

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



July 13, 2012

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, June 2012

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of June 2012. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In June actual net power costs were lower than authorized costs by \$679,060. The year-to-date difference is \$8,598,087 in the rebate direction. A deferral entry of \$509,296 was made in the rebate direction. The year-to-date deferral balance, excluding interest, is \$3,448,565 in the rebate direction, which reflects 75% of the amount within the \$4 million to \$10 million sharing band.

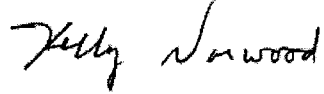
Actual net power costs were lower than the authorized level due primarily to increased hydro generation and low power prices. Hydro generation was 32 aMW above the authorized level. The average power purchase price was \$8.05/MWh.

Colstrip and Kettle Falls generation was 14 aMW and 6 aMW below the authorized levels, respectively. Gas-fired generation was 28 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 20 aMW below 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 13 of the report for January 2012 shows the calculation of the weighted cost of debt at December 31, 2011, which was used for the January-June 2012 period.

There were no forward long-term contracts of one year or longer entered into in the month of June 2012. 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 JUNE 2012

Avista Corporation Journal Entry

Effective Date: 201206

Journal: 481-WA ERM

Last Saved: 07/06/2012 1:54 PM

Team: Resource Accounting

Last Saved by: Amy Parsons

Type: C

Submitted by: Amy Parsons

Approval Requested: 07/06/2012 2:02 PM

Category: DJ

Approved by:

Currency: USD

| Seq | Co | FERC | Exp | Ser. | Jur. | S.I. | Debit | Credit | Comment |
|----------------|-----|--|-----|------|------|------|----------------------|----------------------|-----------------------------|
| | | | | ED | WA | DL | | | |
| 10 | 001 | 431600 - INTEREST EXPENSE ENERGY DEFERRALS | | ED | WA | DL | 39,590.00 | | Prior Year Interest Accrual |
| 20 | 001 | 186290 - REGULATORY ASSET ERM DEFERRED | | ED | WA | DL | | 39,590.00 | Prior Year Interest Accrual |
| 30 | 001 | 186280 - REGULATORY ASSET ERM DEFERRED | | ED | WA | DL | | 509,295.00 | WA ERM Deferral |
| 40 | 001 | 557280 - DEFERRED POWER SUPPLY EXPENSE | | ED | WA | DL | 509,295.00 | | WA ERM Deferral |
| 50 | 001 | 431600 - INTEREST EXPENSE ENERGY DEFERRALS | | ED | WA | DL | 9,766.00 | | WA ERM Interest Accrual |
| 60 | 001 | 186280 - REGULATORY ASSET ERM DEFERRED | | ED | WA | DL | | 9,766.00 | WA ERM Interest Accrual |
| 70 | 001 | 186290 - REGULATORY ASSET ERM DEFERRED | | ED | WA | DL | 13,185,168.00 | | Transfer Prior Year Balance |
| 80 | 001 | 182350 - REGULATORY ASSET ERM APPROVED | | ED | WA | DL | | 13,185,168.00 | Transfer Prior Year Balance |
| | | FOR RECOVERY | | | | | | | |
| Totals: | | | | | | | 13,743,819.00 | 13,743,819.00 | |

Amy Parsons Date 7/6/12
 Prepared by Amy Parsons
Jami Judge Date 7/6/12
 Reviewed by

Approved for Entry
 Corporate Accounting use Only

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

| Detail Balances (AVISTA CORP) - 001.186280.ED.WA.DL | | | | | |
|---|----------|---------------|----------------------|---------------|---------------|
| Balance Type: Actual | | | Currency Type: Total | | |
| Period | Currency | PTD | PTD Converted | YTD | YTD Converted |
| 201113 | USD | 0.00 | | 12,947,628.00 | |
| 201201 | USD | 12,947,628.00 | | 0.00 | |
| 201202 | USD | 0.00 | | 0.00 | |
| 201203 | USD | 464,646.00 | | 464,646.00 | |
| 201204 | USD | 676,813.00 | | 1,141,459.00 | |
| 201205 | USD | 1,807,204.00 | | 2,948,663.00 | |
| 201206 | USD | 519,061.00 | | 3,467,724.00 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

ERM Deferral Balance (Current Year - 2012)

Account 186280.ED.WA

| | Amount | Journal ID |
|------------------------|-----------------|--------------|
| Balance 5/31/12 | -\$2,948,663.00 | |
| Deferral | -509,295.00 | 481 - WA ERM |
| Interest | -9,766.00 | 481 - WA ERM |
| Balance 6/30/12 | -\$3,467,724.00 | |
| Year to date deferrals | -\$3,448,565.00 | |
| Year to date interest | -19,159.00 | |
| Balance in account | -\$3,467,724.00 | |

| | 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 75% | -4,598,087.00 | -1,149,522.00 | -3,448,565.00 |
| Over \$10,000,000 at 10% | 0.00 | 0.00 | 0.00 |
| Total | -\$8,598,087.00 | -\$5,149,522.00 | -\$3,448,565.00 |

| Detail Balances (AVISTA CORP) - 001.186290.ED.WA.DL | | | | | |
|---|----------|----------------|---------------|----------------|---------------|
| Balance Type | | | Currency Type | | |
| Actual | | | Total | | |
| Period | Currency | PTD | PTD Converted | YTD | YTD Converted |
| 201113 | USD | 0.00 | | 0.00 | |
| 201201 | USD | -12,987,218.00 | | -12,987,218.00 | |
| 201202 | USD | 39,590.00 | | -13,026,808.00 | |
| 201203 | USD | 39,590.00 | | -13,066,398.00 | |
| 201204 | USD | 39,590.00 | | -13,105,988.00 | |
| 201205 | USD | 39,590.00 | | -13,145,578.00 | |
| 201206 | USD | 13,145,578.00 | | 0.00 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

ERM Deferral Balance (Prior year - 2011)

Account 186290.ED.WA

Balance 5/31/12

Interest

Transfer to 182350.ED.WA

Balance 6/30/12

| Amount | Journal ID |
|------------------|--------------|
| -\$13,145,578.00 | |
| -39,590.00 | 481 - WA ERM |
| 13,185,168.00 | |
| <u>\$0.00</u> | |

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

Balance Type: **Actual** Currency Type: **Total**

| Period | Currency | PTD | PTD Converted | YTD | YTD Converted |
|--------|----------|----------------|---------------|----------------|---------------|
| 201113 | USD | 0.00 | | 0.00 | |
| 201201 | USD | 0.00 | | 0.00 | |
| 201202 | USD | 0.00 | | 0.00 | |
| 201203 | USD | 0.00 | | 0.00 | |
| 201204 | USD | 0.00 | | 0.00 | |
| 201205 | USD | 0.00 | | 0.00 | |
| 201206 | USD | -13,185,168.00 | | -13,185,168.00 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Journal Details Summary Balances

Recoverable Deferral Balance

Account 182350.ED.WA

Balance 5/31/12

Transfer from 186290.ED.WA

Balance 6/30/12

| <u>Amount</u> | <u>Journal ID</u> |
|-----------------------|-------------------|
| \$0.00 | |
| -13,185,168.00 | 481 - WA ERM |
| <u>-13,185,168.00</u> | |

| Detail Balances (AMISTA CORP) - 001 283280.ED.WA.DL | | | | | |
|---|----------|------------|---------------|--------------|---------------|
| Balance Type | | | Currency Type | | |
| Actual | | | Total | | |
| Period | Currency | PTD | PTD Converted | YTD | YTD Converted |
| 201113 | USD | 0.00 | | 4,531,670.68 | |
| 201201 | USD | 13,856.50 | | 4,545,527.18 | |
| 201202 | USD | 13,856.50 | | 4,559,383.68 | |
| 201203 | USD | 176,482.60 | | 4,735,866.28 | |
| 201204 | USD | 250,741.05 | | 4,986,607.33 | |
| 201205 | USD | 646,377.90 | | 5,632,985.23 | |
| 201206 | USD | 195,527.85 | | 5,828,513.08 | |
| | | | | | |
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| | | | | | |

DFIT Associated with ERM Deferrals
Account 283280.ED.WA

| | |
|-----------------------------------|---------------------------|
| Account 186280.ED.WA balance | -\$3,467,724.00 |
| Account 186290.ED.WA balance | 0.00 |
| Account 182350.ED.WA balance | -13,185,168.00 |
| Total | <u>-\$16,652,892.00</u> |
| Federal income tax rate | -35% |
| Deferred FIT related to deferrals | <u>\$5,828,512</u> |
| Rounding | 1 |
| Balance in account | <u><u>\$5,828,513</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 12/31/11 is | 5.645% | Actual cost of debt at 06/30/12 is | 5.617% |
| The monthly rate is: | 0.00470 Before Tax | The monthly rate is: | 0.00468 Before Tax |
| | 0.0030577 After Tax | | 0.0030425 After Tax |
| | 35.00% Tax rate | | 35.00% Tax rate |
| Account 186280 | | | |
| | | <u>January</u> | <u>DFIT Expense</u> |
| January | ERM Deferral | 0 | 0 |
| January | Interest | 0 | 0 |
| 01-31-2012 | Balance before interest | 0 | 0 |
| | | <u>February</u> | <u>DFIT Expense</u> |
| February | ERM Deferral | 0 | 0 |
| February | Interest | 0 | 0 |
| 02-29-2012 | Balance before interest | 0 | 0 |
| | | <u>March</u> | <u>DFIT Expense</u> |
| March | ERM Deferral | (463,937) | (162,378) |
| March | Interest | (709) | (248) |
| 03-31-2012 | Balance before interest | (463,937) | (162,626) |
| | | <u>April</u> | <u>DFIT Expense</u> |
| April | ERM Deferral | (674,363) | (236,027) |
| April | Interest | (2,450) | (858) |
| 04-30-2012 | Balance before interest | (1,138,300) | (236,885) |
| | | <u>May</u> | <u>DFIT Expense</u> |
| May | ERM Deferral | (1,800,970) | (630,340) |
| May | Interest | (6,234) | (2,182) |
| 05-31-2012 | Balance before interest | (2,939,270) | (632,522) |
| | | <u>June</u> | <u>DFIT Expense</u> |
| June | ERM Deferral | (509,295) | (178,253) |
| June | Interest | (9,766) | (3,418) |
| 06-30-2012 | Balance before interest | (3,448,565) | (181,671) |
| | | <u>July</u> | <u>DFIT Expense</u> |
| July | ERM Deferral | 0 | 0 |
| July | Interest | (10,551) | (3,693) |
| 07-31-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | <u>August</u> | <u>DFIT Expense</u> |
| August | ERM Deferral | 0 | 0 |
| August | Interest | (10,551) | (3,693) |
| 08-31-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | <u>September</u> | <u>DFIT Expense</u> |
| September | ERM Deferral | 0 | 0 |
| September | Interest | (10,551) | (3,693) |
| 09-30-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | <u>October</u> | <u>DFIT Expense</u> |
| October | ERM Deferral | 0 | 0 |
| October | Interest | (10,551) | (3,693) |
| 10-31-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | <u>November</u> | <u>DFIT Expense</u> |
| November | ERM Deferral | 0 | 0 |
| November | Interest | (10,551) | (3,693) |
| 11-30-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | <u>December</u> | <u>DFIT Expense</u> |
| December | ERM Deferral | 0 | 0 |
| December | Interest | (10,551) | (3,693) |
| 12-31-2012 | Balance before interest | (3,467,724) | (3,693) |
| | | | |
| | GL Balance | (2,939,270) | (9,393) |
| | Update ERM balance to include Interest | | (2,948,663) |
| | | | ADFIT Balance |
| | | | 1,032,032 |
| | | | Check |
| | | | (1,032,032) |

| 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 12/31/11 is | | 5.645% | | Actual cost of debt at 06/30/12 is | | 1.000% | | | |
| The monthly rate is: | | 0.00470 Before Tax | | The monthly rate is: | | 0.00083 Before Tax | | | |
| | | 0.0030577 After Tax | | | | 0.0005417 After Tax | | | |
| | | 35.00% Tax rate | | | | 35.00% Tax rate | | | |
| Account 186290 | | | | | | | | \$4,531,670 | |
| 12-31-2011 GL Balance including interest | | (12,947,628) | | | | | | | |
| | | | | <u>January</u> | | DFIT Expense | | ADFIT | |
| January | | 0 | | | | | | | |
| January Interest | | (39,590) | | Interest | | (13,857) | | Nonoperating 13,857 | |
| 01-31-2012 Balance before interest | | (12,947,628) | | | | (13,857) Total | | 13,857 | |
| | | | | <u>February</u> | | DFIT Expense | | ADFIT | |
| February | | 0 | | | | | | | |
| February Interest | | (39,590) | | Interest | | (13,857) | | Nonoperating 13,857 | |
| 02-28-2012 Balance before interest | | (12,947,628) | | | | (13,857) Total | | 13,857 | |
| | | | | <u>March</u> | | DFIT Expense | | ADFIT | |
| March | | 0 | | | | | | | |
| March Interest | | (39,590) | | Interest | | (13,857) | | Nonoperating 13,857 | |
| 03-31-2012 Balance before interest | | (12,947,628) | | | | (13,857) Total | | 13,857 | |
| | | | | <u>April</u> | | DFIT Expense | | ADFIT | |
| April | | 0 | | | | | | | |
| April Interest | | (39,590) | | Deferral | | (13,857) | | Nonoperating 13,857 | |
| 04-30-2012 Balance before interest | | (12,947,628) | | | | (13,857) Total | | 13,857 | |
| | | | | <u>May</u> | | DFIT Expense | | ADFIT | |
| May | | 0 | | | | | | | |
| May Interest | | (39,590) | | Deferral | | (13,857) | | Nonoperating 13,857 | |
| 05-31-2012 Balance before interest | | (12,947,628) | | | | (13,857) Total | | 13,857 | |
| | | | | <u>June</u> | | DFIT Expense | | ADFIT | |
| June | | 0 | | | | | | | |
| June Interest | | (39,590) | | Deferral | | (13,857) | | Nonoperating 13,857 | |
| Balance including interest | | (13,185,168) | | Interest | | (13,857) Total | | 13,857 | |
| ERM Transfer to 182350 | | 13,185,168 | | | | | | | |
| 06-30-2012 Balance | | 0 | | | | | | | |
| | | | | <u>July</u> | | DFIT Expense | | ADFIT | |
| July | | 0 | | Deferral | | | | | |
| July Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 07-31-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | <u>August</u> | | DFIT Expense | | ADFIT | |
| August | | 0 | | Deferral | | | | | |
| August Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 08-31-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | <u>September</u> | | DFIT Expense | | ADFIT | |
| September | | 0 | | Deferral | | | | | |
| September Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 09-30-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | <u>October</u> | | DFIT Expense | | ADFIT | |
| October | | 0 | | Deferral | | | | | |
| October Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 10-31-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | <u>November</u> | | DFIT Expense | | ADFIT | |
| November | | 0 | | Deferral | | | | | |
| November Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 11-30-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | <u>December</u> | | DFIT Expense | | ADFIT | |
| December | | 0 | | Deferral | | | | | |
| December Interest | | 0 | | Interest | | 0 | | Nonoperating 0 | |
| 12-31-2012 Balance before interest | | 0 | | | | 0 Total | | 0 | |
| | | | | | | | | | |
| | | | | ADFIT Balance | | | | 4,614,812 | |
| GL Balance | | 0 | | 0 | | | | | |
| Update ERM balance to include Interest | | | | 0 | | | | | |
| | | | | | | Check | | 4,614,812 | |

| 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 12/31/11 is | | 1.000% | | Actual cost of debt at 06/30/12 is | | 1.000% | | | |
| The monthly rate is: | | 0.00083 | Before Tax | The monthly rate is: | | 0.00083 | Before Tax | | |
| | | 0.0005417 | After Tax | | | 0.0005417 | After Tax | | |
| | | 35.00% | Tax rate | | | 35.00% | Tax rate | | |
| Account 182350 | | | | | | | | | |
| 12-31-2011 | GL Balance including interest | 0 | | | | | | | 0 |
| | | | | January | DFIT Expense | | | ADFIT | |
| January | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| January | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 01-31-2012 | Balance before interest | 0 | | | 0 | Total | 0 | | 0 |
| | | | | February | DFIT Expense | | | ADFIT | |
| February | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| February | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 02-28-2012 | Balance before interest | 0 | | | 0 | Total | 0 | | 0 |
| | | | | March | DFIT Expense | | | ADFIT | |
| March | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| March | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 03-31-2012 | Balance before interest | 0 | | | 0 | Total | 0 | | 0 |
| | | | | April | DFIT Expense | | | ADFIT | |
| April | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| April | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 04-30-2012 | Balance before interest | 0 | | | 0 | Total | 0 | | 0 |
| | | | | May | DFIT Expense | | | ADFIT | |
| May | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| May | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 05-31-2012 | Balance before interest | 0 | | | 0 | Total | 0 | | 0 |
| | | | | June | DFIT Expense | | | ADFIT | |
| | Transfer from 186290 | (13,185,168) | | | | | | | |
| June | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| June | Interest | 0 | 0 | Interest | 0 | Nonoperating | 0 | | |
| 06-30-2012 | Balance including interest | (13,185,168) | | | 0 | Total | 0 | | 0 |
| | | | | July | DFIT Expense | | | ADFIT | |
| | GL Balance including interest | (13,185,168) | | | | | | | |
| July | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| July | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 07-31-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 2,500 |
| | | | | August | DFIT Expense | | | ADFIT | |
| August | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| August | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 08-31-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 5,000 |
| | | | | September | DFIT Expense | | | ADFIT | |
| September | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| September | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 09-30-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 7,500 |
| | | | | October | DFIT Expense | | | ADFIT | |
| October | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| October | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 10-31-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 10,000 |
| | | | | November | DFIT Expense | | | ADFIT | |
| November | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| November | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 11-30-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 12,500 |
| | | | | December | DFIT Expense | | | ADFIT | |
| December | Surcharge Amortization | 0 | | Amortization | 0 | Operating | 0 | | |
| December | Interest | | (7,142) | Interest | (2,500) | Nonoperating | 2,500 | | |
| 12-31-2012 | Balance before interest | (13,185,168) | | | (2,500) | Total | 2,500 | | 15,000 |
| | | | | ADFIT Balance | | | | | 0 |
| | | GL Balance | 0.00 | 0 | | | | | 0 |
| | | Update ERM balance to include Interest | | 0.00 | | | | | 0 |
| | | | | | | Check | | | 0 |

Avista Corp. - Reconciliation Accounting
WASHINGTON POWER COST DEFERRALS

| Line No. | WASHINGTON ACTUALS | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 |
|--------------------------------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1 | 555 Purchased Power | \$23,141,967 | \$20,794,370 | \$19,562,184 | \$15,582,228 | \$14,344,417 | \$14,388,492 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 447 Sale for Resale | (\$13,950,055) | (\$12,419,742) | (\$9,996,182) | (\$9,118,086) | (\$8,828,586) | (\$8,800,004) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | 501 Thermal Fuel | \$2,994,673 | \$2,060,120 | \$2,131,703 | \$1,107,755 | \$227,310 | \$1,053,807 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | 547 CT Fuel | \$8,638,904 | \$7,687,226 | \$4,484,187 | \$2,102,862 | \$1,198,996 | \$1,199,228 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5 | 456 Transmission Revenue | (\$990,722) | (\$725,693) | (\$765,880) | (\$895,158) | (\$1,463,279) | (\$1,464,906) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 | 565 Transmission Expense | \$1,495,285 | \$1,530,877 | \$1,480,538 | \$1,427,248 | \$1,371,518 | \$1,420,883 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7 | 557 Broker Fees | \$77,415 | \$62,390 | \$58,865 | \$75,121 | \$61,843 | \$65,621 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 8 | Less Clearwater directly assigned to ID | (\$1,684,910) | (\$1,538,596) | (\$1,141,844) | (\$1,659,201) | (\$1,652,935) | (\$1,440,266) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9 | Adjusted Actual Net Expense | \$19,722,577 | \$17,431,952 | \$15,813,571 | \$8,622,769 | \$5,259,284 | \$6,442,855 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| AUTHORIZED NET EXPENSE-SYSTEM | | | | | | | | | | | | | |
| 10 | 555 Purchased Power | \$12,917,361 | \$11,733,560 | \$11,415,839 | \$9,228,929 | \$6,768,390 | \$7,014,446 | \$8,036,703 | \$9,562,739 | \$7,187,264 | \$7,175,099 | \$10,508,310 | \$11,173,530 |
| 11 | 447 Sale for Resale | (\$4,971,201) | (\$4,445,361) | (\$3,677,772) | (\$3,285,131) | (\$3,661,500) | (\$2,904,168) | (\$4,522,777) | (\$2,695,392) | (\$4,625,192) | (\$5,333,974) | (\$6,423,358) | (\$4,412,315) |
| 12 | 501 Thermal Fuel | \$3,077,916 | \$2,852,038 | \$2,928,523 | \$2,181,146 | \$1,469,354 | \$1,158,870 | \$2,765,418 | \$3,115,273 | \$3,016,531 | \$3,166,434 | \$3,066,764 | \$3,109,968 |
| 13 | 547 CT Fuel | \$10,117,831 | \$9,188,887 | \$6,347,309 | \$3,075,716 | \$1,946,215 | \$2,204,865 | \$7,105,068 | \$10,387,613 | \$10,550,699 | \$12,385,545 | \$12,581,796 | \$12,215,779 |
| 14 | 456 Transmission Revenue | (\$1,089,933) | (\$819,912) | (\$917,298) | (\$784,567) | (\$999,459) | (\$1,185,338) | (\$1,148,996) | (\$1,062,294) | (\$1,047,237) | (\$1,035,702) | (\$984,334) | (\$842,050) |
| 15 | 565 Transmission Expense | \$1,526,636 | \$1,474,958 | \$1,529,717 | \$1,425,005 | \$1,430,460 | \$1,438,762 | \$1,477,824 | \$1,441,409 | \$1,454,077 | \$1,433,340 | \$1,473,058 | \$1,535,929 |
| 16 | 557 Broker Fees | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 | \$30,500 |
| 17 | Authorized Net Expense | \$21,609,110 | \$20,014,670 | \$17,656,818 | \$11,871,598 | \$6,983,960 | \$7,757,937 | \$13,743,740 | \$20,779,848 | \$16,566,642 | \$17,821,242 | \$20,252,736 | \$22,811,341 |
| 18 | Actual - Authorized Net Expense | (\$1,886,533) | (\$2,582,718) | (\$1,843,247) | (\$3,248,829) | (\$1,724,676) | (\$1,335,082) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 19 | Resource Optimization | \$891,615 | \$1,114,023 | \$912,435 | \$646,874 | (\$352,587) | (\$794,487) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 20 | Adjusted Net Expense | (\$994,918) | (\$1,468,695) | (\$930,812) | (\$2,601,955) | (\$2,077,263) | (\$2,129,569) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 21 | Washington Allocation | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% | 65.16% |
| 22 | Washington Share | (\$648,289) | (\$957,002) | (\$606,517) | (\$1,695,434) | (\$1,353,545) | (\$1,387,627) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 23 | WA Retail Revenue Adjustment (+) Surcharge (-) Rebate | (\$511,457) | (\$987,834) | (\$907,483) | \$796,283 | (\$1,047,749) | \$708,567 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 24 | Net Power Cost (+) Surcharge (-) Rebate | (\$1,159,746) | (\$1,944,836) | (\$1,514,000) | (\$899,151) | (\$2,401,294) | (\$679,060) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 25 | Cumulative Balance | (\$1,159,746) | (\$3,104,582) | (\$4,618,582) | (\$5,517,733) | (\$7,919,027) | (\$8,598,087) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | input 10,000,000 and up | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | input 4,000,000 to \$10M | \$0 | \$0 | (\$618,582) | (\$1,517,733) | (\$3,919,027) | (\$4,598,087) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | input 0 to \$4M | (\$1,159,746) | (\$3,104,582) | (\$4,000,000) | (\$4,000,000) | (\$4,000,000) | (\$4,000,000) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | check #-should be zero | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Deferral Amount, Cumulative (Customer) | \$0 | \$0 | (\$463,937) | (\$1,136,300) | (\$2,939,270) | (\$3,448,565) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Deferral Amount, Monthly | \$0 | \$0 | (\$463,937) | (\$674,363) | (\$1,800,970) | (\$509,295) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Acct 557280 Entry; (+) Rebate, (-) Surcharge | \$0 | \$0 | \$463,937 | \$674,363 | \$1,800,970 | \$509,295 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Company Band Gross Margin Impact, Cumulative | (\$1,159,746) | (\$3,104,582) | (\$4,154,645) | (\$4,378,433) | (\$4,979,757) | (\$5,149,522) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

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

| Line No. | Deal Number | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 |
|--|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|------------|------------|------------|------------|
| 555 PURCHASED POWER | | | | | | | | | | | | | |
| 1 | Short-Term Purchases | \$14,286,874 | \$12,428,579 | \$12,880,117 | \$8,882,130 | \$9,483,202 | \$9,513,674 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | Chelan County PUD (Rocky Reach Slice) | \$890,965 | \$890,965 | \$890,965 | \$890,965 | \$890,965 | \$890,965 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | Douglas County PUD (Wells Settlement) | \$30,466 | \$30,516 | \$108,577 | \$177,412 | \$175,628 | \$187,495 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Douglas County PUD (Wells) | \$150,203 | \$150,203 | \$150,203 | \$150,203 | \$150,203 | \$150,203 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5 | Grant County PUD (Priest Rapids/Wanapur) | \$506,303 | \$506,303 | \$506,303 | \$506,303 | \$506,303 | \$506,303 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 | Bonneville Power Admin. (WNP-3) | \$3,591,877 | \$3,245,650 | \$1,773,317 | \$1,717,470 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7 | Inland Power & Light - Deer Lake | \$633 | \$543 | \$528 | \$376 | \$364 | \$521 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 8 | Small Power | \$104,648 | \$133,402 | \$120,054 | \$138,177 | \$109,687 | \$126,054 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9 | Slinson Lumber | \$191,934 | \$177,148 | \$116,357 | \$87,364 | \$129,833 | \$153,226 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10 | City of Spokane-Upriver | \$170,615 | \$227,490 | \$381,561 | \$199,029 | \$206,051 | \$254,881 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11 | JH Morgan Ventures - Stateline Wind | \$326,047 | \$277,952 | \$407,597 | \$296,356 | \$265,009 | \$368,467 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 12 | Rathdrum Power, LLC (Lancaster PPA) | \$2,111,292 | \$2,126,325 | \$2,009,708 | \$1,879,349 | \$1,799,356 | \$1,794,111 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | Cleanwater (PFI) | \$1,684,910 | \$1,538,596 | \$1,141,844 | \$1,659,201 | \$1,652,935 | \$1,440,266 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | WPM Ancillary Services | \$60,602 | \$57,260 | \$53,813 | \$50,517 | \$48,663 | \$46,251 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | Non-Mon. Accruals | (\$27,951) | (\$75,081) | \$18,682 | \$15,733 | (\$7,189) | \$34,535 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16 | Total 555 Purchased Power | \$23,141,987 | \$20,794,370 | \$19,562,184 | \$15,582,228 | \$14,344,417 | \$14,388,492 | \$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 | | | | | | | | | | | | | |
| 17 | Short-Term Sales | (\$9,802,147) | (\$8,428,516) | (\$7,436,245) | (\$6,747,707) | (\$6,168,836) | (\$6,198,042) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 18 | Peaker LLC/POE Cap Sale | (\$145,065) | (\$146,215) | (\$145,065) | (\$145,065) | (\$145,955) | (\$146,150) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 19 | Nichols Pumping Index Sale | (\$90,416) | (\$78,912) | (\$64,227) | (\$31,572) | (\$21,830) | (\$17,547) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 20 | 200205 Capacity only | (\$6,838) | (\$6,571) | (\$6,812) | (\$6,339) | (\$6,462) | (\$6,531) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 21 | Sovern/Kaiser Load Following | (\$39,497) | (\$35,966) | (\$38,832) | (\$35,175) | (\$25,248) | (\$24,167) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 22 | Pend Oreille DES | (\$1,864,700) | (\$1,460,370) | (\$1,194,090) | (\$919,166) | (\$1,172,399) | (\$1,138,065) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 23 | SMUD 50 + 25 | (\$2,001,372) | (\$2,262,572) | (\$1,110,021) | (\$1,233,042) | (\$1,287,856) | (\$1,269,502) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 24 | Total 447 Sales for Resale | (\$13,950,056) | (\$12,418,742) | (\$9,996,182) | (\$9,118,086) | (\$8,828,586) | (\$8,800,004) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 501 FUEL-DOLLARS | | | | | | | | | | | | | |
| 25 | Kettle Falls Wood-501110 | \$1,075,902 | \$899,553 | \$368,884 | (\$19,413) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 26 | Kettle Falls Gas-501120 | (\$358) | \$2 | \$6,136 | (\$588) | (\$178) | (\$133) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 27 | Colstrip Coal-501140 | \$1,898,492 | \$1,147,168 | \$1,741,414 | \$1,127,757 | \$227,488 | \$1,037,138 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 28 | Colstrip Oil-501160 | \$20,837 | \$13,347 | \$15,269 | \$0 | \$0 | \$16,802 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 29 | Total 501 Fuel Expense | \$2,994,673 | \$2,080,120 | \$2,131,703 | \$1,107,765 | \$227,310 | \$1,063,807 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 501 FUEL-TONS | | | | | | | | | | | | | |
| 30 | Kettle Falls | 50,240 | 43,210 | 19,413 | - | - | - | - | - | - | - | - | - |
| 31 | Colstrip | 92,959 | 91,685 | 88,194 | 59,108 | 32,799 | 44,605 | - | - | - | - | - | - |
| 501 FUEL-COST PER TON | | | | | | | | | | | | | |
| 32 | Kettle Falls | \$21.42 | \$20.82 | \$19.00 | \$19.08 | \$6.94 | \$23.25 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 33 | Colstrip | \$20.42 | \$12.51 | \$19.75 | \$19.08 | \$6.94 | \$23.25 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 547 FUEL | | | | | | | | | | | | | |
| 34 | NE CT Gas/Oil-547213 | \$2,305 | (\$8) | \$3 | \$603 | \$176 | \$498 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 35 | Boulder Park-547216 | \$42,073 | \$6,387 | \$14,961 | \$1,164 | \$11,047 | \$9,612 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 36 | Kettle Falls CT-547211 | \$16,754 | (\$337) | \$115 | (\$337) | (\$102) | (\$67) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 37 | Coyote Springs-2-547610 | \$4,518,965 | \$3,925,119 | \$1,764,650 | \$790,356 | \$574,245 | \$651,010 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 38 | Lancaster-547312 | \$4,045,583 | \$3,734,764 | \$2,704,843 | \$1,309,673 | \$569,122 | \$528,509 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 39 | Rathdrum CT-547310 | \$13,214 | \$1,300 | (\$385) | \$1,403 | \$44,508 | \$9,466 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 40 | Total 547 Fuel Expense | \$8,638,904 | \$7,687,226 | \$4,484,187 | \$2,102,862 | \$1,198,996 | \$1,199,228 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 41 TOTAL NET EXPENSE | | | | | | | | | | | | | |
| 41 | | \$20,826,509 | \$18,102,874 | \$16,181,892 | \$9,874,768 | \$6,942,137 | \$7,841,523 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 466 TRANSMISSION REVENUE | | | | | | | | | | | | | |
| 42 | 456100 ED AN | (\$913,310) | (\$648,281) | (\$688,468) | (\$817,746) | (\$1,385,867) | (\$1,387,494) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 43 | 456705 ED AN | (\$77,412) | (\$77,412) | (\$77,412) | (\$77,412) | (\$77,412) | (\$77,412) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 44 | Total 466 Transmission Revenue | (\$990,722) | (\$725,693) | (\$765,880) | (\$895,166) | (\$1,463,279) | (\$1,464,906) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

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

| Line No. | Deal Number | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 |
|------------------------------|--------------------------------|---------------|----------------|---------------|---------------|---------------|---------------|------------|------------|------------|------------|------------|------------|
| 45 | 565 TRANSMISSION EXPENSE | | | | | | | | | | | | |
| 45 | 565000 ED AN | \$1,493,255 | \$1,528,847 | \$1,478,508 | \$1,425,218 | \$1,369,488 | \$1,418,853 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 46 | 565312 ED AN | \$0 | \$0 | \$0 | \$2,030 | \$2,030 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 47 | 565710 ED AN | \$2,030 | \$2,030 | \$2,030 | \$2,030 | \$2,030 | \$2,030 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 48 | Total 565 Transmission Expense | \$1,495,285 | \$1,530,877 | \$1,480,538 | \$1,427,248 | \$1,371,518 | \$1,420,883 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 49 | Total 557170 ED AN Broker Fees | \$77,415 | \$62,390 | \$68,855 | \$75,121 | \$61,843 | \$65,821 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RESOURCE OPTIMIZATION | | | | | | | | | | | | | |
| 50 | Econ Dispatch-557010 | (\$2,032,479) | (\$809,160) | (\$85,290) | \$2,327,485 | \$1,130,624 | \$370,598 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 51 | Econ Dispatch-557150 | \$5,916,543 | \$6,778,373 | \$6,811,364 | \$6,300,876 | \$4,225,073 | \$6,397,861 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 52 | Gas Bookouts-557700 | \$223,650 | \$2,426,636 | \$518,338 | \$609,000 | \$7,153 | \$161,161 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 53 | Gas Bookouts-557711 | (\$273,650) | (\$2,426,636) | (\$518,338) | (\$609,000) | (\$7,153) | (\$161,161) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 54 | Intraco Thermal Gas-557730 | \$2,715,887 | \$7,242,610 | \$883,454 | \$5,396,524 | \$3,514,063 | \$1,390,720 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 55 | Fuel Dispatch-Fin-456010 | \$1,083,256 | \$236,776 | (\$851,216) | (\$1,929,045) | (\$1,369,704) | (\$805,342) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 56 | Fuel Dispatch-456015 | (\$2,946,855) | (\$4,206,969) | (\$4,722,448) | (\$9,932,613) | (\$7,125,100) | (\$7,570,556) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 57 | Intraco Thermal Gas-456730 | (\$3,605,893) | (\$10,218,795) | (\$2,979,518) | (\$1,450,165) | (\$405,064) | (\$206,231) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 58 | Fuel Bookouts-456711 | \$0 | \$0 | \$392,850 | \$691,560 | \$7,708 | \$12,113 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 59 | Fuel Bookouts-456720 | \$0 | \$0 | (\$382,850) | (\$691,560) | (\$7,708) | (\$12,113) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 60 | Resource Optimization Subtotal | \$1,132,459 | \$1,022,836 | \$1,066,346 | \$713,062 | (\$30,108) | (\$422,950) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 61 | REC Rev in Base Rates | \$0 | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) | (\$70,833) |
| 62 | Misc Rev's 456016 ED AN | (\$227,500) | (\$125,000) | (\$195,000) | (\$125,000) | (\$295,776) | (\$427,374) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 63 | REC Revenue Subtotal | (\$227,500) | \$102,500 | (\$124,167) | (\$54,167) | (\$310,777) | (\$355,641) | \$70,833 | \$70,833 | \$70,833 | \$70,833 | \$70,833 | \$70,833 |
| 64 | REC Exp Authorized | \$29,760 | \$27,840 | \$29,760 | \$29,760 | \$29,760 | \$28,800 | \$29,760 | \$29,760 | \$28,800 | \$29,800 | \$28,800 | \$29,760 |
| 65 | Clearwater REC - 557160 ED AN | \$29,760 | \$27,840 | \$29,760 | \$29,760 | \$29,760 | \$28,800 | \$29,760 | \$29,760 | \$28,800 | \$29,800 | \$28,800 | \$29,760 |
| 66 | REC Purchases Subtotal | \$0 | \$0 | (\$3,166) | \$40 | (\$178) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 67 | Wind REC Exp Authorized | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 68 | Wind REC Exp Actual 557395 | (\$13,344) | (\$11,312) | (\$18,588) | (\$12,061) | (\$11,524) | (\$14,996) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 69 | Wind REC Subtotal | (\$13,344) | (\$11,312) | (\$18,588) | (\$12,061) | (\$11,524) | (\$14,996) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70 | Net Resource Optimization | \$891,615 | \$1,114,023 | \$912,435 | \$646,874 | (\$352,587) | (\$794,487) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 71 | Adjusted Actual Net Expense | \$22,299,102 | \$20,084,671 | \$17,867,850 | \$10,928,844 | \$6,559,532 | \$7,088,634 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Avista Corp. - Resource Accounting
 Washington Electric Jurisdiction
Energy Recovery Mechanism (ERM) Retail Revenue Credit Calculation - 2012

| Retail Sales - MWh | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | YTD |
|----------------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| Total Billed Sales | 534,756 | 518,002 | 490,431 | 459,155 | 429,820 | 415,990 | - | - | - | - | - | - | 2,848,156 |
| Deduct Prior Month Unbilled | (405,057) | (391,199) | (376,206) | (370,627) | (322,465) | (309,734) | - | - | - | - | - | - | (2,175,289) |
| Add Current Month Unbilled | 391,199 | 376,206 | 370,627 | 322,465 | 309,734 | 290,186 | - | - | - | - | - | - | 2,060,417 |
| Total Retail Sales | 520,898 | 503,009 | 484,852 | 410,994 | 417,089 | 396,442 | - | - | - | - | - | - | 2,733,284 |
| Test Year Retail Sales | 510,744 | 483,398 | 466,836 | 426,802 | 396,288 | 410,509 | 447,904 | 483,473 | 416,772 | 454,738 | 481,280 | 549,531 | 5,528,276 |
| Difference from Test Year | 10,154 | 19,612 | 18,016 | (15,809) | 20,801 | (14,067) | - | - | - | - | - | - | 38,707 |
| Production Rate - \$/MWh | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 |
| Total Revenue Credit - \$ | \$511,457 | \$987,834 | \$907,483 | (\$796,283) | \$1,047,749 | (\$708,567) | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$50.37 | \$1,949,673 |

| Value to Put in Deferral Calculation Spreadsheet: | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | YTD |
|---|--------------------------------|------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------|
| Actual | (\$511,457) Rebate | (\$987,834) Rebate | (\$907,483) Rebate | \$796,283 Surcharge | (\$1,047,749) Rebate | \$708,567 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | (\$1,949,673) Rebate |
| Budget | (\$1,765,275) Rebate | (\$624,815) Rebate | (\$1,695,804) Rebate | (\$27,425) Rebate | (\$2,435,185) Rebate | (\$802,206) Rebate | (\$1,261,770) Rebate | (\$336,125) Rebate | (\$877,416) Rebate | \$183,116 Surcharge | \$109,544 Surcharge | (\$246,633) Rebate | (9,679,993) Rebate |
| Forecast | (\$1,765,275) Rebate | (\$700,958) Rebate | (\$1,026,850) Rebate | \$202,271 Surcharge | (\$592,242) Rebate | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | \$50.37 Surcharge | (\$3,983,053) Rebate |