

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



June 13, 2011

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, May 2011

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of May 2011. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In May actual net power costs were higher than authorized costs by \$1,437,679. The year-to-date difference is \$7,921,600 in the rebate direction. A deferral of \$1,078,259 was recorded in the surcharge direction. The year-to-date deferral balance is \$2,941,200 in the rebate direction, which represents 75% of the amount above the \$4 M deadband.

Actual power supply expense was higher than the authorized level due primarily to low market power prices. Avista is normally a wholesale power seller in May because of surplus hydroelectric generation. The low power prices this May reduced wholesale revenue. The average actual wholesale power sales rate was \$14.08/MWh compared to an authorized rate of \$25.94/MWh. Hydro generation was 41 aMW above the authorized level.

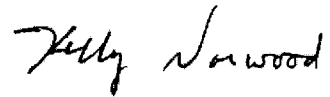
Colstrip and Kettle Falls generation was 41 below and 43 aMW above the authorized levels, respectively. Gas-fired generation was 37 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was above the authorized level. Washington retail sales were 11 aMW above the authorized level.

Interest is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002. Interest is applied to the average of the beginning and ending month deferral balances net of associated deferred federal income tax. The Company's weighted cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually. The January and July reports contain the supporting workpapers for the semi-annual updates of the weighted cost of debt used in the interest calculations. Page 5 of the January 2011 report shows the calculation of the weighted cost of debt at December 31, 2010, which will be used for the January-June 2011 period.

RECEIVED
RECORDS MANAGEMENT
2011 JUN 15 AM 8:49
STATE OF WASHINGTON
UTIL. AND TRANSPORTATION
COMMISSION

There were no forward long-term contracts of one year or longer entered into in the month of May 2011. 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 black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

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 MAY 2011

Avista Corporation Journal Entry

Effective Date: 201105

Journal: 481-WA ERM

Team: Resource Accounting

Last Saved by: Cameron Dunlop

Last Saved: 06/06/2011 3:37 PM

Type: C

Submitted by: Cameron Dunlop

Approval Requested: 06/06/2011 3:42 PM

Category: DJ


Approved by:


Currency: USD

Seq	Co.	FERC	Description	Ser.		Jur.		S/L	Debit	Credit	Comment
				ED	ED	WA	DL				
10	001	186280	- REGULATORY ASSET ERM DEFERRED CURRENT YEAR						1,067,676.00		
20	001	557280	- DEFERRED POWER SUPPLY EXPENSE							1,078,259.00	
30	001	431600	- INTEREST EXPENSE ENERGY DEFERRALS						10,583.00		
Totals:									1,078,259.00	1,078,259.00	

Explanation:

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


 Prepared by Cameron Dunlop


 Reviewed by Dani Gudge

Approved for Entry
 Corporate Accounting use Only

Date

Detail Balances (AVA CORP) - 001.186280.ED.WA.DL					
Balance Type		Actual		Currency Type	Entered
				Factor	Units
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
201013	USD	0.00		0.00	
201101	USD	0.00		0.00	
201102	USD	-1,227,123.00		-1,227,123.00	
201103	USD	-1,479,769.00		-2,706,892.00	
201104	USD	-1,330,616.00		-4,037,508.00	
201105	USD	1,067,676.00		-2,969,832.00	

ERM Deferral Balance (Current Year - 2011)

Account 186280.ED.WA

	<u>Amount</u>	<u>Journal ID</u>
Balance 4/30/11	-\$4,037,508.00	
Deferral	1,078,259.00	481 - WA ERM
Interest	-10,583.00	481 - WA ERM
Balance 5/31/11	<u><u>-\$2,969,832.00</u></u>	
Year to date deferrals	-\$2,941,200.00	
Year to date interest	-28,632.00	
Balance in account	<u><u>-\$2,969,832.00</u></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 75%	-3,921,600.00	-980,400.00	-2,941,200.00
Over \$10,000,000 at 10%	0.00	0.00	0.00
Total	<u><u>-\$7,921,600.00</u></u>	<u><u>-\$4,980,400.00</u></u>	<u><u>-\$2,941,200.00</u></u>

Detail Balances (AWA CORP) - 001.186290.ED.WA.DL

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
201013	USD	0.00		0.00	
201101	USD	0.00		0.00	
201102	USD	0.00		0.00	
201103	USD	0.00		0.00	
201104	USD	0.00		0.00	
201105	USD	0.00		0.00	

Journal Details Summary Balances

ERM Deferral Balance (Prior year - 2010)

Account 186290.ED.WA

Balance 4/30/11

Interest

Balance 5/31/11

Amount

Journal ID

\$0.00

0.00

\$0.00

481 - WA ERM

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

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
201013	USD	0.00		0.00	
201101	USD	0.00		0.00	
201102	USD	0.00		0.00	
201103	USD	0.00		0.00	
201104	USD	0.00		0.00	
201105	USD	0.00		0.00	

Journal Details Summary Balances

Recoverable Deferral Balance
Account 182350.ED.WA
 Balance 4/30/11
 Interest
 Balance 5/31/11

<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 Actual			Currency Type Entered		
			Factor Units		
Period	Currency	PTD	PTD Converted	YTD	YTD Converted
201013	USD	0.00		0.88	
201101	USD	0.00		0.88	
201102	USD	429,493.05		429,493.93	
201103	USD	517,949.15		947,413.08	
201104	USD	465,715.60		1,413,128.68	
201105	USD	373,686.60		1,039,442.08	

DFIT Associated with ERM Deferrals
Account 283280.ED.WA

Account 186280.ED.WA balance	-\$2,969,832.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	0.00
Total	<u>-\$2,969,832.00</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>\$1,039,441</u>
Rounding	1
Balance in account	<u><u>\$1,039,442</u></u>

Changes Semiannually on January 1 and July 1								
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 12/31/10 is		5.614%		Actual cost of debt at 06/30/11 is		1.000%		
The monthly rate is:		0.00468 Before Tax		The monthly rate is:		0.00083 Before Tax		
		0.0030409 After Tax				0.0005417 After Tax		
		0.35 Tax rate				0.35 Tax rate		
Account 186280								0
				January		DFIT Expense		ADFIT
January	ERM Deferral	0		Deferral	0	Operating	0	
January	Interest		0	Interest	0	Nonoperating	0	
1/31/2011	Balance before interest	0			0	Total	0	
				February		DFIT Expense		ADFIT
February	ERM Deferral	(1,226,791)		Deferral	(429,377)	Operating	429,377	
February	Interest		(1,865)	Interest	(653)	Nonoperating	653	
2/28/2011	Balance before interest	(1,226,791)			(430,030)	Total	430,030	
				March		DFIT Expense		ADFIT
March	ERM Deferral	(1,472,267)		Deferral	(515,293)	Operating	515,293	
March	Interest		(5,969)	Interest	(2,089)	Nonoperating	2,089	
3/31/2011	Balance before interest	(2,699,058)			(517,382)	Total	517,382	
				April		DFIT Expense		ADFIT
April	ERM Deferral	(1,320,401)		Deferral	(462,140)	Operating	462,140	
April	Interest		(10,215)	Interest	(3,575)	Nonoperating	3,575	
4/30/2011	Balance before interest	(4,019,459)			(465,715)	Total	465,715	
				May		DFIT Expense		ADFIT
May	ERM Deferral	1,078,259		Deferral	377,391	Operating	(377,391)	
May	Interest		(10,583)	Interest	(3,704)	Nonoperating	3,704	
5/31/2011	Balance before interest	(2,941,200)			373,687	Total	(373,687)	

Avlata Corp. - Resource Accounting
WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

Line No.	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
555 PURCHASED POWER												
1	\$13,701,024	\$12,638,899	\$12,254,383	\$6,470,073	\$7,092,159	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	\$133,680	\$157,761	\$137,408	\$122,726	\$154,936	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	\$146,954	\$146,954	\$146,954	\$146,954	\$146,954	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	\$605,464	\$505,463	\$505,461	\$505,470	\$542,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	\$412,606	\$391,159	\$403,468	\$528,128	\$505,466	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	\$45,606	\$76,080	\$91,284	\$119,976	\$128,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	\$3,357,872	\$3,034,183	\$1,657,782	\$1,605,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	\$141	\$683	\$637	\$611	\$671	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	\$136,766	\$135,254	\$126,323	\$134,658	\$135,339	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$179,922	\$165,034	\$146,830	\$88,869	\$135,509	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	\$321,587	\$362,494	\$295,778	\$245,758	\$195,772	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	\$45,000	\$0	\$0	\$135,000	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	\$355,193	\$308,730	\$341,013	\$414,376	\$336,762	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$1,860,812	\$1,826,509	\$1,748,975	\$1,843,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	\$1,697,271	\$1,416,274	\$1,198,155	\$1,576,194	\$1,655,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	\$66,508	\$68,104	\$55,981	\$49,538	\$47,783	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	\$35,346	\$34,378	\$28,044	\$43,583	\$38,279	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	\$23,001,732	\$21,199,193	\$19,083,388	\$14,030,492	\$11,261,310	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(1) Effective November, 2008, WNP-3 purchase expense has been adjusted to reflect the mid-point price, per Settlement Agreement, Cause No. U-86-99

447 SALES FOR RESALE												
20	(\$6,752,558)	(\$5,256,186)	(\$3,552,583)	(\$5,966,758)	(\$3,381,086)	\$0	\$0	(\$50)	\$0	\$0	\$0	\$0
21	(\$146,020)	(\$146,345)	(\$144,955)	(\$146,150)	(\$146,085)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	(\$97,088)	(\$73,975)	(\$88,828)	(\$76,190)	(\$75,562)	\$0	\$0	\$50	\$0	\$0	\$0	\$0
23	(\$6,386)	(\$5,871)	(\$6,667)	(\$6,264)	(\$6,771)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	(\$41,841)	(\$38,713)	(\$41,440)	(\$40,290)	(\$27,240)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	(\$250,968)	(\$32,256)	(\$35,742)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	(\$117,683)	(\$99,520)	(\$87,452)	(\$131,600)	(\$19,218)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	(\$2,127,448)	(\$1,747,094)	(\$1,439,282)	(\$1,584,172)	(\$1,536,965)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	(\$1,963,120)	(\$1,326,618)	(\$1,171,443)	(\$1,153,444)	(\$1,234,195)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	(\$11,603,112)	(\$9,726,578)	(\$6,558,192)	(\$9,106,868)	(\$6,407,122)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

501 FUEL-DOLLARS												
30	\$720,927	(\$7,551)	\$381,831	\$610,231	\$987,105	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	(\$986)	\$1,293	\$6,213	\$1,903	\$326	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	\$1,650,366	\$1,277,058	\$1,798,049	\$1,124,528	\$836,089	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	\$22,948	\$26,753	\$13,344	\$599	\$1,941	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	\$2,393,545	\$1,297,553	\$2,199,437	\$1,737,261	\$1,825,461	\$0	\$0	\$0	\$0	\$0	\$0	\$0

501 FUEL-TONS												
35	30,205	-	16,111	26,412	42,815	-	-	-	-	-	-	-
36	84,543	75,306	87,235	38,332	39,752	-	-	-	-	-	-	-

Avista Corp. - Resource Accounting
 WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

Line No.	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
501 FUEL-COST PER TON												
37												
	wood	\$23.87	\$23.70	\$23.10	\$23.06							
38	coal	\$19.52	\$20.61	\$29.34	\$21.03							
547 FUEL												
39	NE CT Gas/Oil-547213	(\$14,185)	\$2,804	\$489	\$1,443							
40	Boulder Park-547216	\$19,111	\$13,543	\$30,933	\$56,608							
41	Kettle Falls CT-547211	\$13,997	(\$88)	\$1,238	\$819							
42	Coyote Springs2-547810	\$2,490,195	\$1,845,389	\$1,576,025	\$780,338							
43	Lancaster-547312	\$2,612,390	\$1,877,030	\$628,078	\$858,808							
45	Rathdrum CT-547310	\$97,678	(\$39,056)	\$14,663	\$37,600							
46	Total 547 Fuel Expense	\$5,189,184	\$3,527,911	\$1,360,752	\$3,733,340	\$1,732,616	\$0	\$0	\$0	\$0	\$0	\$0
47 TOTAL NET EXPENSE												
		\$19,081,349	\$17,298,079	\$16,085,385	\$10,394,225	\$8,402,265	\$0	\$0	\$0	\$0	\$0	\$0
456 TRANSMISSION REVENUE												
56	456100 ED AN	(\$661,335)	(\$650,093)	(\$769,891)	(\$707,518)	(\$729,924)	\$0	\$0	\$0	\$0	\$0	\$0
57	456708 ED AN	(\$78,705)	(\$78,705)	(\$78,705)	(\$78,705)	(\$78,705)	\$0	\$0	\$0	\$0	\$0	\$0
58	Total 456 Transmission Revenue	(\$740,040)	(\$728,798)	(\$838,596)	(\$786,223)	(\$808,629)	\$0	\$0	\$0	\$0	\$0	\$0
565 TRANSMISSION EXPENSE												
59	565000 ED AN	\$1,490,422	\$1,435,443	\$1,478,800	\$1,413,594	\$1,387,421	\$0	\$0	\$0	\$0	\$0	\$0
60	565312 ED AN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
61	565710 ED AN	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$0	\$0	\$0	\$0	\$0	\$0
62	Total 565 Transmission Expense	\$1,492,452	\$1,437,473	\$1,480,830	\$1,415,624	\$1,389,451	\$0	\$0	\$0	\$0	\$0	\$0
63 Total 557170 ED AN Broker Fees												
		\$42,656	\$64,015	\$129,860	\$97,390	\$62,577	\$0	\$0	\$0	\$0	\$0	\$0
RESOURCE OPTIMIZATION												
64	Econ Dispatch-557010	(\$360,411)	(\$324,471)	(\$1,380,406)	(\$1,275,206)	(\$782,569)	\$0	\$0	\$0	\$0	\$0	\$0
65	Econ Dispatch-557150	\$17,863,373	\$10,581,938	\$19,271,000	\$20,472,594	\$10,063,432	\$0	\$0	\$0	\$0	\$0	\$0
66	Gas Bookouts-557700	\$2,518,750	\$672,420	\$672,008	\$2,612,105	\$2,913,715	\$0	\$0	\$0	\$0	\$0	\$0
67	Gas Bookouts-557711	(\$2,518,750)	(\$672,420)	(\$5,639,620)	(\$8,965,082)	(\$2,913,715)	\$0	\$0	\$0	\$0	\$0	\$0
68	Intraco Thermal Gas-557730	\$1,754,217	\$3,670,301	\$4,987,812	\$6,352,977	\$8,597,025	\$0	\$0	\$0	\$0	\$0	\$0
69	Fuel DispatchFin-456010	(\$210,538)	(\$76,553)	\$794,021	\$1,155,230	\$472,308	\$0	\$0	\$0	\$0	\$0	\$0
70	Fuel Dispatch-456015	(\$13,412,414)	(\$12,135,362)	(\$17,383,675)	(\$20,784,675)	(\$18,577,869)	\$0	\$0	\$0	\$0	\$0	\$0
71	Intraco Thermal Gas-456730	(\$4,491,266)	(\$1,319,624)	(\$633,340)	(\$1,072,189)	(\$308,212)	\$0	\$0	\$0	\$0	\$0	\$0
72	Fuel Bookouts-456711	\$2,317,935	\$947,575	\$1,478,608	\$2,988,589	\$1,930,913	\$0	\$0	\$0	\$0	\$0	\$0
73	Fuel Bookouts-456720	(\$2,317,935)	(\$947,575)	(\$845,268)	(\$1,916,400)	(\$1,930,913)	\$0	\$0	\$0	\$0	\$0	\$0
74	Resource Optimizaton Subtotal	\$942,961	\$596,229	\$1,300,940	(\$432,057)	(\$515,885)	\$0	\$0	\$0	\$0	\$0	\$0
75 Misc Rev's 456016 ED AN												
		(\$9,448)	\$0	\$0	(\$815,613)	(\$327,689)	\$0	\$0	\$0	\$0	\$0	\$0

Avista Corp. - Resource Accounting
WASHINGTON DEFERRED POWER COST CALCULATION - ACTUAL SYSTEM POWER SUPPLY EXPENSES

Line No.	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
76	Cleanwater REC Exp Authorized	\$29,760	\$26,880	\$29,720	\$28,800	\$28,800	\$29,760	\$29,760	\$28,800	\$29,760	\$28,840	\$29,760
77	Cleanwater REC Actuals - 557160	\$29,760	\$26,880	\$27,916	\$28,800	\$29,760	\$0	\$0	\$0	\$0	\$0	\$0
78	Cleanwater REC Subtotal	\$0	\$0	(\$1,804)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
79	Wind REC Exp Authorized	\$13,456	\$8,894	\$14,254	\$12,537	\$13,656	\$10,872	\$11,601	\$9,090	\$9,262	\$11,530	\$9,340
80	Wind REC Exp Actual 557395	(\$15,036)	(\$12,838)	(\$14,179)	(\$17,225)	(\$14,002)	\$0	\$0	\$0	\$0	\$0	\$0
81	Wind REC Subtotal	(\$1,580)	(\$3,942)	\$75	(\$4,688)	(\$1,953)	\$0	\$0	\$0	\$0	\$0	\$0
82	Net Resource Optimization	\$931,933	\$592,287	\$1,299,211	(\$1,252,358)	(\$846,527)						
83	Adjusted Actual Net Expense	\$20,808,360	\$18,663,056	\$18,756,690	\$9,868,668	\$8,190,137						

Avista Corp. - Resource Accounting
 Washington Electric Jurisdiction
Energy Recovery Mechanism (ERM) Retail Revenue Credit Calculation - 2011

Retail Sales - MWh	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	YTD
Total Billed Sales	550,386	515,941	487,287	462,109	446,055								2,471,779
Deduct Prior Month Unbilled	(420,723)	(394,368)	(407,182)	(391,621)	(357,344)	(330,664)							(2,301,901)
Add Current Month Unbilled	394,368	407,182	391,621	357,344	330,664								1,881,178
Total Retail Sales	524,030	528,755	481,727	427,832	419,375	(330,664)							2,051,055
Test Year Retail Sales	527,098	488,793	481,286	395,019	410,896	405,797	418,600	445,346	406,549	415,472	473,454	539,219	5,407,529
Difference from Test Year	(3,068)	39,962	441	32,813	8,479								78,627
Production Rate - \$/MWh	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31	\$50.31
Total Revenue Credit - \$	(\$154,343)	\$2,010,491	\$22,182	\$1,650,807	\$426,600								\$3,955,738