



**Avista Corp.**

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January 15, 2016

Steven V. King  
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 2015  
Docket No. UE-140188, Monthly REC Report, December 2015

Dear Mr. King:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of December 2015.

The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup workpapers (Attachment A). In December, actual net power costs were less than authorized costs by \$2,319,495. Year-to-date actual net power costs were less than authorized costs by \$18,020,058. A deferral entry of \$2,087,545 was made in the rebate direction. The ERM deferral at December 2015 is \$11,934,045 (including interest) in the rebate direction.

In Order 05, Docket UE-140188, the Company was authorized to return a portion of the accumulated ERM deferral balance to customers effective January 1, 2015. Total rebate revenue amounted to \$764,306 for the month of December 2015. After adjusting for revenue-sensitive expenses, \$729,904 of amortization of the deferral balance was recorded.

Actual power supply expense was lower than the authorized level due primarily to low natural gas and power prices. The average purchase power price was \$21.90/MWh compared to an authorized price of \$40.81/MWh. The average natural gas price was \$2.90/dth compared to an authorized price of \$4.09/dth.

Hydro generation was 76 aMW below the authorized level. Colstrip and Kettle Falls generation was 2 aMW below and 4 aMW above the authorized level respectively. Gas-fired generation was 100 aMW above the authorized level. The net transmission expense (transmission expense

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less transmission revenue) was below the authorized level. Washington retail sales were 63 aMW below the authorized level.

The report also includes the monthly renewable energy credits (REC) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188 the Company defers 100% of the net monthly renewable energy credits (REC) not associated with compliance for the Washington Energy Independence Act. The amount of net revenues for December 2015 is \$239,558. The Company also is authorized to return to customers an amortization amount based on actual and projected net REC revenues from 2012 through June 2016. The rebate revenue amounted to \$541,898 for the month of December 2015. After adjusting for revenue-sensitive expenses, \$517,507 of amortization of the deferral balance was recorded.

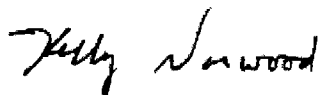
Interest for the ERM is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated June 18, 2002. Interest is applied to the average of the beginning and ending month deferral balances net of associated deferred federal income tax. The Company's actual cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually. The January 2015 report on page 40 contains the information for the January – June calculations, and the July 2015 report on page 33 contains the information for July – December calculations.

Interest for RECs is calculated per footnote 3 of the Settlement Stipulation in Order No. 5, Docket UE-140188 dated December 25, 2014 where parties agreed to the use of an after-tax cost of capital interest rate (6.34%) on the rebate balance. This interest rate will be updated at the next General Rate Case.

A new forward long-term power contract was executed in December 2015 with Hydro Technology Systems Inc. This contract has been attached as Attachment C.

If you have any questions, please contact Bill Johnson at (509) 495-4046 or Annette Brandon at (509) 495-4324.

Sincerely,



Kelly Norwood  
Vice President, State and Federal Regulation

AB

Enclosure

C: Mary Kimball, S. Bradley Van Cleve

AVISTA CORPORATION  
STATE OF WASHINGTON  
DOCKET NO. UE-011595  
POWER COST DEFERRAL REPORT  
MONTH OF DECEMBER 2015

**STATE OF WASHINGTON**  
**186280 ERM DEFERRAL (CURRENT YEAR)**

201502	\$ (4,210,977.00)	\$ 2,485,369.00	\$ (1,725,608.00)
201503	\$ (1,725,608.00)	\$ (4,676,799.32)	\$ (6,402,407.32)
201504	\$ (6,402,407.32)	\$ (2,111,142.00)	\$ (8,513,549.32)
201505	\$ (8,513,549.32)	\$ 550,197.00	\$ (7,963,352.32)
201506	\$ (7,963,352.32)	\$ 1,981,411.14	\$ (5,981,941.18)
201507	\$ (5,981,941.18)	\$ 1,860,178.00	\$ (4,121,763.18)
201508	\$ (4,121,763.18)	\$ (398,154.00)	\$ (4,519,917.18)
201509	\$ (4,519,917.18)	\$ (1,097,420.00)	\$ (5,617,337.18)
201510	\$ (5,617,337.18)	\$ (1,196,186.00)	\$ (6,813,523.18)
201511	\$ (6,813,523.18)	\$ (3,001,730.00)	\$ (9,815,253.18)
201512	\$ (9,815,253.18)	\$ (2,118,792.00)	\$ (11,934,045.18)

**201512**

**\$ (11,934,045.18)**

<u>Current Month</u>	<u>GL Account</u>	<u>Amount</u>	<u>Journal ID</u>
<b>Balance 11/30/2015</b>		\$ (9,815,253)	
Deferral Current Month		\$ (2,087,545)	481 - ERM
Interest		\$ (31,247)	481 - ERM
<b>Balance 12/31/2015</b>		\$ (11,934,045)	
<u>YTD</u>		<u>Amount</u>	<u>Journal ID</u>
<b>Balance 12/31/2014</b>		\$ (4,224,011)	
Deferral Year to Date		\$ (9,280,769)	481 - ERM
Spokane Energy Transfer		\$ (2,437,282)	481 - ERM
Transfer BPA Parallel Capacity		\$ 25,213	481 - ERM/NSJ015
Transfer to Account 186290		\$ 4,198,798	481 - ERM
Interest		\$ (215,994)	481 - ERM
<b>Balance 12/31/2015</b>		\$ (11,934,045)	
	<u>Total</u>	<u>Absorbed</u>	<u>Deferred</u>
First \$4M at 100%	\$ (4,000,000)	\$ (4,000,000)	\$ -
\$4M to \$10M at 25% (rebate)	\$ (6,000,000)	\$ (1,500,000)	\$ (4,500,000)
\$4M to \$10M at 50% (surcharge)	\$ (8,020,058)	\$ (802,006)	\$ (7,218,052)
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ (18,020,058)	\$ (6,302,006)	\$ (11,718,052)

<b>STATE OF WASHINGTON</b>
<b>186290 ERM AMORTIZATION BALANCE</b>

201502	\$ 0.00	\$ (4,210,868.00)	\$ (4,210,868.00)
201503	\$ (4,210,868.00)	\$ (12,070.00)	\$ (4,222,938.00)
201504	\$ (4,222,938.00)	\$ (12,070.00)	\$ (4,235,008.00)
201505	\$ (4,235,008.00)	\$ (12,070.00)	\$ (4,247,078.00)
201506	\$ (4,247,078.00)	\$ (12,070.00)	\$ (4,259,148.00)
201507	\$ (4,259,148.00)	\$ 4,259,148.00	\$ -
201508	\$ -	\$ -	\$ -
201509	\$ -	\$ -	\$ -
201510	\$ -	\$ -	\$ -
201511	\$ -	\$ -	\$ -
201512	\$ -	\$ -	\$ -
<b>201512</b>			\$ -

<u>Current Month</u>	<u>Amount</u>	<u>Journal ID</u>
Balance 11/30/2015	\$ -	
Transfer to 182350	\$ -	481 - ERM
interest	\$ -	481 - ERM
Balance 12/31/2015	\$ -	

**STATE OF WASHINGTON**  
**182350 RECOVERABLE DEFERRAL BALANCE (CURRENT YEAR - 2015)**

201502	\$	(9,163,093.71)	\$	789,342.00	\$	(8,373,751.71)
201503	\$	(8,373,751.71)	\$	655,479.00	\$	(7,718,272.71)
201504	\$	(7,718,272.71)	\$	579,012.00	\$	(7,139,260.71)
201505	\$	(7,139,260.71)	\$	561,307.00	\$	(6,577,953.71)
201506	\$	(6,577,953.71)	\$	584,532.00	\$	(5,993,421.71)
201507	\$	(5,993,421.71)	\$	(3,603,850.00)	\$	(9,597,271.71)
201508	\$	(9,597,271.71)	\$	695,768.00	\$	(8,901,503.71)
201509	\$	(8,901,503.71)	\$	623,410.00	\$	(8,278,093.71)
201510	\$	(8,278,093.71)	\$	532,833.00	\$	(7,745,260.71)
201511	\$	(7,745,260.71)	\$	577,454.00	\$	(7,167,806.71)
201512	\$	(7,167,806.71)	\$	710,536.00	\$	(6,457,270.71)

**201512**

**\$ (6,457,270.71)**

<u>Current Month</u>		<u>Amount</u>	<u>Journal ID</u>
<b>Balance 11/30/2015</b>	\$	<b>(7,167,806.71)</b>	
Surcharge Amortization	\$	729,904.00	481 - ERM
Transfer From 186290	\$	-	481 - ERM
Interest	\$	(19,368.00)	481 - ERM
	\$	<b>(6,457,270.71)</b>	

<b>STATE OF WASHINGTON</b> <b>232380 DFIT ASSOCIATED WITH ERM DEFERRALS</b>
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**DFIT Associated with ERM Deferrals**

**Account 283280.ED.WA**

Account 186280.ED.WA balance	\$	(11,934,045.18)
Account 186290.ED.WA balance	\$	-
Account 182350.ED.WA balance	\$	(6,457,270.71)
Total	\$	(18,391,315.89)
Federal income tax rate		-35%
Deferred FIT related to deferrals	\$	6,436,960.56
Rounding	\$	0.88
Balance that should be in account - January 31, 2015	\$	6,436,961.44
 GL Check	 \$	 6,436,961.44
	\$	0.00







<b>STATE OF WASHINGTON</b> <b>232305/283310 DFIT ASSOCIATED WITH REC DEFERRALS</b>
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**DFIT Associated with ERM Deferrals**

**Account 283305.ED.WA**

Account 186322.ED.WA balance	\$ 2,038,919.11
Account 186323.ED.WA balance	\$ (2,022,351.13)
Total	<u>\$ 16,567.98</u>
Federal income tax rate	-35%
Deferred FIT related to deferrals	<u>\$ (5,798.79)</u>
True up to Tax Return	<u>\$ 8,082.00</u>
Balance that should be in account	<u><u>\$ 2,283.21</u></u>

**GL Check**

**201512**

\$ 2,283.21
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Attachment A

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of December 2015

ERM Deferral Journal

**Avista Corporation Journal Entry**

Effective Date: 201512

Journal: 481-WA ERM  
 Team: Resource Accounting  
 Type: C  
 Category: DJ  
 Currency: USD

Last Saved by: Cheryl Kettner  
 Submitted by: Cheryl Kettner  
 Approved by:

Last Saved: 01/11/2016 10:39 AM  
 Approval Requested: 01/11/2016 10:39 AM

Sq	Co	FERC	Set	JUL	S/L	Debit	Credit	Comment
10	001	182350 - REGULATORY ASSET ERM APPROVED FOR RECOVERY	ED	WA	DL	729,904.00		Current Amortization
20	001	557290 - WA ERM AMORTIZATION	ED	WA	DL		729,904.00	Current Amortization Expense
30	001	182350 - REGULATORY ASSET ERM APPROVED FOR RECOVERY	ED	WA	DL		19,368.00	Interest Accrual for Amortization Balance
40	001	431600 - INTEREST EXPENSE DEFERRALS	ED	WA	DL	19,368.00		Interest Expense on Amortization Balance
50	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL		2,087,545.00	Current Year ERM (2015)
60	001	557280 - DEFERRED POWER SUPPLY EXPENSE	ED	WA	DL	2,087,545.00		Current Year ERM Deferral Expense (2015)
70	001	186280 - REGULATORY ASSET ERM DEFERRED CURRENT YEAR	ED	WA	DL		31,247.00	Current Year ERM Interest Accrual (2015)
80	001	431600 - INTEREST EXPENSE DEFERRALS	ED	WA	DL	31,247.00		Current Year ERM Interest Expense (2015)
<b>Totals:</b>						<b>2,868,064.00</b>	<b>2,868,064.00</b>	

Prepared by Cheryl Kettner  
 Reviewed by J.F. [Signature]  
 Date 1/11/16  
 Date 1/11/16  
 Date

Approved for Entry  
 Corporate Accounting use Only

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



**Washington Energy Recovery Mechanism (ERM) Amortizing Deferral Balance**

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

Jan-June Interest Rate	0.28746%
Jul-Dec Interest Rate	0.29001%

**Account 182350**

Month Ending	Beg. Balance	Balance Transfer	Amortization	Adjustments	Interest	Interest Adjustments	End Balance before interest	Balance with Interest	GLW Balance	Check	Adjustment Notes
12/31/2014									(9,962,091)		
1/31/2015	(9,962,091)		826,446		(27,449)		(9,135,645)	(9,163,094)	(9,163,094)		
2/28/2015	(9,135,645)		814,433		(25,091)		(8,321,212)	(8,373,752)	(8,373,752)		
3/31/2015	(8,321,212)		678,424		(22,945)		(7,642,788)	(7,718,273)	(7,718,273)		
4/30/2015	(7,642,788)		600,119		(21,107)		(7,042,669)	(7,139,261)	(7,139,261)		
5/31/2015	(7,042,669)		580,717		(19,410)		(6,461,952)	(6,577,954)	(6,577,954)		
6/30/2015	(6,461,952)		602,242		(17,710)		(5,859,710)	(5,993,422)	(5,993,422)		
7/31/2015	(5,993,422)	(4,259,148)	684,040		(28,742)		(9,568,530)	(9,597,272)	(9,597,272)		
8/31/2015	(9,568,530)		722,470		(26,702)		(8,846,060)	(8,901,504)	(8,901,504)		
9/30/2015	(8,846,060)		648,125		(24,715)		(8,197,935)	(8,278,094)	(8,278,094)		
10/31/2015	(8,197,935)		555,802		(22,969)		(7,642,133)	(7,745,261)	(7,745,261)		
11/30/2015	(7,642,133)		598,749		(21,295)		(7,043,384)	(7,167,807)	(7,167,807)		
12/31/2015	(7,043,384)		729,904		(19,368)		(6,313,480)	(6,457,271)	(7,167,807)	(710,536.00)	

Entry:

182350 ED WA	Debit	729,904	Credit	
557290 ED WA			729,904	Regulatory Asset ERM Approved For Recovery
431600 ED WA		19,368		WA ERM Amortization
182350 ED WA			19,368	Interest Expense Energy Deferrals
				Regulatory Asset ERM Approved For Recovery



Avista Corp. - Resource Accounting  
WASHINGTON POWER COST DEFERRALS

Line No.	WASHINGTON ACTUALS	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	<b>TOTAL</b>												
1	555 Purchased Power	\$18,508,249	\$18,369,404	\$16,707,284	\$12,948,168	\$10,442,007	\$11,824,042	\$13,032,881	\$15,967,109	\$11,448,945	\$11,753,765	\$14,963,692	\$16,760,121
2	447 Sale for Resale	(\$133,316,870)	(\$11,643,072)	(\$13,235,602)	(\$14,504,101)	(\$13,592,868)	(\$9,800,434)	(\$6,396,663)	(\$8,995,718)	(\$9,044,467)	(\$10,680,728)	(\$12,102,755)	(\$12,494,264)
3	Less SMUD RECs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	501 Thermal Fuel	\$29,023,318	\$3,024,714	\$719,974	\$2,526,524	\$2,524,040	\$2,573,966	\$2,423,826	\$2,729,503	\$2,755,735	\$2,870,435	\$2,162,141	\$2,565,011
5	547 CT Fuel	\$91,777,303	\$7,034,057	\$4,606,393	\$6,304,366	\$6,287,738	\$6,983,594	\$8,287,150	\$9,990,520	\$8,992,329	\$9,119,087	\$8,760,178	\$8,725,707
6	456 Transmission Revenue	(\$17,237,963)	(\$1,313,993)	(\$1,397,772)	(\$1,400,243)	(\$1,226,501)	(\$1,975,348)	(\$1,803,661)	(\$1,437,274)	(\$1,484,527)	(\$1,490,412)	(\$1,399,676)	(\$1,276,069)
7	565 Transmission Expense	\$17,389,889	\$1,469,091	\$1,407,165	\$1,470,845	\$1,428,297	\$1,402,552	\$1,678,442	\$1,420,148	\$1,417,125	\$1,443,829	\$1,406,502	\$1,462,172
8	557 Broker Fees	\$443,997	\$31,393	\$40,529	\$36,550	\$31,429	\$42,360	\$40,332	\$29,824	\$33,805	\$41,901	\$33,539	\$37,279
9	Less Cleanwater directly assigned to ID	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	<b>Adjusted Actual Net Expense</b>	<b>\$160,806,341</b>	<b>\$17,110,439</b>	<b>\$12,921,695</b>	<b>\$12,411,524</b>	<b>\$6,173,472</b>	<b>\$11,555,288</b>	<b>\$18,165,486</b>	<b>\$18,804,112</b>	<b>\$13,511,800</b>	<b>\$13,057,877</b>	<b>\$13,823,621</b>	<b>\$15,779,957</b>
	<b>Total through December</b>												
	<b>AUTHORIZED NET EXPENSE-SYSTEM</b>												
11	555 Purchased Power	\$129,876,715	\$14,241,308	\$12,816,216	\$12,684,102	\$10,157,992	\$9,966,511	\$9,032,312	\$10,448,135	\$9,227,612	\$9,950,494	\$12,731,418	\$12,617,776
12	447 Sale for Resale	(\$75,430,452)	(\$5,385,864)	(\$7,026,454)	(\$8,167,295)	(\$8,655,099)	(\$8,389,009)	(\$5,130,621)	(\$3,284,320)	(\$4,661,364)	(\$4,875,556)	(\$6,000,154)	(\$4,742,812)
13	Less SMUD RECs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	501 Thermal Fuel	\$29,629,127	\$2,663,532	\$2,484,871	\$2,578,707	\$2,066,252	\$1,665,745	\$1,511,381	\$2,254,578	\$2,621,357	\$2,672,936	\$2,757,933	\$2,700,185
15	547 CT Fuel	\$89,764,664	\$10,133,311	\$8,419,650	\$9,305,476	\$5,867,735	\$3,112,735	\$5,823,100	\$7,743,935	\$8,219,145	\$8,834,779	\$9,035,104	\$9,873,776
16	456 Transmission Revenue	(\$16,015,343)	(\$1,304,329)	(\$1,105,921)	(\$1,123,977)	(\$1,154,782)	(\$1,552,357)	(\$1,659,635)	(\$1,502,893)	(\$1,306,364)	(\$1,460,291)	(\$1,241,936)	(\$1,225,427)
17	565 Transmission Expense	\$16,817,737	\$1,447,542	\$1,429,504	\$1,405,324	\$1,394,208	\$1,353,383	\$1,377,511	\$1,429,273	\$1,414,185	\$1,374,869	\$1,403,813	\$1,423,031
18	557 Broker Fees	\$1,076,000	\$89,667	\$89,667	\$89,666	\$89,667	\$89,667	\$89,667	\$89,667	\$89,666	\$89,667	\$89,667	\$89,666
19	<b>Authorized Net Expense</b>	<b>\$174,518,448</b>	<b>\$21,865,167</b>	<b>\$18,107,333</b>	<b>\$16,772,003</b>	<b>\$9,767,973</b>	<b>\$4,575,493</b>	<b>\$11,586,712</b>	<b>\$17,546,155</b>	<b>\$14,855,816</b>	<b>\$15,671,913</b>	<b>\$18,667,762</b>	<b>\$20,736,195</b>
20	<b>Actual - Authorized Net Expense</b>	<b>(\$13,712,107)</b>	<b>(\$4,774,728)</b>	<b>(\$5,185,639)</b>	<b>(\$4,360,479)</b>	<b>\$1,627,546</b>	<b>\$6,979,795</b>	<b>\$6,578,774</b>	<b>\$1,257,957</b>	<b>(\$1,444,016)</b>	<b>(\$2,614,036)</b>	<b>(\$4,844,141)</b>	<b>(\$4,956,239)</b>
21	Resource Optimization - Subtotal	(\$10,469,847)	(\$706,769)	(\$739,146)	(\$906,411)	(\$985,070)	(\$1,052,015)	(\$1,416,070)	(\$1,726,819)	(\$1,079,841)	(\$529,549)	(\$514,095)	(\$52,600)
	Spokane Energy Net Capacity Sale	(\$5,313,000)			(\$4,347,000)		(\$966,000)						
22	Adjusted Net Expense	(\$29,514,954)	(\$5,481,517)	(\$5,924,784)	(\$9,613,890)	(\$3,059,355)	\$642,476	\$5,162,704	(\$468,862)	(\$2,223,857)	(\$3,143,595)	(\$5,358,226)	(\$5,008,838)
23	Washington Allocation		65.19%	65.19%	65.19%	65.19%	65.19%	65.19%	65.19%	65.19%	65.19%	65.19%	65.19%
24	Washington Share	(\$19,240,799)	(\$3,573,401)	(\$3,862,367)	(\$6,267,295)	(\$1,993,742)	\$3,234,584	\$3,365,367	(\$305,651)	(\$1,448,732)	(\$2,049,303)	(\$3,493,028)	(\$3,265,261)
25	Washington 100% Activity (EIA 937)	(\$101,282)	(\$22,707)	\$3,828	\$3,828	(\$42,137)	\$3,828	(\$55,013)	\$3,828	\$3,828	(\$12,049)	\$3,828	\$3,828
26	WA Retail Revenue Adjustment	\$1,322,023	\$262,948	\$910,309	\$465,355	(\$286,147)	\$214,781	(\$1,118,089)	(\$212,809)	\$218,664	\$753,092	\$181,422	\$941,938
	Net Power Cost (+) Surcharge (-)	(\$18,020,058)	(\$3,333,160)	(\$2,948,230)	(\$5,798,112)	(\$2,322,026)	\$637,439	\$2,192,465	(\$514,632)	(\$1,227,240)	(\$1,308,260)	(\$3,307,778)	(\$2,319,495)
27	Rebate												
29	<b>Cumulative Balance</b>	<b>(\$3,333,160)</b>	<b>(\$6,281,390)</b>	<b>(\$12,079,502)</b>	<b>(\$14,401,528)</b>	<b>(\$13,764,089)</b>	<b>(\$11,535,119)</b>	<b>(\$9,342,653)</b>	<b>(\$9,857,285)</b>	<b>(\$11,084,525)</b>	<b>(\$12,392,785)</b>	<b>(\$15,700,563)</b>	<b>(\$18,020,058)</b>
	Deferral Amount, Cumulative (Customer)	\$0	(\$1,711,043)	(\$6,371,552)	(\$8,461,375)	(\$7,887,680)	(\$5,881,606)	(\$4,006,990)	(\$4,392,964)	(\$5,476,073)	(\$6,653,507)	(\$9,630,507)	(\$11,718,052)
	Deferral Amount, Monthly Entry	\$0	(\$1,711,043)	(\$4,660,509)	(\$2,089,823)	\$573,695	\$2,006,074	\$1,874,616	(\$385,974)	(\$1,085,109)	(\$1,177,434)	(\$2,977,000)	(\$2,087,545)
	Acct 557280 Entry: (+) Rebate, (-) Surcharge	\$0	\$1,711,043	\$4,660,509	\$2,089,823	(\$573,695)	(\$2,006,074)	(\$1,874,616)	\$385,974	\$1,085,109	\$1,177,434	\$2,977,000	\$2,087,545
	Company Band Gross Margin Impact, Cumulative	(\$3,333,160)	(\$4,570,347)	(\$5,707,950)	(\$5,940,153)	(\$5,876,409)	(\$5,653,512)	(\$5,335,663)	(\$5,464,321)	(\$5,008,452)	(\$5,739,278)	(\$6,070,066)	(\$6,302,006)





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

Line No.	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
47	\$0	\$0	\$0	\$0	\$0	(\$823,086)	(\$143,450)	(\$144,311)	(\$112,145)	(\$113,644)	(\$148,165)	(\$148,750)
48	(\$60,240)	\$0	\$0	\$0	\$0	\$0	(\$35,140)	(\$5,020)	(\$5,020)	(\$5,020)	(\$5,020)	(\$5,020)
49	(\$59,864)	\$0	\$0	\$0	\$0	(\$49,932)	(\$8,322)	(\$8,322)	(\$8,322)	(\$8,322)	(\$8,322)	(\$8,322)
50	(\$928,944)	\$0	\$0	\$0	\$0	(\$464,472)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)	(\$77,412)
<b>TOTAL</b>	<b>(\$1,654,641)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$823,086)</b>	<b>(\$143,450)</b>	<b>(\$144,311)</b>	<b>(\$112,145)</b>	<b>(\$113,644)</b>	<b>(\$148,165)</b>	<b>(\$148,750)</b>

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

Line No.	TOTAL	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
51	\$17,237,963	(\$1,313,993)	(\$1,397,772)	(\$1,400,243)	(\$1,226,601)	(\$1,232,487)	(\$1,975,348)	(\$1,603,661)	(\$1,437,274)	(\$1,484,527)	(\$1,490,412)	(\$1,399,676)	(\$1,276,069)
<b>565 TRANSMISSION EXPENSE</b>													
52	\$17,365,529	\$1,467,061	\$1,405,135	\$1,468,815	\$1,427,267	\$1,380,691	\$1,400,522	\$1,676,412	\$1,418,118	\$1,415,095	\$1,441,799	\$1,404,472	\$1,460,142
53	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54	\$24,360	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030	\$2,030
55	\$17,349,869	\$1,469,091	\$1,407,165	\$1,470,845	\$1,429,297	\$1,382,721	\$1,402,552	\$1,678,442	\$1,420,148	\$1,417,125	\$1,443,828	\$1,406,602	\$1,462,172
<b>567 Broker &amp; Related Fees</b>													
56	\$438,069	\$31,018	\$39,248	\$35,278	\$51,054	\$45,056	\$42,360	\$39,207	\$29,449	\$33,805	\$41,526	\$33,164	\$36,904
57	\$57,172	\$375	\$1,281	\$1,272	\$375	\$375	\$0	\$0	\$375	\$0	\$375	\$375	\$375
58	\$443,997	\$31,393	\$40,529	\$36,550	\$31,429	\$45,056	\$42,360	\$40,332	\$29,824	\$33,805	\$41,901	\$33,539	\$37,279
<b>RESOURCE OPTIMIZATION</b>													
59	\$44,369,575	\$2,591,889	\$4,539,335	\$4,956,303	\$3,500,937	\$3,500,737	\$3,451,634	\$3,503,588	\$3,604,173	\$2,807,423	\$3,875,004	\$3,744,998	\$4,292,544
60	(\$26,828,341)	\$814,972	\$1,095,205	\$41,601	(\$1,727,201)	(\$2,781,563)	(\$2,222,559)	(\$3,452,010)	(\$3,745,248)	(\$2,640,613)	(\$5,270,973)	(\$3,457,302)	(\$3,482,650)
61	\$2,203,125	\$0	\$0	\$173,218	\$102,290	\$415,282	\$695,170	\$86,135	\$6,965	\$276,646	\$0	\$35,966	\$421,453
62	(\$2,203,125)	\$0	\$0	(\$173,218)	(\$102,290)	(\$415,282)	(\$695,170)	(\$86,135)	(\$6,965)	(\$276,646)	\$0	(\$35,966)	(\$421,453)
63	\$57,022,715	\$2,862,530	\$1,424,635	\$2,898,743	\$3,289,671	\$4,803,050	\$5,653,472	\$5,712,853	\$6,602,374	\$6,653,376	\$6,820,546	\$4,642,683	\$5,918,783
64	(\$28,243,582)	(\$2,013,173)	(\$3,448,826)	(\$3,528,867)	(\$2,401,120)	(\$2,192,179)	(\$2,402,658)	(\$2,695,595)	(\$2,922,476)	(\$2,085,020)	(\$1,968,366)	(\$1,751,893)	(\$1,833,359)
65	(\$5,814,719)	(\$1,010,407)	(\$970,092)	(\$1,879,468)	(\$28,849)	(\$28,550)	(\$22,794)	(\$9,120)	(\$698,565)	(\$14,523)	(\$384,909)	(\$379,482)	(\$387,960)
66	(\$49,997,830)	(\$3,952,616)	(\$3,378,430)	(\$3,336,760)	(\$3,415,778)	(\$4,086,650)	(\$5,509,226)	(\$4,476,341)	(\$4,567,544)	(\$5,800,547)	(\$3,800,820)	(\$3,313,131)	(\$4,559,987)
67	\$638,284	\$63,150	\$7,360	\$189,314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,940	\$368,520
68	(\$638,284)	(\$63,150)	(\$7,360)	(\$189,314)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,940)	(\$368,520)
69	(\$10,492,162)	(\$706,905)	(\$739,173)	(\$906,448)	(\$782,340)	(\$985,155)	(\$1,052,131)	(\$1,416,615)	(\$1,727,286)	(\$1,079,904)	(\$829,549)	(\$514,127)	(\$52,829)
70	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71	\$1,635	\$0	\$0	\$0	\$832	\$0	\$0	\$418	\$385	\$0	\$0	\$0	\$0
72	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
73	\$1,635	\$0	\$0	\$0	\$832	\$0	\$0	\$418	\$385	\$0	\$0	\$0	\$0
74	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75	\$680	\$16	\$27	\$37	\$56	\$85	\$116	\$127	\$92	\$63	\$0	\$42	\$29
76	\$680	\$16	\$27	\$37	\$56	\$85	\$116	\$127	\$92	\$63	\$0	\$42	\$29
77	\$577,782	\$154,715	\$0	\$0	\$135,285	\$0	\$0	\$122,409	\$0	\$0	\$165,373	\$0	\$0
78	\$725,000	\$181,250	\$0	\$0	\$181,250	\$0	\$0	\$181,250	\$0	\$0	\$181,250	\$0	\$0
79	\$45,936	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
80	(\$101,282)	(\$22,707)	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828	\$3,828
81	(\$10,489,847)	(\$706,789)	(\$739,146)	(\$906,411)	(\$781,452)	(\$985,070)	(\$1,052,015)	(\$1,416,070)	(\$1,726,819)	(\$1,079,841)	(\$829,549)	(\$514,086)	(\$52,829)
82	\$160,215,212	\$16,380,943	\$12,186,377	\$11,508,941	\$6,667,481	\$5,192,230	\$10,507,101	\$16,694,403	\$17,061,121	\$12,435,787	\$12,516,279	\$13,313,364	\$16,731,185

Avista Corp. - Resource Accounting  
 Washington Electric Jurisdiction  
**Energy Recovery Mechanism (ERM) Retail Revenue Credit Calculation - 2015**

Retail Sales - MWh	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	YTD
Total Billed Sales	548,342	594,181	501,376	432,369	420,959	434,818	480,259	534,694	465,588	403,080	430,313	519,964	5,765,943
Deduct Prior Month Unbilled	(368,674)	(372,468)	(231,077)	(194,123)	(198,222)	(188,570)	(224,824)	(264,528)	(230,174)	(180,685)	(192,599)	(243,588)	(2,909,532)
Add Current Month Unbilled	372,468	231,077	194,123	198,222	188,570	224,824	264,528	230,174	180,685	192,599	243,588	246,831	2,767,689
<b>Total Retail Sales</b>	<b>532,136</b>	<b>452,790</b>	<b>464,422</b>	<b>436,468</b>	<b>411,307</b>	<b>471,072</b>	<b>519,963</b>	<b>500,340</b>	<b>416,099</b>	<b>414,994</b>	<b>481,302</b>	<b>523,207</b>	<b>5,624,100</b>
<b>Test Year Retail Sales</b>	<b>545,205</b>	<b>498,034</b>	<b>487,551</b>	<b>422,246</b>	<b>421,982</b>	<b>420,901</b>	<b>464,392</b>	<b>489,763</b>	<b>426,967</b>	<b>452,424</b>	<b>490,319</b>	<b>570,023</b>	<b>5,689,807</b>
<b>Difference from Test Year</b>	<b>(13,069)</b>	<b>(45,244)</b>	<b>(23,129)</b>	<b>14,222</b>	<b>(10,675)</b>	<b>50,171</b>	<b>55,571</b>	<b>10,577</b>	<b>(10,868)</b>	<b>(37,430)</b>	<b>(9,017)</b>	<b>(46,816)</b>	<b>(65,707)</b>
<b>Production Rate - \$/MWh</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>	<b>\$20.12</b>
<b>Total Revenue Credit - \$</b>	<b>(\$262,948)</b>	<b>(\$910,309)</b>	<b>(\$465,355)</b>	<b>\$286,147</b>	<b>(\$214,781)</b>	<b>\$1,009,441</b>	<b>\$1,118,089</b>	<b>\$212,809</b>	<b>(\$218,664)</b>	<b>(\$753,092)</b>	<b>(\$181,422)</b>	<b>(\$941,938)</b>	<b>(\$1,322,023)</b>

**Avista Corp. - Resource Accounting  
 Washington Energy Recovery Mechanism (ERM) Pending Deferral Balances from 2014**

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

Jan-June Interest Rate	0.28746%
Jul-Dec Interest Rate	0.29001%

Account 186290

Month Ending	12/31/2014	1/31/2015	2/28/2015	3/31/2015	4/30/2015	5/31/2015	6/30/2015	7/31/2015	8/31/2015	9/30/2015	10/31/2015	11/30/2015	12/31/2015
Month Ending	12/31/2014	1/31/2015	2/28/2015	3/31/2015	4/30/2015	5/31/2015	6/30/2015	7/31/2015	8/31/2015	9/30/2015	10/31/2015	11/30/2015	12/31/2015
Beg. Balance	0	0	0	(4,198,798)	(4,198,798)	(4,198,798)	(4,198,798)	(4,198,798)	(4,259,148)	0	0	0	0
Balance Transfer								4,259,148					
Other Activity													
Adjustments													
Interest				(12,070)	(12,070)	(12,070)	(12,070)	(12,070)					
Interest Adjustments													
End Balance before interest		0	(4,198,798)	(4,198,798)	(4,198,798)	(4,198,798)	(4,198,798)	(4,198,798)	0	0	0	0	0
Balance with Interest		0	(4,210,868)	(4,222,938)	(4,235,008)	(4,247,078)	(4,259,148)	0	0	0	0	0	0
GLW Balance	0	0	(4,210,868)	(4,222,938)	(4,235,008)	(4,247,078)	(4,259,148)	0	0	0	0	0	0
Check													
Adjustment Notes													

*M*

ELECTRIC UNBILLED RWH AND REVENUE		ACCOUNT DESCRIPTION	ICDIN	REVENUE CLASS CODE	RATE SCD	Current Gross Unbilled \$/KWH	Current Gross Unbilled REVENUE	Prior Month Unbilled \$/KWH	Prior Month Unbilled REVENUE	Month Reversal REVENUE	Net Change \$/KWH	Net Change REVENUE
WASHINGTON												
2800	Residential Service		2800	01		13,233.866	\$ 13,233.866	(13,233.866)	\$ (13,233.866)	\$ (13,233.866)	14,035.194	\$ 1,444.955
2800	Residential Paid Income Bank		2800	01		15.489	\$ 15.489	(15.489)	\$ (15.489)	\$ (15.489)	76.194	\$ 4.543
2800	Residential Farm Gen		2800	01		498.332	\$ 498.332	(498.332)	\$ (498.332)	\$ (498.332)	246.915	\$ 16.800
2800	Residential Farm Lg		2800	02		1,875.222	\$ 1,875.222	(1,875.222)	\$ (1,875.222)	\$ (1,875.222)	(92.340)	\$ (6.414)
2800	Residential Farm Pump		2800	01		146,316.259	\$ 146,316.259	(146,316.259)	\$ (146,316.259)	(22,814)	4,274	\$ (1,123)
2800	Commercial General		2800	21		28,487.379	\$ 28,487.379	(28,487.379)	\$ (28,487.379)	\$ (28,487.379)	(1,145.777)	\$ (180.179)
2800	Commercial Lg General		2800	21		62,429.915	\$ 62,429.915	(62,429.915)	\$ (62,429.915)	\$ (62,429.915)	(11,015.005)	\$ (832.354)
2800	Commercial Extra Lg		2800	21		1,458.773	\$ 1,458.773	(1,458.773)	\$ (1,458.773)	\$ (1,458.773)	(572.247)	\$ (82.428)
2800	Commercial Pump		2800	21		95,314.164	\$ 95,314.164	(95,314.164)	\$ (95,314.164)	\$ (95,314.164)	10,065	\$ 712
2800	Industrial General		2800	01		37,312	\$ 37,312	(37,312)	\$ (37,312)	\$ (37,312)	1638.012	\$ 147.702
2800	Industrial Lg General		2800	01		418,716	\$ 418,716	(418,716)	\$ (418,716)	\$ (418,716)	2,854.584	\$ 188.233
2800	Industrial Extra Lg		2800	02		188,233	\$ 188,233	(188,233)	\$ (188,233)	\$ (188,233)	(413,053)	\$ (27,521)
2800	Industrial Pump		2800	03		87,818	\$ 87,818	(87,818)	\$ (87,818)	\$ (87,818)	3,242.290	\$ 209.531
WASHINGTON TOTAL						248,820,715.00	\$ 248,820,715.00	(248,820,715.00)	\$ (248,820,715.00)	\$ (248,820,715.00)	3,242.290	\$ 209.531
IDAMHO												
3800	Residential Service		3800	01		71,292.889	\$ 71,292.889	(71,292.889)	\$ (71,292.889)	\$ (71,292.889)	10,875.549	\$ 104.831
3800	Residential Paid Income Bank		3800	01		1,833.882	\$ 1,833.882	(1,833.882)	\$ (1,833.882)	\$ (1,833.882)	221.283	\$ 14.184
3800	Residential Farm Gen		3800	01		883.882	\$ 883.882	(883.882)	\$ (883.882)	\$ (883.882)	84	\$ 5.059
3800	Residential Farm Lg		3800	02		132,213	\$ 132,213	(132,213)	\$ (132,213)	\$ (132,213)	3,355	\$ (192)
3800	Residential Farm Pump		3800	01		79,495,325.00	\$ 79,495,325.00	(79,495,325.00)	\$ (79,495,325.00)	\$ (79,495,325.00)	15,179	\$ (5,754.800)
3800	Commercial General		3800	21		18,888,548	\$ 18,888,548	(18,888,548)	\$ (18,888,548)	\$ (18,888,548)	356,740	\$ 5,871
3800	Commercial Lg General		3800	21		2,896,175	\$ 2,896,175	(2,896,175)	\$ (2,896,175)	\$ (2,896,175)	(2,776.911)	\$ (182,675)
3800	Commercial Extra Lg		3800	21		1,047,324	\$ 1,047,324	(1,047,324)	\$ (1,047,324)	\$ (1,047,324)	(186,403)	\$ (18,303)
3800	Commercial Pump		3800	21		48,812,786.00	\$ 48,812,786.00	(48,812,786.00)	\$ (48,812,786.00)	\$ (48,812,786.00)	7,829	\$ 307
3800	Industrial General		3800	01		281,831	\$ 281,831	(281,831)	\$ (281,831)	\$ (281,831)	2,072.524	\$ 129.970
3800	Industrial Lg General		3800	02		6,286,137	\$ 6,286,137	(6,286,137)	\$ (6,286,137)	\$ (6,286,137)	1,844	\$ 147
3800	Industrial Extra Lg		3800	02		7,985,871.00	\$ 7,985,871.00	(7,985,871.00)	\$ (7,985,871.00)	\$ (7,985,871.00)	(78,303)	\$ (6,147)
3800	Industrial Pump		3800	03		1,126,133	\$ 1,126,133	(1,126,133)	\$ (1,126,133)	\$ (1,126,133)	10,242,656	\$ 826,824
IDAMHO TOTAL						176,699,019	\$ 176,699,019	(176,699,019)	\$ (176,699,019)	\$ (176,699,019)	13,838,246	\$ 1,438,405


AVISTA CORPORATION  
DECEMBER 2015 WASHINGTON ENERGY RECOVERY MECHANISM REBATE REVENUE & DEFERRAL AMORTIZATION

Schedule	kWh or \$ (a)	Proration Percentages		Rebate Rates		Rate		Current Month		
		Before 01-01-2015*	On/After 1-Jan-15	Before 1-Jan-15	On/After 1-Jan-15	Before 1-Jan-15	On/After 1-Jan-15	Rebate Revenue 1-Jan-15	Rate (b)*(d)*(f)	Total (i) (g)+(h)
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	247,027,850	0.00%	100.00%	(0.164c)	(0.149c)	\$ -	\$ (368,071)	\$ (368,071)	\$ -	\$ (368,071)
2	303,198	0.00%	100.00%	(0.164c)	(0.149c)	\$ -	\$ (452)	\$ (452)	\$ -	\$ (452)
11	50,939,116	0.00%	100.00%	(0.224c)	(0.200c)	\$ -	\$ (101,878)	\$ (101,878)	\$ -	\$ (101,878)
12	5,998,083	0.00%	100.00%	(0.224c)	(0.200c)	\$ -	\$ (11,996)	\$ (11,996)	\$ -	\$ (11,996)
21	120,643,245	0.00%	100.00%	(0.169c)	(0.150c)	\$ -	\$ (180,965)	\$ (180,965)	\$ -	\$ (180,965)
22	3,328,020	0.00%	100.00%	(0.169c)	(0.150c)	\$ -	\$ (4,992)	\$ (4,992)	\$ -	\$ (4,992)
25	86,197,510	0.00%	100.00%	(0.108c)	(0.097c)	\$ -	\$ (83,612)	\$ (83,612)	\$ -	\$ (83,612)
30	(134,960)	0.00%	100.00%	(0.150c)	(0.139c)	\$ -	\$ 188	\$ 188	\$ -	\$ 188
31	3,956,710	0.00%	100.00%	(0.150c)	(0.139c)	\$ -	\$ (5,500)	\$ (5,500)	\$ -	\$ (5,500)
32	244,124	0.00%	100.00%	(0.150c)	(0.139c)	\$ -	\$ (339)	\$ (339)	\$ -	\$ (339)
41-46	695,905	0.00%	100.00%	(0.503c)	(0.458c)	\$ -	\$ (3,187)	\$ (3,187)	\$ -	\$ (3,187)
47	493,097	0.00%	100.00%	(0.503c)	(0.458c)	\$ -	\$ (2,258)	\$ (2,258)	\$ -	\$ (2,258)
48	271,602	0.00%	100.00%	(0.503c)	(0.458c)	\$ -	\$ (1,244)	\$ (1,244)	\$ -	\$ (1,244)
<b>Schedule Totals</b>	<b>519,963,500</b>					<b>\$0</b>	<b>-\$764,306</b>	<b>-\$764,306</b>		<b>-\$764,306</b>

kWh not subject to surcharge	Conversion factor	0.954989
Sch 62	Amortization	-\$729,904
Total kWh	FIT rate	-35%
	DFIT expense	\$255,466

*M* ✓

1/8/2016  
Provided by Rates

Electric Revenue Report by Revenue Class Current Month and Year-to-Date for Accounting Period : 201512 . State Code : WA  


Accounting Period: 201512	State Code: WA	Meters	Usage	Revenue Amt	YTD Average Meters	Ytd Usage	Ytd Revenue Amt
Rate Schedule Desc							
0001 - RESIDENTIAL		207,155	243,418,608	22,072,208	193,115	2,075,664,130	183,611,677
0002 - RESIDENTIAL DISCOUNT		177	298,678	17,844	30	482,769	28,406
001 RESIDENTIAL SERVICE		2,829	3,609,242	326,333	16,274	279,183,652	24,381,554
0011 - GENERAL SERVICE		22,044	49,887,791	5,900,038	20,301	496,542,910	59,663,546
0012 - RESID&FARM-GEN SERV		8,891	5,875,266	822,956	8,268	50,302,894	7,385,198
002 GENERAL SERVICE		4	4,520	289	0	4,520	289
0021 - LARGE GENERAL SERV		1,919	118,855,905	10,865,172	1,809	1,291,424,883	119,614,002
0022 - RESID&FRM-LGE GEN SE		51	3,328,020	300,331	51	32,509,981	2,894,856
0023 - EXTRA LGE GEN SERV		20	86,197,510	5,149,579	21	1,138,499,464	65,631,826
0030 - PUMPING SERV-SPECIAL		31	-134,960	-8,876	28	24,761,745	1,738,062
0031 - PUMPING SERVICE		1,208	3,950,578	362,659	1,114	114,590,909	9,497,840
0032 - PUMPING SVC RES&FRM		1,182	243,543	43,333	1,113	9,347,572	1,010,322
0041 - CO OWNED ST LIGHTS		11	9,104	1,985	11	103,490	23,963
0042 - CO OWNED ST LTS SO VA		323	1,097,661	396,871	288	12,873,244	4,461,098
0044 - CST OWND ST LT SO VA		13	26,624	3,384	13	307,872	42,594
0045 - CUST OWND ST LT ENGY		9	59,134	4,375	10	917,649	65,645
0046 - CUST OWND ST L T S V		51	103,970	10,044	47	1,225,264	122,709
0047 - AREA LIGHT-COM&INDUS		0	493,097	112,429	0	5,324,943	1,264,080
0048 - AREA LIGHT-FARM&RESID		0	271,602	66,505	0	2,926,630	743,637
0058 - TAX ADJUSTMENT		0	0	1,657,727	0	0	16,544,869
0058A - TAX ADJUSTMENT TRIBAL		0	0	-7,991	0	0	-62,551
0095 - WIND POWER		0	0	16,369	0	0	173,622
0099 - MISC ELECT REVENUE		0	0	32,231	0	0	411,736
0101 - FIRM AND GENERAL SER		0	0	0	0	-29	-33
011 GENERAL SERVICE		326	1,051,328	118,707	1,789	50,092,977	5,799,979
012 RESIDENTIAL AND FARM GENERAL SERVICE		149	123,817	16,328	731	6,706,580	878,673
021 LARGE GENERAL SERVICE		31	1,787,340	168,356	162	117,933,337	10,534,871
022 RESIDENTIAL AND FARM LARGE GENERAL SERVICE		0	0	0	4	3,775,280	318,083
025 EXTRA LARGE GENERAL SERVICE		0	0	-24,825	2	46,337,135	5,298,773
025B - PVD		0	0	-80,402	0	0	-994,485
028 EXTRA LARGE SERVICE-SPECIAL CONTRACT		0	0	0	0	0	-1
030 PUMPING SERVICE-SPECIAL		0	0	0	3	-8,262	-120
031 PUMPING SERVICE		6	6,132	728	92	2,543,581	227,099
032 PUMPING SERVICE RESIDENTIAL AND FARM		5	581	146	96	280,983	42,363
041 COMPANY OWNED STREET LIGHTS		0	0	0	1	8,560	1,977
042 COMPANY OWNED STREET LIGHTS-HI PRESS SOD VP		0	-16,740	-6,755	24	1,101,218	338,188
044 CUST OWNED ST LIGHTS-HI PRESS ENGY & MAINT		0	0	0	1	26,015	3,323
044A FAIRCHILD ST LIGHTS		0	0	0	0	0	336
045 CUSTOMER OWNED STREET LIGHT ENERGY SERVICE		0	-544,068	-38,910	1	-514,761	-37,078
046 CUSTOMER OWNED STREET LIGHT ENERGY SOD VAP		0	-39,780	-4,024	4	64,044	6,069
047 AREA LIGHTING COMMERCIAL-INDUSTRIAL		0	0	0	0	422,529	100,342
048 AREA LIGHTING FARM AND RESIDENTIAL		0	0	0	0	253,184	64,078
048 TAX ADJUSTMENT		0	0	19,271	0	0	1,707,879
058A TAX ADJUSTMENT - INDIAN RESERVATION		0	0	0	0	0	-9,130
090 FUEL EFFICIENCY		0	0	0	0	0	0
095 WIND POWER		0	0	0	0	0	15,254
099 REPORTING SCHED NUMBER FOR MISC ELEC REV		0	0	0	0	0	45,345
MISC REVENUE		0	0	0	0	0	0
Total WA		246,435	519,963,503	48,314,415	245,401	5,766,016,892	523,590,780
Total WA		246,435	519,963,503	48,314,415	245,401	5,766,016,892	523,590,780



Attachment B

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of December 2015

REC Revenues Deferral Journal

**Avista Corporation Journal Entry**

Effective Date: 201512

Journal: 475-WASHINGTON REC DEFERRAL

Type: Resource Accounting

Category: DJ

Currency: USD

Last Saved by: Keri Meister

Submitted by: Keri Meister

Approved by:

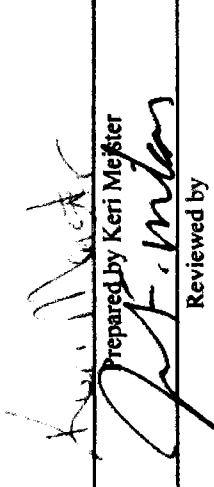
Last Saved: 01/07/2016 3:25 PM

Approval Requested: 01/07/2016 3:27 PM

Seq	Co.	FERC	Exp.	Debit	Credit	Comment
10	001	557322	DEF POWER SUPPLY EXP-RECS	239,558.00		Current Year 2015 WA REC Deferral Expense
20	001	186323	MISC DEF DEBIT-WA REC 2		239,558.00	Current Year 2015 WA REC Deferred Liability
30	001	431016	INTEREST EXPENSE ON REC DEFERRAL	9,815.00		Current Year 2015 WA REC Interest Expense Accru
40	001	186323	MISC DEF DEBIT-WA REC 2		9,815.00	Current Year 2015 WA REC Interest Liability Accru
50	001	557324	DEF POWER SUPPLY EXP-REC AMORT		517,507.00	Prior Year (2012-2014) WA REC Deferral
Amortization						
60	001	186322	MISC DEF DEBIT - WA REC 1	517,507.00		Prior Year (2012-2014) WA REC Deferral
Amortization						
70	001	431016	INTEREST EXPENSE ON REC DEFERRAL		9,301.00	Prior Year (2012-2014) WA REC Deferral Interest
Expense Accrual						
80	001	186322	MISC DEF DEBIT - WA REC 1	9,301.00		Prior Year (2012-2014) WA REC Deferral Interest
Liability Accrual						
<b>Totals:</b>				<b>776,181.00</b>	<b>776,181.00</b>	

**Explanation:**

To account for the Washington REC Deferral per Washington UE-120436 and UE-120437.

  
 Prepared by Keri Meister  
 Reviewed by \_\_\_\_\_  
 Date 1/7/16  
 Date \_\_\_\_\_  
 Approved for Entry \_\_\_\_\_  
 Corporate Accounting use Only

**Avista Corp. - Resource Accounting**  
**DJ475 - Washington REC (Current "2015" Deferral)**

Rate will remain the same throughout the year for 2015

The rate is based on WA Rate Order for REC deferral effective 1.1.15

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 monthly interest rate

Per rate order, REC rate is after tax cost of capital	6.348%	1.1.15
The monthly rate is:	0.0052833	
	35.00% Tax rate	

Account 186323-ED-WA Current (2015) Deferral

Beginning Balance including Interest interest 0

January	REC Deferral	(121,042)	
January	Interest		(320)
1/31/2015	Balance before interest	(121,042)	
February	REC Deferral	(103,433)	
February	Interest		(913)
2/28/2015	Balance before interest	(224,475)	
March	REC Deferral	(167,220)	
March	Interest		(1,628)
3/31/2015	Balance before interest	(391,695)	
April	REC Deferral	(285,830)	
April	Interest		(2,825)
4/30/2015	Balance before interest	(677,525)	
May	REC Deferral	(173,205)	
May	Interest		(4,038)
5/31/2015	Balance before interest	(850,730)	
June	REC Deferral	(119,246)	
June	Interest		(4,810)
Apr Correction	REC Deferral	1,343	
Apr Correction	Interest		4
May Correction	REC Deferral	1,684	
May Correction	Interest		5
6/30/2015	Balance before interest	(955,879)	
	Balance including Jan-Jun interest	(981,404)	
July	REC Deferral	(132,321)	
	REC Deferral Adjustment -48,004	38,978	
July	Interest		(5,329)
7/30/2015	Balance before interest	(1,074,746)	
Aug	REC Deferral	(175,946)	
Aug	Interest		(6,146)
8/31/2015	Balance before interest	(1,251,692)	
Sept	REC Deferral	(158,025)	
Sept	Interest		(7,033)
9/30/2015	Balance before interest	(1,410,717)	
Oct	REC Deferral	(140,831)	
Oct	Interest		(7,829)
10/31/2015	Balance before interest	(1,552,209)	
Nov	REC Deferral	(185,673)	
Nov	Interest		(8,592)
11/30/2015	Balance before interest	(1,737,942)	
Dec	REC Deferral	(239,566)	
Dec	Interest		(8,815)
12/31/2015	Balance before interest	(1,977,500)	

**JUNE CORRECTIONS:**

Apr corrected	REC Deferral	(284,687)	
Apr corrected	Interest		(2,821)
4/30/2015	Balance before interest	(676,282)	
May corrected	REC Deferral	(171,351)	
May corrected	Interest		(4,033)
5/31/2015	Balance before interest	(848,976)	

In June, it was discovered that in April & May expenses had not been included in the REC Deferral calculation to offset revenue for these months. Correcting entries will be made in June for April and May.

Semi-Annual Compounding

WA I-897 Compliance-Foregone ID REC Rev Adj (Annual adjustment)

GL Balance	(1,737,942)	(35,037)
Update REC balance to include Interest		(1,772,978)

186323.ED.WA GL Wand (1,772,978)

Difference (1)

**Avista Corp. - Resource Accounting  
 Washington REC Deferral Summary - DJ475**

<b>REC REVENUE &amp; EXPENSE</b>	<b>Debit</b>	<b>Credit</b>	<b>Entry</b>
<b>October Revenue</b>			
186322		\$140,831	
557322	\$140,831		
<b>October Expense</b>			
186322	\$0		
557322		\$0	
<b>October Total</b>			
186322	\$0	\$140,831	\$140,831 Credit
557322	\$140,831	\$0	-\$140,831 Debit
<b>November Revenue</b>			
186322		\$186,506	
557322	\$186,506		
<b>November Expense</b>			
186322	\$833		
557322		\$833	
<b>November Total</b>			
186322	\$833	\$186,506	\$185,673 Credit
557322	\$186,506	\$833	-\$185,673 Debit
<b>December Revenue</b>			
186322		\$240,655 (1)	
557322	\$240,655		
<b>December Expense</b>			
186322	\$1,097 (2)		✓
557322		\$1,097	
<b>December Total</b>			
186322	\$1,097	\$240,655	\$239,558 Credit (A)
557322	\$240,655	\$1,097	-\$239,558 Debit

Avista Corp. - Resource Accounting  
 DJ 475 - Washington REC Deferral  
 2015 REC Revenue Deferral Calculation  
 Per UE-120436 and UG-120437 Order 14

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Actual	Jan/15	Febr/15	Mar/15	April/15	May/15	June/15	July/15	Aug/15	Sept/15	Oct/15	Nov/15	Dec/15	Total
Non WA EIA - Voluntary REC Revenue	(\$188,804)	(\$160,040)	(\$258,135)	(\$289,048)	(\$265,882)	(\$186,160)	(\$205,312)	(\$274,599)	(\$257,258)	(\$216,032)	(\$286,096)	(\$368,159)	(\$2,966,335)
WA EIA937 Requirement (EWEB) - PGE Revenue	\$0	\$0	\$0	(\$97,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$97,500)
Sacramento Municipal Utility District (SMUD) - REC Revenue	From Nucleus												\$0
Total	(\$188,804)	(\$160,040)	(\$258,135)	(\$386,548)	(\$265,882)	(\$186,160)	(\$205,312)	(\$274,599)	(\$257,258)	(\$216,032)	(\$286,096)	(\$368,159)	(\$3,063,835)
<b>Authorized - Systems</b>													
Non WA EIA - Voluntary REC Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WA EIA937 Requirement (EWEB) - PGE Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sacramento Municipal Utility District (SMUD) - REC Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Authorized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Difference</b>													
Non WA EIA - Voluntary REC Revenue	(\$188,804)	(\$160,040)	(\$258,135)	(\$289,048)	(\$265,882)	(\$186,160)	(\$205,312)	(\$274,599)	(\$257,258)	(\$216,032)	(\$286,096)	(\$368,159)	(\$2,966,335)
WA EIA937 Requirement (EWEB) - PGE Revenue	\$0	\$0	\$0	(\$97,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$97,500)
Sacramento Municipal Utility District (SMUD) - REC Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (*) = Surcharge	(\$188,804)	(\$160,040)	(\$258,135)	(\$386,548)	(\$265,882)	(\$186,160)	(\$205,312)	(\$274,599)	(\$257,258)	(\$216,032)	(\$286,096)	(\$368,159)	(\$3,063,835)
<b>WA Share of Difference</b>													
Non WA EIA - Voluntary (65.18%)	(\$123,081)	(\$104,330)	(\$168,278)	(\$188,430)	(\$173,205)	(\$121,358)	(\$133,843)	(\$179,011)	(\$167,707)	(\$140,831)	(\$186,508)	(\$240,655)	(\$1,927,236)
WA EIA937 Requirement (EWEB) - PGE Revenue (100%)	\$0	\$0	\$0	(\$97,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$97,500)
SMUD (65.18%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total - 100% Surcharge (+) or Rebate (-)	(\$123,081)	(\$104,330)	(\$168,278)	(\$285,930)	(\$173,205)	(\$121,358)	(\$133,843)	(\$179,011)	(\$167,707)	(\$140,831)	(\$186,508)	(\$240,655)	(\$2,024,736)

Accounting Entities	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
169322-ED-WA														
557322-ED-WA														

Avista Corp. - Resource Accounting  
 DJ 475 - Washington REC Deferral  
 2015 REC Expense Deferral Calculation  
 Per UE-120436 and UG-120437 Order 14

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Actual	Source	Jan16	Feb16	Mar16	Apr16	May16	Jun16	Jul16	Aug16	Sep16	Oct16	Nov16	Dec16	Total
Other Non WA EIA - Voluntary REC Expense	557160-ED-AN	\$0	\$477	\$335	\$0	\$0	\$0	\$418	\$385	\$0	\$0	\$0	\$0	\$1,614
Other Non WA EIA - Voluntary REC Broker Fee Expense	557171-ED-AN	\$3,127	\$1,377	\$1,288	\$2,061	\$2,843	\$3,239	\$1,916	\$2,763	\$13,318	\$0	\$1,277	\$1,683	\$34,913
<b>Total Other Non WA EIA REC Expenses</b>		<b>\$3,127</b>	<b>\$1,854</b>	<b>\$1,623</b>	<b>\$2,061</b>	<b>\$2,843</b>	<b>\$3,239</b>	<b>\$2,334</b>	<b>\$3,168</b>	<b>\$13,318</b>	<b>\$0</b>	<b>\$1,277</b>	<b>\$1,683</b>	<b>\$36,527</b>
<b>Authorized - System</b>														
Other Non WA EIA - Voluntary REC Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Authorized</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Difference</b>														
Other Non WA EIA - Voluntary REC Expense		\$3,127	\$1,854	\$1,623	\$2,061	\$2,843	\$3,239	\$2,334	\$3,168	\$13,318	\$0	\$1,277	\$1,683	\$36,527
<b>Total</b>		<b>\$3,127</b>	<b>\$1,854</b>	<b>\$1,623</b>	<b>\$2,061</b>	<b>\$2,843</b>	<b>\$3,239</b>	<b>\$2,334</b>	<b>\$3,168</b>	<b>\$13,318</b>	<b>\$0</b>	<b>\$1,277</b>	<b>\$1,683</b>	<b>\$36,527</b>
<b>WA Share of Difference</b>														
Non WA EIA - Voluntary (66.19%)		\$2,039	\$1,208	\$1,058	\$1,343	\$1,854	\$2,112	\$1,522	\$2,095	\$8,882	\$0	\$833	\$1,087	\$23,812
<b>Total - 100% Surcharge (+) or Rebate (-)</b>		<b>\$2,039</b>	<b>\$1,208</b>	<b>\$1,058</b>	<b>\$1,343</b>	<b>\$1,854</b>	<b>\$2,112</b>	<b>\$1,522</b>	<b>\$2,095</b>	<b>\$8,882</b>	<b>\$0</b>	<b>\$833</b>	<b>\$1,087</b>	<b>\$23,812</b>
<b>Accounting Entries</b>														
166322-ED-WA		Debit	Debit	Debit	Debit	Debit	Debit	Debit	Debit	Debit	Credit	Debit	Debit	Credit
557322-ED-WA		Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit	Credit

**Avista Corp. - Resource Accounting**  
**DJ475 - Washington REC Deferral (Current Amortization)**

Rate will remain the same throughout the year for 2015  
 The rate is based on WA Rate Order for REC deferral effective 1.1.15  
 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 monthly interest rate

Per rate order, REC rate is after tax cost of capital	6.340%	1.1.15
The monthly rate is:	0.0052833	
	35.00% Tax rate	

**Account 186322-ED-WA** Current Amortization of 2012-2014 activity, Amortized over 18 months (Jan '15-June '16)

December	REC Deferral	(50,948)	
December	Interest		(9,274)
12/31/2014	Balance before interest	(3,229,771)	
	<del>GL Balance including interest</del>	(3,277,188)	
January	REC Amortization	162,688	
January	Interest		(16,885)
1/31/2015	Balance before interest	(3,114,520)	
February	REC Amortization	690,456	
February	Interest		(14,895)
2/28/2015	Balance before interest	(2,524,065)	
March	REC Amortization	497,954	
March	Interest		(12,020)
3/31/2015	Balance before interest	(2,026,111)	
April	REC Amortization	430,382	
April	Interest		(9,568)
4/30/2015	Balance before interest	(1,595,729)	
May	REC Amortization	419,662	
May	Interest		(7,322)
5/31/2015	Balance before interest	(1,176,067)	
June	REC Amortization	434,203	
June	Interest		(5,067)
6/30/2015	Balance before interest	(741,864)	
	Balance including Jan-Jun Interest	(807,621)	
July	REC Amortization	480,682	
July	Interest		(2,997)
7/31/2015	Balance before interest	(326,939)	
August	REC Amortization	533,176	
August	Interest		(319)
8/31/2015	Balance before interest	206,236	
September	REC Amortization	466,306	
September	Interest		2,319
9/30/2015	Balance before interest	671,542	
October	REC Amortization	401,728	
October	Interest		4,609
10/31/2015	Balance before interest	1,073,270	
November	REC Amortization	428,427	
November	Interest		6,802
11/30/2015	Balance before interest	1,501,697	
December	REC Amortization	517,507	
December	Interest		9,301
12/31/2015	Balance before interest	2,019,204	

semi annual interest compounded  
 9,050.00  
 16,634.00  
 January Adjust 7,584.00 Interest Rate

Should have compounded interest at 12.31.14. Adjust and correct for March entry  
 Interest Was Correction  
 January Adjust 16,634 (250)  
 February Adjust 14,645 (249)  
 (499)

Semi-Annual Compounding

9/4/15 talked to Annette about balance becoming positive earlier than anticipated (notes say amortization Jan'15-Jun'16). Balance flipped due to super hot summer causing load increases so we amortized more than anticipated. Also, the rate projected used 2013 actuals.

The balance will continue to grow as a debit and this is ok because it is being offset by the deferrals in account 186323. In December 2015 with the new filing, these will

GL Balance	1,501,697	10,414
Update REC balance to include Interest		1,612,111

186322.ED.WA GL Wand 1,612,111  
 Difference -

1/7/2016

AVISTA CORPORATION  
 DECEMBER 2015 WASHINGTON REC REVENUE & DEFERRAL AMORTIZATION

Schedule	kWh or \$ (b)	Proration Percentages		Rebate Rates		Rate Before 1-Jan-15 (g)	Rate On/After 1-Jan-15 (h)	Total (i)	Current Month Rebate Revenue Rate On/After 1-Jan-15 (h)	Total (i)	(g)+(h)
		Before 1-Jan-15 (c)	On/After 1-Jan-15 (d)	Before 1-Jan-15 (e)	On/After 1-Jan-15 (f)						
1	247,027,850	0.00%	100.00%	0.0000	(0.1040)	\$ -	(256,909)	\$ (256,909)	\$ (256,909)		
2	303,198	0.00%	100.00%	0.0000	(0.1040)	\$ -	(315)	\$ (315)	\$ (315)		
11	50,939,116	0.00%	100.00%	0.0000	(0.1040)	\$ -	(52,977)	\$ (52,977)	\$ (52,977)		
12	5,998,083	0.00%	100.00%	0.0000	(0.1040)	\$ -	(6,238)	\$ (6,238)	\$ (6,238)		
21	120,643,245	0.00%	100.00%	0.0000	(0.1060)	\$ -	(127,882)	\$ (127,882)	\$ (127,882)		
22	3,328,020	0.00%	100.00%	0.0000	(0.1060)	\$ -	(3,528)	\$ (3,528)	\$ (3,528)		
25	86,197,510	0.00%	100.00%	0.0000	(0.1020)	\$ -	(87,921)	\$ (87,921)	\$ (87,921)		
30	(134,960)	0.00%	100.00%	0.0000	(0.1130)	\$ -	153	\$ 153	\$ 153		
31	3,956,710	0.00%	100.00%	0.0000	(0.1130)	\$ -	(4,471)	\$ (4,471)	\$ (4,471)		
32	244,124	0.00%	100.00%	0.0000	(0.1130)	\$ -	(276)	\$ (276)	\$ (276)		
41-46	695,905	0.00%	100.00%	0.0000	(0.1050)	\$ -	(731)	\$ (731)	\$ (731)		
47	493,097	0.00%	100.00%	0.0000	(0.1050)	\$ -	(518)	\$ (518)	\$ (518)		
48	271,602	0.00%	100.00%	0.0000	(0.1050)	\$ -	(285)	\$ (285)	\$ (285)		
Schedule Totals	519,963,500					\$ 0	(541,898)	\$ (541,898)	\$ (541,898)		

kWh not subject to surcharge	0	Conversion factor	0.954989
Sch 62	0	Amortization	<u>(b)</u> \$517,507
Total kWh	519,963,500	FIT rate	-35%
		DFIT expense	\$181,127



Attachment C

Avista Corporation  
Monthly Power Cost Deferral Report  
Month of December 2015

Long Term Power Contract



December 15, 2015

Hydro Technology Systems, Inc.  
Ben Hendrickson  
1680 S. Juniper St.  
P.O. Box 245  
Kettle Falls, WA 99141

**Re: Amendment No. 3 to the Power Purchase Agreement Between Hydro Technology Systems, Inc. and Avista Corporation**

Dear Mr. Hendrickson:

Hydro Technology Systems, Inc. ("Seller") and Avista Corporation ("Avista"), referred to herein individually as a "Party" and collectively as the "Parties," entered into that certain Power Purchase Agreement dated January 1, 2012, ("Power Purchase Agreement") under which Avista purchases energy from the Meyers Falls hydroelectric project, which is located on the Colville River five miles upstream of the Columbia River, near the City of Kettle Falls, Washington, and which has a total nameplate capacity of 1.2 megawatts.

The original term of the Power Purchase Agreement expired by its terms on December 31, 2013. Amendment No. 2 extended the term of the agreement to expire on December 31, 2015. Seller and Avista have agreed to amend the Power Purchase Agreement to extend the term through December 31, 2019.

The Parties hereby agree to amend the Power Purchase Agreement as follows:

1. Section 4.1 of the Power Purchase Agreement is amended to change the expiration date of the Term to December 31, 2019 so that Section 4.1 of the Power Purchase Agreement reads in its entirety as follows:

**4.1** The effective date of this agreement shall be January 1, 2012 and will continue, unless otherwise terminated as provided herein, through December 31, 2019; provided however, that this Agreement shall terminate upon Commission rejection of this Agreement.

2. Exhibit 2 (Power Purchase Rate) is amended and replaced in its entirety with the attached Amended Exhibit 2 to reflect the contract rates for January 2016 through December 2019.

Except as expressly provided herein, all other terms and conditions of the Power Purchase Agreement remain in full force and effect.

The Parties agree that this Amendment No. 3 to the Power Purchase Agreement will be construed in accordance with Section 210 of PURPA and other applicable laws and regulations. This Amendment No. 3 to the Power Purchase Agreement shall become effective on January 1, 2016. Upon the effective date of this Amendment, this Amendment shall be incorporated in the Power Purchase Agreement and all references to the Power Purchase Agreement shall be deemed to be references to the Power Purchase Agreement as amended by this Amendment No. 3.

If the terms set forth herein for the Amendment No. 3 to the Power Purchase Agreement are acceptable, please execute below and return an original executed copy of this letter to me. Please call Bill Johnson at (509) 495-4046 if you have any questions.

Sincerely,



Scott Kinney  
Director, Power Supply

ACCEPTED AND AGREED TO:

HYDRO TECHNOLOGY SYSTEMS, INC.



Name: BENJAMIN J. HENDRICKSON

Date: 12/15/15

**Amendment No. 3 to the Power Purchase Agreement Between Hydro  
Technology Systems, Inc. and Avista Corporation**

**Exhibit 2  
Power Purchase Rate**

<b><u>Period</u></b>	<b><u>Contract Rate</u> \$/MWh</b>
Jan 2016 - Feb 2016	\$50.18
Mar 2016 - Jun 2016	\$39.03
Jul 2016 - Dec 2016	\$50.18
Jan 2017 - Feb 2017	\$50.93
Mar 2017 - Jun 2017	\$39.61
Jul 2017 - Dec 2017	\$50.93
Jan 2018 - Feb 2018	\$51.70
Mar 2018 - Jun 2018	\$40.21
Jul 2018 - Dec 2018	\$51.70
Jan 2019 - Feb 2019	\$57.08
Mar 2019 - Jun 2019	\$44.39
Jul 2019 - Dec 2019	\$57.08