

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-06 ____

DIRECT TESTIMONY OF

RONALD L. MCKENZIE

REPRESENTING AVISTA CORPORATION

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I. INTRODUCTION

Q. Please state your name, business address and present position with Avista Corporation ("Avista" or "Company").

A. My name is Ronald L. McKenzie and my business address is East 1411 Mission Avenue, Spokane, Washington. I am employed by Avista as Manager, Regulatory Accounting in the State and Federal Regulation Department.

Q. Would you briefly describe your educational background and professional experience?

A. I graduated from Eastern Washington University in 1973 with a Bachelor of Arts degree in Business Administration majoring in accounting. I joined the Company in September 1974. I obtained a Master of Business Administration Degree from Eastern Washington University in 1989. I have attended several utility accounting and ratemaking courses and workshops. I have held various accounting positions within the Company. I have served in the State and Federal Regulation Department for the majority of my career with the Company.

Q. Have you previously testified before this Commission?

A. Yes. I have testified before this Commission in several prior proceedings.

Q. What is the scope of your testimony in this proceeding?

A. My testimony addresses the accounting associated with the power cost deferrals under the Energy Recovery Mechanism ("ERM") approved by the Commission in Docket No. UE-011595. I also explain what is contained in the monthly reports that are filed with the Commission.

Q. Are you sponsoring any exhibits?

1 A. Yes. I am sponsoring Exhibit No. ____ (RLM-2), which consists of a copy of the
2 December 2005 monthly ERM report for informational purposes.

3 **II. ACCOUNTING ASSOCIATED WITH ERM DEFERRALS**

4 **Q. Would you please describe the accounting associated with the Company's**
5 **ERM deferral mechanism?**

6 A. Yes. Company witness Mr. William G. Johnson discusses, in his direct
7 testimony, the procedure to calculate the monthly variations between actual and authorized
8 power supply revenues and expenses. Monthly variations are accumulated until the "Company
9 Band" (deadband) of \$9 million is exceeded. Once the deadband is exceeded, 90% of the
10 monthly variation between actual and authorized net power supply costs is deferred. When
11 actual net power supply costs exceed authorized costs, entries are made to record the deferral
12 amount by crediting Account 557.28 - Other Power Supply Expenses, thereby decreasing
13 recorded power supply expenses, and debiting Account 186.28 - Miscellaneous Deferred Debits.
14 If actual net power supply costs are less than authorized costs in a given month, an entry is made
15 to record the difference by debiting Account 557.28 - Other Power Supply Expenses, thereby
16 increasing recorded power supply expenses, and crediting Account 186.28 - Miscellaneous
17 Deferred Debits. An accumulated debit balance in Account 186.28 represents a surcharge
18 balance, while an accumulated credit balance represents a rebate balance.

19 **Q. How is interest recorded on the deferral balances?**

20 A. Interest is calculated pursuant to the Settlement Stipulation approved by the
21 Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002.
22 Interest is applied to the average of the beginning and ending month balances in Account 186.28

1 net of associated deferred federal income tax. The Company's weighted cost of debt is used as
2 the interest rate. The interest rate is updated semi-annually and interest is compounded semi-
3 annually. The interest rate used for the period January 1, 2005 through June 30, 2005 was
4 8.28%, the Company's weighted cost of debt at December 31, 2004. The interest rate used for
5 the period July 1, 2005 through December 31, 2005 was 8.12%, the Company's weighted cost of
6 debt at June 30, 2005.

7 **Q. How are income taxes accounted for under the deferred power cost**
8 **mechanism?**

9 A. The power cost deferral entries are not recognized in the determination of taxable
10 income for federal income tax purposes. Therefore, deferred federal income taxes are recorded.
11 Account 283.28 – Accumulated Deferred Federal Income Tax reflects a credit balance of 35% of
12 the debit balances in Account 186.28. When Account 283.28 is credited, Account 410.10 –
13 Deferred FIT Expense is debited. Likewise, when Account 283.28 is debited, Account 410.10 is
14 credited.

15 **Q. In 2005 what were the amounts deferred, absorbed by the Company, and the**
16 **balance in the 2005 deferral account, Account 186.28, at December 31, 2005?**

17 A. During 2005 actual net power costs exceeded authorized net power costs for the
18 Washington jurisdiction by \$13,588,374. Of that amount \$4,129,537 was deferred, with the
19 remaining \$9,458,837 being absorbed by the Company. The amount absorbed by the Company
20 consists of the \$9,000,000 deadband plus 10% of the amount exceeding the deadband, or
21 \$458,837 (10%*($\$13,588,374 - \$9,000,000$)). There was a balance in the 2005 deferral account at

1 December 31, 2005 of \$4,138,618, consisting of the \$4,129,537 amount that was deferred during
2 the year plus \$9,081 of interest on the deferred costs.

3 **III. ERM MONTHLY AND ANNUAL REPORTS**

4 **Q. Would you please describe the monthly reports that the Company submits to**
5 **the Commission?**

6 A. The Company submits monthly reports to the Commission, Public Counsel, and
7 ICNU that include the monthly power cost deferral journal entries together with backup
8 workpapers and other supporting documentation. The cover letter to the monthly report contains
9 a brief explanation of the factors causing the variance between actual and authorized power costs.
10 The beginning of the month account balances, the recorded activity within the accounts, and the
11 ending month account balances are shown. The January and July reports contain the supporting
12 workpapers for the semi-annual updates of the weighted cost of debt used in the interest
13 calculations. The monthly reports also include any new power contracts of one-year or longer,
14 entered into during the month. Attached as Exhibit No. ____ (RLM-2) is a copy of the December
15 2005 report for informational purposes.

16 **Q. What are the requirements associated with the annual filing to review**
17 **deferrals?**

18 A. The Company is required to make an annual filing, on or before April 1 of each
19 year, regarding the power costs deferred in the prior calendar year under the ERM. The filing
20 consists of testimony, exhibits, and supporting documentation. Since its inception in 2002, the
21 Company has made four such annual filings, including the present filing covering the 2005
22 calendar year.

1 **Q. What is the review period for the annual ERM filing?**

2 A. The Commission Staff and interested parties have the opportunity to review the
3 deferral information during a 90-day review period ending June 30th each year. The 90-day
4 review period may be extended by agreement of the parties participating in the review, or by
5 Commission order.

6 **Q. When was the last annual ERM filing addressed by the Commission?**

7 A. The annual ERM filing covering the 2004 calendar year was reviewed in Docket
8 No. UE-050492. Order No. 01 was issued in that docket on June 29, 2005, and the Commission
9 found that the power cost deferrals for 2004 were prudent.

10 **Q. Have the 2005 ERM calculations and accounting entries been made in a**
11 **manner consistent with those in prior, approved ERM filings?**

12 A. Yes.

13 **Q. Does this conclude your pre-filed direct testimony?**

14 A. Yes, it does.

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-06-_____

EXHIBIT NO. _____ (RLM-2)

RONALD L. MCKENZIE

REPRESENTING AVISTA CORPORATION

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

Exhibit No. _____ (RLM-2)



January 12, 2006

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report
For the Month of December 2005

Dear Ms. Washburn:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of December 2005. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. Actual net power costs were higher than authorized costs by \$8,785,139. Of that amount, \$4,196,765 was applied toward the remainder of the \$9 million deadband for 2005. The 90% factor was then applied to the residual amount of \$4,588,374, resulting in a deferral in the surcharge direction of \$4,129,537.

Actual power supply expenses were higher than the authorized level due in part to low hydro generation and high electric and natural gas prices. Hydro generation was 116 aMW below the authorized levels. The average market purchase price was \$100.72/MWh compared to an authorized rate of \$31.50/MWh. The average market sales price was \$92.71/MWh compared to an authorized sales price of \$31.20/MWh.

Coyote Springs 2 generated 137 aMW above the authorized level due primarily to the acquisition of the second half of the plant. Colstrip generated 14 aMW above the authorized level, and Kettle Falls generated 25 aMW above the authorized level. Due to economics gas fueled plants other than Coyote Springs 2 generated 3 aMW above the authorized level. Thermal fuel and natural gas fuel expense were both above the authorized level. Washington retail sales were 30 aMW below the authorized level.

There were no forward long-term contracts of one year or longer entered into in the month of December 2005. 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 DECEMBER 2005

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	-10,777,698.00		0.00	
200502	USD	0.00		0.00	
200503	USD	0.00		0.00	
200504	USD	0.00		0.00	
200505	USD	0.00		0.00	
200506	USD	0.00		0.00	
200507	USD	0.00		0.00	
200508	USD	0.00		0.00	
200509	USD	0.00		0.00	
200510	USD	0.00		0.00	
200511	USD	0.00		0.00	
200512	USD	4,138,618.00		4,138,618.00	

Journal Details

Summary Balances

ERM Deferral Balance (Current Year - 2005)

Account 186280.ED.WA

Balance 11/30/05

Deferral

Interest

Deferral adjustment

Interest adjustment

Balance 12/31/05

Amount Journal ID

\$0.00

4,226,712.00 481 - WA ERM

9,295.00 481 - WA ERM

-97,175.00 NSJ039

-214.00 NSJ039

\$4,138,618.00

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	10,826,036.00		10,826,036.00	
200502	USD	48,338.00		10,874,374.00	
200503	USD	48,338.00		10,922,712.00	
200504	USD	48,338.00		10,971,050.00	
200505	USD	48,338.00		11,019,388.00	
200506	USD	-11,019,388.00		0.00	
200507	USD	0.00		0.00	
200508	USD	0.00		0.00	
200509	USD	0.00		0.00	
200510	USD	0.00		0.00	
200511	USD	0.00		0.00	
200512	USD	0.00		0.00	

Journal Details

Summary Balances

ERM Deferral Balance (Prior year - 2004)

Account 186290.ED.WA

Balance 11/30/05

No current month entry

Balance 12/31/05

Amount

Journal ID

\$0.00

0.00

\$0.00

481 - WA ERM

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

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	-2,232,784.00		100,197,182.65	
200502	USD	-2,178,815.00		98,018,367.65	
200503	USD	-1,844,265.00		96,174,102.65	
200504	USD	-1,655,005.00		94,519,097.65	
200505	USD	-1,524,500.00		92,994,597.65	
200506	USD	9,564,809.00		102,559,406.65	
200507	USD	-1,499,776.00		101,059,630.65	
200508	USD	-1,711,907.00		99,347,723.65	
200509	USD	-1,649,033.00		97,698,690.65	
200510	USD	-1,632,147.00		96,066,543.65	
200511	USD	-1,643,054.00		94,423,489.65	
200512	USD	-2,371,295.00		92,052,194.65	

Journal Details

Summary Balances

Recoverable Deferral Balance

Account 182350.ED.WA

Balance 11/30/05
 Amortization
 Interest
 Balance 12/31/05

Amount	Journal ID
\$94,423,489.65	
-2,771,079.00	481 - WA ERM
399,784.00	481 - WA ERM
<u>\$92,052,194.65</u>	

Detail Balances (AVA CORP) - 001.182360.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	-26,403.00		641,055.00	
200502	USD	-26,522.00		614,533.00	
200503	USD	-26,641.00		587,892.00	
200504	USD	-26,760.00		561,132.00	
200505	USD	-26,880.00		534,252.00	
200506	USD	-27,001.00		507,251.00	
200507	USD	-27,141.00		480,110.00	
200508	USD	-27,261.00		452,849.00	
200509	USD	-27,381.00		425,468.00	
200510	USD	-27,501.00		397,967.00	
200511	USD	-27,622.00		370,345.00	
200512	USD	-27,744.00		342,601.00	

Journal Details

Summary Balances

Contract Buyout Deferral Balance

Account 182360.ED.WA

Balance 11/30/05

Amortization*

Interest

Balance 12/31/05

Amount

\$370,345.00

-29,308.00 485 - ECB AMORT

1,564.00 485 - ECB AMORT

\$342,601.00

Journal ID

*Amount grossed-up from 90% to 100% for ERM deferral calculations

\$32,564

Detail Balances (AWA CORP) - DD1.186010.ED.WA.DL

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	9,031,191.00		31,191.00	
200502	USD	-1,979,851.00		2,011,042.00	
200503	USD	2,238,349.00		227,307.00	
200504	USD	1,405,401.00		1,632,708.00	
200505	USD	-3,247,308.00		-1,614,600.00	
200506	USD	905,444.00		-709,156.00	
200507	USD	3,131,961.00		2,422,805.00	
200508	USD	3,859,160.00		6,281,965.00	
200509	USD	1,254,523.00		7,536,488.00	
200510	USD	-2,801,206.00		4,735,282.00	
200511	USD	67,953.00		4,803,235.00	
200512	USD	4,196,765.00		9,000,000.00	

Journal Details

Summary Balances

ERM Deadband

Account 186010.ED.WA

Balance 11/30/05
 2005 deadband accumulation
 Balance 12/31/05

Amount	Journal ID
\$4,803,235.00	
4,196,765.00	481 - WA ERM
<u>\$9,000,000.00</u>	

Balance Type		Actual		Currency Type		Entered	
				Factor		Units	
Period	Currency	PTD	PTD Converted	YTD	YTD Converted		
200501	USD	9,031,191.00		31,191.00			
200502	USD	1,979,851.00		2,011,042.00			
200503	USD	-2,238,349.00		-227,307.00			
200504	USD	-1,405,401.00		-1,632,708.00			
200505	USD	3,247,308.00		1,614,600.00			
200506	USD	905,444.00		709,156.00			
200507	USD	-3,131,961.00		-2,422,805.00			
200508	USD	-3,859,160.00		-6,281,965.00			
200509	USD	-1,254,523.00		-7,536,488.00			
200510	USD	2,801,206.00		-4,735,282.00			
200511	USD	-67,953.00		-4,803,235.00			
200512	USD	-4,196,765.00		-9,000,000.00			

Journal Details

Summary Balances

ERM Deadband Contra Account
Account 186020.ED.WA
 Balance 11/30/05
 2005 deadband contra entry
 Balance 12/31/05

Amount	Journal ID
-\$4,803,235.00	
-4,196,765.00	481 - WA ERM
<u>-\$9,000,000.00</u>	

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	764,561.00		-38,858,120.00	
200502	USD	745,661.00		-38,112,459.00	
200503	USD	645,493.00		-37,466,966.00	
200504	USD	545,419.00		-36,921,547.00	
200505	USD	516,657.00		-36,404,890.00	
200506	USD	509,103.00		-35,895,787.00	
200507	USD	524,922.00		-35,370,865.00	
200508	USD	599,168.00		-34,771,697.00	
200509	USD	577,161.00		-34,194,536.00	
200510	USD	571,252.00		-33,623,284.00	
200511	USD	575,062.00		-33,048,222.00	
200512	USD	-618,562.00		-33,666,784.00	

Journal Details

Summary Balances

DFIT Associated with ERM Deferrals
Account 283280.ED.WA

Account 186280.ED.WA balance	\$4,138,618.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	92,052,194.65
Total	\$96,190,812.65
Federal income tax rate	-35%
Deferred FIT related to deferrals	-\$33,666,784
Rounding	0
Balance in account	-\$33,666,784

Balance Type **Actual**

Currency Type **Entered**

Factor **Units**



Period	Currency	PTD	PTD Converted	YTD	YTD Converted
200501	USD	9,241.00		-224,372.00	
200502	USD	9,283.00		-215,089.00	
200503	USD	9,324.00		-205,765.00	
200504	USD	9,366.00		-196,399.00	
200505	USD	9,408.00		-186,991.00	
200506	USD	9,450.00		-177,541.00	
200507	USD	9,500.00		-168,041.00	
200508	USD	9,542.00		-158,499.00	
200509	USD	9,584.00		-148,915.00	
200510	USD	9,626.00		-139,289.00	
200511	USD	9,668.00		-129,621.00	
200512	USD	9,711.00		-119,910.00	

Journal Details

Summary Balances

**DFIT Associated with Contract Buyout Deferral
 Account 283360.ED.WA**

Account 182360.ED.WA balance	\$342,601.00
Federal income tax rate	-35%
Deferred FIT related to contract buyout deferral	-\$119,910
Rounding	0
Balance in account	-\$119,910

Avista Corporation Journal Entry

Effective Date: 200512

Journal: NSJ039 - Restate December WA ERM

Team: Resource Accounting

Last Saved by: Lori Hamilton

Last Saved: 01/09/2006 4:53 PM

Type: C

Submitted by: Lori Hamilton

Category: NSJ

Seq.	FERC	Ser.	Jur.	S.I.	Debit	Credit	Comment
10	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL	97,175.00		WA ERM current month deferral
20	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL		97,175.00	WA ERM current year deferral
30	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL		214.00	Accrue interest on current year deferral
40	419600 - INTEREST ON ENERGY DEFERRALS	ED	WA	DL	214.00		Non-utility interest income
50	410100 - PRV DFIT DR	ED	WA	DL		34,011.00	DFIT entry for power supply deferral
60	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL		75.00	Non-op DFIT entry for interest income
70	283280 - ADFIT ERM	ED	WA	DL	34,086.00		ADFIT WA ERM current and prior years
TOTALS:					131,475.00	131,475.00	

L. Hamilton
Prepared by Lori Hamilton
Date: 1/10/06

Jani Judge
Reviewed by
Date: 1/10/06

Approved for Entry
Corporate Accounting use Only
Date

Explanation:
Restate deferred expense, interest, and deferred taxes for GST refund difference allocated to Turbine Gas Supply.

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 12/31/04 is 8.28%--				Actual cost of debt at 6/30/05 is 8.12%			
The monthly rate is:		0.00690	Before Tax	The monthly rate is:		0.00676667	Before Tax
		0.0044850	After Tax			0.0043983	After Tax
		0.35	Tax rate			0.35	Tax rate
Account 186280		2005 Interest					
12-31-2004	GL Balance including interest	\$10,777,698.00					
01-01-2005	GL Balance	(\$10,777,698.00)	Transfer to 186290				
01-01-2005	GL Balance	0					
DJ 481 - WA ERM				Dec-05	DFIT Expense	ADFIT	
Dec-05 ERM Deferral		4,226,712		Deferral	1,479,349	Operating	(1,479,349)
Dec-05 Interest			9,295	Interest	3,253	Nonoperating	(3,253)
12-31-2005 Balance before interest		4,226,712		1,482,602		Total	(1,482,602)
Recalculated w/ GST				Dec-05	DFIT Expense	ADFIT	
Dec-05 ERM Deferral		4,129,537		Deferral	1,445,338	Operating	(1,445,338)
Dec-05 Interest			9,081	Interest	3,178	Nonoperating	(3,178)
12-31-2005 Balance before interest		4,129,537		1,448,516		Total	(1,448,516)
Correcting Entry on NSJ039							
	Account			Account		DFIT / ADFIT	
ERM Deferral	557280	97,175		410100	(34,011)	Operating	
ERM Deferral	186280	(97,175)		410200	(75)	Nonoperating	
				283280	34,086	Total	
Interest	419600	214					
ERM Deferral	186280	(214)					

01-09-2006 4:03 PM SW

△ (97,175)

AVISTA UTILITIES
WASHINGTON POWER COST DEFERRALS

Line No.	WASHINGTON ACTUALS-2005	Actual Jan-05	Actual Feb-05	Actual Mar-05	Actual Apr-05	Actual May-05	Actual Jun-05	Actual Jul-05	Actual Aug-05	Actual Sep-05	Actual Oct-05	Actual Nov-05	Actual Dec-05
1	555 Purchased Power	\$259,998,844	\$ 15,444,404	\$22,352,133	\$ 16,486,668	\$ 17,939,891	\$22,013,132	\$25,544,710	\$ 23,044,848	\$21,986,578	\$ 24,964,136	\$ 34,804,138	
2	501 Thermal Fuel	\$21,851,262	\$ 1,705,350	\$ 1,631,062	\$ 1,905,839	\$ 1,289,837	\$ 1,643,869	\$ 1,983,617	\$ 1,989,378	\$ 2,062,542	\$ 1,667,481	\$ 1,956,289	\$ 2,153,823
3	547 CT Fuel	\$71,182,560	\$ 3,103,807	\$ 6,421,318	\$ 7,702,451	\$ 6,754,860	\$ 953,664	\$ 484,878	\$ 5,468,404	\$ 7,205,940	\$ 7,590,548	\$ 7,249,801	\$ 10,784,319
4	447 Sale for Resale	\$221,803,806	\$ 8,099,204	\$ 14,359,641	\$18,494,795	\$18,376,602	\$ 20,560,146	\$ 21,110,600	\$19,822,476	\$17,633,348	\$21,077,407	\$ 19,759,931	\$24,037,299
5	Actual Net Expense	\$131,228,860	\$ 9,137,143	\$13,465,638	\$ 8,671,835	\$ (1,829,977)	\$ (1,041,961)	\$ 9,642,677	\$16,524,290	\$ 14,679,982	\$10,167,200	\$14,410,295	\$23,704,981
6	Pollatch 25 aMW directly assigned to ID	(\$7,084,650)	\$ (601,710)	\$ (543,480)	\$ (601,710)	\$ (581,491)	\$ (601,710)	\$ (601,710)	\$ (601,710)	\$ (582,300)	\$ (602,519)	\$ (582,300)	\$ (601,710)
7	Pollatch 62 aMW directly assigned to ID	(\$22,216,377)	\$ (1,807,447)	\$ (1,478,409)	\$ (1,969,470)	\$ (1,841,697)	\$ (1,417,691)	\$ (1,976,294)	\$ (1,932,387)	\$ (1,949,426)	\$ (1,985,050)	\$ (1,888,162)	\$ (1,987,067)
8	Adjusted Actual Net Expense	\$101,927,833	\$ 6,786,216	\$11,384,519	\$ 6,120,874	\$ (4,273,384)	\$ (3,041,952)	\$ 7,064,673	\$13,990,193	\$ 12,148,256	\$ 7,579,631	\$11,941,833	\$21,116,204
AUTHORIZED NET EXPENSE-SYSTEM													
9	555 Purchased Power	\$68,370,477	\$ 6,873,178	\$6,877,530	\$2,970,502	\$1,220,238	\$781,522	\$5,416,130	\$7,510,269	\$6,079,663	\$6,429,357	\$8,215,787	\$ 8,175,700
10	501 Thermal Fuel	\$15,777,429	\$ 1,497,543	\$ 1,328,377	\$1,321,593	\$566,463	\$1,103,034	\$1,501,955	\$1,550,936	\$1,519,166	\$1,449,825	\$1,289,090	\$ 1,455,980
11	547 CT Fuel	\$30,931,880	\$ 3,209,570	\$ 2,713,553	\$2,216,117	\$642,820	\$1,720,868	\$3,644,073	\$4,169,327	\$4,111,073	\$2,703,227	\$2,355,980	\$ 2,142,305
12	447 Sale for Resale	\$49,213,167	\$ 3,395,816	\$ 3,610,669	\$2,796,420	\$2,752,789	\$8,044,766	\$ 9,136,979	\$ 5,227,898	\$ 4,654,564	\$ 1,545,341	\$ 2,563,932	\$ 3,561,787
13	Authorized Net Expense	\$65,866,619	\$ 9,131,898	\$ 7,304,439	\$7,618,820	\$ (323,268)	\$ (4,439,362)	\$1,425,179	\$8,002,694	\$7,055,338	\$9,037,068	\$9,296,925	\$8,212,198
14	Actual - Authorized Net Expense	\$36,061,214	\$ 1,978,872	\$ (518,223)	\$ 3,765,699	\$ 2,576,184	\$ (3,950,116)	\$ 5,639,494	\$ 5,987,499	\$ 5,092,918	\$ (1,457,437)	\$ 2,644,908	\$12,904,006
15	Net Fuel Expense not Incl in Acct 547 (1)	\$ (5,194,505)	\$ (456,235)	\$ (91,865)	\$ (514,247)	\$ (201,950)	\$ (606,882)	\$ (522,343)	\$ (496,358)	\$ (579,199)	\$ (479,645)	\$ (1,085,276)	\$ (756,847)
16	Adjusted Actual - Authorized Net Exp	\$ 30,866,709	\$ 1,522,637	\$ (610,068)	\$ 3,251,452	\$ (2,374,234)	\$ (1,993,762)	\$ 5,117,151	\$ 5,491,141	\$ 4,513,719	\$ (1,937,082)	\$ 1,559,632	\$12,147,159
17	Washington Alloc. @ 66.29%	\$20,461,541	\$1,009,356	(\$404,427)	\$2,155,388	\$1,573,880	(\$3,020,841)	\$1,321,665	\$3,392,159	\$2,992,144	(\$1,284,092)	\$1,033,980	\$8,052,352
18	Enron Contract Buyout 100%	\$390,924	\$32,590	\$32,590	\$32,590	\$32,590	\$32,590	\$32,564	\$32,564	\$32,564	\$32,564	\$32,564	\$32,564
19	WA Retail Revenue Adjustment	\$ (7,264,091)	\$ (1,073,137)	\$ (1,608,014)	\$50,371	(\$201,069)	(\$448,811)	(\$292,762)	\$186,519	(\$1,770,185)	(\$1,549,678)	(\$998,491)	\$700,223
20	Net Power Cost Increase (Decrease)	\$ 13,588,374	\$ (31,191)	\$ (1,979,851)	\$2,298,349	\$1,405,401	(\$3,247,308)	\$905,444	\$3,131,961	\$3,859,160	\$1,254,523	\$67,953	\$8,785,139
21	Cummulative Balance		(\$31,191)	(\$2,011,042)	\$227,307	\$1,632,708	(\$1,614,600)	\$2,422,805	\$6,281,965	\$7,536,488	\$4,735,282	\$4,803,235	\$13,588,374
22	Less \$9 million Company Band	\$ (9,000,000)											(\$9,000,000)
23	100% Net Power Cost above Company Band	\$ 4,588,374											\$4,588,374
24	90% Net Power Cost above Company Band	\$ 4,129,537											\$4,129,537

Avista Corporation Journal Entry

Effective Date: 200512

Journal: NSJ033 - Gas deferral and amt correction

Team: Resource Accounting

Last Saved by: Linda Donley Last Saved: 01/09/2006 3:56 PM

Type: C

Category: NSJ

Seq.	FERC	Debit	Credit	Comment
10	191010 - UNRECOVERED PURCHASE COST DEFERRED	402,107.18		WA Deferral Proration
20	805120 - DFR COSTS		402,107.18	
30	191000 - RECOVERABLE PURCHASED GAS COSTS	3,265.51		WA Amortization Proration
40	805110 - AMORT GAS COSTS		3,265.51	
50	191010 - UNRECOVERED PURCHASE COST DEFERRED	126,109.96		ID Deferral Proration
60	805120 - DFR COSTS		126,109.96	
70	191000 - RECOVERABLE PURCHASED GAS COSTS	10,717.53		ID Amortization Proration
80	805110 - AMORT GAS COSTS		10,717.53	
90	804000 - WA/ID PURCHASES	152,387.44		Allocate GST currency difference to WA/ID Commodity
100	804000 - WA/ID PURCHASES	43,839.73		Allocate GST currency difference to OR commodity
110	557150 - FUEL ECONOMIC DISPATCH	162,879.86		Allocate GST currency difference to Thermal
120	184020 - GST	359,107.03		Clear GST currency difference suspense account
TOTALS:		901,307.21	901,307.21	

*- essentially
- May, June, July, and August
- Received GST refunds
- October, November, and December*

Explanation:
A portion of 11/2005 billed usage occurred in 10/2005. This entry matches the 10/2005 usage with the gas commodity, demand and amort rates effective in 10/2005. Allocate GST currency difference balance to correct service & jurisdiction.

Avista Corporation Journal Entry

Journal: 481-WA ERM

Team: Resource Accounting

Type: C

Category: DJ

Effective Date: 200512

Last Saved by: Lori Hamilton

Last Saved: 01/06/2006 4:14 PM

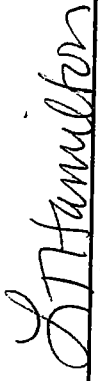
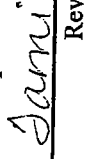
Submitted by: Lori Hamilton

<u>Seq.</u>	<u>FERC</u>	<u>Ser.</u>	<u>Jur.</u>	<u>S.I.</u>	<u>Debit</u>	<u>Credit</u>	<u>Comment</u>
10	557290 - WA ERM AMORTIZATION	ED	WA	DL	2,771,079.00		WA ERM surcharge amortization
20	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL		2,771,079.00	WA ERM authorized for recovery
30	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL		4,226,712.00	WA ERM current month deferral
40	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL	4,226,712.00		WA ERM current year deferral
50	182350 - REGULATORY ASSET ERM APPROVED FOR	ED	WA	DL	399,784.00		Accrue interest on deferral balance authorized for recovery
60	186280 - REGULATORY ASSET ERM DEFERRED CURRENT	ED	WA	DL	9,295.00		Accrue interest on current year deferral balance
70	186290 - REGULATORY ASSET ERM DEFERRED LAST	ED	WA	DL	0.00		Accrue interest on previous year deferral balance
80	419600 - INTEREST ON ENERGY DEFERRALS	ED	WA	DL		409,079.00	Non-utility interest income
90	410100 - PRV DFIT DR	ED	WA	DL	509,471.00		DFIT entry for power supply deferral and surcharge amortization
100	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	143,177.00		Non-op DFIT entry for interest income
110	283280 - ADFIT ERM	ED	WA	DL		652,648.00	ADFIT WA ERM current and prior years
120	186010 - REGULATORY ASSET ERM YTD COMPANY BAND	ED	WA	DL	4,196,765.00		Track YTD company band accumulation
130	186020 - REGULATORY ASSET ERM YTD CONTRA	ED	WA	DL		4,196,765.00	Contra account for YTD company band accumulation
	TOTALS:				12,256,283.00	12,256,283.00	

Avista Corporation Journal Entry

Journal: 481-WA ERM
 Team: Resource Accounting
 Type: C
 Category: DJ
 Effective Date: 200512
 Last Saved by: Lori Hamilton
 Submitted by: Lori Hamilton
 Last Saved: 01/06/2006 4:14 PM

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


 Prepared by Lori Hamilton

 Reviewed by
 Date: 1/6/06
 Date: 1/6/06

Approved for Entry
 Corporate Accounting use Only
 Date

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 12/31/04 is 8.28%			Actual cost of debt at 6/30/05 is 8.12%			
The monthly rate is:			The monthly rate is:			
	0.00600	Before Tax		0.00676667	Before Tax	
	0.0044850	After Tax		0.0043983	After Tax	
	0.35	Tax rate		0.35	Tax rate	
Account 182350		2005 Interest				
12-31-2004	GL Balance including interest	102,429,967		Jan-05	DFIT Expense	ADFIT
Jan-05	Surcharge Amortization	(2,686,159)		Amortization	(940,160)	Operating 940,160
Jan-05	Interest		453,375	Interest	158,681	Nonoperating (158,681)
01-31-2005	Balance before interest	99,743,808			(781,479)	Total 781,479
				Feb-05	DFIT Expense	ADFIT
Feb-05	Surcharge Amortization	(2,620,290)		Amortization	(917,095)	Operating 917,095
Feb-05	Interest		441,475	Interest	154,516	Nonoperating (154,516)
02-28-2005	Balance before interest	97,123,518			(762,579)	Total 762,579
				Mar-05	DFIT Expense	ADFIT
Mar-05	Surcharge Amortization	(2,274,763)		Amortization	(796,167)	Operating 796,167
Mar-05	Interest		430,498	Interest	150,674	Nonoperating (150,674)
03-31-2005	Balance before interest	94,848,755			(645,493)	Total 645,493
				Apr-05	DFIT Expense	ADFIT
Apr-05	Surcharge Amortization	(2,075,747)		Amortization	(726,511)	Operating 726,511
Apr-05	Interest		420,742	Interest	147,260	Nonoperating (147,260)
04-30-2005	Balance before interest	92,773,008			(579,251)	Total 579,251
				May-05	DFIT Expense	ADFIT
May-05	Surcharge Amortization	(1,936,245)		Amortization	(677,686)	Operating 677,686
May-05	Interest		411,745	Interest	144,111	Nonoperating (144,111)
05-31-2005	Balance before interest	90,836,763			(533,575)	Total 533,575
				Jun-05	DFIT Expense	ADFIT
Jun-05	Surcharge Amortization	(1,906,046)		Amortization	(667,116)	Operating 667,116
Jun-05	Interest		403,129	Interest	141,095	Nonoperating (141,095)
06-30-2005	Balance before interest	88,930,717			(526,021)	Total 526,021
06-30-2005	Transfer from 186290	11,067,726				
06-30-2005	GL Balance including interest	102,559,407		Jul-05	DFIT Expense	ADFIT
Jul-05	Surcharge Amortization	(1,946,582)		Amortization	(681,304)	Operating 681,304
Jul-05	Interest		446,806	Interest	156,382	Nonoperating (156,382)
07-31-2005	Balance before interest	100,612,825			(524,922)	Total 524,922
				Aug-04	DFIT Expense	ADFIT
Aug-04	Surcharge Amortization	(2,149,705)		Amortization	(752,397)	Operating 752,397
Aug-04	Interest		437,798	Interest	153,229	Nonoperating (153,229)
08-31-2005	Balance before interest	98,463,120			(599,168)	Total 599,168
				Sep-05	DFIT Expense	ADFIT
Sep-05	Surcharge Amortization	(2,077,535)		Amortization	(727,137)	Operating 727,137
Sep-05	Interest		428,502	Interest	149,976	Nonoperating (149,976)
09-30-2005	Balance before interest	96,385,585			(577,161)	Total 577,161
				Oct-05	DFIT Expense	ADFIT
Oct-05	Surcharge Amortization	(2,051,568)		Amortization	(718,049)	Operating 718,049
Oct-05	Interest		419,421	Interest	146,797	Nonoperating (146,797)
10-31-2005	Balance before interest	94,334,017			(571,252)	Total 571,252
				Nov-05	DFIT Expense	ADFIT
Nov-05	Surcharge Amortization	(2,053,447)		Amortization	(718,706)	Operating 718,706
Nov-05	Interest		410,393	Interest	143,644	Nonoperating (143,644)
11-30-2005	Balance before interest	92,280,570			(575,062)	Total 575,062
				Dec-05	DFIT Expense	ADFIT
Dec-05	Surcharge Amortization	(2,771,079)		Amortization	(969,878)	Operating 969,878
Dec-05	Interest		399,784	Interest	139,924	Nonoperating (139,924)
12-31-2005	Balance before Interest	89,509,491			(829,954)	Total 829,954
				GL Balance	Activity	GL Balance
				11-30-2005	Dec-05	12-31-2005
	Net ERM Balance	92,052,195		94,423,490	(2,371,295)	92,052,195
	ADFIT Balance	(32,218,268)				

Changes Semiannually on January 1 and July 1 Beginning 7/1/02
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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 12/31/04 is 8.28% The monthly rate is:	0.00690 Before Tax 0.0044850 After Tax 0.35 Tax rate	Actual cost of debt at 6/30/05 is 8.12% The monthly rate is:	0.00676667 Before Tax 0.0043983 After Tax 0.35 Tax rate
------------------------------------------------------------------	------------------------------------------------------------	-----------------------------------------------------------------	---------------------------------------------------------------

Account 186280		2005 Interest				
12-31-2004	GL Balance including interest	\$10,777,698.00				
01-01-2005	GL Balance	(\$10,777,698.00)	Transfer to 186290			
01-01-2005	GL Balance	0				
				Jan-05	DFIT Expense	ADFIT
Jan-05	ERM Deferral	0	Deferral	0	Operating	0
Jan-05	Interest	0	Interest	0	Nonoperating	0
01-31-2005	Balance before interest	0			Total	0
				Feb-05	DFIT Expense	ADFIT
Feb-05	ERM Deferral	0	Deferral	0	Operating	0
Feb-05	Interest	0	Interest	0	Nonoperating	0
02-28-2005	Balance before interest	0			Total	0
				Mar-05	DFIT Expense	ADFIT
Mar-05	ERM Deferral	0	Deferral	0	Operating	0
Mar-05	Interest	0	Interest	0	Nonoperating	0
03-31-2005	Balance before interest	0			Total	0
				Apr-05	DFIT Expense	ADFIT
Apr-05	ERM Deferral	0	Deferral	0	Operating	0
Apr-05	Interest	0	Interest	0	Nonoperating	0
04-30-2005	Balance before interest	0			Total	0
				May-05	DFIT Expense	ADFIT
May-05	ERM Deferral	0	Deferral	0	Operating	0
May-05	Interest	0	Interest	0	Nonoperating	0
05-31-2005	Balance before interest	0			Total	0
				Jun-05	DFIT Expense	ADFIT
Jun-05	ERM Deferral		Deferral	0	Operating	0
Jun-05	Interest	0	Interest	0	Nonoperating	0
06-30-2005	Balance before interest	0			Total	0
06-30-2005	GL Balance including interest	0		Jul-05	DFIT Expense	ADFIT
Jul-05	ERM Deferral		Deferral	0	Operating	0
Jul-05	Interest	0	Interest	0	Nonoperating	0
07-31-2005	Balance before interest	0			Total	0
				Aug-05	DFIT Expense	ADFIT
Aug-05	ERM Deferral		Deferral	0	Operating	0
Aug-05	Interest	0	Interest	0	Nonoperating	0
08-31-2005	Balance before interest	0			Total	0
				Sep-05	DFIT Expense	ADFIT
Sep-05	ERM Deferral		Deferral	0	Operating	0
Sep-05	Interest	0	Interest	0	Nonoperating	0
09-30-2005	Balance before interest	0			Total	0
				Oct-05	DFIT Expense	ADFIT
Oct-05	ERM Deferral		Deferral	0	Operating	0
Oct-05	Interest	0	Interest	0	Nonoperating	0
10-31-2005	Balance before interest	0			Total	0
				Nov-05	DFIT Expense	ADFIT
Nov-05	ERM Deferral		Deferral	0	Operating	0
Nov-05	Interest	0	Interest	0	Nonoperating	0
11-30-2005	Balance before interest	0			Total	0

Dec-05 ERM Deferral	4,226,712		Dec-05	DFIT Expense	ADFIT
Dec-05 Interest		9,295	Deferral	1,479,349	Operating (1,479,349)
12-31-2005 Balance before Interest	4,226,712		Interest	3,253	Nonoperating (3,253)
				1,482,602	Total (1,482,602)

			GL Balance	Activity	GL Balance
	Net ERM Balance	4,236,007	11-30-05	Dec-05	12-31-05
			0	4,236,007	4,236,007
	ADFIT Balance	(1,482,602)			

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 12/31/04 is 8.28%.			Actual cost of debt at 6/30/05 is 8.12%			
The monthly rate is:			0.00690 Before Tax		0.00676667 Before Tax	
			0.0044850 After Tax		0.0043983 After Tax	
			0.35 Tax rate		0.35 Tax rate	
Account 186290			2005 Interest			
12-31-2004	GL Balance including interest	0				
12-31-2004	Transfer from 918628	\$10,777,698.00				
01-01-2005	GL Balance including interest	\$10,777,698.00		<u>Jan-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Jan-05	ERM Transfer to 182350	0		Deferral	0	Operating 0
Jan-05	Interest		48,338	Interest	16,918	Nonoperating (16,918)
01-31-2005	Balance before interest	10,777,698			16,918	Total (16,918)
				<u>Feb-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Feb-05	ERM Transfer to 182350	0		Deferral	0	Operating 0
Feb-05	Interest		48,338	Interest	16,918	Nonoperating (16,918)
02-28-2005	Balance before interest	10,777,698			16,918	Total (16,918)
				<u>Mar-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Mar-05	ERM Transfer to 182350	0		Deferral	0	Operating 0
Mar-05	Interest		48,338	Interest	16,918	Nonoperating (16,918)
03-31-2005	Balance before interest	10,777,698			16,918	Total (16,918)
				<u>Apr-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Apr-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Apr-05	Interest		48,338	Interest	16,914	Nonoperating (16,914)
04-30-2005	Balance before interest	10,777,698			16,914	Total (16,914)
				<u>May-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
May-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
May-05	Interest		48,338	Interest	16,918	Nonoperating (16,918)
05-31-2005	Balance before interest	10,777,698			16,918	Total (16,918)
				<u>Jun-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Jun-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Jun-05	Interest		48,338	Interest	16,918	Nonoperating (16,918)
06-30-2005	Balance before interest	10,777,698			16,918	Total (16,918)
06-30-2005	GL Balance including interest	11,067,726		<u>Jun-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
06-30-2005	ERM Transfer to 182350	(11,067,726)		Deferral	0	Operating 0
Jul-05	Interest		0	Interest	0	Nonoperating 0
07-31-2005	Balance before interest	0			0	Total 0
				<u>Aug-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Aug-05	ERM Transfer to 18235			Deferral	0	Operating 0
Aug-05	Interest		0	Interest	0	Nonoperating 0
08-31-2005	Balance before interest	0			0	Total 0
				<u>Sep-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Sep-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Sep-05	Interest		0	Interest	0	Nonoperating 0
09-30-2005	Balance before interest	0			0	Total 0
				<u>Oct-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Oct-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Oct-05	Interest		0	Interest	0	Nonoperating 0
10-31-2005	Balance before interest	0			0	Total 0
				<u>Nov-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Nov-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Nov-05	Interest		0	Interest	0	Nonoperating 0
11-30-2005	Balance before interest	0			0	Total 0
				<u>Dec-05</u>	<u>DFIT Expense</u>	<u>ADFIT</u>
Dec-05	ERM Transfer to 18235	0		Deferral	0	Operating 0
Dec-05	Interest		0	Interest	0	Nonoperating 0
12-31-2005	Balance before interest	0			0	Total 0
	Net ERM Balance	0		GL Balance	Activity	GL Balance
				11-30-05	Dec-05	12-31-05
	ADFIT Balance	0		0.00	0.00	0.00
	<i>Annual Filing for Prudency Review made March 30, 2005</i>					
	Order received 6/29/2005 per Ron Mckenzie					
	Transfer \$11,067,726 to 182350 after interest calculation is made					

Tax Rate	35%	DJ481 LTD	DJ481 LTD	DJ481 LTD			DJ481 CURMO		
	283280	283280	283280	283280		283280	283280	283280	
DJ702	BEGINNING	ADFIT	ADFIT	ADFIT		BALANCE	FOR ALL	ENDING	
	BALANCE	182350	186280	186290		COMPONENTS	ACCOUNTS	BALANCE	
10-31-2004	(40,666,732)	(37,116,384)	(3,550,347)	0		(40,666,731)	1	(40,666,731)	
11-30-2004	(39,862,249)	(36,564,060)	(3,298,189)	0		(39,862,249)	0	(39,862,249)	
12-31-2004	(39,622,681)	(35,850,488)	(3,772,194)	0		(39,622,682)	0	(39,622,681)	
01-31-2005	(39,622,681)	(35,069,014)	0	(3,789,113)		(38,858,127)	764,554	(38,858,127)	
02-28-2005	(38,858,120)	(34,306,429)	0	(3,806,031)		(38,112,460)	745,660	(38,112,460)	
03-31-2005	(38,112,459)	(33,660,936)	0	(3,806,031)		(37,466,967)	645,492	(37,466,967)	
04-30-2005	(37,466,966)	(33,081,684)	0	(3,839,868)		(36,921,552)	545,414	(36,921,552)	
05-31-2005	(36,921,547)	(32,548,109)	0	(3,856,786)		(36,404,895)	516,657	(36,404,890)	
06-30-2005	(36,404,890)	(32,022,088)	0	(3,873,704)		(35,895,792)	509,103	(35,895,787)	
07-31-2005	(35,895,787)	(35,370,871)	0	0		(35,370,871)	524,922	(35,370,865)	
08-31-2005	(35,370,865)	(34,771,703)	0	0		(34,771,703)	599,168	(34,771,697)	
09-30-2005	(34,771,697)	(34,194,542)	0	0		(34,194,542)	577,161	(34,194,536)	
10-31-2005	(34,194,536)	(33,623,290)	0	0		(33,623,290)	571,252	(33,623,284)	
11-30-2005	(33,623,284)	(33,048,222)	0	0		(33,048,222)	575,062	(33,048,222)	
12-31-2005	(33,048,222)	(32,218,268)	(1,482,602)	0		(33,700,870)	(652,648)	(33,700,870)	
			ADFIT			Interest			
		410100	410200	283280		182350	186280	186290	419600
01-31-2005	182350	(940,160)	158,681	781,479		453,375	0	48,338	(501,713)
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(940,160)	175,599	764,561					
02-28-2005	182350	(917,095)	154,516	762,579		441,475	0	48,338	(489,813)
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(917,095)	171,434	745,661					
03-31-2005	182350	(796,167)	150,674	645,493		430,498	0	48,338	(478,836)
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(796,167)	167,592	628,575					
04-30-2005	182350	(726,511)	147,260	579,251		420,742	0	48,338	(469,080)
	186280	0	0	0					
	186290	0	16,914	(16,914)					
Total		(726,511)	164,174	562,337					
05-31-2005	182350	(677,686)	144,111	533,575		411,745	0	48,338	(460,083)
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(677,686)	161,029	516,657					
06-30-2005	182350	(667,116)	141,095	526,021		403,129	0	48,338	(451,467)
	186280	0	0	0					
	186290	0	16,918	(16,918)					
Total		(667,116)	158,013	509,103					
07-31-2005	182350	(681,304)	156,382	524,922		446,806	0	0	(446,806)
	186280	0	0	0					
	186290	0	0	0					
Total		(681,304)	156,382	524,922					
08-31-2005	182350	(752,397)	153,229	599,168		437,798	0	0	(437,798)
	186280	0	0	0					
	186290	0	0	0					
Total		(752,397)	153,229	599,168					
09-30-2005	182350	(727,137)	149,976	577,161		428,502	0	0	(428,502)
	186280	0	0	0					
	186290	0	0	0					
Total		(727,137)	149,976	577,161					
10-31-2005	182350	(718,049)	146,797	571,252		419,421	0	0	(419,421)
	186280	0	0	0					
	186290	0	0	0					
Total		(718,049)	146,797	571,252					
11-30-2005	182350	(718,706)	143,644	575,062		410,393	0	0	(410,393)
	186280	0	0	0					
	186290	0	0	0					
Total		(718,706)	143,644	575,062					
12-31-2005	182350	(969,878)	139,924	829,954		399,784	9,295	0	(409,079)
	186280	1,479,349	3,253	(1,482,602)					
	186290	0	0	0					
Total		509,471	143,177	(652,648)					
	Total interest 2005		5,402,991						
	Total non op DFIT 2005		1,891,047						
	Total 410200 2005		1,891,046						

			YTD	YTD	
			WA ERM	WA ERM	
			Company	Contra	Total
			Band	Account	GL
			186010	186020	Impact
12-31-2004	Balance		\$9,000,000	(\$9,000,000)	\$0
2004 Requirement		\$9,000,000			
Jan-05	Reverse 2004		(\$9,000,000)	\$9,000,000	\$0
Jan-05	Activity		(\$31,191)	\$31,191	
01-31-2005	Balance		(\$31,191)	\$31,191	\$0
Feb-05	Activity		(\$1,979,851)	\$1,979,851	
02-28-2005	Balance		(\$2,011,042)	\$2,011,042	\$0
Mar-05	Activity		\$2,238,349	(\$2,238,349)	
03-31-2005	Balance		\$227,307	(\$227,307)	\$0
Apr-05	Activity		\$1,405,401	(\$1,405,401)	
04-30-2005	Balance		\$1,632,708	(\$1,632,708)	\$0
May-05	Activity		(\$3,247,308)	\$3,247,308	
05-31-2005	Balance		(\$1,614,600)	\$1,614,600	\$0
Jun-05	Activity		\$905,444	(\$905,444)	
06-30-2005	Balance		(\$709,156)	\$709,156	\$0
Jul-05	Activity		\$3,131,961	(\$3,131,961)	
07-31-2005	Balance		\$2,422,805	(\$2,422,805)	\$0
Aug-05	Activity		\$3,859,160	(\$3,859,160)	
08-31-2005	Balance		\$6,281,965	(\$6,281,965)	\$0
Sep-05	Activity		\$1,254,523	(\$1,254,523)	
09-30-2005	Balance		\$7,536,488	(\$7,536,488)	\$0
Oct-05	Activity		(\$2,801,206)	\$2,801,206	
10-31-2005	Balance		\$4,735,282	(\$4,735,282)	\$0
Nov-05	Activity		\$67,953	(\$67,953)	
11-30-2005	Balance		\$4,803,235	(\$4,803,235)	\$0
Dec-05	Activity		\$4,196,765	(\$4,196,765)	
12-31-2005	Balance		\$9,000,000	(\$9,000,000)	\$0

AVISTA CORPORATION
 DECEMBER 2005 WASHINGTON ELECTRIC SURCHARGE REVENUE & DEFERRAL AMORTIZATION

Schedule (a)	Sch 1 Block Percent (b)	kWh or \$ (c)	Surcharge Rate On/After 1-Jul-02 (d)	Revenue (e) (c)*(d)	Conversion Factor (f)	Deferral Amortization (g) (e)*(f)
1 (0-600 kWh)	41.408%	106,391,292	0.405¢	\$430,885	0.956277	\$412,045
1 (601-1300 kWh)	30.704%	78,889,061	0.607¢	478,857	0.956277	457,920
1 (over 1300 kWh)	27.888%	71,653,795	0.853¢	611,207	0.956277	584,483
Total Sch 1	100.000%	256,934,148		1,520,949		1,454,448
11		34,376,807	0.788¢	270,889	0.956277	259,045
12		4,436,749	0.788¢	34,962	0.956277	33,433
21		133,908,069	0.549¢	735,155	0.956277	703,012
22		3,888,753	0.549¢	20,251	0.956277	19,366
25		76,327,731	0.352¢	268,674	0.956277	256,927
30		1,400	0.485¢	7	0.956277	7
31		3,034,304	0.485¢	14,716	0.956277	14,073
32		174,018	0.485¢	844	0.956277	807
41-46		\$215,386	109.78%	19,188	0.956277	18,349
47		\$80,714	109.78%	7,191	0.956277	6,877
48		\$55,590	109.78%	4,952	0.956277	4,735
Schedule Totals		512,881,979		\$2,897,778		\$2,771,079 Amortization
kWh not subject to surcharge		0				-35%
Schedule 28						(\$969,878) DFIT Expense
Sch 41-48		1,978,452				
Total kWh		514,860,431				

Electric Revenue Report by Revenue Class
Current Month and Year-to-Date
 for Accounting Period : 200512 , State Code : WA

Accounting Period: 200512 State Code: WA

Rate Schedule Num	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
001	191,972	256,934,148	15,117,985	189,285	2,226,057,855	128,804,361
011	18,497	34,376,807	2,996,450	18,320	340,983,148	29,915,394
012	7,015	4,436,749	390,096	6,868	39,871,762	3,623,002
021	3,292	133,908,069	8,701,148	3,284	1,494,319,145	98,389,755
022	75	3,688,753	217,991	71	46,623,849	2,696,955
025	21	76,327,731	3,254,084	21	919,546,825	39,257,672
028	0	0	15,400	1	201,180	196,842
030	40	1,400	310	40	23,748,967	1,184,627
031	1,034	3,034,304	185,424	1,035	87,208,208	5,074,644
032	1,087	174,018	16,433	1,077	8,446,083	539,013
041	11	12,542	2,299	12	48,598	15,155
042	230	846,004	193,181	222	12,517,538	2,851,481
044	13	21,600	1,890	13	259,200	22,678
045	7	94,365	4,914	7	1,926,098	86,672
046	16	185,050	13,102	16	2,247,925	159,115
047	0	504,120	80,714	0	6,070,202	968,933
048	0	314,771	55,590	0	3,788,122	666,418
058	0	0	1,078,331	0	0	10,865,946
058A	0	0	-7,428	0	0	-70,242

Electric Revenue Report by Revenue Class
Current Month and Year-to-Date
for Accounting Period : 200512 , State Code : WA

Accounting Period: 200512 State Code: WA

	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
090	0	0	4	0	0	48
095	0	0	10,615	0	0	122,059
099	0	0	41,412	0	0	593,851
Total WA	223,310	514,860,431	32,369,944	220,271	5,213,864,705	325,964,379
Total WA	223,310	514,860,431	32,369,944	220,271	5,213,864,705	325,964,379

Avista Utilities
 WASHINGTON POWER COST DEFERRALS

Line No.	WASHINGTON ACTUALS-2005	Actual Jan-05	Actual Feb-05	Actual Mar-05	Actual Apr-05	Actual May-05	Actual Jun-05	Actual Jul-05	Actual Aug-05	Actual Sep-05	Actual Oct-05	Actual Nov-05	Actual Dec-05
1	555 Purchased Power	\$259,998,844	\$15,444,404	\$22,352,133	\$18,431,402	\$16,486,668	\$17,939,891	\$22,013,132	\$25,544,710	\$23,044,848	\$21,986,578	\$24,964,136	\$34,804,138
2	501 Thermal Fuel	\$21,851,262	\$1,705,350	\$1,631,062	\$1,862,175	\$1,289,837	\$1,643,669	\$1,983,617	\$1,989,378	\$2,082,542	\$1,667,481	\$1,956,289	\$2,153,823
3	547 CT Fuel	\$71,182,560	\$3,103,807	\$6,421,318	\$7,702,451	\$953,664	\$484,879	\$5,468,404	\$7,462,569	\$7,205,940	\$7,590,548	\$7,249,801	\$10,784,319
4	447 Sale for Resale	\$221,803,806	\$8,099,204	\$14,359,641	\$18,494,785	\$18,376,602	\$21,110,600	\$19,822,476	\$18,472,367	\$17,693,348	\$21,077,407	\$19,759,931	\$24,037,299
5	Actual Net Expense	\$131,228,860	\$9,137,143	\$13,465,638	\$8,671,835	\$1,829,977	\$1,041,981	\$9,642,677	\$16,524,290	\$14,679,982	\$10,167,200	\$14,410,295	\$23,704,981
6	Pollatch 25 aMW directly assigned to ID	(\$7,084,650)	(\$601,710)	(\$543,480)	(\$601,710)	(\$601,710)	(\$582,300)	(\$601,710)	(\$601,710)	(\$582,300)	(\$602,519)	(\$582,300)	(\$601,710)
7	Pollatch 62 aMW directly assigned to ID	(\$22,216,377)	(\$1,984,277)	(\$1,807,447)	(\$1,478,409)	(\$1,841,697)	(\$1,417,691)	(\$1,976,294)	(\$1,932,387)	(\$1,949,426)	(\$1,985,050)	(\$1,866,162)	(\$1,987,067)
8	Adjusted Actual Net Expense	\$101,927,833	\$11,110,770	\$6,786,216	\$6,120,874	(\$4,273,384)	(\$3,041,952)	\$7,064,673	\$13,990,193	\$12,148,256	\$7,579,631	\$11,941,833	\$21,116,204
AUTHORIZED NET EXPENSE-SYSTEM													
9	555 Purchased Power	\$68,370,477	\$7,820,601	\$6,873,178	\$6,877,530	\$2,970,502	\$781,522	\$5,416,130	\$7,510,269	\$6,079,863	\$6,429,357	\$8,215,787	\$8,175,700
10	501 Thermal Fuel	\$15,777,429	\$1,497,543	\$1,328,377	\$1,321,593	\$586,463	\$1,103,034	\$1,501,955	\$1,550,936	\$1,519,166	\$1,449,825	\$1,289,090	\$1,455,980
11	547 CT Fuel	\$30,931,880	\$3,209,570	\$2,713,553	\$2,216,117	\$642,820	\$1,720,868	\$3,644,073	\$4,169,327	\$4,111,073	\$2,703,227	\$2,355,980	\$2,142,305
12	447 Sale for Resale	\$49,213,167	\$3,395,816	\$3,610,669	\$2,796,420	\$2,752,789	\$8,044,786	\$9,136,979	\$5,227,838	\$4,654,564	\$1,545,341	\$2,563,932	\$3,561,787
13	Authorized Net Expense	\$65,866,619	\$9,131,898	\$7,304,439	\$7,618,820	(\$3,544,690)	(\$4,439,362)	\$1,425,179	\$8,002,694	\$7,055,338	\$9,037,088	\$9,296,925	\$8,212,198
14	Actual - Authorized Net Expense	\$36,061,214	\$1,978,872	(\$518,223)	\$3,765,699	\$2,576,184	\$1,397,410	\$5,639,494	\$5,987,499	\$5,082,918	(\$1,457,437)	\$2,644,908	\$12,904,008
15	Net Fuel Expense not Incl in Acct 547 (1)	\$(5,031,625)	\$(456,235)	\$(91,865)	\$(514,247)	\$(201,950)	\$(596,352)	\$(522,343)	\$(496,358)	\$(579,199)	\$(479,645)	\$(1,085,276)	\$(593,967)
16	Adjusted Actual - Authorized Net Exp	\$31,029,589	\$1,522,637	\$(610,068)	\$3,251,452	\$2,374,234	\$1,993,762	\$5,117,151	\$5,491,141	\$4,513,719	\$(1,937,082)	\$1,559,632	\$12,310,039
17	Washington Alloc. @ 66.29%	\$20,569,514	\$1,009,356	(\$404,427)	\$2,155,388	\$1,573,880	\$1,321,665	\$3,392,159	\$3,640,077	\$2,992,144	(\$1,284,092)	\$1,033,880	\$8,160,325
18	Enron Contract Buyout 100%	\$390,924	\$32,590	\$32,590	\$32,590	\$32,590	\$32,590	\$32,564	\$32,564	\$32,564	\$32,564	\$32,564	\$32,564
19	WA Retail Revenue Adjustment	\$(7,264,091)	\$(1,073,137)	\$(1,608,014)	\$50,371	(\$201,069)	(\$448,811)	(\$292,762)	\$186,519	(\$1,770,185)	(\$1,549,678)	(\$988,491)	\$700,223
20	Net Power Cost Increase (Decrease)	\$13,696,347	(\$31,191)	(\$1,979,851)	\$2,238,349	\$1,405,401	\$905,444	\$3,131,961	\$3,859,160	\$1,254,523	(\$2,801,206)	\$67,953	\$8,993,112
21	Cummulative Balance		(\$31,191)	(\$2,011,042)	\$227,307	\$1,632,708	(\$709,156)	\$2,422,805	\$6,281,965	\$7,536,488	\$4,735,282	\$4,803,235	\$13,696,347
22	Less \$9 million Company Band	\$ (9,000,000)											
23	100% Net Power Cost above Company Band	\$ 4,696,347											
24	90% Net Power Cost above Company Band	\$ 4,226,712											

Avista Utilities
System Power Supply Expenses
WASHINGTON DEFERRED POWER COST CALCULATION
\$
ACTUALS

Line No.	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL 2005
1	8,399,639	7,543,655	15,866,660	11,842,156	10,986,980	12,686,242	16,602,900	20,094,887	17,848,326	16,314,586	16,418,882	27,455,017	182,059,930
2	163,242	163,242	163,242	163,242	134,280	163,242	163,242	163,242	163,242	163,242	512,022	527,111	2,642,591
3	106,273	83,621	71,811	131,011	200,198	417,000	156,180	117,943	93,845	121,920	105,646	378,865	1,984,313
4	273,832	273,832	273,832	273,832	244,597	273,832	273,832	273,832	273,832	273,832	273,832	273,832	3,256,749
5	98,106	98,106	98,106	98,106	98,106	98,106	87,069	87,069	109,038	109,038	109,038	-	1,089,888
6	343	467	406	376	361	379	331	448	0	230,340	(30,712)	500	199,628
7	116,157	104,037	101,833	124,765	112,002	106,336	103,533	140,873	482	370	397	500	4,860
8	348,383	342,360	175,976	300,393	310,479	121,033	3,341	-	54,636	62,232	79,537	77,910	1,183,851
9	2,961,151	2,675,699	1,461,911	1,415,883	(0)	-	-	-	3,649	91,437	146,519	160,234	2,003,804
10	16,881	38,114	(2,459)	89,840	(53,043)	17,714	(28,089)	3,441	0	-	2,784,772	2,877,241	14,176,657
11	567,300	512,400	567,300	548,238	567,300	549,000	567,300	567,300	549,000	568,063	549,000	-1,494,681	(1,334,954)
12	1,041,600	940,800	1,041,600	503,300	1,041,600	1,008,000	1,041,600	1,041,600	1,008,000	1,043,000	1,008,000	567,300	6,679,501
13	590,550	533,400	590,550	570,706	590,550	571,500	590,550	590,550	571,500	591,343	571,500	590,550	11,760,700
14	117,591	114,136	128,148	96,785	88,065	82,919	133,595	143,859	128,425	110,292	137,465	127,550	6,953,249
15	1,984,277	1,807,447	1,479,409	1,969,470	1,841,697	1,417,691	1,976,294	1,932,387	1,949,426	1,985,050	1,886,162	1,987,067	1,408,830
16	90,000	112,500	112,500	147,500	152,500	178,000	178,500	183,750	203,750	90,000	112,500	43,750	22,216,377
17	108,571	97,729	218,388	153,406	167,253	243,296	198,974	198,974	175,348	160,806	194,652	187,444	1,605,250
18	2,908	2,859	2,920	2,394	3,742	5,601	5,304	4,555	4,640	3,310	3,022	2,848	2,063,517
19	16,986,804	15,444,404	22,352,133	18,431,402	16,486,668	17,939,891	22,013,132	25,544,710	23,044,848	21,986,578	24,964,136	34,804,138	259,998,844
(1) Effective November, 2004, WNP-3 purchase expense has been adjusted to reflect the mid-point price (\$34.79/MWh for the 2004-05 contract year).													
per Settlement Agreement, Cause No. U-86-99													
447 SALES FOR RESALE													
20	7,575,690	13,999,009	18,042,542	17,970,013	20,231,230	20,740,145	19,385,275	17,926,325	16,919,753	20,455,303	19,202,114	23,096,621	215,544,020
21	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
22	62,464	8,619	6,156	7,979	28,267	13,236	6,473	7,993	30,586	20,691	8,407	8,559	209,430
23	61,750	31,772	64,477	32,487	30,697	31,376	29,850	58,924	166,853	32,884	75,644	39,474	656,187
24	197,530	172,414	232,356	217,716	133,679	174,163	250,348	328,472	365,549	420,100	324,664	517,639	3,334,630
25	52,912	(5,032)	(3,666)	(3,987)	(17,469)	(3,920)	(4,774)	(3,902)	(4,033)	(4,881)	(3,920)	(3,900)	52,912
26	(4,050)	2,859	2,920	2,394	3,742	5,601	5,304	4,555	4,640	3,310	3,022	2,848	(63,534)
27	2,908	14,359,641	18,494,785	18,376,602	20,560,146	21,110,600	19,822,476	18,472,367	17,633,348	21,077,407	19,759,931	24,037,299	221,803,806
28	8,099,204	2,859	2,920	2,394	3,742	5,601	5,304	4,555	4,640	3,310	3,022	2,848	226,058
29	14,359,641	18,494,785	18,376,602	20,560,146	21,110,600	19,822,476	18,472,367	17,633,348	17,633,348	21,077,407	19,759,931	24,037,299	44,103
													221,803,806

Avista Utilities
System Power Supply Expenses
WASHINGTON DEFERRED POWER COST CALCULATION
\$
ACTUALS

Line No.	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL 2005
501 FUEL-DOLLARS													
30													
31	801,206	816,446	906,506	717,674	89,116	627,475	806,092	852,823	826,903	721,895	829,843	1,000,658	6,996,637
32	864,025	804,280	994,367	1,115,397	1,181,167	1,003,449	1,164,926	1,130,027	1,210,203	925,939	1,086,478	1,148,245	12,648,503
	1,685,231	1,620,726	1,900,873	1,833,071	1,270,283	1,630,924	1,971,018	1,982,850	2,037,106	1,647,834	1,916,321	2,148,903	21,645,140
33													
34	4,561	395	347	2,897	1,368	4,382	1,874	824	145	6,330	6,998	4,001	34,122
35	15,558	9,941	4,619	26,207	18,186	8,563	10,725	5,704	25,291	13,317	32,970	919	172,000
	20,119	10,336	4,966	29,104	19,554	12,945	12,599	6,528	25,436	19,647	39,968	4,920	206,122
36	1,705,350	1,631,062	1,905,839	1,862,175	1,289,837	1,643,869	1,983,617	1,989,378	2,062,542	1,667,481	1,956,289	2,153,823	21,851,262
501 FUEL-TONS													
37													
38	52,249	52,877	58,704	47,869	2,262	12,286	46,959	47,795	42,414	37,286	43,569	44,535	488,805
	101,200	86,770	84,290	93,546	99,907	91,250	100,553	88,712	97,814	92,190	96,397	99,647	1,132,276
501 FUEL-COST PER TON													
39													
40	15.33 \$	15.44 \$	15.44 \$	14.99 \$	39.40 \$	51.07 \$	17.17 \$	17.84 \$	19.50 \$	19.36 \$	19.05 \$	22.47 \$	18.41 \$
	8.74 \$	9.27 \$	11.80 \$	11.92 \$	11.82 \$	11.00 \$	11.59 \$	12.74 \$	12.37 \$	10.04 \$	11.27 \$	11.52 \$	11.17 \$
547 FUEL													
41													
42	484	2,078	-	3,579	155	675	-	1,896	14	2,055	897	380	12,213
43	158,343	30,746	17,098	71	3,750	30,120	144,024	127,216	15,499	(2,026)	121,278	363,365	1,009,484
44	48,994	20,302	3,048	13,641	330	6,150	68,053	93,158	16,286	(844)	58,145	218,753	546,016
45	2,855,500	6,327,750	7,642,386	6,737,590	948,047	448,585	5,110,914	7,214,400	7,174,141	7,591,363	6,932,311	9,920,459	68,903,446
46	40,000	40,000	40,000	-	-	-	-	-	-	-	-	-	120,000
47	486	442	(81)	(21)	1,382	(651)	145,413	25,899	-	-	137,170	281,362	591,401
	3,103,807	6,421,318	7,702,451	6,754,860	953,664	484,879	5,468,404	7,462,569	7,205,940	7,590,548	7,249,801	10,784,319	71,182,560
48	13,696,757	9,137,143	13,465,638	8,671,835	(1,829,977)	(1,041,961)	9,642,677	16,524,290	14,679,982	10,167,200	14,410,295	23,704,981	131,228,860

AVISTA UTILITIES
 Washington Electric Jurisdiction
 Energy Recovery Mechanism Revenue Credit
 Month of December 2005

Description	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Total WA kWhs per Rev Run	488,283,686	492,493,995	439,000,502	412,790,116	392,449,973	390,241,285	396,240,274	430,666,607	421,404,877	413,265,421	412,177,538	514,860,431	5,213,864,705
Deduct Prior Month Unbilled kWhs Heating	(356,802,948)	(321,228,105)	(303,770,568)	(299,482,363)	(280,846,269)	(271,038,777)	(269,939,011)	(267,211,214)	(260,207,504)	(280,260,901)	(302,963,893)	(359,252,142)	(3,572,993,695)
Deduct Prior Month Unbilled kWhs Cooling						(1,670,129)	(3,724,562)	(17,675,427)	(12,465,243)	(463,709)			(35,999,070)
Add Current Month Unbilled kWhs Heating	321,228,105	303,770,568	299,482,363	280,846,269	271,038,777	269,939,011	267,211,214	280,207,504	280,260,901	302,963,893	359,252,142	355,532,546	3,591,723,293
Add Current Month Unbilled kWhs Cooling					1,670,129	3,724,562	17,675,427	12,465,243	463,709				35,999,070
Washington Retail kWhs	482,708,843	475,036,458	434,712,297	394,154,022	384,312,610	391,195,952	407,463,342	438,442,713	409,466,740	436,494,704	468,475,787	511,140,835	5,232,594,303
Test Year Consumption	449,477,904	425,137,067	436,508,558	388,111,383	376,471,457	377,440,327	398,566,301	444,487,437	354,506,791	387,418,707	437,581,917	533,208,120	5,008,915,969
from Attachment 1 Settlement Stipulation in Docket No. UE-011595													
Difference from Test Year	33,230,939	49,899,391	(1,796,261)	6,042,639	7,941,153	13,755,625	8,897,041	(6,044,724)	54,949,949	48,075,997	30,893,870	(22,067,285)	223,678,334
WA Retail Revenue Credit	\$1,066,049	\$1,600,772	(\$57,624)	\$193,848	\$251,544	\$441,280	\$285,417	(\$193,915)	\$1,762,794	\$1,542,278	\$991,075	(\$707,919)	\$7,175,601
Net Wind Revenue Credit	\$7,088	\$7,242	\$7,253	\$7,221	\$7,513	\$7,531	\$7,345	\$7,396	\$7,391	\$7,400	\$7,416	\$7,696	\$98,492
Total Revenue Credit	\$1,073,137	\$1,608,014	(\$50,371)	\$201,069	\$259,057	\$448,811	\$292,762	(\$186,519)	\$1,770,185	\$1,549,678	\$998,491	(\$700,223)	\$7,264,093

Schedule 95 Wind Revenue	\$9,776.86	\$9,989.46	\$10,004.40	\$9,960.06	\$10,362.81	\$10,388.16	\$10,131.21	\$10,201.99	\$10,194.26	\$10,206.88	\$10,228.49	\$10,614.85	\$122,059.42
Deduct Admin Expense	\$2,688.64	\$2,747.10	\$2,751.21	\$2,739.02	\$2,849.77	\$2,866.74	\$2,786.08	\$2,805.54	\$2,803.42	\$2,806.89	\$2,812.83	\$2,919.08	\$33,666.34
0.005 x .55 = 0.275 per Revenue \$													
Net Wind Revenue Credit	\$7,088.22	\$7,242.36	\$7,253.19	\$7,221.04	\$7,513.04	\$7,521.42	\$7,345.13	\$7,396.44	\$7,390.84	\$7,399.99	\$7,415.66	\$7,695.77	\$88,493.08

Avista Corporation Journal Entry

Journal: 485-ECB AMORT
 Team: Resource Accounting
 Type: C
 Category: DJ

Effective Date: 200512
 Last Saved by: Lori Hamilton
 Submitted by: Lori Hamilton
 Last Saved: 01/03/2006 3:58 PM

Seq.	FERC	Seq.	Jur.	S/L	Debit	Credit	Comment
10	557162 - ENRON CONTRACT BUYOUT	ED	WA	DL	29,308.00		Amortization expense
20	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL		29,308.00	Amortization for WA ERM
30	182360 - REGULATORY ASSET ENRON CONTRACT	ED	WA	DL	1,564.00		Accrue interest on unamortized balance for future recovery
40	419000 - INTEREST AND DIVIDEND INCOME	ZZ	ZZ	DL		1,564.00	Interest income accrued
50	410100 - PRV DFIT DR	ED	WA	DL		10,258.00	DFIT expense on amortization (operating)
60	410200 - DFIT EXP-NONOPER (DR)	ZZ	ZZ	DL	547.00		DFIT expense on interest (non-operating)
70	283360 - ADFIT ENRON CONTRACT BUYOUT	ED	WA	DL	9,711.00		ADFIT ECB
TOTALS:					41,130.00	41,130.00	

Explanation:
 The WA ERM Settlement created a regulatory asset to be recovered over the 3 year period of the original purchased power contract (2004-2006). As the contract buyout expense is amortized it will become part of the monthly ERM calculation.

Lori Hamilton
 Prepared by Lori Hamilton
 Date: 1/4/06

Lori Judge
 Reviewed by
 Date: 1/4/06

Approved for Entry
 Corporate Accounting use Only
 Date:

Arista Corporation		Weighted cost of debt at 12/31/04		Weighted cost of debt at 06/30/05		8.28%		8.12%	
Enron Contract Buyout		100%		Expense for deferral calculation - January through June 2005		Expense for deferral calculation - July through Dec 2005		283360 ED WA Eif 1/05	
Amortization Schedule		90%		-\$29,331		-\$29,308			
January 2005 - December 2006									
Uniform Monthly Amortization									
Amortization		Jun-05		DR		CR		DFIT	
Net of amortization		-29,331		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		504,921						DFIT	
Interest (net of tax)		519,587						(10,266)	
Balance		2,330		182360 ED WA		419000 ZZ ZZ		816	
		\$507,251						(9,450)	
Amortization		Jul-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		477,943						DFIT	
Interest (net of tax)		492,597						(10,258)	
Balance		2,167		182360 ED WA		419000 ZZ ZZ		758	
		\$480,110						(9,500)	
Amortization		Aug-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		450,802						DFIT	
Interest (net of tax)		465,456						(10,258)	
Balance		2,047		182360 ED WA		419000 ZZ ZZ		716	
		\$452,849						(9,542)	
Amortization		Sep-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		423,541						DFIT	
Interest (net of tax)		438,195						(10,258)	
Balance		1,927		182360 ED WA		419000 ZZ ZZ		674	
		\$425,468						(9,584)	
Amortization		Oct-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		396,160						DFIT	
Interest (net of tax)		410,814						(674)	
Balance		1,807		182360 ED WA		419000 ZZ ZZ		9584	
		\$397,967						(10,258)	
Amortization		Nov-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		368,659						DFIT	
Interest (net of tax)		383,313						(632)	
Balance		1,686		182360 ED WA		419000 ZZ ZZ		9,626	
		\$370,345						(10,258)	
Amortization		Dec-05		DR		CR		DFIT	
Net of amortization		-29,308		557162 ED WA		182360 ED WA		410100 ED WA	
Average balance		341,037						DFIT	
Interest (net of tax)		355,691						(590)	
Balance		1,564		182360 ED WA		419000 ZZ ZZ		9,668	
		\$342,601						(10,258)	
								Total monthly DFIT & ADFIT	
								9,711	
								(1,991)	

Note: The interest rate will be updated every six months and the uniform monthly amortization will also be updated every six months.