

Avista Corporation
Electric - Results of Operations (Schedule 1.1)
Washington Pro Forma Results
Twelve Months Ended September 30, 2008
(000's of Dollars)

RESPONSE BENCH REQUEST #2 - (Errata)
Revised for Settlement, Accepted Rebuttal, and Errata
Revised November 6, 2009

Line No.	DESCRIPTION	(a)	(b)		(c)		(d)		(e)		(f)		(g)		(h)	
			Unadjusted Results	Total Restating Adjustments	Restated Results	Pro Forma Adjustments	Pro Forma Results	Staff Proposed	Results at Staff Rates							
		Source	Exhibit	(EMA-2)	Schedule 1.2	(b) + (c)	Schedule 1.3	(c) + (f)	Increase of 6.20%	(g) + (h)						
RESULT OF OPERATIONS																
REVENUES																
1	Total General Business		\$407,849	(\$17,696)	\$390,153		\$390,153		24,204	\$414,357						
2	Interdepartmental Sales		800	-	800		800			800						
3	Sales for Resale		126,479	-	126,479	(50,631)	75,848			75,848						
4	Total Sales of Electricity		535,128	(17,696)	517,432	(50,631)	466,801	24,204		491,005						
5	Other Revenue		36,572	416	36,988	(27,004)	9,984			9,984						
6	Total Electric Revenue		571,700	(17,280)	554,420	(77,635)	476,785	24,204		500,989						
7																
8	EXPENSES															
9	Production and Transmission															
10	Operating Expenses		175,800	(17,729)	158,071	859	158,930			158,930						
11	Purchased Power		147,076	0	147,076	(66,497)	80,579			80,579						
12	Depreciation and Amortization		23,675	1,801	25,476	7,239	32,715			32,715						
13	Taxes		8,935	1,374	10,309	556	10,865			10,865						
14	Total Production & Transmission		355,486	(14,554)	340,932	(57,843)	283,089	0		283,089						
15																
16	Distribution															
17	Operating Expenses		17,279	0	17,279	1,414	18,693			18,693						
18	Depreciation		14,599	735	15,334	97	15,431			15,431						
19	Taxes		33,186	(15,003)	18,183	0	18,183	935		19,118						
20	Total Distribution		65,064	(14,268)	50,796	1,511	52,307	935		53,242						
21																
22	Customer Accounting		8,559	(652)	7,907	590	8,497	61		8,558						
23	Customer Service & Information		11,359	(10,678)	681	34	715			715						
24	Sales Expenses		696	0	696	52	748			748						
25			20,614	(11,330)	9,284	676	9,960	61		10,021						
26	Administrative & General															
27	Operating Expenses		35,147	(83)	35,064	2,347	37,411	48		37,460						
28	Depreciation		7,022	(232)	6,790	0	6,790			6,790						
29	Taxes		0	(5)	(5)	0	(5)			(5)						
30	Total Admin. & General		42,169	(320)	41,849	2,347	44,196	48		44,245						
31	Total Electric Expenses		483,333	(40,472)	442,861	(53,309)	389,553	1,044		390,597						
32																
33	OPERATING INCOME BEFORE FIT		88,367	23,192	111,559	(24,326)	87,232	23,159		110,391						
34																
35	FEDERAL INCOME TAX															
36	Current Accrual		16,759	2,849	19,608	(7,960)	11,648	8,106		19,754						
37	Deferred Income Taxes		3,070	6,297	9,367	(555)	8,812			8,812						
38	Total Income Taxes		19,829	9,146	28,975	(8,515)	20,460	8,106		28,566						
39																
40	NET OPERATING INCOME		68,538	14,045	82,583	(15,811)	66,772	15,053		81,825						
41																
42	RATE BASE															
43	PLANT IN SERVICE															
44	Intangible		22,439	0	22,439	52,569	75,008			75,008						
45	Production		656,077	67,362	723,439	14,632	738,071			738,071						
46	Transmission		285,760	0	285,760	3,801	289,561			289,561						
47	Distribution		552,007	(231)	551,776	3,540	555,316			555,316						
48	General		88,036	0	88,036	-	88,036			88,036						
49	Total Plant in Service		1,604,319	67,131	1,671,450	74,542	1,745,992			1,745,992						
50	ACCUMULATED DEPRECIATION		543,584	(9,292)	534,292	(5,848)	528,444			528,444						
51	ACCUM. PROVISION FOR AMORTIZATION		6,907	57,168	64,075	1,223	65,298			65,298						
52	Total Accum. Depreciation & Amort.		550,491	47,876	598,367	(4,625)	593,742			593,742						
53	GAIN ON SALE OF BUILDING		0	(194)	(194)	-	(194)			(194)						
54	CUSTOMER DEPOSITS		0	(2,473)	(2,473)		(2,473)			(2,473)						
55	DEFERRED FIT		0	(146,083)	(146,083)	(11,679)	(157,762)			(157,762)						
56																
57	TOTAL RATE BASE		1,053,828	(129,495)	924,333	67,487	991,820			991,820						
58	RATE OF RETURN		6.50%		8.93%		6.73%			8.25%						

Avista Corporation
Electric - Schedule of Pro Forma Adjustments (Schedule 1.3)
Twelve Months Ended September 30, 2008
(000's of Dollars)

Line No.	DESCRIPTION	PF 10	PF 11	PF 12	PF 13	PF 14
		Pro Forma Information Services	Pro Forma Spokane Rvr Relicensing	Pro Forma CDA Tribe Settlement	Pro Forma Montana Lease	Pro Forma Colstrip Mercury Emiss O&M
	<i>Source</i>					Errata
	RESULT OF OPERATIONS					
	REVENUES					
1	Total General Business					
2	Interdepartmental Sales					
3	Sales for Resale					
4	Total Sales of Electricity	0	0	0		0
5	Other Revenue					
6	Total Electric Revenue	0	0	0		0
7						
8	EXPENSES					
9	Production and Transmission					
10	Operating Expenses		1,677			969
11	Purchased Power					
12	Depreciation and Amortization		1,959	829	3,516	
13	Taxes					
14	Total Production & Transmission	0	3,636	829	3,516	969
15						
16	Distribution					
17	Operating Expenses					
18	Depreciation					
19	Taxes					
20	Total Distribution	0	0	0	0	0
21						
22	Customer Accounting					
23	Customer Service & Information					
24	Sales Expenses					
25						
26	Administrative & General					
27	Operating Expenses					
28	Depreciation					
29	Taxes					
30	Total Admin. & General	0	0	0	0	0
31	Total Electric Expenses	0	3,636	829	3,516	969
32						
33	OPERATING INCOME BEFORE FIT	0	(3,636)	(829)	(3,516)	(969)
34						
35	FEDERAL INCOME TAX					
36	Current Accrual		(1,273)	(290)	(1,231)	(339)
37	Deferred Income Taxes					
38						
39						
40	NET OPERATING INCOME	\$0	(\$2,363)	(\$539)	(\$2,285)	(\$630)
41						
42	RATE BASE					
43	PLANT IN SERVICE					
44	Intangible					
45	Production		26,703	25,866		
46	Transmission				4,398	
47	Distribution					
48	General					
49	Total Plant in Service	0	26,703	25,866	4,398	0
50	ACCUMULATED DEPRECIATION					
51	ACCUM. PROVISION FOR AMORTIZATION					
52	Total Accum. Depreciation & Amort.	0	560	663	0	0
53	GAIN ON SALE OF BUILDING					
54	CUSTOMER DEPOSITS					
55	DEFERRED FIT		(2,818)	(8,384)	(1,539)	
56						
57	TOTAL RATE BASE	0	23,325	16,819	2,859	0

Avista Corporation
Electric - Schedule of Pro Forma Adjustments (Schedule 1.3)
Twelve Months Ended September 30, 2008
(000's of Dollars)

Line No.	DESCRIPTION	PF 15	PF 16	PF 17	PF 18	PF 19
		Pro Forma Incentives	Pro Forma O&M Plant Expense	Pro Forma Employee Benefits	Pro Forma Insurance	Pro Forma Clark Fork PM&E
			Settlement		Errata	
	RESULT OF OPERATIONS					
	REVENUES					
1	Total General Business					
2	Interdepartmental Sales					
3	Sales for Resale					
4	Total Sales of Electricity	0	0			
5	Other Revenue					
6	Total Electric Revenue	0	0			
7						
8	EXPENSES					
9	Production and Transmission					
10	Operating Expenses			1,216		656
11	Purchased Power					
12	Depreciation and Amortization					
13	Taxes					
14	Total Production & Transmission	0	0	1,216	0	656
15						
16	Distribution					
17	Operating Expenses			918		
18	Depreciation					
19	Taxes					
20	Total Distribution	0	0	918	0	0
21						
22	Customer Accounting			389		
23	Customer Service & Information			22		
24	Sales Expenses			35		
25						
26	Administrative & General					
27	Operating Expenses	(17)		1,912	(141)	
28	Depreciation					
29	Taxes					
30	Total Admin. & General	(17)	0	1,912	(141)	0
31	Total Electric Expenses	(17)	0	4,492	(141)	656
32						
33	OPERATING INCOME BEFORE FIT	17	0	(4,492)	141	(656)
34						
35	FEDERAL INCOME TAX					
36	Current Accrual	6		(1,572)	49	(230)
37	Deferred Income Taxes					
38						
39						
40	NET OPERATING INCOME	\$11	\$0	(\$2,920)	\$92	(\$426)
41						
42	RATE BASE					
43	PLANT IN SERVICE					
44	Intangible					
45	Production					
46	Transmission					
47	Distribution					
48	General					
49	Total Plant in Service	0	0	0	0	0
50	ACCUMULATED DEPRECIATION					
51	ACCUM. PROVISION FOR AMORTIZATION					
52	Total Accum. Depreciation & Amort.	0	0	0	0	0
53	GAIN ON SALE OF BUILDING					
54	CUSTOMER DEPOSITS					
55	DEFERRED FIT					
56						
57	TOTAL RATE BASE	0	0	0	0	0

Avista Corporation
Summary of Adjustments - Electric Operations (Schedule 1.4)
Twelve Months Ended September 30, 2008 (AMA)
(000's of Dollars)

Line No.	(a)	(b)			(c)			(e)			(f)			(g)			(h)		
		Avista Corporation REBUTTAL			Avista Corporation REBUTTAL			Staff / Settlement Adjusted			Staff / Settlement Adjusted			Staff / Settlement Adjusted			Difference		
		Avista Adjusted			Revenue Requirement Impact			Staff Adjusted			Revenue Requirement Impact			Revenue Requirement Impact			Revenue Requirement Impact		
	NOI	Net Rate Base	Impact	NOI	Rate Base	Impact	NOI	Rate Base	Impact *	NOI	Rate Base	Impact *	NOI	Rate Base	Impact *	NOI	Rate Base	Impact *	
1	Adj. No.	Per Books	68,538	1,053,828			68,538	1,053,828		68,538	1,053,828		68,538	1,053,828					
2	Adjustments																		
3	R-1 (c)	Deferred FIT Rate Base		(142,713)			0	(142,713)		0	(142,713)		0	(142,713)		(18,930)			-
4	R-2 (d)	Deferred Gain on Office Building		(126)			0	(126)		0	(126)		0	(126)		(17)			-
5	R-3 (e)	Colstrip 3 AFUDC Elimination	202	(1,956)			202	(1,956)		202	(1,956)		202	(1,956)		(584)			-
6	R-4 (f)	Colstrip Common AFUDC		436			0	436		0	436		0	436		58			-
7	R-5 (g)	Kettle Falls Disallow.	(56)	(854)			(56)	(854)		(56)	(854)		(56)	(854)		(23)			-
8	R-6 (h)	Customer Advances		(231)			0	(231)		0	(231)		0	(231)		(31)			-
9	R-7 (i)	Depreciation True-up	39	0			39	0		39	0		39	0		(63)			-
10	R-8 (j)	Settlement Exchange Power		18,422			0	18,422		0	18,422		0	18,422		2,444			-
11	R-9 (k)	Eliminate B & O Taxes	(22)				(22)			(22)			(22)			36			-
12	R-10 (l)	Property Tax	(127)				(127)			(127)			(127)			205			-
13	R-11 (m)	Uncollect. Expense	70				70			70			70			(113)			(1)
14	R-12 (n)	Regulatory Expense	(52)				(52)			(52)			(52)			84			-
15	R-13 (o)	Injuries and Damages	(56)				(56)			(56)			(56)			90			-
16	R-14 (p)	Federal Income Tax	(1,751)				(1,751)			(1,751)			(1,751)			2,815			-
17	R-15 (q)	Eliminate WA Power Cost Defer	(8,844)				(8,844)			(8,844)			(8,844)			14,220			-
18	R-16 (r)	Nez Perce Settlement Adjustment	(6)				(6)			(6)			(6)			9			-
19	R-17 (s)	Eliminate A/R Expenses	335				335			335			335			(539)			(1)
20	R-18 (t)	Office Space Charges to Subsidiaries	5				5			5			5			(8)			-
21	R-19 (u)	Restate Excise Taxes	(20)				(20)			(20)			(20)			32			-
22	R-20 (v)	Net Gains/losses	79				79			79			79			(128)			-
23	R-21 (w)	Revenue Normalization	23,394				23,394			23,394			23,394			(37,614)			-
24	R-22 (x)	Misc Restating	113				139			139			139			(224)			(42)
25	R-23 (y)	Restate Debt Interest **	C 965				707			707			707			(1,137)			415
26	R-24	Customer Deposits	C 0				(7)			(7)			(7)			(317)			(317)
27	R-25	Board of Directors Meetings	C 0				15			15			15			(24)			(24)
28	Total Restating Adjustments		14,267	(127,022)			14,045	(129,495)		14,045	(129,495)		14,045	(129,495)		(39,759)			30
29																			
30	Restated		82,805	926,806			82,583	924,333		82,583	924,333		82,583	924,333		(10,171)			
31																			
32	Pro Forma Adjustments																		
27	PF-1	Power Supply	S (6,904)	-			(6,904)	-		(6,904)	-		(6,904)	-		11,101			-
28	PF-2	Prod Property Adj	C 2,014	(5,926)			2,464	(11,360)		2,464	(11,360)		2,464	(11,360)		(5,469)			(1,445)
29	PF-3	Labor NonExec	C (1,552)	-			(1,130)	-		(1,130)	-		(1,130)	-		1,816			(679)
30	PF-4	Labor Exec	C (123)	-			(98)	-		(98)	-		(98)	-		158			(40)
31	PF-5	Transmission Rev/Exp	(51)	-			(51)	-		(51)	-		(51)	-		82			-
32	PF-6	Capital Additions 2008	C (473)	21,445			-	-		-	-		-	-		-			(3,605)
33	PF-7	Capital Additions 2009	C (2,906)	22,936			(599)	21,252		(599)	21,252		(599)	21,252		3,782			(3,932)
34	PF-8	Capital Additions Noxon Gen 2010	C (156)	5,386			(434)	14,592		(434)	14,592		(434)	14,592		2,633			1,667
35	PF-9	Asset Management	C (1,883)	-			-	-		-	-		-	-		-			(3,028)
36	PF-10	Information Services	C (693)	-			-	-		-	-		-	-		-			(1,114)
37	PF-11	Spokane River Relicensing	(2,549)	22,530			(2,363)	23,325		(2,363)	23,325		(2,363)	23,325		6,893			(194)
38	PF-12	CDA Tribe Settlements	(539)	16,819			(539)	16,819		(539)	16,819		(539)	16,819		3,098			-
39	PF-13	Montana Lease	(2,285)	2,859			(2,285)	2,859		(2,285)	2,859		(2,285)	2,859		4,053			-
40	PF-14	Colstrip Mercury Emiss., O&M	(609)	-			(630)	-		(630)	-		(630)	-		1,013			34
41	PF-15	Incentives	C (357)	-			11	-		11	-		11	-		(18)			(592)
42	PF-16	O&M Plant Expense	S -	-			-	-		-	-		-	-		-			-
43	PF-17	Employee Benefits	C (2,920)	-			(2,920)	-		(2,920)	-		(2,920)	-		4,695			-
44	PF-18	Insurance	C (142)	-			92	-		92	-		92	-		(147)			(376)
45	PF-19	Clark Fork PM&E	(426)	-			(426)	-		(426)	-		(426)	-		685			-
46																			
47																			
48																			
49	Total Pro Forma Adjustments		(22,554)	86,049			(15,811)	67,487		(15,811)	67,487		(15,811)	67,487		34,374			(13,304)
50	Pro Forma Results		NOI	Net Rate Base			NOI	Rate Base		NOI	Rate Base		NOI	Rate Base		Revenue Requirement			
51			60,251	1,012,855			66,772	991,820		66,772	991,820		66,772	991,820		24,204			(13,274)
52						Impact of Change in Weighted Cost of Capital													
53						Adjusted Revenue Requirement													
54																			
55																			
56																			
57																			
58																			
59																			
60																			
61																			
62																			
63																			
64																			
65																			

* Revenue Requirement Impact of adjustments based on company filed Weighted Cost of Capital
** Pro Forma Debt is computed using Staff proposed debt rates and Staff Pro Forma Rate Base

Avista Corporation
Electric Operations
Revenue Requirement Computation (Schedule 2.0)
(000's of Dollars)

Line
No.
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Revenue Requirement Computation

	At Pro Forma Results
Total Pro Forma Average Rate Base	\$ 991,820
Weighted Cost of Capital	<u>8.25%</u>
Operating Income Requirement	<u>81,825</u>
Pro Forma Net Operating Income (Loss)	\$66,772
Operating Income Deficiency	15,053
Revenue Conversion Factor	62.1953%
Additional Revenue Requirement	<u>24,204</u>
	<u>Amount fil</u> 69,762
	<u>Difference</u> <u>(45,558)</u>

BENCH REQUEST # 2 (2nd Supplemental)
Revised for Settlement, Accepted Rebuttal, and Errata