

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



January 14, 2013

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,  
December 2012

Dear Mr. Danner:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of December 2012. The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers. In December actual net power costs were less than authorized costs by \$1,792,484. The year-to-date difference is \$14,796,933 in the rebate direction. A deferral entry of \$1,420,599 was made in the rebate direction. This entry was after removing \$214,041 related to 2012 REC revenues, which were recorded in a separate deferral account per Order 14, Docket UE-120436. The year-to-date deferral balance, excluding interest, is \$8,624,603 in the rebate direction, which reflects 75% of the amount within the \$4 million to \$10 million sharing band, or \$4,500,000, and 90% of the amount in excess of \$10 million, or \$4,124,603.

Actual net power costs were lower than the authorized level due primarily to higher hydro generation and low natural gas and power prices. Hydro generation was 87 aMW above the authorized level. The average power purchase price was \$25.86/MWh compared to an authorized price of \$45.29/MWh. The average natural gas price was \$3.53/dth compared to an authorized price of \$4.79/dth.

Colstrip and Kettle Falls generation was 3 aMW and 15 aMW below the authorized levels, respectively. Gas-fired generation was 372 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 19 aMW below the authorized level.

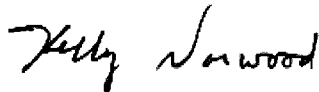
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UTILITY DIVISION

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 July 2012 shows the calculation of the weighted cost of debt at June 30, 2012, which will be used for the July-December 2012 period.

Enclosed are two forward long-term power contracts that contain confidential, market-sensitive information. Avista and the counter-party to the agreement might be directly affected by disclosure of the confidential information. The first page of each contract and the pages containing confidential information have been marked with the designation "confidential per WAC 480-07-160." The unredacted versions are being filed under seal. Six copies of the unredacted versions are being submitted in sealed envelopes, copied on yellow paper and identified as "Confidential Attachment A" and "Confidential Attachment B." Six copies of the redacted version are also being submitted.

If you have any questions, please contact Bill Johnson at (509) 495-4046 or Jeanne Pluth at (509) 495-2204.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood  
Vice President State and Federal Regulation  
JP  
Enclosure  
C: Mary Kimball, S. Bradley Van Cleve

AVISTA CORPORATION  
STATE OF WASHINGTON  
DOCKET NO. UE-011595  
POWER COST DEFERRAL REPORT

MONTH OF DECEMBER 2012

**Avista Corporation Journal Entry**

**Journal:** 481-WA ERM  
**Team:** Resource Accounting  
**Type:** C  
**Category:** DJ  
**Currency:** USD  
**Effective Date:** 201212  
**Last Saved by:** Gina Armstrong  
**Submitted by:** Gina Armstrong  
**Approved by:**  
**Last Saved:** 01/08/2013 4:38 PM  
**Approval Requested:** 01/08/2013 4:38 PM

Seq	Co.	FERC	Ser.	Jur.	S.L.	Debit	Credit	Comment
10	001	431600 - INTEREST EXPENSE ENERGY DEFERRALS	ED	WA	DL	40,802.00		Prior Year Interest Accrual
20	001	182350 - REGULATORY ASSET ERM APPROVED FOR RECOVERY	ED	WA	DL		40,802.00	Prior Year Interest Accrual
30	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL		1,420,599.00	WA ERM Deferral
40	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL	1,420,599.00		WA ERM Deferral
50	001	431600 - INTEREST EXPENSE ENERGY DEFERRALS	ED	WA	DL		18,957.00	WA ERM Interest Accrual - Reverse incorrect November
60	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL	18,957.00		WA ERM Interest Accrual - Reverse incorrect November
70	001	431600 - INTEREST EXPENSE ENERGY DEFERRALS	ED	WA	DL		20,319.00	WA ERM Interest Accrual - Correct November
80	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL	20,319.00		WA ERM Interest Accrual - Correct November
90	001	431600 - INTEREST EXPENSE ENERGY DEFERRALS	ED	WA	DL		24,550.00	WA ERM Interest Accrual - December
100	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL	24,550.00		WA ERM Interest Accrual - December
<b>Totals:</b>						<b>1,525,227.00</b>	<b>1,525,227.00</b>	

Prepared by Gina Armstrong Date 1/8/13  
 Reviewed by [Signature] Date 1/8/13  
 Approved for Entry [Signature] Date \_\_\_\_\_  
 Corporate Accounting use Only

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
201201	USD	12,947,628.00		0.00	
201202	USD	0.00		0.00	
201203	USD	-464,646.00		-464,646.00	
201204	USD	-675,813.00		-1,141,459.00	
201205	USD	-1,807,204.00		-2,948,663.00	
201206	USD	-519,061.00		-3,467,724.00	
201207	USD	-795,045.00		-4,262,769.00	
201208	USD	-2,460,780.00		-6,723,549.00	
201209	USD	331,588.00		-6,391,961.00	
201210	USD	414,565.00		-5,977,396.00	
201211	USD	-1,332,731.00		-7,310,127.00	
201212	USD	-1,446,511.00		-8,756,638.00	

**ERM Deferral Balance (Current Year - 2012)**

**Account 186280.ED.WA**

	Amount	Journal ID
Balance 11/30/12	-\$7,310,127.00	
Deferral (2)	-1,420,599.00	481 - WA ERM
Interest Correction for Nov 2012 (1)	-1,362.00	481 - WA ERM
Interest	-24,550.00	481 - WA ERM
Balance 12/31/12	<u><u>-\$8,756,638.00</u></u>	
Year to date deferrals	-\$8,624,603.00	
Year to date interest	-132,035.00	
Balance in account	<u><u>-\$8,756,638.00</u></u>	

	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%	-6,000,000.00	-1,500,000.00	-4,500,000.00
Over \$10,000,000 at 10%	-4,582,892.00	-458,289.00	-4,124,603.00
Total	<u><u>-\$14,582,892.00</u></u>	<u><u>-\$5,958,289.00</u></u>	<u><u>-\$8,624,603.00</u></u>

(1) Interest recorded in November was October's interest amount (\$18,957) in error. Correct amount was \$20,319. The correct amount was recorded in December 2012, which was an additional \$1,362.

(2) The deferral is net of \$214,041, which is 2012 REC revenues that were recorded in a separate deferral account, per UE-120436, Order 14 (page 32).

Detail Balance by (AM)STAC (ERP) - 101 186290 ED.WA DL

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
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	
201207	USD	0.00		0.00	
201208	USD	0.00		0.00	
201209	USD	0.00		0.00	
201210	USD	0.00		0.00	
201211	USD	0.00		0.00	
201212	USD	0.00		0.00	

**ERM Deferral Balance (Prior year - 2011)**

**Account 186290.ED.WA**

Balance 11/30/12

Amount  
\$0.00

Journal ID

No current month entries

0.00

481 - WA ERM

Balance 12/31/12

\$0.00

Data: Balance Sheet AMSTA CORP - 101102350.ED.WA.DL						
		Balance Type	Actual	Currency Type	Total	
Period	Currency		PTD	PTD Converted	YTD	YTD Converted
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	
201207	USD		-40,802.00		-13,225,970.00	
201208	USD		-40,802.00		-13,266,772.00	
201209	USD		-40,802.00		-13,307,574.00	
201210	USD		-40,802.00		-13,348,376.00	
201211	USD		-40,802.00		-13,389,178.00	
201212	USD		-40,802.00		-13,429,980.00	

**Recoverable Deferral Balance**

**Account 182350.ED.WA**

Balance 11/30/12

Amount  
 -\$13,389,178.00

Interest

-40,802.00

Journal ID

481 - WA ERM

Balance 12/31/12

-\$13,429,980.00

Detail Balance of AVISTA (MPT) UNIT 11338 ED.WA DL

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

Period	Currency	PTD	PTD Converted	YTD	YTD Converted
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	250,741.06		4,986,607.33	
201205	USD	646,377.90		5,632,985.23	
201206	USD	195,527.85		5,828,513.08	
201207	USD	292,546.45		6,121,059.53	
201208	USD	875,553.70		6,996,613.23	
201209	USD	-104,517.10		6,892,096.13	
201210	USD	-128,075.05		6,764,021.08	
201211	USD	480,736.55		7,244,757.63	
201212	USD	520,559.55		7,765,317.18	

**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	-\$8,756,638.00
Account 186290.ED.WA balance	0.00
Account 182350.ED.WA balance	-13,429,980.00
Total	-\$22,186,618.00
Federal income tax rate	-35%
Deferred FIT related to deferrals	\$7,765,316
Rounding	1
Balance that should be in account	\$7,765,317



<b>Changes Semiannually on January 1 and July 1</b>				
<b>The rate is based on Avista's actual cost of debt, updated semiannually.</b>				
<b>The actual cost of debt calculated at 6/30 will be used for the interest calculation from July through December.</b>				
<b>The actual cost of debt calculated at 12/31 will be used for the interest calculation from January through June.</b>				
<b>Interest will be accrued monthly and compounded semi-annually.</b>				
<b>Interest is calculated using the prior month ending balance plus 1/2 month of current month charges times the current after tax interest rate</b>				
Actual cost of debt at 12/31/11 is	5.645%		Actual cost of debt at 06/30/12 is	5.713%
The monthly rate is:	0.00470 Before Tax		The monthly rate is:	0.00476 Before Tax
	0.0030577 After Tax			0.0030945 After Tax
	35.00% Tax rate			35.00% Tax rate
<b>Account 186280</b>				
				<b>0</b>
		<b>January</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
January	ERM Deferral	0	Deferral	0 Operating
January	Interest	0	Interest	0 Nonoperating
01-31-2012	Balance before interest	0		0 Total
		<b>February</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
February	ERM Deferral	0	Deferral	0 Operating
February	Interest	0	Interest	0 Nonoperating
02-29-2012	Balance before interest	0		0 Total
		<b>March</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
March	ERM Deferral	(463,937)	Deferral	(162,378) Operating
March	Interest	(709)	Interest	(248) Nonoperating
03-31-2012	Balance before interest	(463,937)		(162,626) Total
		<b>April</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
April	ERM Deferral	(674,363)	Deferral	(236,027) Operating
April	Interest	(2,450)	Interest	(858) Nonoperating
04-30-2012	Balance before interest	(1,138,300)		(236,885) Total
		<b>May</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
May	ERM Deferral	(1,800,970)	Deferral	(630,340) Operating
May	Interest	(6,234)	Interest	(2,182) Nonoperating
05-31-2012	Balance before interest	(2,939,270)		(632,522) Total
		<b>June</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
June	ERM Deferral	(509,295)	Deferral	(178,253) Operating
June	Interest	(9,766)	Interest	(3,418) Nonoperating
06-30-2012	Balance before interest	(3,448,565)		(181,671) Total
		<b>July</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
July	ERM Deferral	(783,102)	Deferral	(274,086) Operating
July	Interest	(11,943)	Interest	(4,180) Nonoperating
07-31-2012	Balance before interest	(4,250,826)		(278,266) Total
		<b>August</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
August	ERM Deferral	(2,443,845)	Deferral	(855,346) Operating
August	Interest	(16,935)	Interest	(5,927) Nonoperating
08-31-2012	Balance before interest	(6,694,671)		(861,273) Total
		<b>September</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
September	ERM Deferral	351,760	Deferral	123,116 Operating
September	Interest	(20,172)	Interest	(7,060) Nonoperating
09-30-2012	Balance before interest	(6,342,911)		116,056 Total
		<b>October</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
October	ERM Deferral	433,522	Deferral	151,733 Operating
October	Interest	(18,957)	Interest	(6,635) Nonoperating
10-31-2012	Balance before interest	(5,909,389)		145,098 Total
		<b>November</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
November	ERM Deferral	(1,313,774)	Deferral	(459,821) Operating
November	Interest	(20,319)	Interest	(7,112) Nonoperating
11-30-2012	Balance before interest	(7,223,163)		(466,933) Total
		<b>December</b>	<b>DFIT Expense</b>	<b>ADFIT</b>
December	ERM Deferral	(1,420,599)	Deferral	(497,210) Operating
December	Interest	(24,550)	Interest	(8,593) Nonoperating
12-31-2012	Balance before interest	(8,643,762)		(505,803) Total
		<b>GL Balance</b>	<b>(8,643,762)</b>	<b>(88,268) ADFIT Balance</b>
		<b>Update ERM balance to include Interest</b>	<b>(8,732,030)</b>	<b>0</b>
				<b>3,056,211</b>
			<b>Check</b>	<b>(3,056,211)</b>

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	5.713%	
The monthly rate is:		0.00470 Before Tax	The monthly rate is:		
		0.0030577 After Tax	0.00476 Before Tax		
		35.00% Tax rate	0.0030945 After Tax		
			35.00% Tax rate		
<b>Account 182360</b>					
12-31-2011	GL Balance including interest	0		0	
			<b>January</b>	<b>DFIT Expense</b>	
January	Surcharge Amortization	0	Amortization	0 Operating	
January	Interest	0	Interest	0 Nonoperating	
01-31-2012	Balance before interest	0		0 Total	
			<b>February</b>	<b>DFIT Expense</b>	
February	Surcharge Amortization	0	Amortization	0 Operating	
February	Interest	0	Interest	0 Nonoperating	
02-28-2012	Balance before interest	0		0 Total	
			<b>March</b>	<b>DFIT Expense</b>	
March	Surcharge Amortization	0	Amortization	0 Operating	
March	Interest	0	Interest	0 Nonoperating	
03-31-2012	Balance before interest	0		0 Total	
			<b>April</b>	<b>DFIT Expense</b>	
April	Surcharge Amortization	0	Amortization	0 Operating	
April	Interest	0	Interest	0 Nonoperating	
04-30-2012	Balance before interest	0		0 Total	
			<b>May</b>	<b>DFIT Expense</b>	
May	Surcharge Amortization	0	Amortization	0 Operating	
May	Interest	0	Interest	0 Nonoperating	
05-31-2012	Balance before interest	0		0 Total	
			<b>June</b>	<b>DFIT Expense</b>	
June	Transfer from 186290	(13,185,168)	Amortization	0 Operating	
June	Surcharge Amortization	0	Interest	0 Nonoperating	
06-30-2012	Balance including interest	(13,185,168)		0 Total	
			<b>July</b>	<b>DFIT Expense</b>	
	GL Balance including interest	(13,185,168)	Amortization	0 Operating	
July	Surcharge Amortization	0	Interest	(14,281) Nonoperating	
July	Interest	(40,802)		(14,281) Total	
07-31-2012	Balance before interest	(13,185,168)		14,281	
			<b>August</b>	<b>DFIT Expense</b>	
August	Surcharge Amortization	0	Amortization	0 Operating	
August	Interest	(40,802)	Interest	(14,281) Nonoperating	
08-31-2012	Balance before interest	(13,185,168)		(14,281) Total	
			<b>September</b>	<b>DFIT Expense</b>	
September	Surcharge Amortization	0	Amortization	0 Operating	
September	Interest	(40,802)	Interest	(14,281) Nonoperating	
09-30-2012	Balance before interest	(13,185,168)		(14,281) Total	
			<b>October</b>	<b>DFIT Expense</b>	
October	Surcharge Amortization	0	Amortization	0 Operating	
October	Interest	(40,802)	Interest	(14,281) Nonoperating	
10-31-2012	Balance before interest	(13,185,168)		(14,281) Total	
			<b>November</b>	<b>DFIT Expense</b>	
November	Surcharge Amortization	0	Amortization	0 Operating	
November	Interest	(40,802)	Interest	(14,281) Nonoperating	
11-30-2012	Balance before interest	(13,185,168)		(14,281) Total	
			<b>December</b>	<b>DFIT Expense</b>	
December	Surcharge Amortization	0	Amortization	0 Operating	
December	Interest	(40,802)	Interest	(14,281) Nonoperating	
12-31-2012	Balance before interest	(13,185,168)		(14,281) Total	
<b>GL Balance</b>		<b>(13,185,168.00)</b>	<b>(204,010)</b>	<b>ADFIT Balance</b>	<b>0</b>
Update ERM balance to include Interest			<b>(13,389,178.00)</b>		<b>4,686,212</b>
				<b>Check</b>	<b>(4,686,212)</b>

Avista Corp. - Resource 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	\$23,141,987	\$20,794,370	\$19,562,184	\$15,582,228	\$14,344,417	\$14,388,492	\$20,047,557	\$21,177,850	\$18,906,988	\$21,436,597	\$24,319,447	\$26,814,280
2	447 Sale for Resale	(\$13,950,055)	(\$12,418,742)	(\$9,996,182)	(\$9,118,086)	(\$8,828,586)	(\$8,800,004)	(\$11,449,453)	(\$13,066,498)	(\$12,639,812)	(\$15,581,737)	(\$16,841,980)	(\$15,313,281)
3	501 Thermal Fuel	\$2,994,673	\$2,060,120	\$2,131,703	\$1,107,755	\$2,227,310	\$1,053,807	\$1,886,877	\$4,068,624	\$2,825,222	\$3,005,125	\$2,310,754	\$2,304,324
4	547 CT Fuel	\$8,638,904	\$7,667,226	\$4,484,187	\$2,102,862	\$1,198,956	\$1,198,228	\$3,643,108	\$6,804,943	\$8,513,800	\$9,607,532	\$6,641,432	\$3,552,584
5	456 Transmission Revenue	(\$990,722)	(\$725,693)	(\$765,880)	(\$895,158)	(\$1,463,279)	(\$1,464,906)	(\$1,383,720)	(\$1,254,831)	(\$989,158)	(\$1,049,828)	(\$796,622)	(\$780,900)
6	565 Transmission Expense	\$1,495,285	\$1,530,877	\$1,480,538	\$1,427,248	\$1,371,518	\$1,420,883	\$1,420,256	\$1,460,814	\$1,516,270	\$1,486,098	\$1,470,876	\$1,468,952
7	557 Broker Fees	\$7,415	\$62,390	\$58,865	\$75,121	\$61,843	\$65,621	\$82,534	\$77,307	\$68,750	\$79,496	\$98,716	\$91,023
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)	(\$1,454,087)	(\$1,482,371)	(\$1,520,956)	(\$1,520,956)	(\$1,500,226)	(\$1,559,026)
9	Palouse Wind Deferral - System												
10	Adjusted Actual Net Expense	\$19,722,577	\$17,431,952	\$15,813,571	\$9,822,769	\$5,258,284	\$6,422,855	\$12,793,070	\$17,783,838	\$16,731,387	\$17,520,855	\$15,798,816	\$16,684,413
11	<b>AUTHORIZED NET EXPENSE-SYSTEM</b>												
11	555 Purchased Power	\$12,917,361	\$11,733,560	\$11,415,839	\$9,228,929	\$6,768,390	\$7,014,446	\$8,036,703	\$9,582,739	\$7,187,264	\$7,175,099	\$10,508,310	\$11,173,530
12	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)
13	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	\$3,108,968
14	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
15	456 Transmission Revenue	(\$1,085,933)	(\$819,912)	(\$917,298)	(\$784,567)	(\$999,459)	(\$1,185,338)	(\$1,148,996)	(\$1,082,294)	(\$1,047,237)	(\$1,035,702)	(\$984,334)	(\$842,050)
16	565 Transmission Expense	\$1,526,636	\$1,474,958	\$1,529,717	\$1,425,005	\$1,430,480	\$1,438,762	\$1,477,824	\$1,441,409	\$1,454,077	\$1,433,340	\$1,473,058	\$1,535,929
17	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
18	Authorized Net Expense	\$21,609,110	\$20,014,870	\$17,656,918	\$11,871,588	\$6,983,960	\$7,757,937	\$13,743,740	\$20,779,848	\$16,586,642	\$17,821,242	\$20,257,736	\$22,811,341
19	Actual - Authorized Net Expense	(\$1,886,533)	(\$2,582,718)	(\$1,843,247)	(\$3,248,829)	(\$1,724,678)	(\$1,335,082)	(\$950,670)	(\$2,996,010)	(\$164,765)	(\$300,387)	(\$4,452,921)	(\$6,126,928)
20	Resource Optimization	\$891,615	\$1,114,023	\$912,435	\$646,874	(\$352,587)	(\$794,487)	\$253,506	(\$12,780)	\$32,049	\$91,263	\$100,605	\$600,754
21	Adjusted Net Expense	(\$994,918)	(\$1,468,695)	(\$930,812)	(\$2,601,955)	(\$2,077,265)	(\$2,129,589)	(\$697,164)	(\$3,008,770)	\$196,804	(\$209,124)	(\$4,352,316)	(\$5,526,174)
22	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%
23	Washington Share	(\$648,289)	(\$957,002)	(\$806,517)	(\$1,695,434)	(\$1,353,545)	(\$1,387,627)	(\$454,272)	(\$1,960,515)	\$128,237	(\$136,265)	(\$2,835,969)	(\$3,600,855)
24	WA Retail Revenue Adjustment (+) Rebate	(\$511,457)	(\$987,834)	(\$907,483)	\$796,283	(\$1,047,749)	\$708,567	(\$589,864)	(\$814,497)	\$262,607	\$617,956	\$1,376,220	\$1,808,371
25	Net Power Cost (+) Surcharge (-) Rebate	(\$1,158,746)	(\$1,944,836)	(\$1,514,000)	(\$899,151)	(\$2,401,294)	(\$679,060)	(\$1,044,136)	(\$2,775,012)	\$390,844	\$481,691	(\$1,459,748)	(\$1,792,484)
26	Cumulative Balance before Adj.	(\$1,159,746)	(\$3,104,682)	(\$4,618,682)	(\$5,517,733)	(\$7,919,027)	(\$8,598,087)	(\$9,642,223)	(\$12,417,235)	(\$12,026,391)	(\$11,544,700)	(\$13,004,449)	(\$14,796,933)
27	Adjusted Cumulative Balance	(\$1,159,746)	(\$3,104,682)	(\$4,618,682)	(\$5,517,733)	(\$7,919,027)	(\$8,598,087)	(\$9,642,223)	(\$12,417,235)	(\$12,026,391)	(\$11,544,700)	(\$13,004,449)	(\$14,582,892)
	input 10,000,000 and up	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,417,235)	(\$2,026,391)	(\$1,544,700)	(\$3,004,449)	(\$4,582,892)
	input 4,000,000 to \$10M	\$0	\$0	(\$618,582)	(\$1,517,733)	(\$3,919,027)	(\$4,598,087)	(\$5,642,223)	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)
	input 0 to \$4M	(\$1,159,746)	(\$3,104,682)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)
	check #-should be zero	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Deferral Amount, Cumulative (Customer)	\$0	\$0	(\$463,937)	(\$1,138,300)	(\$2,939,270)	(\$3,448,565)	(\$4,231,667)	(\$6,675,512)	(\$6,323,752)	(\$5,890,230)	(\$7,204,004)	(\$8,624,603)
	Deferral Amount, Monthly	\$0	\$0	(\$463,937)	(\$674,363)	(\$1,800,970)	(\$509,285)	(\$783,102)	(\$2,443,845)	\$351,760	\$433,522	(\$1,313,774)	(\$1,420,599)
	Acct 557280 Entry: (+) Rebate, (-) Surcharge	\$0	\$0	\$463,937	\$674,363	\$1,800,970	\$509,285	\$783,102	\$2,443,845	(\$351,760)	(\$433,522)	\$1,313,774	\$1,420,599
	Company Band Gross Margin Impact, Cumulative	(\$1,159,746)	(\$3,104,682)	(\$4,154,845)	(\$4,378,433)	(\$4,979,757)	(\$5,149,522)	(\$5,410,566)	(\$5,741,723)	(\$5,702,639)	(\$5,654,470)	(\$5,800,445)	(\$5,958,289)

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

Line No.	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
<b>555 PURCHASED POWER</b>												
1	\$13,347,443	\$11,507,098	\$11,880,575	\$7,813,753	\$8,416,511	\$9,435,214	\$13,918,008	\$15,372,174	\$13,144,349	\$15,503,657	\$16,304,997	\$18,340,949
2	\$890,965	\$890,965	\$890,965	\$890,965	\$890,965	\$890,965	\$1,006,364	\$1,006,364	\$1,006,364	\$1,006,364	\$1,006,364	\$1,006,364
3	\$30,466	\$30,516	\$108,577	\$177,412	\$175,826	\$187,485	\$167,981	\$69,819	\$35,189	\$35,189	\$59,573	\$1,08,514
4	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303	\$506,303
5	\$3,591,877	\$3,245,650	\$1,773,317	\$1,717,470	\$0	\$0	\$0	\$0	\$0	\$0	\$3,018,747	\$3,118,971
6	\$633	\$543	\$628	\$378	\$364	\$521	\$172	\$558	\$528	\$452	\$408	\$607
7	\$1,04,548	\$133,402	\$120,054	\$136,177	\$109,667	\$26,054	\$141,472	\$99,143	\$71,712	\$72,403	\$102,286	\$151,410
8	\$91,934	\$177,148	\$118,357	\$87,384	\$129,833	\$153,226	\$181,685	\$159,692	\$136,370	\$178,307	\$185,042	\$167,496
9	\$1,015,615	\$227,480	\$381,581	\$196,028	\$205,051	\$354,881	\$186,480	\$4,896	\$9,476	\$59,589	\$224,182	\$370,908
10	\$328,047	\$277,952	\$407,597	\$296,356	\$265,009	\$368,467	\$308,955	\$213,538	\$126,463	\$252,754	\$198,703	\$393,063
11	\$2,111,292	\$2,126,325	\$2,009,708	\$1,879,349	\$1,799,356	\$1,794,111	\$1,897,511	\$2,068,662	\$2,195,889	\$2,157,265	\$2,032,031	\$1,926,947
12	\$1,684,910	\$1,538,596	\$1,141,844	\$1,659,201	\$1,652,935	\$1,440,266	\$1,454,087	\$1,482,371	\$1,464,087	\$1,520,956	\$1,500,226	\$1,559,026
13	\$80,602	\$57,260	\$53,813	\$50,517	\$48,663	\$46,251	\$53,719	\$52,918	\$44,833	\$49,031	\$51,819	\$55,690
14	\$27,951	\$75,081	\$18,682	\$15,733	\$7,189	\$34,535	\$74,617	\$139,538	\$15,194	(\$57,286)	\$43,110	\$71,617
15	\$23,141,987	\$20,794,370	\$19,562,184	\$15,592,228	\$14,344,417	\$14,388,492	\$20,047,557	\$21,177,860	\$18,906,988	\$21,436,597	\$24,319,447	\$26,814,280
(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												
<b>447 SALES FOR RESALE</b>												
17	(\$9,802,147)	(\$8,428,516)	(\$7,436,245)	(\$6,747,707)	(\$6,168,896)	(\$6,198,042)	(\$8,447,391)	(\$9,413,147)	(\$9,561,242)	(\$11,994,403)	(\$13,156,316)	(\$11,741,234)
18	(\$1,45,085)	(\$146,215)	(\$145,955)	(\$145,085)	(\$145,955)	(\$146,150)	(\$146,085)	(\$146,020)	(\$145,246)	(\$145,955)	(\$146,215)	(\$144,955)
19	\$80,418	\$78,912	\$84,227	\$83,572	\$83,572	\$81,830	\$81,547	(\$118,148)	(\$110,107)	(\$144,929)	(\$125,384)	\$88,016
20	\$6,838	(\$6,571)	(\$6,812)	(\$6,339)	(\$6,462)	(\$6,531)	(\$6,604)	(\$6,542)	(\$6,408)	(\$6,534)	(\$6,784)	(\$6,784)
21	\$39,497	\$35,586	(\$38,832)	(\$35,175)	(\$25,248)	\$24,157	(\$35,147)	(\$33,533)	(\$23,650)	(\$40,438)	(\$40,015)	\$44,051
22	(\$1,864,700)	(\$1,460,370)	(\$1,194,290)	(\$1,172,369)	(\$1,172,369)	(\$1,138,065)	(\$1,520,981)	(\$2,177,006)	(\$1,660,716)	(\$1,665,343)	(\$1,526,432)	(\$1,473,471)
23	(\$2,001,372)	(\$2,262,572)	(\$1,110,021)	(\$1,233,042)	(\$1,287,856)	(\$1,269,502)	(\$1,132,560)	(\$1,172,104)	(\$1,125,443)	(\$1,584,135)	(\$1,840,222)	(\$1,814,780)
24	(\$13,950,055)	(\$12,418,742)	(\$9,986,182)	(\$9,118,086)	(\$8,828,586)	(\$8,800,004)	(\$11,449,453)	(\$13,066,498)	(\$12,639,812)	(\$15,581,737)	(\$16,841,980)	(\$15,313,281)
<b>501 FUEL-DOLLARS</b>												
25	\$1,075,902	\$899,553	\$368,884	(\$19,413)	\$0	\$0	\$489,004	\$903,567	\$838,766	\$882,622	\$727,505	\$605,430
26	(\$558)	\$52	\$6,136	(\$589)	(\$178)	(\$133)	\$3,263	\$44	(\$203)	\$39	\$2,424	(\$151)
27	\$1,898,482	\$1,147,168	\$1,741,414	\$1,127,757	\$227,488	\$1,037,138	\$1,315,171	\$3,137,447	\$1,983,738	\$2,112,981	\$1,560,572	\$1,899,045
28	\$20,837	\$13,347	\$15,269	\$0	\$0	\$15,802	\$78,439	\$25,586	\$2,921	\$9,483	\$20,253	\$0
29	\$2,994,673	\$2,060,120	\$2,131,703	\$1,107,765	\$227,310	\$1,053,807	\$1,886,877	\$4,066,624	\$2,825,222	\$3,005,125	\$2,310,754	\$2,304,324
<b>501 FUEL-TONS</b>												
30	50,240	43,210	19,413	-	-	-	25,701	48,049	43,351	48,569	43,495	40,052
31	92,955	91,685	88,194	59,108	32,799	44,605	51,832	98,259	95,751	96,778	95,961	101,017
<b>501 FUEL-COST PER TON</b>												
32	\$21.42	\$20.82	\$19.00	\$19.08	\$6.94	\$23.25	\$19.03	\$18.81	\$19.34	\$18.17	\$16.73	\$15.12
33	\$20.42	\$12.51	\$19.75	\$19.08	\$6.94	\$23.25	\$21.27	\$31.93	\$20.72	\$21.83	\$16.09	\$16.82
34	\$2,305	(\$8)	\$3	\$603	\$176	\$498	\$756	\$643	\$1,117	(\$3,206)	\$3,678	\$923
35	\$42,073	\$6,367	\$14,961	\$1,184	\$11,047	\$9,812	(\$35)	\$23,310	\$11,704	\$22,735	\$2,284	\$9,360
36	\$16,754	(\$316)	\$115	(\$337)	(\$102)	(\$67)	(\$760)	\$5,503	\$2,816	\$8,595	\$1,030	(\$190)
37	\$4,518,965	\$3,925,119	\$1,764,650	\$790,356	\$574,245	\$651,010	\$1,778,059	\$3,225,521	\$4,931,365	\$4,931,553	\$3,153,802	\$1,354,336
38	\$4,045,593	\$3,734,764	\$2,704,843	\$1,309,673	\$569,122	\$628,509	\$1,817,405	\$3,472,779	\$4,158,399	\$4,643,772	\$3,448,521	\$2,130,746
39	\$13,214	\$1,300	(\$385)	\$1,403	\$44,508	\$9,466	\$47,671	\$77,187	\$389	\$4,063	\$32,317	\$57,409
40	\$8,638,904	\$7,667,226	\$4,494,187	\$2,102,862	\$1,198,996	\$1,199,228	\$3,643,106	\$6,804,943	\$8,513,800	\$9,607,532	\$6,641,432	\$3,652,584
<b>41 TOTAL NET EXPENSE</b>												
	\$20,825,509	\$18,102,974	\$16,181,892	\$9,674,759	\$6,942,137	\$7,841,523	\$14,128,087	\$18,982,919	\$17,606,198	\$18,467,517	\$16,429,653	\$17,357,907

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

Line No.	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
<b>456 TRANSMISSION REVENUE</b>												
42	456100 ED AN	(\$913,310)	(\$648,281)	(\$688,458)	(\$817,746)	(\$1,395,867)	(\$1,397,494)	(\$1,177,419)	(\$921,746)	(\$972,416)	(\$719,210)	(\$703,488)
43	456705 ED AN	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)
44	<b>Total 456 Transmission Revenue</b>	<b>(\$990,722)</b>	<b>(\$725,693)</b>	<b>(\$765,870)</b>	<b>(\$895,158)</b>	<b>(\$1,473,279)</b>	<b>(\$1,474,906)</b>	<b>(\$1,254,831)</b>	<b>(\$999,158)</b>	<b>(\$1,049,828)</b>	<b>(\$796,622)</b>	<b>(\$780,900)</b>
<b>565 TRANSMISSION EXPENSE</b>												
45	565000 ED AN	\$1,493,255	\$1,528,847	\$1,478,508	\$1,425,218	\$1,369,488	\$1,418,853	\$1,458,784	\$1,514,240	\$1,486,068	\$1,468,846	\$1,466,922
46	565312 ED AN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	565710 ED AN	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030
48	<b>Total 565 Transmission Expense</b>	<b>\$1,495,285</b>	<b>\$1,530,877</b>	<b>\$1,480,538</b>	<b>\$1,427,248</b>	<b>\$1,371,518</b>	<b>\$1,420,883</b>	<b>\$1,460,814</b>	<b>\$1,516,270</b>	<b>\$1,488,098</b>	<b>\$1,470,876</b>	<b>\$1,468,952</b>
49	<b>Total 557170 ED AN Broker Fees</b>	<b>\$77,415</b>	<b>\$82,390</b>	<b>\$68,865</b>	<b>\$75,121</b>	<b>\$61,843</b>	<b>\$65,621</b>	<b>\$82,534</b>	<b>\$77,307</b>	<b>\$68,750</b>	<b>\$79,496</b>	<b>\$98,716</b>
<b>RESOURCE OPTIMIZATION</b>												
50	Econ Dispatch-557010	(\$2,032,479)	(\$809,160)	(\$85,290)	\$2,327,485	\$1,130,624	\$370,598	\$2,947,144	\$1,451,328	\$906,712	\$788,536	(\$513,321)
51	Econ Dispatch-557150	\$5,918,543	\$6,778,373	\$8,811,364	\$6,300,876	\$4,225,073	\$6,397,861	\$7,382,492	\$4,395,767	\$1,822,665	\$1,496,346	\$4,069,267
52	Gas Bookouts-557700	\$223,850	\$2,426,636	\$518,338	\$609,000	\$7,153	\$161,161	\$0	\$0	\$0	\$0	\$306,975
53	Gas Bookouts-557711	(\$223,850)	(\$2,426,636)	(\$518,338)	(\$609,000)	(\$7,153)	(\$161,161)	\$0	\$0	\$0	\$0	(\$221,400)
54	Intraco Thermal Gas-557730	\$2,715,887	\$7,242,610	\$883,454	\$5,396,524	\$3,514,063	\$1,390,720	\$3,797,546	\$2,570,784	\$3,355,997	\$3,504,946	\$4,279,911
55	Fuel Dispatch-In-456010	\$1,083,256	\$296,776	(\$851,216)	(\$1,929,045)	(\$1,369,704)	(\$805,342)	(\$3,434,471)	(\$1,684,948)	(\$993,353)	(\$434,879)	\$61,080
56	Fuel Dispatch-456015	(\$2,946,855)	(\$4,206,969)	(\$4,722,448)	(\$9,932,613)	(\$7,125,100)	(\$7,570,566)	(\$9,524,914)	(\$5,902,019)	(\$2,067,209)	(\$1,542,155)	(\$6,604,074)
57	Intraco Thermal Gas-456730	(\$3,605,893)	(\$10,218,795)	(\$2,979,618)	(\$1,450,165)	(\$405,064)	(\$206,251)	(\$932,550)	(\$905,814)	(\$2,839,780)	(\$3,536,282)	(\$5,405,166)
58	Fuel Bookouts-456711	\$0	\$0	\$382,860	\$691,560	\$7,708	\$12,113	\$381,481	\$0	\$0	\$0	\$0
59	Fuel Bookouts-456720	\$0	\$0	(\$382,860)	(\$691,560)	(\$7,708)	(\$12,113)	(\$381,481)	\$0	\$0	\$0	\$0
60	<b>Resource Optimization Subtotal</b>	<b>\$1,132,459</b>	<b>\$1,022,835</b>	<b>\$1,056,346</b>	<b>\$713,062</b>	<b>(\$30,108)</b>	<b>(\$422,960)</b>	<b>\$235,247</b>	<b>(\$74,902)</b>	<b>(\$114,968)</b>	<b>(\$35,704)</b>	<b>\$583,396</b>
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)
62	Misc Rev's 456016 ED AN	(\$227,500)	(\$125,000)	(\$195,000)	(\$125,000)	(\$295,776)	(\$427,374)	(\$40,000)	\$0	\$0	(\$195,260)	(\$95,887)
63	<b>REC Revenue Subtotal</b>	<b>(\$227,500)</b>	<b>\$102,500</b>	<b>(\$124,167)</b>	<b>(\$54,167)</b>	<b>(\$310,777)</b>	<b>(\$356,541)</b>	<b>\$30,833</b>	<b>\$70,833</b>	<b>\$70,833</b>	<b>(\$124,417)</b>	<b>(\$25,054)</b>
64	Misc. Power Exp. Authorized	\$29,760	\$27,840	\$29,760	\$28,760	\$29,760	\$28,800	\$29,760	\$28,800	\$29,800	\$28,800	\$29,760
65	Misc. Power Exp. Actual-557160 ED AN	\$29,760	\$27,840	\$26,604	\$28,800	\$29,582	\$28,800	\$29,760	\$110,000	\$96,160	\$87,240	\$88,160
66	<b>REC Purchases Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,156)</b>	<b>\$40</b>	<b>(\$178)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,200</b>	<b>\$66,360</b>	<b>\$68,440</b>	<b>\$58,400</b>
67	Wind REC Exp Authorized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
68	Wind REC Exp Actual 557395	(\$13,344)	(\$11,312)	(\$16,588)	(\$12,061)	(\$11,524)	(\$14,996)	(\$12,574)	(\$5,691)	(\$10,226)	(\$8,069)	(\$15,988)
69	<b>Wind REC Subtotal</b>	<b>(\$13,344)</b>	<b>(\$11,312)</b>	<b>(\$16,588)</b>	<b>(\$12,061)</b>	<b>(\$11,524)</b>	<b>(\$14,996)</b>	<b>(\$12,574)</b>	<b>(\$5,691)</b>	<b>(\$10,226)</b>	<b>(\$8,069)</b>	<b>(\$15,988)</b>
70	<b>Net Resource Optimization</b>	<b>\$891,616</b>	<b>\$1,114,023</b>	<b>\$912,435</b>	<b>\$646,874</b>	<b>(\$352,587)</b>	<b>(\$794,487)</b>	<b>\$253,506</b>	<b>(\$12,760)</b>	<b>\$32,049</b>	<b>\$91,263</b>	<b>\$100,605</b>
71	<b>Adjusted Actual Net Expense</b>	<b>\$22,289,102</b>	<b>\$20,084,571</b>	<b>\$17,867,860</b>	<b>\$19,928,844</b>	<b>\$6,559,632</b>	<b>\$7,068,634</b>	<b>\$14,600,663</b>	<b>\$19,253,449</b>	<b>\$18,224,109</b>	<b>\$19,076,546</b>	<b>\$17,303,228</b>

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	524,756	518,002	490,437	459,755	429,820	415,890	419,539	466,047	446,574	409,531	433,055	599,876	5,522,783
Deduct Prior Month Unbilled	405,057	(391,199)	(376,206)	(370,627)	(322,465)	(309,734)	(290,186)	(330,261)	(363,864)	(328,848)	(361,787)	(382,679)	(4,232,914)
Add Current Month Unbilled	391,199	376,206	370,627	322,465	309,734	290,186	330,261	363,864	328,848	361,787	382,679	396,432	4,224,289
<b>Total Retail Sales</b>	<b>520,898</b>	<b>503,009</b>	<b>484,852</b>	<b>410,994</b>	<b>417,089</b>	<b>396,442</b>	<b>459,615</b>	<b>499,644</b>	<b>411,558</b>	<b>442,470</b>	<b>453,958</b>	<b>513,629</b>	<b>5,514,158</b>
Test Year Retail Sales	510,744	483,398	466,836	426,802	386,288	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)	11,711	16,170	(5,214)	(12,268)	(27,322)	(35,902)	(14,118)
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
<b>Total Revenue Credit - \$</b>	<b>\$511,457</b>	<b>\$987,834</b>	<b>\$907,483</b>	<b>(\$796,283)</b>	<b>\$1,047,749</b>	<b>(\$708,587)</b>	<b>\$589,864</b>	<b>\$814,497</b>	<b>(\$262,607)</b>	<b>(\$617,956)</b>	<b>(\$1,376,220)</b>	<b>(\$1,808,371)</b>	<b>(\$711,120)</b>

“Non-Confidential Attachment A”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of December 2012

Long-term Power Transaction  
(See attached)

## AGREEMENT FOR PURCHASE AND SALE OF POWER

This agreement, dated as of January 1, 2013, is made by and between Public Utility District No. 1 of Douglas County, a Washington Municipal Corporation acting through its Electric Distribution System (the "District") and Avista Corporation, a Washington Corporation ("Avista Corp."). The District and Avista Corp. agree as follows:

### Section 1. Definitions

Whenever used in this Agreement, the following terms will have the following specified meanings:

1.1 "Delivering Party" means the party obligated to deliver energy to the other party under this Agreement.

1.2 "Energy" and "Capacity" means energy or capacity, as the case may be, which is made available or sold by the District from a District resource for the account of the District's Electric Distribution system.

1.3 "Heavy Load Hours" means the hours ending from 0800 to 2200 on any Monday, Tuesday, Wednesday, Thursday, Friday and Saturday.

1.4 "Hours" means hours measured by Pacific Time, Standard or Daylight, whichever is in effect at the pertinent time.

1.5 "Month" means a calendar month.

1.6 "Person" means any corporation, municipal corporation, cooperative, partnership, association, agency, firm, organization, individual, governmental authority or other entity.

1.7 "Point of Delivery" means the 230-kV bus in the Douglas Switchyard or such other point as the parties may agree upon for the delivery or return of energy under this Agreement.

1.8 "Receiving Party" means the party entitled to receive the delivery of energy by the other party under this Agreement.

1.9 "Term" means the period commencing at 0000 Hours on January 1, 2013 and ending at 2400 Hours on December 31, 2013.

### Section 2. Capacity and Energy

2.1 Minimum Capacity. The District shall make available to Avista Corp., and Avista Corp. shall purchase from the District, Capacity at the Point of Delivery during Heavy Load Hours at the following demand levels for each Month included in the Term:



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<u>Month</u>	<u>Capacity (kW)</u>
January 2013	[REDACTED]
February 2013	[REDACTED]
March 2013	[REDACTED]
April 2013	[REDACTED]
May 2013	[REDACTED]
June 2013	[REDACTED]
July 2013	[REDACTED]
August 2013	[REDACTED]
September 2013	[REDACTED]
October 2013	[REDACTED]
November 2013	[REDACTED]
December 2013	[REDACTED]

2.2 Additional Capacity. If and to the extent that the District determines that it has Capacity in excess of (a) the District's contractual commitments in effect on the date of this Agreement, (b) the District's needs to service its own service area loads, and (c) the amount of Capacity required to be made available to Avista Corp. under paragraph 2.1, then the District will offer to make such Capacity available to Avista Corp. under this Agreement prior to offering such excess Capacity to any other Person. The District will make available to Avista Corp., and Avista Corp. will purchase from the District, at the point of Delivery so much of such excess Capacity as Avista Corp. agrees to purchase.

2.3 Estimates of Additional Capacity. Upon execution of this Agreement, the District will deliver to Avista Corp. the District's best estimate of the amount of excess Capacity that it will offer to Avista Corp. under paragraph 2.2 for each Month included in the Term. The District will notify Avista Corp. of the amount of such excess Capacity that it has to offer for each Month included in the Term on or before the twentieth (20th) day of the preceding Month. Avista Corp. will notify the District of Avista Corp.'s intent to purchase all, none or a portion of such excess Capacity offered by the District for any Month included in the Term on or before the twenty-fifth (25th) day of the preceding Month.

2.4 Delivery of Energy by the District. The District will deliver to Avista Corp. Energy associated with the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2 if and to the extent that such energy is scheduled by Avista Corp. pursuant to paragraph 2.6. The District shall not be obligated to deliver Energy during any continuous Heavy Load Hour period in excess of the product of nine (9) hours and the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2.

2.5 Return. If and to the extent any Energy is delivered by the District pursuant to paragraph 2.4, Avista Corp. will return an equivalent amount of energy to the District. Subject to the following, all energy to be returned to the District shall be scheduled by the District pursuant to paragraph 2.6. Upon Avista Corp.'s request, the District will schedule the return of

all or any portion of such energy within twenty-four (24) hours after delivery of the energy to Avista Corp.. The District may, however, limit the return of such energy to seventy-five percent (75%) of the energy delivered to Avista Corp. within the previous twenty-four (24) hours. Upon the District's request, Avista Corp. will return up to fifty percent (50%) of such energy within twenty four (24) hours after delivery of the energy to Avista Corp.. Unless otherwise agreed, the balance will be returned within 168 hours after delivery to Avista Corp.. Unless otherwise agreed, the aggregate quantity of energy not returned within twenty-four (24) hours after delivery to Avista Corp. shall not exceed the product of twenty-four (24) hours and the Capacity made available to Avista Corp. pursuant to paragraphs 2.1 and 2.2 as of 2400 hours on any Saturday over the Term hereof. Notwithstanding the foregoing provisions, Avista Corp. will not have any obligation to return or pay for energy not scheduled by the District for return within 168 hours after delivery to Avista Corp.. Unless otherwise agreed by Avista Corp., the District shall not schedule the return of any energy during Heavy Load Hours or at a rate in excess of the sum of the demand levels specified in paragraph 2.1 and 2.2 for the month in which such energy is to be returned.

2.6 Schedules. The Receiving Party shall submit to the Delivering Party schedules for the delivery or return of energy pursuant to this Agreement no later than 0730 hours on each preschedule day common to both parties consistent with standard utility practice for prescheduling on a five (5) day per week basis. The Receiving Party may at any time revise any such schedule; provided that any revision after 0730 Hours on the aforementioned preschedule day shall be subject to the approval of the Delivering Party, which approval shall not be unreasonably withheld. The Avista Corp. shall be responsible for providing all required interchange schedule "tags"; provided, further, that said "tags" are also required to have "implement" status by 1500 Hours on the aforementioned preschedule day.

2.7 Point of Delivery. All energy to be delivered or returned under this Agreement shall be delivered or returned, as the case may be, at the Point of Delivery.

### Section 3. Compensation

3.1 Capacity. Avista Corp. will pay the District for Capacity made available by the District pursuant to paragraph 2.1 and for any Capacity made available by the District and purchased by Avista Corp. pursuant to paragraph 2.2 at the following rates for each Month included in the Term (if this Agreement commences or is terminated on other than the first or last day of a month, such rates shall be prorated on a daily basis for the Month):

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<u>Month</u>	<u>Rate (\$/kW)</u>
January 2013	[REDACTED]
February 2013	[REDACTED]
March 2013	[REDACTED]
April 2013	[REDACTED]
May 2013	[REDACTED]
June 2013	[REDACTED]
July 2013	[REDACTED]
August 2013	[REDACTED]
September 2013	[REDACTED]
October 2013	[REDACTED]
November 2013	[REDACTED]
December 2013	[REDACTED]

3.2 Billing and Payment. The District shall render billings to Avista Corp. for Capacity purchased by Avista Corp. under this Agreement during any Month on or about the tenth (10th) day following the end of such Month. Avista Corp. shall pay the amount owing within twenty (20) days after Avista Corp.'s receipt of the District's billing. All payments are acknowledged to be moneys of the District, derived through ownership of the District's Electric Distribution System and shall accrue to the District's Electric Distribution System Revenue Fund.

Section 4. Miscellaneous

4.1 Force Majeure. Neither party shall be liable to the other for, or be considered to be in breach of or default under this agreement on account of, any delay in performance of its obligations under this Agreement if such delay is due to any cause beyond the control of the party claiming force majeure, including but not restricted to: failure or threat of failure of facilities; flood; earthquake; geohydrolic subsidence; tornado; storm; fire; civil disturbances or disobedience; labor dispute; labor or material shortage; sabotage; restraint by court order or public authority (whether valid or invalid); action or non-action by or inability to obtain or keep the necessary authorizations or approvals from any governmental agency or authority; reductions or interruptions in services which, in a party's reasonable judgment, are necessary to protect generation or transmission facilities; curtailments or interruptions of third party transmission service which is being used for transmitting energy hereunder; and necessary maintenance, repairs, replacements or installations of equipment or the investigation of such equipment. Nothing contained herein shall be construed so as to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under this Agreement by reason of force majeure shall give prompt written notice of such fact to the other party together with the particulars of the occurrence and shall exercise due diligence to remove its inability to perform with all reasonable dispatch.

4.2 Payment during Force Majeure. If, because of force majeure, either party is unable to fulfill its obligations under Sections 2.4 or 2.5 above, the Delivering Party shall immediately notify the Receiving Party of such interruption, the cause of the interruption, and the expected duration of such reduction or nondelivery, and at such time the District may suspend its obligation under section 2.4 to deliver Energy associated with Capacity to Avista Corp.. If, because of force majeure, the District is unable to deliver Energy and Capacity as provided in section 2.4, the District shall, at its option and upon written notice within 24 hours of the force majeure, deliver such Energy and Capacity as soon as practical thereafter to Avista Corp., or, adjust payments due under this agreement for such prorata Capacity and Energy not delivered. If, because of force majeure, Avista Corp. is unable to return any Energy to the District within 168 hours as required in section 2.5, Avista Corp.'s obligation to return any such outstanding balance of Energy to the District shall remain until satisfied.

4.3 Invalid Provision. If this Agreement is determined by any court or regulatory authority having jurisdiction to be invalid in whole or in part or to place either party in violation of other agreements to which either the District or Avista Corp. is a party, this Agreement may be canceled by either party giving the other party at least 30 days advance written notice of such cancellation. In the event of such cancellation, neither party shall have any claim of any nature whatsoever against the other on account of the cancellation; provided, however, that the right to receive payment for capacity delivered prior to cancellation will survive such cancellation.

4.4 Survival. The provisions of Section 3 and 4 of this Agreement (together with any other provisions which may reasonably be interpreted or construed to survive the expiration, termination or cancellation of this Agreement) shall survive the expiration, termination or cancellation of this Agreement.

4.5 Amendment. No change, modification or amendment of this Agreement shall be valid unless set forth in a written instrument signed by the Party to be bound thereby.

4.6 Assignment. Neither Party shall assign this Agreement without the prior written consent of the other Party. Subject to the foregoing restriction on assignment, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their successive successors and assigns.

4.7 No Third-Party Beneficiary. There are no third-party beneficiaries of this Agreement. This Agreement shall not confer any right or remedy upon any Person other than the parties and their respective successors and assigns permitted under paragraph 4.5. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Agreement or the transactions contemplated hereby. This Agreement shall not release or discharge any obligation or liability of any third party to any party or give any third party any right of subrogation or action over or against any party.

4.8 No Dedication of Facilities. No undertaking by either party to the other party under any provision of this Agreement shall constitute a dedication of the electric system of such party (or any portion thereof) to the public or to the other party.

4.9 Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Washington or the laws of the United States of America, whichever is applicable, as if executed and to be performed wholly within the State of Washington. Venue of any legal action arising out of this Agreement shall be exclusively in a court of competent jurisdiction of Douglas County, State of Washington, or U.S. District Court for the Eastern District of Washington. In the event that litigation or other proceedings arise in relation to this Agreement, the substantially prevailing party shall be entitled to recover all reasonable costs of suit, including but not limited to, reasonable attorney fees, lodging, meals and travel expenses and court reporter fees.

4.10 Entire Agreement. This Agreement sets forth the entire agreement of the parties with regard to the purchases and sales of Capacity described herein. There exists no promises, terms or conditions with regard to such purchases and sales other than those contained herein; all prior communication and negotiations between the parties, either verbal or written, relating to the subject matter of this Agreement, not herein contained, are hereby withdrawn and annulled.

4.11 Binding Agreement. Each party warrants to the other that it has duly entered into this Agreement and that this Agreement constitutes the valid, legal and binding obligation of such party, enforceable strictly against such party in accordance with its terms. If any court or regulatory authority having jurisdiction determines that either party is in breach of this warranty, this Agreement may be canceled by either party giving the other party at least thirty (30) days advance written notice of such cancellation. In the event of such cancellation, neither party shall have any claim of any nature whatsoever against the other on account of this breach or cancellation; provided, however, that the right to receive payment for Capacity or Energy delivered prior to cancellation will survive such cancellation.

AVISTA CORPORATION

By   
Richard Storro  
Vice President Energy Resources

PUBLIC UTILITY DISTRICT NO. 1  
OF DOUGLAS COUNTY

By   
William C. Dobbins  
General Manager

Date Signed: 11/26/12

Date Signed: Dec 10, 2012

“Non-Confidential Attachment B”

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of December 2012

Long-term Power Transaction  
(See attached)

Commissioners:  
T. JAMES DAVIS  
LYNN M. HEMINGER  
RONALD E. SKAGEN

General Manager:  
WILLIAM C. DOBBINS



# Public Utility District No. 1 of Douglas County

1151 Valley Mall Parkway • East Wenatchee, Washington 98802-4497 • 509/884-7191 • FAX 509/884-0553 • www.douglaspuhd.org

Mr. Bill Johnson  
Wholesale Marketing Manager  
Avista Corp.  
1411 E Mission  
Spokane, WA 99220  
Fax: (509) 495-8856

## CONFIRMATION AGREEMENT

This confirmation agreement (this "Confirmation" or "Agreement") shall confirm the agreement reached on December 14, 2012, between Avista Corporation ("Avista") and PUBLIC UTILITY DISTRICT NO. 1 of DOUGLAS COUNTY ("Douglas") (herein sometimes referred to individually as a "Party" and collectively as the "Parties") regarding the sale of electric energy under the terms and conditions set forth below.

- Transaction:** Avista desires to purchase and Douglas desires to sell electric energy produced by the Colville Tribe's rights to four and one-half percent (4.5%) of the Wells Hydroelectric Project ("Project") owned and operated by Seller. In no event will Purchaser have any responsibility for any matter relating hereto to the Colville Tribe, or, with respect to the Colville Tribe or with respect to Seller's compliance with any agreement it may have in place with the Colville Tribe or any other person, tribe or entity.
- Terms and Conditions:** Avista and Douglas hereby agree that this Confirmation shall incorporate the terms and conditions of the Western System Power Pool Agreement effective April 23, 2012, updated July 12, 2012, as amended from time to time (the "WSPP Agreement"); provided, however, that any conflict between this Confirmation and the WSPP Agreement shall be resolved in favor of this Confirmation. Any capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to such terms in the WSPP Agreement. All hourly times identified herein shall refer to Pacific Prevailing Time.
- Seller:** Douglas.
- Purchaser:** Avista.
- Contract Term:** HE 0100 January 1, 2013 through HE 2400 September 30, 2014
- Level of Firmness:** Firm Energy Sale pursuant to Service Schedule C of the WSPP Agreement.
- Product/Quantity:** 4.5% of the available capacity, energy and pondage from Project net of Project obligations of Canadian entitlement and encroachment. Product will be added to the Purchaser's existing rights (3.34%) in each hour for a total of 7.84% pro rata share of the total available Project output.

- Delivery Point:** 230 kV bus at the Douglas switchyard or the Wells 230 kV bus.
- Delivery Rate:** As determined solely by Purchaser on a day-ahead preschedule or day-of, real-time basis, based on available capacity and stream flow conditions that determine energy production for the Project, with Purchaser receiving an equal pro rata share of all capacity and energy that Seller has available to sell to all Purchasers from the Project.
- Douglas shall make all determinations concerning the Wells Project maximum output and minimum discharge; and Douglas shall have the unilateral right to determine the maximum allowable amount of change in project output during any time period and maximum number of unit starts and stops allowable during any time period. Purchaser's daily and hourly schedules shall be based on Purchaser's 4.5% share in accordance with the Wells Project operational parameters as established by Douglas from time to time.
- Notification:** Notifications shall follow requirements as outlined and practiced in the Northwest Coordination Agreement and the Agreement of the Hourly Coordination of Projects on the Mid-Columbia River.
- Scheduling:** All scheduling shall be performed consistent with prevailing WECC practices and protocols. All energy shall be scheduled in whole megawatts.
- Contract Price:** Purchaser shall pay a fixed rate of [REDACTED] per month for each month of the Term consistent with payment terms and conditions in the WSPP Agreement.
- Special Conditions:**
- Purchaser agrees to return the pond account at the end of Term to the level of 40 MWh.
  - Purchaser may be subject to real-time schedule changes, however, the amount of real-time schedule changes should be small driven only by unexpected operational conditions such as changes to inflows and/or unit loss or potential grid operations.
  - Seller shall bear and Purchaser shall not be subjected to any transmission or ancillary service costs to transmit the power from a delivery point to the Delivery Point.
  - Purchaser and Seller will work together with Grant PUD Central Operations to properly adjust the Purchaser's allocation percentage in a timely and efficient manner allowing Purchaser to schedule the 4.5% allocation via dynamic signaling.
- Notices:** All written notices under this Agreement shall be deemed properly sent if delivered in person or sent by facsimile, or by registered or certified mail, postage prepaid to the persons specified below:
- |   |  |
|---|--|
| <b>If to Douglas:</b><br>Public Utility District No.1 of Douglas County<br>Attn: Mr. Charles Wagers<br>Power Planning and Contracts Administrator<br>1151 Valley Mall Parkway<br>East Wenatchee, Washington 98802<br>Phone: (509) 881-2214<br>Fax: (509) 884-0553 | <b>If to Avista:</b><br>Avista Corporation<br>Attn: Mr. Bill Johnson<br>Wholesale Marketing Manager<br>1411 E Mission, P.O. Box 3727<br>Spokane, WA 99220-3727<br>Phone : (509) 495-4046<br>(509) 495-8856 |
|---|--|
- Billing/Payments:** Seller shall render billings to Purchaser for energy purchased by Purchaser under this confirmation during any month on or about the tenth (10<sup>th</sup>) day following the



end of such month. Purchaser shall pay the amount owing within twenty (20) days after Purchaser's receipt of Seller's billing.

Seller's invoices shall be rendered to Purchaser as follows:

**Avista Corporation**  
Attn: Resource Accounting  
P.O. Box 3727  
Spokane, WA 99220-3727

All payments to Seller shall be sent to:

**Public Utility District No. 1 of Douglas County**  
Attn.: Auditor  
P.O. Box 1119  
Bridgeport, WA 98813

If Purchaser fails to pay the amount of a Seller's invoice when due, then Purchaser shall pay interest on the amount that is not paid from the date that such amount is due to the date on which Seller receives payment, at a rate that is equal to the lesser of (i) one and one-half percent per month or (ii) the maximum amount allowed by law.

Choice of Laws: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Washington. Venue of any legal action involving the Seller and Purchaser shall be in Superior Court of Washington in and for the county of Douglas.

This Confirmation and the terms of the WSPP Agreement that are not inconsistent with this Confirmation, set forth the terms of the transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of electric energy and/or electric capacity.


IN WITNESS WHEREOF, the undersigned parties have signed this Agreement as of the date first set forth above.

**PURCHASER**

**SELLER**

**AVISTA CORPORATION**

**PUBLIC UTILITY DISTRICT No. 1 of  
DOUGLAS COUNTY**

By:   
Name: Bob Lafferty  
Title: Director of Power Supply

By:   
Name: Charles E. Wagers, Jr.  
Title: Power Planning & Contracts Administrator