of this Transaction shall commence on [REDACTED] (“Effective Date”), and continue through [REDACTED], unless terminated earlier pursuant to the terms of this Transaction.

3. REGULATORY REQUIREMENTS AND APPROVALS

- 3.1 This Transaction shall terminate unless the execution and delivery hereof are authorized and ratified before September 30, 2009, by Pend Oreille’s Board of Commissioners, as required. Pend Oreille shall provide written notice of such approval. Avista and Pend Oreille shall take any necessary steps to file this Transaction with FERC prior to commencement of service. In the event that FERC approval of this Transaction is required, the Parties obligations to provide service hereunder are conditioned upon FERC’s acceptance for filing or approval without change of the terms and conditions herein within sixty days of the effective date of this Transaction. In the event that FERC does not so approve the Transaction or approves it upon conditions that are unacceptable to either Party in its sole discretion, the Parties’ obligations to provide service shall terminate upon the effective date of the order of FERC disapproving this Transaction or approving it with unacceptable conditions. The Parties agree to attempt to negotiate in good faith for a period of thirty days following such termination a substitute agreement that shall comply with the conditions of FERC and preserve the economic benefits to both Parties of the terms and conditions of this Transaction, provided nothing herein shall be construed as an obligation to execute any such substitute agreement.
- 3.2 Currently, Pend Oreille does not require services hereunder as part of any transmission arrangements between the Parties and as such Pend Oreille is not receiving transmission dependent service from Avista. If at a later time, Pend Oreille has acquired transmission dependent customers or generation within the Avista transmission network, then Pend Oreille must provide notice to Avista as provided herein thirty days prior to such acquisition. The Parties shall negotiate in good faith toward providing for alternate arrangements for services hereunder which may be affected by such transmission dependent customers or generation.
- 3.3 By entering into this Transaction, Avista does not assume any obligation or responsibility for Pend Oreille’s compliance with any Safety and Reliability Requirements, including but not limited to any NERC or WECC mandatory reliability criteria, standards, guidelines or operating procedures. By entering into this Transaction, Pend Oreille does not assume any obligation or responsibility for Avista’s compliance with any Safety and Reliability Requirements, including but not limited to any NERC or WECC mandatory reliability criteria, standards, guidelines or operating procedures.



4. DYNAMIC CAPACITY AND ENERGY SERVICE UNDER VOL. 9

- 4.1 Sale of Dynamic Capacity and Energy Service. For the entire Term of the Transaction, Avista shall make available to Pend Oreille, and Pend Oreille shall purchase an amount of Dynamic Capacity necessary to meet Pend Oreille's requirements for Load Following and Load Shaping. Dynamic Capacity herein shall be provided by Avista such that generation is adjusted on a continuous and instantaneous basis to match actual power flow to scheduled power flow across Interchange Points to other Balancing Authority Areas and across Pend Oreille's interconnection with Avista's electric system. Except for the provision of Operating Reserves, any energy associated with providing Dynamic Capacity herein that is either delivered by Avista to Pend Oreille or returned by Pend Oreille, under Vol. No. 9, Service Schedule C, to Avista shall be accounted for in a Deviation Account established by the Parties pursuant to Section 6.2 of this Transaction.
- 4.2 Rates for Dynamic Capacity Service. Pursuant to Vol. No. 9, Service Schedule E, the fees owed to Avista by Pend Oreille, on a calendar month basis, for Dynamic Capacity shall be equal to the sum of the Dynamic Capacity Base Rate, expressed in dollars per megawatt-hour (MWh) shown in Exhibit A, and Pend Oreille's Native Load for the same month expressed in megawatt-hours, plus any additional charges as determined in Section 6 of this Transaction.
- 4.3 Rates for New Large Single Loads. Pend Oreille shall, by providing six months written notice to Avista, identify any new single incremental Load increases that will result in an increase in power Pend Oreille's power requirements of ten average megawatts or more in any consecutive 12-month period at any time during the Term of this Transaction. The resumption of service by Pend Oreille to load previously served by Pend Oreille shall not be considered an incremental Load increase. Avista shall provide Dynamic Capacity and Energy Service, as defined under this Transaction, necessary to provide Load Following and Load Shaping services to Pend Oreille for a new large single Load addition at a separately negotiated rate, contingent upon the Parties reaching agreement on the separate price for this additional service. Should the Parties fail to reach agreement on a rate for providing the incremental services to be provided herein within ninety days from the date Avista receives notice of a new large single Load increase from Pend Oreille, then the arbitration process may be initiated by either Party in accordance with Section 13 of this Transaction.

5. OPERATING RESERVES UNDER VOL. 9

- 5.1 Sale of Operating Reserves. For the entire Term of the Transaction, Avista shall make available to Pend Oreille, and Pend Oreille shall purchase under Avista's Vol. No. 9, an amount of Operating Reserves, consisting of both Spinning Reserves, under Service Schedule I, and Supplemental Reserves, under Service Schedule J, sufficient to support unscheduled loss of generation from Pend Oreille's existing Box Canyon hydroelectric generating facility up to sixty minutes in accordance with applicable Safety and Reliability Requirements.

- 5.2 Rates for Operating Reserves. The fees owed to Avista by Pend Oreille, on a calendar month basis, for Operating Reserves shall be equal to the sum of the Spinning Reserve Rate and the Supplemental Reserve Rate (collectively, the “Operating Reserves Rates”) expressed in dollars per MWh shown in Exhibit A. Throughout the Term of this Transaction, the rates for Operating Reserves shall be a market-based rate under Vol. No. 9, Service Schedules I and J.
- 5.3 FERC Changes. In the event that FERC adopts a policy that changes how operating reserves are charged (e.g., split operating reserves between load and generation), upon or before entry of a final non-appealable order setting forth a new policy for how such reserves are charged, the Parties agree to renegotiate the applicable rates for Operating Reserves consistent with such new FERC policy.

6. DEVIATION BANDWIDTHS

- 6.1 Deviation Bandwidths. Pend Oreille shall make reasonable efforts in accordance with Good Utility Practice to match, on an hourly basis, the schedule of Pend Oreille’s Resources with the forecast of Pend Oreille’s Loads. Charges for any deviations between Pend Oreille’s actual Loads and Resources and Pend Oreille’s forecasted Loads and scheduled Resources expressed in MWh accumulated during each hour shall be as follows (positive deviation is net energy flow to Avista, negative deviation is net energy flow to Pend Oreille):

Bandwidth 1: The larger amount of any hourly deviation that is: (i) less than or equal to [REDACTED], or (ii) less than or equal to [REDACTED] percent of Pend Oreille’s actual metered Load.

Bandwidth 2: The larger amount of any hourly deviation that is: (i) greater than [REDACTED] and less than or equal to [REDACTED], or (ii) greater than four percent and less than or equal to [REDACTED] percent of Pend Oreille’s actual metered Load.

Bandwidth 3: The smaller amount of any hourly deviation that is: (i) greater than [REDACTED], or (ii) greater than [REDACTED] percent of Pend Oreille’s actual metered Load.

Notwithstanding anything to the contrary in this Transaction, the Bandwidth charges in this Section shall not apply to the extent that Pend Oreille calls upon Operating Reserves. Avista will calculate the amount of Operating Reserves called upon by calculating the difference, if any, between Pend Oreille’s scheduled and actual generation. Pend Oreille shall, within 24 hours of any loss of Pend Oreille’s generation, notify Avista that Operating Reserves were generated on Pend Oreille’s behalf.

- 6.2 Deviation Account. The Bandwidth charges are set out in Exhibit A and are in addition to the Dynamic Capacity Base Rate and shall be accounted for in a

Deviation Account. Pend Oreille shall have the responsibility to maintain the accounting for the Deviation Account on an hourly basis. For each month of the Term of the Transaction, or at Avista's request, Pend Oreille shall provide to Avista a report that summarizes the status of the Deviation Account. The Deviation Account shall be financially settled monthly, with the Party owing sums from such account paying the owed balance to the other Party. The amounts in the account shall be calculated on an hour-to-hour basis. The hour-to-hour changes in the Deviation Account as measured in megawatt hours shall be multiplied by the Firm Energy Index Rate for such On Peak or Off Peak hour.

### 6.3 Adjustments.

Sections 6.3.1 and/or Section 6.3.2, as applicable, shall apply in lieu of any other provisions of this Transaction regarding any applicable rate for services provided under this Transaction, if Avista, at its reasonable sole discretion, determines that Pend Oreille:

- a) is persistently deviating during multiple consecutive hours or at specific times of the day;
- b) schedules such that a pattern of under-delivery or over-use of energy occurs; or
- c) persistently schedules over-generation or under-use during Off-Peak Hours.

6.3.1 No credit is given to energy imbalance sent to Avista where actual generation is greater than scheduled. If the Non-Firm Energy Index Rate is negative during the deviation, Pend Oreille shall pay Avista based on such negative Non-Firm Energy Index Rate.

6.3.2 For energy delivered by Avista to Pend Oreille, Avista shall charge Pend Oreille the lesser of: (i) ■■■ percent of the highest Dow Jones Non-Firm Mid-Columbia Index price that occurs during the day that such deviation occurs, or (ii) the applicable FERC cap.

6.4 Spill and Negative Price Conditions. Notwithstanding any other provision of this Transaction, except for those hours when Avista sells energy at a negative price,, Avista shall not be charged, and Pend Oreille shall receive no credit, for energy delivered to Avista during any Spill Hour. Avista shall use reasonable commercial efforts to communicate to Pend Oreille on a prescheduled basis the expected starting time and duration of spill at the Cabinet Gorge and/or Noxon Rapids hydroelectric developments. For any hour in which Avista sells energy at a negative price, Pend Oreille will pay Avista for any energy it delivers to Avista during such hour at a rate equal to the absolute value of the volume weighted negative price for energy that Avista sold during such hour.

7. INFORMATION EXCHANGE

- 7.1 Planning Data. The Parties agree to exchange any Load, Resource, or other planning and coordinating information as may be reasonably requested for the purposes of estimating Pend Oreille's hourly capacity and energy requirements provided under this Transaction and in compliance with applicable Safety and Reliability Requirements.
- 7.2 Avista Rights to Examine Records. Avista may, upon reasonable notice, examine Pend Oreille's records and estimates associated with this Transaction.

8. DELIVERY

- 8.1 Delivery Point. Except as provided in Sections 8.2 and 8.3, the Delivery Point for deliveries pursuant to this Transaction shall be at Pend Oreille's Pine Street Substation where the 115 kV electric facilities of Pend Oreille and the 115 kV electric facilities of Avista are connected.
- 8.2 Alternative Delivery Point(s). Avista may, in its sole discretion, choose any point or points in Exhibit B as the Delivery Point(s). In the event that Avista chooses a point other than Pend Oreille's Pine Street Substation as a Delivery Point, Avista shall obtain without reimbursement from Pend Oreille, any additional transmission and/or ancillary services required to deliver the services under this Transaction.
- 8.3 Scheduled or Unscheduled Outage. In the event of any scheduled or unscheduled outage of the electric interconnection between Avista and Pend Oreille at Pend Oreille's Pine Street Substation, Pend Oreille shall purchase sufficient alternative transmission services to enable Avista to deliver to Pend Oreille electric power and services pursuant to this Transaction. The Parties shall observe procedures set forth in Exhibit D for scheduled outages or forced outages of the Pine Street-Rathdrum 115 kV line.
- 8.4 Avista Transmission. Notwithstanding any other provision of this Transaction, Avista's obligation to provide Dynamic Capacity and other services to Pend Oreille under this Transaction is limited to, and contingent upon, its ability to obtain transmission service and, if any are required, ancillary services on its own transmission system. Avista shall use commercially reasonable efforts to obtain any necessary transmission and/or ancillary services on its own transmission system prior to the Effective Date of this Transaction. Pend Oreille shall reimburse Avista at a rate not to exceed the applicable FERC transmission tariff rate(s) for the cost of acquiring such transmission and ancillary services and shall reimburse Avista for any losses under Vol. 9.

9. THIRD-PARTY CHARGES

In the event that the provision of Dynamic Capacity or Operating Reserves under this Transaction results in charges to either Avista or Pend Oreille by the owner or operator of any third-party facilities, such charges, if any, shall be paid by Pend Oreille; provided, however, that Pend Oreille shall not be obligated hereunder to pay any such charges incurred by Avista pursuant to Section 8.2. The Parties agree that such third-party charges may include, but are not limited to, any charges associated with third party wheeling, transmission losses, reactive power supply, power factor charges or penalties, or third-party stranded costs or exit fees.

10. SCHEDULING

10.1 Balancing Authority Area Schedules. Pend Oreille shall submit to Avista hourly estimates of its forecasted Pend Oreille Native Load and pre-schedules for power (capacity and energy) deliveries including generation within the Pend Oreille Electric System and receipt or delivery of power with each party outside of Pend Oreille's Electric System. Such hourly Load and Resource estimates and pre-schedules shall be provided to Avista by 0900 hours Pacific Prevailing Time, or sooner as may be required by generally accepted industry practices, on the Business Day immediately preceding the day or days on which power is to be delivered, unless otherwise mutually agreed to by the Parties.

10.2 Changes in Preschedule. Changes to prescheduled amounts may be made at any time up to sixty minutes (or 45 minutes for a schedule change that Avista is not a party to) prior to the hour of the delivery. However, the parties may mutually agree to schedule changes without sixty minutes prior notice.

10.3 Power Marketing Services.

Pend Oreille shall provide Avista, prior to 0530 hours Pacific Prevailing Time, or sooner as may be required by generally accepted industry practices on the Business Day immediately preceding the day or days on which power is to be delivered, unless otherwise mutually agreed to by the Parties, a purchase and/or sale request including PNCA storage schedules. If Avista agrees to fulfill such request, Avista will price the purchase and /or sale request, except PNCA storage transfers, based on the prevailing preschedule market. PNCA storage transfers are priced in accordance to Exhibit C. If Avista is unable to fulfill Pend Oreille's purchase, sale or storage request Avista will notify Pend Oreille prior to 0700 hours Pacific Prevailing Time, or sooner as may be required by generally accepted industry practices on the Business Day immediately preceding the day or days on which power is to be delivered.

If Pend Oreille does not provide Avista with a purchase and/or sale request, including PNCA storage schedules, Avista has no obligation to fulfill Pend Oreille's scheduling needs. If there is no contact between Pend Oreille and Avista the schedule submitted to Avista at 0900 pursuant to Section 10.1 will be balanced.

11. BILLING AND PAYMENT

Billing and payment provisions shall be as specified in Vol. No. 9.

12. DEFAULT AND TERMINATION

12.1 Any breach or failure to perform under this Transaction, including without limitation failure to make payment when due under this Transaction, shall be an event of Default.

12.2 In the event of a Default, the non-Defaulting Party shall give written notice to the Defaulting Party of a Default in accordance with Section 17 of this Transaction. Except in the case of a Default due to a failure to pay amounts owed under this Transaction when due, if the Party has not cured the breach within 30 days after receipt of such written notice, the non-Defaulting Party may, at its option, terminate this Transaction and/or pursue any remedy available to it in law or equity. Where the Default is due to a failure to pay amounts owed under this Transaction when due, if the Party has not cured the breach within 3 Business Days after receipt of such written notice, the non-Defaulting Party may, at its option, terminate this Transaction and/or pursue any remedy available to it in law or equity.

12.3 In the event that Pend Oreille provides notice of termination pursuant to section 2.2 of the Metering Agreement, Pend Oreille shall promptly provide notice of such termination pursuant to Section 17 of this Transaction. This Agreement shall terminate upon any termination of the Metering Agreement.

13. ARBITRATION

13.1 Any dispute between the Parties involving service under this Transaction shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty days (or such other period as the Parties may agree upon) by mutual agreement, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

13.2 Any arbitration initiated under this Transaction shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty days select a third arbitrator to chair the

arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, provided, however, that the Parties shall be entitled to all rights of discovery pursuant to the Federal Rules of Civil Procedure.

- 13.3 Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Transaction and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service or facilities.
- 13.4 Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:
- (a) the cost of the arbitrator chosen by the Party to sit on the three member panel and one-half of the cost of the third arbitrator chosen; or
  - (b) one-half the cost of the single arbitrator jointly chosen by the Parties.
- 13.5 Nothing in this section shall restrict the rights of any Party to file a complaint with FERC under relevant provisions of the Federal Power Act.

#### 14. COORDINATED HYDROELECTRIC STORAGE

The use of coordinated hydroelectric storage shall be governed by Exhibit C.

#### 15. ASSIGNMENT

- 15.1 Neither Party shall, without the prior written consent of the other Party, assign, pledge or transfer all or any part of, or any right or obligation under this Transaction, whether voluntarily or by operation of law; provided, however, that a Party may, without the consent of the other Party, assign its rights and obligations under this Transaction to any person or entity (1) into which a Party is merged or consolidated, or (2) to which a Party sells, transfers, or assigns all or substantially all of its assets, so long as the survivor in any such merger or consolidation, or the purchaser, transferee or assignee of such assets provides to the other Party a valid and binding

written agreement expressly assuming and agreeing to be bound by all obligations of the assigning Party under this Transaction.

- 15.2 Notwithstanding any other provision of this Transaction, either Party may, without the other Party's consent, pledge or assign all or any portion of its electric system for financing purposes.
- 15.3 In the event of any permitted sale, transfer or assignment hereunder, the transferor or assignor shall to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; provided, however, that under no circumstances shall any sale, transfer or assignment relieve the transferor or assignor of any liability for any breach of this Transaction occurring before the effective date of such transfer or assignment.
- 15.4 This Transaction is binding on and shall insure to the benefit of the Parties and their respective successors, permitted assigns and legal representatives.
- 15.5 Consents to assignments, pledge or transfer requested pursuant to this Section 15 shall not be unreasonably denied or delayed.
- 15.6 In the event that an independent owner or operator is formed to operate a reasonably significant portion of eastern Washington and northern Idaho transmission facilities, then either Party may thereafter terminate this Transaction with ninety days written notice to the other Party; provided that: (i) both Parties have not agreed to assign this Transaction or the rights and obligations of this Transaction to such entity; and (ii) Avista has assigned all or substantially all of its transmission facilities and responsibilities to such entity.

16. NO THIRD-PARTY BENEFICIARIES

There are no third-party beneficiaries of this Transaction. Nothing contained in this Transaction is intended to confer any right or interest on anyone other than the Parties, and their respective successors, heirs and assigns permitted in section 15.

17. NOTICE

The Parties have designated the following persons to receive communications of a formal nature:

Director, Wholesale Marketing  
Avista Corporation  
PO Box 3727  
1411 East Mission Avenue  
Spokane, WA 99220-3727  
Phone: 509-495-8080  
Facsimile: 509-495-4272



Power Manager  
Public Utility District No. 1 of Pend Oreille County  
PO Box 190  
130 N Washington Ave  
Newport, WA 99156  
Phone: 509-447-6350  
Fax: 509-447-3540

Any formal notice required or permitted by this Transaction shall be in writing and shall be (i) personally delivered; (ii) transmitted by postage prepaid registered mail; (iii) transmitted by a recognized overnight courier service; or (iv) transmitted electronically. All notices shall be deemed to have been given upon (i) the date of receipt if personally delivered; (ii) the fifth (5<sup>th</sup>) day after mailed; (iii) the business day following delivery by overnight delivery; or (iv) the business day following electronic transmission, provided the receiving Party voluntarily and affirmatively acknowledges receipt of electronic transmission, whichever occurs first.

Each Party shall give notice to the other Party of all persons and their addresses, electronic mail addresses, and phone numbers who are designated by their respective Party to receive information (1) of a financial nature concerning the calculation and transmittal of invoices and payment information; and (2) of an operational nature concerning Load, Resource or other planning and coordinating information regarding the operations of the electric systems of Avista and Pend Oreille. Said notices shall be set forth in writing separate from this Transaction.

Any Party may change its designated representative and/or address for purposes of notice by providing the other Party written notice of the change.

18. NON-WAIVER

The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Transaction or to exercise any right under this Transaction shall not be construed as a waiver or relinquishment of such Party's right to assert or rely upon any such provision or right in that or any subsequent instance; rather, the same shall be and remain in full force and effect.

19. AMENDMENT

No change, amendment, or modification of any provision of this Transaction shall be valid unless set forth in a written amendment to this Transaction signed by both Parties and subsequently approved by FERC.

20. HEADINGS

The section headings and subheadings in this Transaction are for convenience only and shall not be considered part of or used in the interpretation of this Transaction.

21. SIGNATURE CLAUSE

The signatories hereto represent that they have been authorized to enter into this Transaction on behalf of the Party for whom they sign.

AVISTA CORPORATION

PUBLIC UTILITY DISTRICT NO. 1 OF  
PEND OREILLE COUNTY

By: \_\_\_\_\_

Dick Storro  
VP, Energy Resources

By: \_\_\_\_\_

Robert Geddes  
General Manager

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

TRANSACTION RECORD  
 BETWEEN  
 PUBLIC UTILITY DISTRICT NO. 1 of PEND OREILLE COUNTY  
 AND  
 AVISTA CORPORATION

EXHIBIT A – RATES

Tariff	Rate Type	Period	Rate
Vol. 9	Dynamic Capacity Base Rate	October 1, 2009 through September 30, 2014	\$ [REDACTED]
Vol. 9	Spinning Reserves Rate	For all months except May and June of each year during the period October 1, 2009 through September 30, 2014	[REDACTED] applied to 2.5 percent of Box Canyon actual monthly generation
		For May and June of each year during the period October 1, 2009 through September 30, 2014. Avista to provide five Business Days notice to Pend Oreille to elect to purchase Spinning Reserve Service	Market Rate plus [REDACTED] percent of such rate applied to [REDACTED] percent of Box Canyon actual monthly generation
Vol. 9	Supplemental Reserve Rate	October 1, 2009 through September 30, 2014	[REDACTED] applied to [REDACTED] percent of Box Canyon actual monthly generation

Bandwidth	Bandwidth Rate
Bandwidth 1	Bandwidth Rate (for positive deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate paid to Pend Oreille; provided, however, that if such deliveries to Avista occur during any hour in which Avista is spilling water past its Noxon Rapids and/or its Cabinet Gorge hydroelectric facilities (“Spill Hour”) the rate shall be determined pursuant to Section 6.4 of the Transaction.

	<p>Bandwidth Rate (for negative deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate paid to Avista</p>
<p>Bandwidth 2</p>	<p>Bandwidth Rate (for positive deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate * [REDACTED] paid to Pend Oreille; provided, however, that if such deliveries to Avista occur during an hour in which Avista is spilling water past its Noxon Rapids and/or its Cabinet Gorge hydroelectric facilities (“Spill Hour”) the rate shall be determined pursuant to Section 6.4 of the Transaction.</p>
	<p>Bandwidth Rate (for negative deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate * [REDACTED] paid to Avista</p>
<p>Bandwidth 3</p>	<p>Bandwidth Rate (for positive deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate * [REDACTED] paid to Pend Oreille; provided, however, that if such deliveries to Avista occur during an hour in which Avista is spilling water past its Noxon Rapids and/or its Cabinet Gorge hydroelectric facilities (“Spill Hour”) the rate shall be determined pursuant to Section 6.4 of the Transaction.</p>
	<p>Bandwidth Rate (for negative deviations) = absolute value of the deviation * the applicable Mid-C Firm Energy Index rate * [REDACTED] paid to Avista</p>

TRANSACTION RECORD  
 BETWEEN  
 PUBLIC UTILITY DISTRICT NO. 1 of PEND OREILLE COUNTY  
 AND  
 AVISTA CORPORATION

EXHIBIT B

Facility	Facility Owner	Interchange Meter Location
Box Canyon Substation	PUD #1 of Pend Oreille County	Panel House
Metaline Falls Substation	PUD #1 of Pend Oreille County	Panel House
Diamond Lake Substation	PUD #1 of Pend Oreille County	Panel House
Usk Substation	Bonneville Power Administration	Panel House
Newport Substation	Bonneville Power Administration	Panel House
Pine Street Substation (Note 1)	PUD #1 of Pend Oreille County	Panel House
Box Canyon Powerhouse (Note 2)	PUD #1 of Pend Oreille County	Powerhouse

Note 1: Pine Street is an interconnection point between the 115 kV electric systems of Avista and Pend Oreille.

Note 2: Box Canyon Powerhouse is a generation project.

TRANSACTION RECORD  
BETWEEN  
PUBLIC UTILITY DISTRICT NO. 1 of PEND OREILLE COUNTY  
AND  
AVISTA CORPORATION

EXHIBIT C  
Use of Coordinated Hydroelectric Storage

In the event that Avista and Pend Oreille mutually agree on the use of coordinated hydroelectric storage, any transaction thereunder shall be governed by the 1997 Pacific Northwest Coordination Agreement ("PNCA") as it may be amended from time-to-time. For clarification, the following terms and conditions shall apply to PNCA transactions between Avista and Pend Oreille:

1. DEFINITIONS

- 1.1 "Peak Load Hours" shall mean hour ending 0700 through 0900 and hour ending 1800 through 2000 from September through May and hour ending 1600 through 2100 from June through August.
- 1.2 "Heavy Load Hours" shall mean those included in the periods Monday through Saturday excluding national holiday, hour ending 0700 through hour ending 2200. Except those hours designated by the System providing the storage service as Peak Load Hours.
- 1.3 "Light Load Hours" shall mean hours not designated as either Heavy Load Hours or Peak Load Hours.

2. CHARGES

All charges are set forth in the 1997 PNCA.

3. COORDINATED STORAGE LIMIT AND TRANSFERS

The amount of energy in coordinated storage shall not exceed 4000 MWh contingent upon spill at the Noxon Rapids reservoir. All storage shall be considered non-firm and all transfers both into and out of storage shall be mutually agreed.

4. SPILL

The Parties shall refer to the PNCA for spill definitions and procedures.

TRANSACTION RECORD  
BETWEEN  
PUBLIC UTILITY DISTRICT NO. 1 of PEND OREILLE COUNTY  
AND  
AVISTA CORPORATION

EXHIBIT D

Procedures to be followed for Scheduled Outages  
or Forced Outages of the Pine Street-Rathdrum 115 kV Line

The following procedures shall be followed for scheduled outages or forced outages of the Pine Street-Rathdrum 115 kV line.

Scheduled Outage:

1. Avista will coordinate all outage schedules with Pend Oreille.
2. For a scheduled outage, Avista transmission personnel will post information on Avista's OASIS as soon as practical. This includes posting emergency outage information.
3. Pend Oreille will notify Avista power marketing personnel of the scheduled outage.
4. Pend Oreille shall make arrangements with BPA for alternative transmission capacity across the AVA>BPAT>POPD transmission path, including any necessary purchase of transmission, to accommodate the load following service Avista is providing to Pend Oreille (14 MW required).
5. Pend Oreille will notify Avista power marketing personnel that the line has been returned to service.

Contingency Outage:

1. Avista's System Operator will notify Pend Oreille Dispatcher that the line has tripped and locked out and will post the status of the line on Avista's OASIS.
2. Pend Oreille will notify Avista power marketing personnel of the outage.
3. Within one hour after the scheduling hour, Pend Oreille shall make arrangements with BPA to purchase transmission capacity, if needed, across the AVA>BPAT>POPD transmission path (14 MW required) to accommodate the load following service Avista is providing to Pend Oreille.
4. Pend Oreille will notify Avista power marketing personnel when the line has been returned to service.