

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-07 _____

DOCKET NO. UG-07 _____

EXHIBIT NO. ____ (EMA-2)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON PRO FORMA RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	WITH PRESENT RATES			WITH PROPOSED RATES	
		Actual Per Results Report	Total Adjustments	Pro Forma Total	Proposed Revenues & Related Exp	Pro Forma Proposed Total
	a	b	c	d	e	f
REVENUES						
1	Total General Business	\$362,395	\$ (40,466)	\$321,929	\$51,139	\$373,068
2	Interdepartmental Sales	733		733		733
3	Sales for Resale	115,579	(80,199)	35,380		35,380
4	Total Sales of Electricity	478,707	(120,665)	358,042	51,139	409,181
5	Other Revenue	42,255	(35,009)	7,246		7,246
6	Total Electric Revenue	520,962	(155,674)	365,288	51,139	416,427
EXPENSES						
Production and Transmission						
7	Operating Expenses	176,236	(81,382)	94,854		94,854
8	Purchased Power	117,871	(38,725)	79,146		79,146
9	Depreciation and Amortization	17,008	8,618	25,626		25,626
10	Taxes	9,090	883	9,973		9,973
11	Total Production & Transmission	320,205	(110,606)	209,599	0	209,599
Distribution						
12	Operating Expenses	15,485	688	16,173		16,173
13	Depreciation	10,864	3,172	14,036		14,036
14	Taxes	29,460	(13,153)	16,307	1,975	18,282
15	Total Distribution	55,809	(9,293)	46,516	1,975	48,491
16	Customer Accounting	8,951	(1,611)	7,340	136	7,476
17	Customer Service & Information	7,739	(6,565)	1,174		1,174
18	Sales Expenses	657	23	680		680
Administrative & General						
19	Operating Expenses	32,646	993	33,639	102	33,741
20	Depreciation	6,459	(770)	5,689		5,689
21	Taxes					
22	Total Admin. & General	39,105	223	39,328	102	39,430
23	Total Electric Expenses	432,466	(127,829)	304,637	2,213	306,850
24	OPERATING INCOME BEFORE FIT	88,496	(27,845)	60,651	48,926	109,577
FEDERAL INCOME TAX						
25	Current Accrual	24,008	(19,799)	4,209	17,124	21,333
26	Deferred Income Taxes	(7,227)	11,202	3,975		3,975
27	Amortized Investment Tax Credit					
28	SETTLEMENT EXCHANGE POWER					
29	NET OPERATING INCOME	\$71,715	(\$19,248)	\$52,467	\$31,802	\$84,269
RATE BASE						
PLANT IN SERVICE						
30	Intangible	\$23,458		\$23,458		\$23,458
31	Production	649,965	36,985	686,950		686,950
32	Transmission	244,435	41,969	286,404		286,404
33	Distribution	502,838	(267)	502,571		502,571
34	General	80,110		80,110		80,110
35	Total Plant in Service	1,500,806	78,687	1,579,493	0	1,579,493
36	ACCUMULATED DEPRECIATION	493,639	(6,869)	486,770		486,770
37	ACCUM. PROVISION FOR AMORTIZATION	12,960	38,562	51,522		51,522
38	Total Accum. Depreciation & Amort.	506,599	31,693	538,292	0	538,292
39	GAIN ON SALE OF BUILDING		(453)	(453)		(453)
40	DEFERRED TAXES		(143,317)	(143,317)		(143,317)
41	TOTAL RATE BASE	\$994,207	(\$96,776)	\$897,431	\$0	\$897,431
42	RATE OF RETURN	7.21%		5.85%		9.39%

AVISTA UTILITIES
Calculation of General Revenue Requirement
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2006

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base	\$897,431
2	Proposed Rate of Return	<u>9.39%</u>
3	Net Operating Income Requirement	\$84,269
4	Pro Forma Net Operating Income	<u>\$52,467</u>
5	Net Operating Income Deficiency	\$31,802
6	Conversion Factor	0.62186345
7	Revenue Requirement	\$51,139
8	Total General Business Revenues	\$322,662
9	Percentage Revenue Increase	<u><u>15.85%</u></u>

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2006

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.002660
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038627
5	Franchise Fees	0.000000
6	Total Expense	<u>0.043287</u>
7	Net Operating Income Before FIT	0.956713
8	Federal Income Tax @ 35%	<u>0.334850</u>
9	REVENUE CONVERSION FACTOR	<u><u>0.621863</u></u>

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Gain on Office Building	Colstrip 3 AFUDC Elimination	Colstrip Common AFUDC	Kettle Falls Disallow.	Customer Advances
	a	b	c	d	e	f	g	h
REVENUES								
1	Total General Business	\$362,395						
2	Interdepartmental Sales	733						
3	Sales for Resale	115,579						
4	Total Sales of Electricity	478,707	0	0	0	0	0	0
5	Other Revenue	42,255						
6	Total Electric Revenue	520,962	0	0	0	0	0	0
EXPENSES								
Production and Transmission								
7	Operating Expenses	176,236						
8	Purchased Power	117,871						
9	Depreciation and Amortization	17,008			(216)			
10	Taxes	9,090						
11	Total Production & Transmission	320,205	0	0	(216)	0	0	0
Distribution								
12	Operating Expenses	15,485						
13	Depreciation	10,864						
14	Taxes	29,460						
15	Total Distribution	55,809	0	0	0	0	0	0
16	Customer Accounting	8,951						
17	Customer Service & Information	7,739						
18	Sales Expenses	657						
Administrative & General								
19	Operating Expenses	32,646						
20	Depreciation	6,459						
21	Taxes							
22	Total Admin. & General	39,105	0	0	0	0	0	0
23	Total Electric Expenses	432,466	0	0	(216)	0	0	0
24	OPERATING INCOME BEFORE FIT	88,496	0	0	216	0	0	0
FEDERAL INCOME TAX								
25	Current Accrual	24,008						
26	Deferred Income Taxes	(7,227)					56	
27	NET OPERATING INCOME	\$71,715	\$0	\$0	\$216	\$0	(\$56)	\$0
RATE BASE								
PLANT IN SERVICE								
28	Intangible	\$23,458						
29	Production	649,965			(7,175)	492	(5,248)	
30	Transmission	244,435						
31	Distribution	502,838						(267)
32	General	80,110						
33	Total Plant in Service	1,500,806	0	0	(7,175)	492	(5,248)	(267)
34	ACCUMULATED DEPRECIATION	493,639			(4,920)		(3,559)	
25	ACCUM. PROVISION FOR AMORTIZATION	12,960						
36	Total Accum. Depreciation & Amort.	506,599	0	0	(4,920)	0	(3,559)	0
37	GAIN ON SALE OF BUILDING			(453)				
38	DEFERRED TAXES		(138,495)	158			696	
39	TOTAL RATE BASE	\$994,207	(\$138,495)	(\$295)	(\$2,255)	\$492	(\$993)	(\$267)
40	RATE OF RETURN	7.21%						

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	PGE Monetization	Settlement Exchange Power	Subtotal Actual	Eliminate B & O Taxes	Property Tax	Uncollect. Expense
	a	i	j	-	k	l	m
REVENUES							
1	Total General Business			\$362,395	\$ (12,201)		
2	Interdepartmental Sales			733			
3	Sales for Resale			115,579			
4	Total Sales of Electricity	0	0	478,707	(12,201)	0	0
5	Other Revenue			42,255	(15)		
6	Total Electric Revenue	0	0	520,962	(12,216)	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses			176,236			
8	Purchased Power			117,871			
9	Depreciation and Amortization	(1,332)		15,460			
10	Taxes			9,090		25	
11	Total Production & Transmission	(1,332)	0	318,657	0	25	0
Distribution							
12	Operating Expenses			15,485			
13	Depreciation			10,864			
14	Taxes			29,460	(12,184)	(6)	
15	Total Distribution	0	0	55,809	(12,184)	(6)	0
16	Customer Accounting			8,951			(47)
17	Customer Service & Information			7,739			
18	Sales Expenses			657			
Administrative & General							
19	Operating Expenses			32,646			
20	Depreciation			6,459			
21	Taxes						
22	Total Admin. & General	0	0	39,105	0	0	0
23	Total Electric Expenses	(1,332)	0	430,918	(12,184)	19	(47)
24	OPERATING INCOME BEFORE FIT	1,332	0	90,044	(32)	(19)	47
FEDERAL INCOME TAX							
25	Current Accrual			24,008	(11)	(7)	16
26	Deferred Income Taxes	466		(6,705)			
27	NET OPERATING INCOME	\$866	\$0	\$72,741	(\$21)	(\$12)	\$31
RATE BASE							
PLANT IN SERVICE							
28	Intangible			\$23,458			
29	Production	(14,205)	79,626	703,455			
30	Transmission			244,435			
31	Distribution			502,571			
32	General			80,110			
33	Total Plant in Service	(14,205)	79,626	1,554,029	0	0	0
34	ACCUMULATED DEPRECIATION			485,160			
25	ACCUM. PROVISION FOR AMORTIZATION	(13,706)	52,268	51,522			
36	Total Accum. Depreciation & Amort.	(13,706)	52,268	536,682	0	0	0
37	GAIN ON SALE OF BUILDING			(453)			
38	DEFERRED TAXES	175	(4,917)	(142,383)			
39	TOTAL RATE BASE	(\$324)	\$22,441	\$874,511	\$0	\$0	\$0
40	RATE OF RETURN			8.32%			

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Regulatory Expense	Injuries and Damages	FIT	Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Eliminate A/R Expenses
	a	n	o	p	q	r	s
REVENUES							
1	Total General Business				\$(31,707)		
2	Interdepartmental Sales						
3	Sales for Resale						
4	Total Sales of Electricity	0	0	0	(31,707)	0	0
5	Other Revenue						
6	Total Electric Revenue	0	0	0	(31,707)	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses				(30,675)	18	
8	Purchased Power						
9	Depreciation and Amortization						
10	Taxes						
11	Total Production & Transmission	0	0	0	(30,675)	18	0
Distribution							
12	Operating Expenses						
13	Depreciation						
14	Taxes				(1,224)		
15	Total Distribution	0	0	0	(1,224)	0	0
16	Customer Accounting				(100)		(1,717)
17	Customer Service & Information						
18	Sales Expenses						
Administrative & General							
19	Operating Expenses	1,162	(486)		(60)		
20	Depreciation						
21	Taxes						
22	Total Admin. & General	1,162	(486)	0	(60)	0	0
23	Total Electric Expenses	1,162	(486)	0	(32,059)	18	(1,717)
24	OPERATING INCOME BEFORE FIT	(1,162)	486	0	352	(18)	1,717
FEDERAL INCOME TAX							
25	Current Accrual	(407)	170	56	(10,613)	(6)	601
26	Deferred Income Taxes			(56)	10,736		
27	NET OPERATING INCOME	(\$755)	\$316	\$0	\$229	(\$12)	\$1,116
RATE BASE							
PLANT IN SERVICE							
28	Intangible						
29	Production						
30	Transmission						
31	Distribution						
32	General						
33	Total Plant in Service	0	0	0	0	0	0
34	ACCUMULATED DEPRECIATION						
35	ACCUM. PROVISION FOR AMORTIZATION						
36	Total Accum. Depreciation & Amort.	0	0	0	0	0	0
37	GAIN ON SALE OF BUILDING						
38	DEFERRED TAXES						
39	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
40	RATE OF RETURN						

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Office Space Charges to Subsidiaries	Restate Excise Taxes	Net Gains/losses	Revenue Normalization	Incentive & Other
	a	t	u	v	w	x
REVENUES						
1	Total General Business				\$3,442	
2	Interdepartmental Sales					
3	Sales for Resale					
4	Total Sales of Electricity	0	0	0	3,442	0
5	Other Revenue				209	
6	Total Electric Revenue	0	0	0	3,651	0
EXPENSES						
Production and Transmission						
7	Operating Expenses				(176)	614
8	Purchased Power					
9	Depreciation and Amortization				10,285	
10	Taxes					
11	Total Production & Transmission	0	0	0	10,109	614
Distribution						
12	Operating Expenses					
13	Depreciation			(88)		
14	Taxes		120		141	
15	Total Distribution	0	120	(88)	141	0
16	Customer Accounting				10	
17	Customer Service & Information				(6,580)	
18	Sales Expenses					
Administrative & General						
19	Operating Expenses	(24)			7	(97)
20	Depreciation					
21	Taxes					
22	Total Admin. & General	(24)	0	0	7	(97)
23	Total Electric Expenses	(24)	120	(88)	3,687	517
24	OPERATING INCOME BEFORE FIT	24	(120)	88	(36)	(517)
FEDERAL INCOME TAX						
25	Current Accrual	8	(42)	31	(13)	(181)
26	Deferred Income Taxes					
27	NET OPERATING INCOME	\$16	(\$78)	\$57	(\$23)	(\$336)
RATE BASE						
PLANT IN SERVICE						
28	Intangible					
29	Production					
30	Transmission					
31	Distribution					
32	General					
33	Total Plant in Service	0	0	0	0	0
34	ACCUMULATED DEPRECIATION					
35	ACCUM. PROVISION FOR AMORTIZATION					
36	Total Accum. Depreciation & Amort.	0	0	0	0	0
37	GAIN ON SALE OF BUILDING					
38	DEFERRED TAXES					
39	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0
40	RATE OF RETURN					

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Restate Debt Interest	Restated TOTAL	Pro Forma Power Supply	Pro Forma Prod Property Adj	Pro Forma Labor NonExec	Pro Forma Labor Exec
	a	y	z	PF1	PF2	PF3	PF4
REVENUES							
1	Total General Business		\$321,929				
2	Interdepartmental Sales		733				
3	Sales for Resale		115,579	(80,199)			
4	Total Sales of Electricity	0	438,241	(80,199)	0	0	0
5	Other Revenue		42,449	(32,271)	(2,029)		
6	Total Electric Revenue	0	480,690	(112,470)	(2,029)	0	0
EXPENSES							
Production and Transmission							
7	Operating Expenses		146,017	(41,757)	(10,736)	717	14
8	Purchased Power		117,871	(38,725)			
9	Depreciation and Amortization		25,745				
10	Taxes		9,115				
11	Total Production & Transmission	0	298,748	(80,482)	(10,736)	717	14
Distribution							
12	Operating Expenses		15,485			567	
13	Depreciation		10,776				
14	Taxes		16,307				
15	Total Distribution	0	42,568	0	0	567	0
16	Customer Accounting		7,097			243	
17	Customer Service & Information		1,159			15	
18	Sales Expenses		657			23	
Administrative & General							
19	Operating Expenses		33,148			550	(59)
20	Depreciation		6,459				
21	Taxes						
22	Total Admin. & General	0	39,607	0	0	550	(59)
23	Total Electric Expenses	0	389,836	(80,482)	(10,736)	2,115	(45)
24	OPERATING INCOME BEFORE FIT	0	90,854	(31,988)	8,707	(2,115)	45
FEDERAL INCOME TAX							
25	Current Accrual	1,170	14,780	(11,196)	3,047	(740)	16
26	Deferred Income Taxes		3,975				
27	NET OPERATING INCOME	(\$1,170)	\$72,099	(\$20,792)	\$5,660	(\$1,375)	\$29
RATE BASE							
PLANT IN SERVICE							
28	Intangible		\$23,458				
29	Production		703,455		(28,763)		
30	Transmission		244,435				
31	Distribution		502,571				
32	General		80,110				
33	Total Plant in Service	0	1,554,029	0	(28,763)	0	0
34	ACCUMULATED DEPRECIATION		485,160				
35	ACCUM. PROVISION FOR AMORTIZATION		51,522				
36	Total Accum. Depreciation & Amort.	0	536,682	0	0	0	0
37	GAIN ON SALE OF BUILDING		(453)				
38	DEFERRED TAXES		(142,383)				
39	TOTAL RATE BASE	\$0	\$874,511	\$0	(\$28,763)	\$0	\$0
40	RATE OF RETURN		8.24%				

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Transmission Rev/Exp	Pro Forma Transmission Capital Add	Pro Forma Generation Capital Add	Pro Forma Depreciation Study	Pro Forma Wood Pole Test & Treat	Pro Forma TOTAL
	a	PF5	PF6	PF7	PF8	PF9	FFT
REVENUES							
1	Total General Business						\$321,929
2	Interdepartmental Sales						733
3	Sales for Resale						35,380
4	Total Sales of Electricity	0	0	0	0	0	358,042
5	Other Revenue	(903)					7,246
6	Total Electric Revenue	(903)	0	0	0	0	365,288
EXPENSES							
Production and Transmission							
7	Operating Expenses	416				183	94,854
8	Purchased Power						79,146
9	Depreciation and Amortization		998	358	(1,475)		25,626
10	Taxes		660	198			9,973
11	Total Production & Transmission	416	1,658	556	(1,475)	183	209,599
Distribution							
12	Operating Expenses					121	16,173
13	Depreciation				3,260		14,036
14	Taxes						16,307
15	Total Distribution	0	0	0	3,260	121	46,516
16	Customer Accounting						7,340
17	Customer Service & Information						1,174
18	Sales Expenses						680
Administrative & General							
19	Operating Expenses						33,639
20	Depreciation				(770)		5,689
21	Taxes						
22	Total Admin. & General	0	0	0	(770)	0	39,328
23	Total Electric Expenses	416	1,658	556	1,015	304	304,637
24	OPERATING INCOME BEFORE FIT	(1,319)	(1,658)	(556)	(1,015)	(304)	60,651
FEDERAL INCOME TAX							
25	Current Accrual	(462)	(580)	(195)	(355)	(106)	4,209
26	Deferred Income Taxes						3,975
27	NET OPERATING INCOME	(\$857)	(\$1,078)	(\$361)	(\$660)	(\$198)	\$52,467
RATE BASE							
PLANT IN SERVICE							
28	Intangible						\$23,458
29	Production			12,258			686,950
30	Transmission		41,969				286,404
31	Distribution						502,571
32	General						80,110
33	Total Plant in Service	0	41,969	12,258	0	0	1,579,493
34	ACCUMULATED DEPRECIATION		748	354	508		486,770
35	ACCUM. PROVISION FOR AMORTIZATION						51,522
36	Total Accum. Depreciation & Amort.	0	748	354	508	0	538,292
37	GAIN ON SALE OF BUILDING						(453)
38	DEFERRED TAXES		(947)	(165)	178		(143,317)
39	TOTAL RATE BASE	\$0	\$40,274	\$11,739	(\$330)	\$0	\$897,431
40	RATE OF RETURN						5.85%