

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Revenue Requirement

Line No.	Description	As Proposed Per Company Adjusted (A)	As Proposed Per PC Adjusted (B)	Difference (C)	Reference (D)
1	WA Jurisdictional Rate Base	\$1,007,076	\$ 947,223	(\$59,853)	Schedule A-1
2	Overall Rate of Return	8.68%	8.25%	-0.43%	Schedule D
3	Net Operating Income Required	\$ 87,414	\$ 78,146	(\$9,268)	L 1 * L 2
4	NOI-Existing Rates	\$44,029	\$ 75,703	\$31,674	Schedule A-1
5	Income Deficiency (Sufficiency)	\$ 43,385	\$ 2,443	(\$40,942)	L 3 - L 4
6	Revenue Conversion Factor	0.621901	0.621953	0.000051	Schedule A-2
7	Revenue Deficiency (Sufficiency)	\$ 69,762	\$ 3,927	(\$65,835)	L 5 / L 7

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 12 MONTHS ENDED SEPTEMBER 30, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Restate Excise Taxes	Net Gains/losses	Revenue Normalization	Misc Restating	FLOW THROUGH	Restated TOTAL	[A]	FLOW THROUGH	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Transmission Rev/Exp	Pro Forma Capital Add 2008	Pro Forma Capital Add 2009	Pro Forma Nixson Gen 2010	Pro Forma Asset Management	Pro Forma Information Services	Pro Forma Spokane Rvr Relicensing
						CHANGE PER PARTIAL SETTLEMENT C-15		PARTIAL SETTLEMENT Revised C-0	CHANGE PER PF1 PARTIAL SETTLEMENT Revised C-1									
REVENUES																		
1	Total General Business			\$28,750			\$390,153											
2	Interdepartmental Sales						\$800											
3	Sales for Resale						\$126,479	(49,086)	(1,625)									
4	Total Sales of Electricity	0	0	28,750	0	0	\$17,432	(49,086)	(1,625)	0	0	0	0	0	0	0	0	0
5	Other Revenue			432			\$36,988	(27,028)	(133)			24						
6	Total Electric Revenue	0	0	29,182	0	0	\$54,420	(76,114)	(1,758)	0	0	24	0	0	0	0	0	0
EXPENSES																		
Production and Transmission																		
7	Operating Expenses			(70)			\$158,071	(10,816)	(3,145)	539		103						1,677
8	Purchased Power						\$147,076	(66,497)	(1,692)									
9	Depreciation and Amortization			2,688			\$25,476		(605)				6	29	158			1,959
10	Taxes						\$8,935		(162)				9	16	82			
11	Total Production & Transmission	0	0	2,618	0	0	\$39,558	(77,313)	(5,605)	539	0	103	15	45	240	0	0	3,636
Distribution																		
12	Operating Expenses						\$17,279			482								
13	Depreciation		(122)				\$15,334											
14	Taxes	31		1,127			\$19,356											
15	Total Distribution	31	(122)	1,127	0	0	\$1,969	0	0	482	0	0	0	0	0	0	0	0
16	Customer Accounting			76			\$7,907			170								
17	Customer Service & Information			(10,688)			\$671			8								
18	Sales Expenses						\$696			13								
Administrative & General																		
19	Operating Expenses			58	(214)		\$35,087			321	21							
20	Depreciation						\$6,790											
21	Taxes						\$41,877		0	321	21	0	0	0	0	0	0	0
22	Total Admin. & General	0	0	58	(214)	0	\$41,877	0	0	321	21	0	0	0	0	0	0	0
23	Total Electric Expenses	31	(122)	(6,809)	(214)	0	\$42,678	(77,313)	(5,605)	1,534	21	103	15	45	240	0	0	3,636
24	OPERATING INCOME BEFORE FTI	(31)	122	35,991	214	0	\$111,742	1,199	3,846	(1,534)	(21)	(79)	(15)	(45)	(240)	0	0	(3,636)
FEDERAL INCOME TAX																		
25	Current Accrual	(11)	43	12,597	75	(159)	\$20,242	420	1,346	(537)	(7)	(28)	(5)	(16)	(84)			(1,273)
26	Deferred Income Taxes						\$9,346											
27	NET OPERATING INCOME	(\$20)	\$79	\$23,394	\$139	\$159	\$82,154	\$779	\$2,500	(\$997)	(\$14)	(\$51)	(\$10)	(\$29)	(\$156)	\$0	\$0	(\$2,363)
RATE BASE																		
PLANT IN SERVICE																		
28	Intangible						\$22,439		\$ (498)									
29	Production						\$723,439		(14,062)									
30	Transmission						\$285,760		(6,001)			1,312	2,349	5,464				26,703
31	Distribution						\$551,776											
32	General						\$88,036											
33	Total Plant in Service	0	0	0	0	0	\$1,671,450	0	(20,560)	0	0	0	1,312	2,349	5,464	0	0	26,703
34	ACCUMULATED DEPRECIATION						\$534,292		(7,033)				(1,066)	1,343	56			560
35	ACCUM. PROVISION FOR AMORTIZATION						\$64,075											
36	Total Accum. Depreciation & Amort.	0	0	0	0	0	\$598,367	0	(7,033)	0	0	0	(1,066)	1,343	56	0	0	560
37	GAIN ON SALE OF BUILDING						\$ (194)		1,915									
38	DEFERRED TAXES						\$ (146,025)					(123)	(220)	(22)				(2,818)
39	OTHER RATE BASE DEDUCTIONS						\$ (163)											
40	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$926,699	\$0	(\$11,612)	\$0	\$0	\$0	\$2,254	\$785	\$5,386	\$0	\$0	\$23,325

[A] The Partial Settlement does not make any adjustment for Lancaster. PC still maintains its original position regarding Lancaster, as such PC has incorporated its original adjustment for Lancaster into the Power Supply Partial Settlement Position reflected for PF1 on line 7.

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
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Conversion Factor

Line No.	Description	Per Company	Per PC
1	Revenues	<u>1.000000</u>	<u>1.000000</u>
	Expense:		
2	Uncollectibles	0.002599 [a]	0.002517 [b]
3	Commission Fees	0.002000	0.002000
4	Washington Excise Tax	0.038629 [a]	0.038633 [b]
5	Franchise Fees	-	-
6	Total Expense	<u>0.043229</u>	<u>0.043150</u>
7	Net Operating Income Before FIT	0.956771	0.956850
8	Federal Income Tax @ 35%	<u>0.334870</u>	<u>0.334898</u> L. 7 * 35%
9	Conversion Factor	<u><u>0.621901</u></u>	<u><u>0.621953</u></u>

Source: _____

[a] Exhibit No. __ (EMA-2) page 3

[b] Response to PC-025

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
RATE BASE				
Plant In Service				
1	Intangible	\$22,439	\$ 78,478	\$ 26,339
2	Production	656,077	\$ 762,219	\$ 745,205
3	Transmission	285,760	\$ 296,316	\$ 279,759
4	Distribution	552,007	\$ 607,308	\$ 551,776
5	General	88,036	\$ 109,598	\$ 88,036
6	Total Plant in Service	1,604,319	\$ 1,853,919	\$ 1,691,115
7	Accumulated Depreciation	543,584	\$ 610,941	\$ 528,153
8	Accum. Provision for Amortization	6,907	\$ 64,635	\$ 64,075
9	Total Accum. Depreciation & Amort.	550,491	\$ 675,576	\$ 592,228
10	Gain on Sale of Building		\$ (194)	\$ 1,721
11	Deferred Taxes		\$ (171,073)	\$ (150,748)
12	Other Rate Base Deductions			\$ (2,638)
13	TOTAL RATE BASE	\$1,053,828	\$ 1,007,076	\$ 947,223

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
a				
REVENUES				
1	Total Sales	\$ 535,128	\$ 457,459	\$ 466,721
2	Total Other Revenue	\$ 36,572	\$ 9,680	\$ 9,851
3	Total Electric Revenue	\$ 571,700	\$ 467,139	\$ 476,572
EXPENSES				
4	Production and Transmission	\$ 355,486	\$ 298,585	\$ 267,834
5	Distribution	\$ 65,064	\$ 56,504	\$ 53,369
6	Customer Accounting	\$ 8,559	\$ 8,584	\$ 8,466
7	Customer Service & Information	\$ 11,359	\$ 710	\$ 701
8	Sales Expenses	\$ 696	\$ 757	\$ 744
9	Administrative & General	\$ 42,169	\$ 49,720	\$ 43,640
10	Total Electric Expenses	\$ 483,333	\$ 414,860	\$ 374,755
11	OPERATING INCOME BEFORE FIT	\$ 88,367	\$ 52,279	\$ 101,817
FEDERAL INCOME TAX				
12	Current Accrual	\$ 16,759	\$ (1,096)	\$ 16,768
13	Deferred Income Taxes	\$ 3,070	\$ 9,346	\$ 9,346
	Total Taxes	\$ 19,829	\$ 8,250	\$ 26,114
14	NET OPERATING INCOME	\$ 68,538	\$ 44,029	\$ 75,703

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Production Property Adjustment

Line No.	Description	Amount
REVENUES		
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	\$ (1,625)
4	Total Sales of Electricity	\$ (1,625)
5	Other Revenue	\$ (133)
6	Total Electric Revenue	\$ (1,758)
EXPENSES		
Production and Transmission		
7	Operating Expenses	\$ (3,145)
8	Purchased Power	\$ (1,692)
9	Depreciation and Amortization	\$ (605)
10	Taxes	\$ (162)
11	Total Production & Transmission	\$ (5,605)
Distribution		
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
Administrative & General		
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ (5,605)
24	Operating Income Before FIT	\$ 3,846
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ 1,346
27	Increase in Net Operating Income	\$ 2,500
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	\$ (498)
31	Production	\$ (14,062)
32	Transmission	\$ (6,001)
33	Distribution	
34	General	
35	Total Plant in Service	\$ (20,560)
36	ACCUMULATED DEPRECIATION	\$ (7,033)
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ (7,033)
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ 1,915
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ (11,612)

Source:

C-1.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

	Production	Transmission	Test Year Total	Production Factor	Adjustment	Test Year Total	Reference
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Plant							
AMA 9/30/08	\$ 659,739	\$ 285,760	\$ 945,499	0.021	\$ 19,855	\$ 925,644	PF6 2
Noxon Generation	\$ 5,464		\$ 5,464	0.021	\$ 115	\$ 5,349	PF8
Spokane River Relicensing	\$ 23,703		\$ 23,703	0.021	\$ 498	\$ 23,205	PF11
CDA Tribe Settlement	\$ -		\$ -	0.021	\$ -	\$ -	PF12
Montana Lease	\$ 4,398		\$ 4,398	0.021	\$ 92	\$ 4,306	PF13
Total Plant	\$ 693,304	\$ 285,760	\$ 979,064		\$ 20,560	\$ 958,504	
Accumulated Depreciation							
AMA 9/30/08	\$ (241,449)	\$ (94,048)	\$ (335,497)	0.021	\$ (7,045)	\$ (328,452)	PF6 2
Noxon Generation	\$ (56)		\$ (56)	0.021	\$ (1)	\$ (55)	PF8
Spokane River Relicensing	\$ 663		\$ 663	0.021	\$ 14	\$ 649	PF12
CDA Tribe Settlement	\$ -		\$ -	0.021	\$ -	\$ -	PF11
Total Accumulated Depreciation	\$ (240,842)	\$ (94,048)	\$ (334,890)		\$ (7,033)	\$ (327,857)	
Accumulated Deferred FIT							
AMA 9/30/08	\$ (60,693)	\$ (26,128)	\$ (86,821)	0.021	\$ (1,823)	\$ (84,998)	PF6 2
Noxon Generation	\$ (22)		\$ (22)	0.021	\$ (0)	\$ (22)	PF8
Spokane River Relicensing	\$ (2,818)		\$ (2,818)	0.021	\$ (59)	\$ (2,759)	PF12
CDA Tribe Settlement	\$ -		\$ -	0.021	\$ -	\$ -	
Montana Lease	\$ (1,539)		\$ (1,539)	0.021	\$ (32)	\$ (1,507)	PF11
Total Accumulated Deferred FIT	\$ (65,072)	\$ (26,128)	\$ (91,200)		\$ (1,915)	\$ (89,285)	
Net Rate Base	\$ 387,390	\$ 165,584	\$ 552,974		\$ 11,612	\$ 541,362	
Depreciation/Amortization							
AMA 9/30/08	\$ 17,034	\$ 5,902	\$ 22,936	0.021	\$ 482	\$ 22,454	PF6 2
Noxon Generation	\$ 158		\$ 158	0.021	\$ 3	\$ 155	PF8
Spokane River Relicensing	\$ 1,959		\$ 1,959	0.021	\$ 41	\$ 1,918	PF11
CDA Tribe Settlement	\$ 258		\$ 258	0.021	\$ 5	\$ 253	PF12
Montana Lease	\$ 3,516		\$ 3,516	0.021	\$ 74	\$ 3,442	PF13
Total Depreciation/Amortization	\$ 22,925	\$ 5,902	\$ 28,827		\$ 605	\$ 28,222	
Property Taxes							
AMA 9/30/08	\$ 4,589	\$ 3,057	\$ 7,646	0.021	\$ 161	\$ 7,485	L-5
Noxon Generations	\$ 82		\$ 82	0.021	\$ 2	\$ 80	L-3
Total Property Taxes	\$ 4,671	\$ 3,057	\$ 7,728		\$ 162	\$ 7,566	
O&M Expense							
Spokane River Relicensing	\$ 1,677		\$ 1,677	0.021	\$ 35	\$ 1,642	PF11
Power Supply-Purchased Power	\$ 80,571		\$ 80,571	0.021	\$ 1,692	\$ 78,879	PF11
Power Supply	\$ 100,388	\$ 11,965	\$ 112,353	0.021	\$ 2,359	\$ 109,994	PF11, C-1.12
Labor	\$ 8,825	\$ 2,537	\$ 11,362	0.021	\$ 239	\$ 11,123	C-2
Transmission		\$ 1,424	\$ 1,424	0.021	\$ 30	\$ 1,394	PF5
Asset Management		\$ 1,473	\$ 1,473	0.021	\$ 31	\$ 1,442	PF9 3
Mercury Emissions	\$ 1,241		\$ 1,241	0.021	\$ 26	\$ 1,215	C-7
Production Plant O&M	\$ 14,065		\$ 14,065	0.021	\$ 295	\$ 13,770	PF16
Benefits	\$ 3,008	\$ 869	\$ 3,877	0.021	\$ 81	\$ 3,796	PF17 & PF 3
Clark Fork PM&E	\$ 2,285		\$ 2,285	0.021	\$ 48	\$ 2,237	PF19
Total O&M Expense	\$ 212,060	\$ 18,268	\$ 230,328		\$ 4,837	\$ 225,491	
Total Expenses	\$ 239,656	\$ 27,227	\$ 266,883		\$ 5,605	\$ 261,278	
Revenue							
Power Supply-Sales for Resale	\$ 77,393		\$ 77,393	0.021	\$ 1,625	\$ 75,768	PF1
Power Supply-Other Revenue	\$ 211		\$ 211	0.021	\$ 4	\$ 207	PF1
Transmission-Other Revenue		\$ 6,123	\$ 6,123	0.021	\$ 129	\$ 5,994	PF5
Total Revenue	\$ 77,604	\$ 6,123	\$ 83,727		\$ 1,758	\$ 81,969	
Net Operating Expense Before Tax	\$ 162,052	\$ 21,104	\$ 183,156		\$ 3,846	\$ 179,310	

Source:
 WP PF 2 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

	Acct No.	Company Amounts [a]		
		10/07 -9/08		
		Actuals	Adjustments	Pro forma
Other Expenses	557	\$ 27,303	\$ (27,009)	\$ 183
Thermal Fuel	501	\$ 16,166	\$ 4,125	\$ 17,085
Other Fuel Expense	547	\$ 70,014	\$ 39,995	\$ 82,594 [b]
Water for Power	536	\$ 422	\$ 1	\$ 423
Misc Other Gen Exp	549	\$ 113	\$ (10)	\$ 103
Total		\$ 114,018	\$ 17,102	\$ 100,388 [e]

Source:

[a] WP PF1 2

Other Fuel Expense

Per Company \$ 94,414 \$146,175 *.6459

Reduction Per PC Power Cost Witness-WA \$ (11,820) [c]

\$ 82,594 [b]

Lancaster \$ (18,300)

WA Allocator 64.59%

WA Lancaster \$ (11,820) [d]

Power Supply Operating Expense \$ 1,004 per EMA-2 Revised for Settlement Position

Total Power Supply Reduction per PC \$ (10,816)

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Pro forma Adjustment for Non-Executive Labor

Line No.	Description	Amount	
	Production and Transmission		
1	Operating Expenses	\$ 539	Col. G, L.35 + L. 49
2	Purchased Power		
3	Depreciation and Amortization		
4	Taxes		
5	Total Production & Transmission	<u>\$ 539</u>	
	Distribution		
6	Operating Expenses	\$ 482	Col G, L. 69
7	Depreciation		
8	Taxes		
9	Total Distribution	<u>\$ 482</u>	
10	Customer Accounting	\$ 170	Col G, L. 74
11	Customer Service & Information	\$ 8	Col. G, L. 79
12	Sales Expenses	\$ 13	Col. G, L. 86
	Administrative & General		
13	Operating Expenses	\$ 321	Col. G, L. 95
14	Depreciation		
15	Taxes		
16	Total Admin. & General	<u>\$ 321</u>	
17	Total Electric Expenses	<u>\$ 1,534</u>	
18	Federal Income Tax Rate	<u>35.000%</u>	
19	Decrease in Federal Income Tax Expense	<u>\$ (537)</u>	
20	Decrease in Net Operating Income	<u><u>\$ (997)</u></u>	

Source:

C-2.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Line No.	Account/Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Total WA	Remove Executives	Adjusted Total WA	2008 Increase Admin 1.519% Union 1.698%	Adjusted for 2008 Increase	Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	2008 & 2009 Increases	Add back Executives	Total
Production										
Steam										
				Col. A + Col. B		Col. C + Col. D		Col. D + Col. F		Col. C + G + H
1	500 Supervision & Eng.	\$ 100,189		\$ 100,189	\$ 1,522	\$ 101,711	\$ 2,543	\$ 4,065		\$ 104,254
2	501 Fuel	\$ 429,552		\$ 429,552	\$ 7,294	\$ 436,846	\$ 17,474	\$ 24,768		\$ 454,320
3	502 Steam Expense	\$ 248,961		\$ 248,961	\$ 4,227	\$ 253,188	\$ 10,128	\$ 14,355		\$ 263,316
4	505 Electric Expense	\$ 278,581		\$ 278,581	\$ 4,730	\$ 283,311	\$ 11,332	\$ 16,062		\$ 294,643
5	506 Misc. Steam Pwr. Exp.	\$ 82,275		\$ 82,275	\$ 1,397	\$ 83,672	\$ 3,347	\$ 4,744		\$ 87,019
6	510 Supervision & Eng.	\$ 43,118		\$ 43,118	\$ 655	\$ 43,773	\$ 1,094	\$ 1,749		\$ 44,867
7	511 Structures	\$ 2,329		\$ 2,329	\$ 40	\$ 2,369	\$ 95	\$ 135		\$ 2,464
8	512 Boiler Plant	\$ 236,566		\$ 236,566	\$ 4,017	\$ 240,583	\$ 9,623	\$ 13,640		\$ 250,206
9	513 Electric Plant	\$ 59,587		\$ 59,587	\$ 1,012	\$ 60,599	\$ 2,424	\$ 3,436		\$ 63,023
10	514 Misc. Steam Plant	\$ 43,024		\$ 43,024	\$ 731	\$ 43,755	\$ 1,750	\$ 2,481		\$ 45,505
11	Total Steam	\$ 1,524,182	\$ -	\$ 1,524,182	\$ 25,625	\$ 1,549,807	\$ 59,810	\$ 85,435	\$ -	\$ 1,609,617
Hydro										
12	535 Supervision & Eng.	\$ 630,434		\$ 630,434	\$ 9,576	\$ 640,010	\$ 16,000	\$ 25,576		\$ 656,010
13	536 Water For Power	\$ 4,987		\$ 4,987	\$ 85	\$ 5,072	\$ 203	\$ 288		\$ 5,275
14	537 Hydraulic Expense	\$ 201,780		\$ 201,780	\$ 3,426	\$ 205,206	\$ 8,208	\$ 11,634		\$ 213,414
15	538 Electric Expense	\$ 2,053,338		\$ 2,053,338	\$ 34,866	\$ 2,088,204	\$ 83,528	\$ 118,394		\$ 2,171,732
16	539 Misc. Hydro Expense	\$ 193,205		\$ 193,205	\$ 3,281	\$ 196,486	\$ 7,859	\$ 11,140		\$ 204,345
17	541 Supervision & Eng.	\$ 92,201		\$ 92,201	\$ 1,401	\$ 93,602	\$ 2,340	\$ 3,741		\$ 95,942
18	542 Structures	\$ 91,574		\$ 91,574	\$ 1,555	\$ 93,129	\$ 3,725	\$ 5,280		\$ 96,854
19	543 Res., Dams & Wtrways	\$ 255,208		\$ 255,208	\$ 4,333	\$ 259,541	\$ 10,382	\$ 14,715		\$ 269,923
20	544 Electric Plant	\$ 728,112		\$ 728,112	\$ 12,363	\$ 740,475	\$ 29,619	\$ 41,982		\$ 770,094
21	545 Misc. Hydro Plant	\$ 80,318		\$ 80,318	\$ 1,364	\$ 81,682	\$ 3,267	\$ 4,631		\$ 84,949
22	Total Hydro	\$ 4,331,157	\$ -	\$ 4,331,157	\$ 72,250	\$ 4,403,407	\$ 165,132	\$ 237,382	\$ -	\$ 4,568,539
Other Generation										
23	546 Supervision & Eng.	\$ 126,245		\$ 126,245	\$ 1,918	\$ 128,163	\$ 3,204	\$ 5,122		\$ 131,367
24	547 Fuel	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
25	548 Generation Expense	\$ 126,769		\$ 126,769	\$ 2,153	\$ 128,922	\$ 5,157	\$ 7,310		\$ 134,079
26	549 Misc. Other Gen.	\$ 75,450		\$ 75,450	\$ 1,281	\$ 76,731	\$ 3,069	\$ 4,350		\$ 79,800
27	551 Supervision & Eng.	\$ 58,489		\$ 58,489	\$ 888	\$ 59,377	\$ 1,484	\$ 2,372		\$ 60,861
28	552 Structures	\$ 1,156		\$ 1,156	\$ 20	\$ 1,176	\$ 47	\$ 67		\$ 1,223
29	553 Gen. & Elec. Equip.	\$ 103,919		\$ 103,919	\$ 1,765	\$ 105,684	\$ 4,227	\$ 5,992		\$ 109,911
30	554 Misc. Other Gen. Plant	\$ 43,699		\$ 43,699	\$ 742	\$ 44,441	\$ 1,778	\$ 2,520		\$ 46,219
31	Total Other Generation	\$ 535,727	\$ -	\$ 535,727	\$ 8,767	\$ 544,494	\$ 18,967	\$ 27,734	\$ -	\$ 563,461

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Line No.	Account/Description	(A) Total WA	(B) Remove Executives	(C) Adjusted Total WA	(D) 2008 Increase Admin 1.519% Union 1.698%	(E) Adjusted for 2008 Increase	(F) Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	(G) 2008 & 2009 Increases	(H) Add back Executives	(I) Total
Other Power Supply										
32	556 Sys. Control & Ld. Disp.	\$ 160,960		\$ 160,960	\$ 2,445	\$ 163,405	\$ 4,085	\$ 6,530		\$ 167,490
33	557 Other Expense	\$ 1,843,660	\$ (88,409)	\$ 1,755,251	\$ 26,662	\$ 1,781,913	\$ 44,548	\$ 71,210	\$ 89,752	\$ 1,916,213
34	Total Other Power Supply	\$ 2,004,620	\$ (88,409)	\$ 1,916,211	\$ 29,107	\$ 1,945,318	\$ 48,633	\$ 77,740	\$ 89,752	\$ 2,083,703
35	Total Production	\$ 8,395,686	\$ (88,409)	\$ 8,307,277	\$ 135,749	\$ 8,443,026	\$ 292,542	\$ 428,291	\$ 89,752	\$ 8,825,320
Transmission										
36	560 Supervision & Eng.	\$ 727,913		\$ 727,913	\$ 11,057	\$ 738,970	\$ 18,474	\$ 29,531		\$ 757,444
37	561 Load Dispatching	\$ 813,174		\$ 813,174	\$ 12,352	\$ 825,526	\$ 20,638	\$ 32,990		\$ 846,164
38	562 Station Expense	\$ 61,978		\$ 61,978	\$ 1,052	\$ 63,030	\$ 2,521	\$ 3,573		\$ 65,551
39	563 Overhead Line Exp.	\$ 62,541		\$ 62,541	\$ 1,062	\$ 63,603	\$ 2,544	\$ 3,606		\$ 66,147
40	564 Underground Line Exp.	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
41	566 Misc. Trans. Exp.	\$ 173,751		\$ 173,751	\$ 2,950	\$ 176,701	\$ 7,068	\$ 10,018		\$ 183,769
42	567	\$ 344		\$ 344	\$ 6	\$ 350	\$ 14	\$ 20		\$ 364
43	568 Supervision & Eng.	\$ 164,356		\$ 164,356	\$ 2,497	\$ 166,853	\$ 4,171	\$ 6,668		\$ 171,024
44	569 Structures	\$ 74,666		\$ 74,666	\$ 1,268	\$ 75,934	\$ 3,037	\$ 4,305		\$ 78,971
45	570 Station Equip.	\$ 302,682		\$ 302,682	\$ 5,140	\$ 307,822	\$ 12,313	\$ 17,453		\$ 320,135
46	571 Overhead Lines	\$ 30,200		\$ 30,200	\$ 513	\$ 30,713	\$ 1,229	\$ 1,742		\$ 31,942
47	572 Underground Lines	\$ 2,647		\$ 2,647	\$ 45	\$ 2,692	\$ 108	\$ 153		\$ 2,800
48	573 Misc. Trans. Plant	\$ 11,942		\$ 11,942	\$ 203	\$ 12,145	\$ 486	\$ 689		\$ 12,631
49	Total Transmission	\$ 2,426,194	\$ -	\$ 2,426,194	\$ 38,145	\$ 2,464,339	\$ 72,603	\$ 110,748	\$ -	\$ 2,536,942
Distribution										
50	580 Supervision & Eng.	\$ 600,639		\$ 600,639	\$ 9,124	\$ 609,763	\$ 15,244	\$ 24,368		\$ 625,007
51	581 Load Dispatching	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
52	582 Station Expense	\$ 187,653		\$ 187,653	\$ 3,186	\$ 190,839	\$ 7,634	\$ 10,820		\$ 198,473
53	583 Overhead Line Exp.	\$ 1,100,282		\$ 1,100,282	\$ 18,683	\$ 1,118,965	\$ 44,759	\$ 63,442		\$ 1,163,724
54	584 Undergrd. Line Exp.	\$ 535,265		\$ 535,265	\$ 9,089	\$ 544,354	\$ 21,774	\$ 30,863		\$ 566,128
55	585 St. Lt. & Signl. Sys.	\$ 18,642		\$ 18,642	\$ 317	\$ 18,959	\$ 758	\$ 1,075		\$ 19,717
56	586 Meter Expense	\$ 855,301		\$ 855,301	\$ 14,523	\$ 869,824	\$ 34,793	\$ 49,316		\$ 904,617
57	587 Cust. Install. Expense	\$ 231,968		\$ 231,968	\$ 3,939	\$ 235,907	\$ 9,436	\$ 13,375		\$ 245,343
58	588 Misc. Dist. Expense	\$ 1,952,760		\$ 1,952,760	\$ 33,158	\$ 1,985,918	\$ 79,437	\$ 112,595		\$ 2,065,355
59	589 Rent	\$ 949		\$ 949	\$ 16	\$ 965	\$ 39	\$ 55		\$ 1,004
60	590 Supervision & Eng.	\$ 342,593		\$ 342,593	\$ 5,204	\$ 347,797	\$ 8,695	\$ 13,899		\$ 356,492
61	591 Structures	\$ 48,999		\$ 48,999	\$ 832	\$ 49,831	\$ 1,993	\$ 2,825		\$ 51,824
62	592 Station Equipment	\$ 305,043		\$ 305,043	\$ 5,180	\$ 310,223	\$ 12,409	\$ 17,589		\$ 322,632
63	593 Overhead Lines	\$ 1,294,950		\$ 1,294,950	\$ 21,988	\$ 1,316,938	\$ 52,678	\$ 74,666		\$ 1,369,616
64	594 Undergrd. Lines	\$ 443,724		\$ 443,724	\$ 7,534	\$ 451,258	\$ 18,050	\$ 25,584		\$ 469,308

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Line No.	Account/Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Total WA	Remove Executives	Adjusted Total WA	2008 Increase Admin 1.519% Union 1.698%	Adjusted for 2008 Increase	Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	2008 & 2009 Increases	Add back Executives	Total
65	595 Line Transformers	\$ 310,557		\$ 310,557	\$ 5,273	\$ 315,830	\$ 12,633	\$ 17,906		\$ 328,463
66	596 St. Lt. & Signl. Sys.	\$ 187,819		\$ 187,819	\$ 3,189	\$ 191,008	\$ 7,640	\$ 10,829		\$ 198,648
67	597 Meters	\$ 56,013		\$ 56,013	\$ 951	\$ 56,964	\$ 2,279	\$ 3,230		\$ 59,243
68	598 Misc. Dist. Expense	\$ 167,765		\$ 167,765	\$ 2,849	\$ 170,614	\$ 6,825	\$ 9,674		\$ 177,439
69	Total Distribution	\$ 8,640,922	\$ -	\$ 8,640,922	\$ 145,035	\$ 8,785,957	\$ 337,075	\$ 482,110	\$ -	\$ 9,123,032
Customer Accounts										
70	901 Supervision	\$ 221,076		\$ 221,076	\$ 3,358	\$ 224,434	\$ 5,611	\$ 8,969		\$ 230,045
71	902 Meter Reading Exp.	\$ 1,251,744		\$ 1,251,744	\$ 21,255	\$ 1,272,999	\$ 50,920	\$ 72,175		\$ 1,323,919
72	903 Cust. Records & Coll.	\$ 2,124,985		\$ 2,124,985	\$ 32,279	\$ 2,157,264	\$ 53,932	\$ 86,211		\$ 2,211,196
73	905 Misc. Cust. Accts.	\$ 59,208		\$ 59,208	\$ 899	\$ 60,107	\$ 1,503	\$ 2,402		\$ 61,610
74	Total Cust Accounts	\$ 3,657,013	\$ -	\$ 3,657,013	\$ 57,791	\$ 3,714,804	\$ 111,965	\$ 169,756	\$ -	\$ 3,826,769
Cust Service & Info										
75	907 Supervision	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
76	908 Cust. Assistance Exp.	\$ 198,765		\$ 198,765	\$ 3,019	\$ 201,784	\$ 5,045	\$ 8,064		\$ 206,829
77	909 Advertising	\$ 10,617		\$ 10,617	\$ 161	\$ 10,778	\$ 269	\$ 430		\$ 11,047
78	910 Miscellaneous	\$ 87		\$ 87	\$ 1	\$ 88	\$ 2	\$ 3		\$ 90
79	Total Cust Svc & Info	\$ 209,469	\$ -	\$ 209,469	\$ 3,181	\$ 212,650	\$ 5,316	\$ 8,497	\$ -	\$ 217,966
Sales										
80	911 Supervision	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
81	912 Demonstrating & Selling	\$ 179,975		\$ 179,975	\$ 2,734	\$ 182,709	\$ 4,568	\$ 7,302		\$ 187,277
82	913 Advertising	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
83	916 Misc Cust Serv & Info	\$ 146,454		\$ 146,454	\$ 2,225	\$ 148,679	\$ 3,717	\$ 5,942		\$ 152,396
84	Total Sales	\$ 326,429	\$ -	\$ 326,429	\$ 4,959	\$ 331,388	\$ 8,285	\$ 13,244	\$ -	\$ 339,673
Admin & General										
85	920 Salaries	\$ 7,181,131	\$ (1,301,176)	\$ 5,879,955	\$ 89,317	\$ 5,969,272	\$ 149,232	\$ 238,549	\$ 1,320,941	\$ 7,439,445
86	921 Office Supplies & Exp.	\$ 20,490		\$ 20,490	\$ 311	\$ 20,801	\$ 520	\$ 831		\$ 21,321
87	923 Outside Services	\$ 1,739		\$ 1,739	\$ 26	\$ 1,765	\$ 44	\$ 70		\$ 1,809
88	924 Property Ins. Premium	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
89	925 Injuries & Damages	\$ 120,821		\$ 120,821	\$ 1,835	\$ 122,656	\$ 3,066	\$ 4,901		\$ 125,722
90	926 Empl. Pensions & Bene.	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
91	927 Franchise Requirements	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
92	928 Reg. Comm. Expenses	\$ 506,923		\$ 506,923	\$ 7,700	\$ 514,623	\$ 12,866	\$ 20,566		\$ 527,489
93	930 Misc. General Exp.	\$ 272,019	\$ -	\$ 272,019	\$ 4,132	\$ 276,151	\$ 6,904	\$ 11,036		\$ 283,055
94	931 Rents	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
95	935 Mtce. of Gen. Plant	\$ 786,972		\$ 786,972	\$ 13,363	\$ 800,335	\$ 32,013	\$ 45,376		\$ 832,348
96	Total Admin & General	\$ 8,890,095	\$ (1,301,176)	\$ 7,588,919	\$ 116,684	\$ 7,705,603	\$ 204,645	\$ 321,329	\$ 1,320,941	\$ 9,231,189

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Line No.	Account/Description	(A) Total WA	(B) Remove Executives	(C) Adjusted Total WA	(D) 2008 Increase Admin 1.519% Union 1.698%	(E) Adjusted for 2008 Increase	(F) Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	(G) 2008 & 2009 Increases	(H) Add back Executives	(I) Total
97	Total Electric Labor	\$ 32,545,808	\$ (1,389,585)	\$ 31,156,223	\$ 501,544	\$ 31,657,767	\$ 1,032,431	\$ 1,533,975	\$ 1,410,693	\$ 34,100,891

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment to Executive Labor Expense

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Avista's Pro Forma Increase for Executive Labor	\$ 239,543	[A]
2	PC's Recommended Reduction to Executive Labor	<u>\$ (218,435)</u>	
3	PC's Pro Forma Increase for Executive Labor	<u>\$ 21,108</u>	[B]
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Decrease in Federal Income Tax Expense	<u>\$ (7,388)</u>	L. 3 * L. 4
6	Decrease in Net Operating Income	<u><u>\$ (13,720)</u></u>	L. 3 - L. 5

[A] Exhibit No. __ (EMA-2) Workpaper PF3 4

[B]	Executive Compensation Included in Test Year	\$ 1,389,585	[C]
	Administrative Increase March 2008	<u>1.519%</u>	[D]
	PC Recommended Increase to Executive Comp.	\$ 21,108	

[C] Exhibit No. __ (EMA-2) PF3 3

[D] Exhibit No. __ (EMA-2) PF3 4

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2008 Pro Forma Capital Additions Adjustment

Line No.	Description	Amount
	REVENUES	
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	
4	Total Sales of Electricity	
5	Other Revenue	
6	Total Electric Revenue	\$ -
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	
8	Purchased Power	
9	Depreciation and Amortization	\$ 6
10	Taxes	\$ 9
11	Total Production & Transmission	\$ 15
	Distribution	
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
	Administrative & General	
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ 15
24	Operating Income Before FIT	\$ (15)
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ (5)
27	Increase in Net Operating Income	\$ (10)
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	
31	Production	\$ 1,312
32	Transmission	
33	Distribution	
34	General	
35	Total Plant in Service	\$ 1,312
36	ACCUMULATED DEPRECIATION	\$ 1,066
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ 1,066
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ (123)
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ 123

Source:

C-4.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2008 Additions

Production Plant Balances

	<u>Monthly Balance</u>	<u>Difference</u>	<u>Source</u>
Sep-08	\$ 1,024,889,772		PC-483 Att. A
Oct-08	\$ 1,027,151,135	\$ 2,261,363	
Nov-08	\$ 1,027,226,699	\$ 75,564	
Dec-08	\$ 1,030,981,459	\$ 3,754,760	
		AMA \$ 2,030,562	
		WA Electric Allocation 64.59%	
PC Recommended Adjustment		<u>\$ 1,311,540</u>	

Accumulated Depreciation

	<u>Monthly Balance</u>	<u>Difference</u>	<u>Source</u>
Sep-08	\$ (386,130,957)		PC-483 Att. A
Oct-08	\$ (379,431,028)	\$ 6,699,929	
Nov-08	\$ (381,583,065)	\$ (2,152,037)	
Dec-08	\$ (381,180,435)	\$ 402,630	
		AMA \$ 1,650,174	
		WA Electric Allocation 64.59%	
PC Recommended Adjustment		<u>\$ 1,065,847</u>	

Depreciation Expense

	<u>Monthly Balance</u>	<u>Difference</u>	<u>Source</u>
Sep-08	\$ 2,211,402		PC-483 Att. A
Oct-08	\$ 2,212,840	\$ 1,438	
Nov-08	\$ 2,216,706	\$ 3,866	
Dec-08	\$ 2,221,217	\$ 4,511	
		Total \$ 9,815	
		WA Electric Allocation 64.59%	
PC Recommended Adjustment		<u>\$ 6,340</u>	

Accumulated Deferred Income Taxes

Prod. Plant ADIT	Total Prod. Plant	Approximate ADIT Ratio	Source
\$ (65,072)	\$ 693,304	-9.39%	C-1.1
		<u>\$ 1,311,540</u>	
PC Recommended Adjustment		<u>\$ (123,098)</u>	

Property Taxes

Prod. Plant Property Taxes	Total Prod. Plant	Approximate Property Tax Ratio	Source
\$ 4,671	\$ 693,304	0.67%	C-1.1
		<u>\$ 1,311,540</u>	
PC Recommended Adjustment		<u>\$ 8,836</u>	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2009 Pro Forma Capital Additions Adjustment

Line No.	Description	Amount
	REVENUES	
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	
4	Total Sales of Electricity	
5	Other Revenue	
6	Total Electric Revenue	\$ -
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	
8	Purchased Power	
9	Depreciation and Amortization	\$ 29
10	Taxes	\$ 16
11	Total Production & Transmission	\$ 45
	Distribution	
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
	Administrative & General	
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ 45
24	Operating Income Before FIT	\$ (45)
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ (16)
27	Increase in Net Operating Income	\$ (29)
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	
31	Production	\$ 2,349
32	Transmission	
33	Distribution	
34	General	
35	Total Plant in Service	\$ 2,349
36	ACCUMULATED DEPRECIATION	\$ (1,343)
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ (1,343)
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ (220)
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ 3,472

Source:

C-5.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2009 Additions

Production Plant Balances

	Monthly Balance	Difference	Source
Dec-08	\$ 1,030,981,459		PC-483 Att. A
Jan-09	\$ 1,031,128,830	\$ 147,371	
Feb-09	\$ 1,031,934,549	\$ 805,719	
Mar-09	\$ 1,032,351,153	\$ 416,604	
Apr-09	\$ 1,032,964,116	\$ 612,963	
May-09	\$ 1,051,012,459	\$ 18,048,343	
Jun-09	\$ 1,052,801,911	\$ 1,789,452	
	AMA	\$ 3,636,742	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		<u>\$ 2,348,972</u>	

Accumulated Depreciation

	Monthly Balance	Difference	Source
Dec-08	\$ (381,180,435)		PC-483 Att. A
Jan-09	\$ (383,392,667)	\$ (2,212,232)	
Feb-09	\$ (385,616,082)	\$ (2,223,415)	
Mar-09	\$ (387,111,091)	\$ (1,495,009)	
Apr-09	\$ (389,341,365)	\$ (2,230,274)	
May-09	\$ (391,588,206)	\$ (2,246,841)	
Jun-09	\$ (393,660,433)	\$ (2,072,227)	
	AMA	\$ (2,080,000)	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		<u>\$ (1,343,472)</u>	

Depreciation Expense

	Monthly Balance	Difference	Source
Dec-08	\$ 2,221,217		PC-483 Att. A
Jan-09	\$ 2,225,516	\$ 4,299	
Feb-09	\$ 2,225,952	\$ 436	
Mar-09	\$ 2,226,824	\$ 872	
Apr-09	\$ 2,228,013	\$ 1,189	
May-09	\$ 2,243,033	\$ 15,020	
Jun-09	\$ 2,266,838	\$ 23,805	
Total		\$ 45,621	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		<u>\$ 29,467</u>	

Accumulated Deferred Income Taxes

Prod. Plant ADIT	Total Prod. Plant	Approximate ADIT Ratio	Source
\$ (65,072)	\$ 693,304	-9.39%	C-1.1
		<u>\$ 2,348,972</u>	
		<u>\$ (220,469)</u>	

Property Taxes

Prod. Plant Property Taxes	Total Prod. Plant	Approximate Property Tax Ratio	Source
\$ 4,671	\$ 693,304	0.67%	C-1.1
		<u>\$ 2,348,972</u>	
		<u>\$ 15,826</u>	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company Pro Forma Adjustment for Couer D'Alene Tribe Settlement

Line No.	Description	Total Pro forma Adjustment	WA Jurisdictional 2010 Annual Payment	Amortization of Deferral	
1	Total Pro Forma Adjustment Per Company	\$ 828,615	\$ 258,360	\$ 570,255	[A]
2	Recommended Reduction for CDA Settlement	<u>\$ (570,255)</u>		<u>\$ (570,255)</u>	
3	Pro Forma CDA Settlement Adjustment Per PC	\$ 258,360			
4	Federal Income Tax Rate	<u>35.000%</u>			
5	Decrease in Federal Income Tax Expense	<u>\$ (90,426)</u>	L. 3 * L. 4		
6	Decrease in Net Operating Income	<u>\$ (167,934)</u>	L. 3 - L. 5		

Source:

[A] PF12 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Colstrip Mercury Emission O&M Expense

Line No.	Description	Amount
1	Avista's Pro Forma Increase for Mercury O&M Exp	\$ 1,873,110 [A]
2	PC's Recommended Reduction to Pro Forma Adj	\$ (904,260) [B]
3	PC's Pro Forma Increase for Mercury O&M Exp	\$ 968,850
4	Federal Income Tax Rate	35.00%
5	Decrease in Federal Income Tax Expense	\$ (339,098)
6	Decrease in Net Operating Income	\$ (629,753)

Source:

	<u>System Adj</u>	<u>WA Allocated</u>	
		64.59%	
Pro Forma O&M Expense per PF 14 2	\$ 2,900,000	\$ 1,873,110	[A]
Revised O&M Expense per PC-428	\$ 1,500,000	\$ 968,850	[B]
PC's Recommended Reduction for Mercury O&M Exp.		\$ (904,260)	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Incentive Compensation

Line No.	Description	Total Adjustment	Adjust 2008 To Actual	Adjust 2008 to 6-Year Average
1	Pro Forma Incentive Adjustment Per Company	\$ 550,457	\$ (17,414)	\$ 567,871 [A]
2	Recommended Reduction to Pro Forma Incentives	<u>\$ (567,871)</u>		<u>\$ (567,871)</u>
3	Pro Forma Incentive Adjustment Per PC	\$ (17,414)	\$ (17,414)	
4	Federal Income Tax Rate	<u>35.000%</u>		
5	Increase in Federal Income Tax Expense	<u>\$ 6,095</u>	L. 3 * L. 4	
6	Increase in Net Operating Income	<u><u>\$ 11,319</u></u>	L. 3 - L. 5	

Source: _____

PF15 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Insurance Expense

Line No.	Description	Amount
1	Avista's Original Pro Forma Increase for Insurance	\$ 283,233 [A]
2	PC's Recommended Reduction to Pro Forma Adj	<u>\$ (64,712) [B]</u>
3	PC's Pro Forma Increase for Insurance	\$ 218,521
4	Federal Income Tax Rate	<u>35.00%</u>
5	Decrease in Federal Income Tax Expense	<u>\$ (76,482)</u>
6	Decrease in Net Operating Income	<u><u>\$ (142,039)</u></u>

Source:

PF18 [A]	PC-142 [B]	
Adjust Insurance to 2009 Pro Forma (Filed)	Adjust Insurance to 2009 Pro Forma (Revised)	Difference
\$ 283,233	\$ 218,521	\$ (64,712)

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove 50% of D&O Insurance Expense

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Washington Electric D&O Insurance Expense in Test Year	\$ 816,856	PC-212
2	PC Recommended Disallowance %	<u>-50.000%</u>	
3	PC Recommended Reduction of D&O Insurance Expense	\$ (408,428)	L. 1 * L. 2
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Increase in Federal Income Tax Expense	<u>\$ 142,950</u>	L. 3 * L. 4
6	Increase in Net Operating Income	<u><u>\$ 265,478</u></u>	L. 3 - L. 5

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Meeting Costs

Line No.	Description	Amount	Source
1	System Board of Director Meeting Costs in Test Year	\$ 96,553	PC-155
2	Electric Operations Allocation Factor	<u>71.960%</u>	PC-328
3	Amount Allocated to Electric Operations	\$ 69,480	L. 1 * L. 2
4	Washington Electric Operations Allocation Factor	<u>65.097%</u>	PC-328
5	Amount allocated to WA Electric Operations	\$ 45,229	L. 3 * L. 4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Meeting Costs	\$ (22,615)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 7,915</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u><u>\$ 14,699</u></u>	L. 7 - L. 9

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Fees

Line No.	Description	Amount	Source
1	System Director Fees in Test Year	\$ 1,162,018	PC-328
2	Electric Operations Allocation Factor	<u>71.960%</u>	PC-328
3	Amount Allocated to Electric Operations	\$ 836,188	L. 1 * L. 2
4	Washington Electric Operations Allocation Factor	<u>65.097%</u>	PC-328
5	Amount allocated to WA Electric Operations	\$ 544,333	L. 3 * L. 4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Fees	\$ (272,167)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 95,258</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u>\$ 176,908</u>	L. 7 - L. 9

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Customer Deposits From Rate Base

Line No.	Description	Amount
1	WA AMA Amount of Customer Deposits	\$ 3,825,972
2	WA Electric Allocation Factor	<u>64.64%</u>
3	WA Electric Customer Deposits	<u>\$ (2,473,108)</u>
4	WA Electric Customer Deposits	\$ 2,473,108
5	Interest Rate	<u>0.42%</u> [a]
6	WA Electric Interest on Customer Deposits Paid	<u>\$ 10,387</u>
7	Federal Income Tax Rate	<u>35%</u>
8	Decrease in Federal Income Tax Expense	<u>\$ (3,635)</u>
9	Decrease in Net Operating Income	<u>\$ (6,752)</u>

Source:

Response to Public Counsel Data Request 326

[a] Interest rate used by Staff.

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Injuries & Damages Reserve from Rate Base

<u>Date</u>	<u>Balance</u>
Sep-07	\$ 144,646
Oct-07	\$ 144,646
Nov-07	\$ 128,371
Dec-08	\$ 128,371
Jan-08	\$ 128,371
Feb-08	\$ 130,186
Mar-08	\$ 166,128
Apr-08	\$ 166,128
May-08	\$ 166,095
Jun-08	\$ 198,644
Jul-08	\$ 205,186
Aug-08	\$ 216,578
Sep-08	\$ 249,126
(Sept. 2007 + Sept. 2008) / 2	<u>\$ 196,886</u>
WA Electric AMA	<u><u>\$ 164,632</u></u>
Federal Income Tax Rate	<u>35%</u>
ADIT Associated with Injuries & Damages	<u><u>\$ 57,621</u></u>

Source:

Response to Public Counsel Data Request 480-2nd Revised

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Interest Synchronization Adjustment

Line No.	Description	Amount	Source
1	Rate Base, per PC	\$ 947,223	Sch. B-1a
2	PC Proposed Weighted Cost of Debt	3.51%	Sch D
3	Interest Deduction	\$ 33,248	L 1 * L 2
4	Interest Deduction Per Company	\$ 32,793	[A]
5	Difference	\$ 455	L 3 - L 4
6	Federal Income Tax Rate	35.00%	[A]
7	Increase (Decrease) to Income Tax Expense	\$ (159)	L 5 * L 6

Source:

[A] Exhibit No. __ (EMA-2)WP B16

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Overall Cost of Capital, per PC

<u>Line No.</u>	<u>Description</u>	<u>Capital Structure</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
1	Total debt	\$ 1,190,915,751	53.5%	6.57%	3.51%
2	Common Equity	\$ 996,883,374	46.5%	10.20%	4.74%
3	Total Capital Structure	\$ 2,187,799,125	100.00%		8.25%

Source/Reference:

The above cost rate amounts are sponsored by PC's witness Mike Gorman and are provided here for ease of reference.