

AVISTA UTILITIES
 GAS ADJUSTMENT SUMMARY
 TWELVE MONTHS ENDED DECEMBER 31, 2009
 (000'S OF DOLLARS)

FEDERAL
 INCOME TAX
 GAS

Line No.	Description	FEDERAL INCOME TAX GAS		
		System	Washington	Idaho
REVENUES				
1	Total General Business			
2	Total Transportation			
3	Other Revenues			
4	Total Gas Revenues	0	0	0
EXPENSES				
5	Exploration & Development			
Production				
6	City Gate Purchases			
7	Purchased Gas Expense			
8	Net Nat. Gas Storage Trans			
9	Total Production	0	0	0
Underground Storage				
10	Operating Expenses			
11	Depreciation			
12	Taxes			
13	Total Underground Storage	0	0	0
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes			
17	Total Distribution	0	0	0
18	Customer Accounting			
19	Customer Service & Information			
20	Sales			
Administrative and General				
21	Operating Expenses			
22	Depreciation			
23	Taxes			
24	Total Admin. & General	0	0	0
25	Total Gas Expense	0	0	0
26	Operating Income before FIT	0	0	0
Federal Income Taxes				
27	Current Accrual (at 35%)	22	22	
28	Deferred FIT	(15)	(15)	
29	Amort ITC			
30	NET OPERATING INCOME	(\$7)	(\$7)	\$0
RATE BASE				
PLANT IN SERVICE				
31	Underground Storage			
32	Distribution Plant			
33	General Plant			
34	Total Plant in Service	0	0	0
ACCUMULATED DEPRECIATION				
35	Underground Storage			
36	Distribution Plant			
37	General Plant			
38	Total Accum. Depreciation	0	0	0
39	DEFERRED TAXES			
40	GAS INVENTORY			
41	WORKING CAPITAL			
42	GAIN ON SALE OF BUILDING			
43	TOTAL RATE BASE	\$0	\$0	\$0

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AVISTA UTILITIES
Gas FIT Adjustment
For the Twelve Months Ended December 31, 2009

	System	Washington	Idaho
Taxable NOI per Results (Per G-FIT-12A)	11,674,091	7,213,575	4,460,516
Schedule M Reallocations and Adjustments			
(1) Injuries and Damages Elim Orig Sch M	64,321	42,784	21,537
(2) DSM Book Amortization Allocation Elim Orig Sch M	(408,809)	(286,919)	(121,890)
Add Reallocation	408,808	307,665	101,143
Reallocated Taxable NOI	11,738,411	7,277,105	4,461,306
FIT Normal Accrual per Results (Per G-FIT-12A)	4,085,932	2,524,751	1,561,181
Adjusted FIT Normal Accrual	4,108,444	2,546,987	1,561,457
Current FIT Adjustment	22,512	22,236	276

	System	Washington	Idaho
Deferred FIT Adjustment			
(1) Injuries and Damages Elim Orig Alloc	(22,512)	(14,654)	(7,858)
Total Deferred FIT Adjustment	(22,512)	(14,654)	(7,858)

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AVISTA UTILITIES
 Gas FIT Adjustment
 For the Twelve Months Ended December 31, 2009

Effective Tax Rate Test			
Net Operating Income Before FIT	27,129,537	15,895,373	11,234,164
Less: Allocated Interest Charges	9,680,561	6,412,772	3,267,789
	<u>17,448,976</u>	<u>9,482,601</u>	<u>7,966,375</u>
Current FIT per ROO	4,085,932	2,524,751	1,561,181
Deferred FIT per ROO	2,769,511	1,253,353	1,516,158
Adjustment to FIT	0	7,582	(7,582)
Adjusted FIT Expense	<u>6,855,443</u>	<u>3,785,686</u>	<u>3,069,757</u>
Effective Tax Rate	39.29%	39.92%	38.53%
Net FIT/DFIT Adj	0	7,582	(7,582)

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FIT Adjustments and Reallocations
Gas System
For the Twelve Months Ended December 31, 2009

(1) Injuries and Damages

Reverse Schedule M and Deferred Tax amounts for actual payment and accrual so that tax expense reflects the accrued level of injuries & damages expense which is adjusted in Injuries & Damages Adjustment.

	AMOUNT
Sch M	(\$64,321)
DFIT	\$22,512

Allocation # 2			Reallocation # 4		
Sch M	(\$64,321)		Sch M		
WA	(42,784)	66.516%	WA	0	67.943%
ID	(21,537)	33.484%	ID	0	32.057%

Allocation # 14			Reallocation # 4		
DFIT	\$22,512		DFIT		
WA	14,654	65.092%	WA	0	67.943%
ID	7,858	34.908%	ID	0	32.057%

(2) DSM Book Amortization Allocation

Reallocate incorrect allocation of DSM Schedule M additions to match direct assignment per account 908990 amortization. DSM related DFIT is appropriately assigned to direct WA / ID

	AMOUNT
Sch M	\$408,809
WA Amort	\$307,665
ID Amort	\$101,143

Allocation # 6			Reallocation Direct		
Sch M	\$408,809		Sch M	\$408,808	
WA	286,919	70.184%	WA	307,665	75.259%
ID	121,890	29.816%	ID	101,143	24.741%

AVISTA UTILITIES

RESULTS OF OPERATIONS

FEDERAL INCOME TAXES--GAS For Twelve Months Ended December 31, 2009 Average of Monthly Averages Basis	Report ID: G-FIT-12A
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Ref/Basis	Description	System	Washington	Idaho
	Calculation of Taxable Operating Income:			
G-OPS	Operating Revenue	409,463,542	287,613,519	121,850,023
G-OPS	Operating & Maintenance Expense	349,636,002	245,870,594	103,765,408
G-OPS	Book Depreciation & Amortization	13,354,189	8,901,266	4,452,923
G-OTX	Taxes Other than FIT	19,343,814	16,946,286	2,397,528
	Net Operating Income Before FIT	27,129,537	15,895,373	11,234,164
	Less: Interest Expense	9,680,561	6,412,772	3,267,789
G-SCM	Add: Schedule M Additions	28,360,721	20,020,186	8,340,535
G-SCM	Less: Schedule M Deductions	34,135,606	22,289,212	11,846,394
	Taxable Net Operating Income	11,674,091	7,213,575	4,460,516
	Percent	35%	35%	35%
	Total Federal Income Tax	4,085,932	2,524,751	1,561,181
G-DTE	Deferred FIT	2,769,511	1,253,353	1,516,158
99	411400 Amortized Investment Tax Credit	-49,308	-30,624	-18,684
	Total FIT/Deferred FIT & ITC	6,806,135	3,747,480	3,058,655
ALLOCATION RATIOS:				
G-ALL	99 Not Allocated	0.000%	0.000%	0.000%

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AVISTA UTILITIES

RESULTS OF OPERATIONS

DEFERRED INCOME TAX EXPENSE--GAS
 For Twelve Months Ended December 31, 2009
 Average of Monthly Averages Basis

Report ID:
 G-DTE-12A

Ref/Basis	Account	Description	System	Washington	Idaho
14	410100	Deferred Federal Income Tax Expense - Allocated		8,203,364	2,863,630
99	410100	Deferred Federal Income Tax Exp		5,339,734	-1,231,523
		SUBTOTAL		-5,058,293	-1,231,523
				3,145,071	1,632,107
14	411100	Deferred Federal Income Tax Expense - Allocated		-174,197	-60,809
99	411100	Deferred Federal Income Tax Exp		-201,363	-55,140
		SUBTOTAL		-375,560	-115,949
		Total Deferred Federal Income Tax Expense		2,769,511	1,516,158

ALLOCATION RATIOS:

G-ALL	14	Net Allocated Schedule M's	100.000%	65.092%	34.908%
G-ALL	99	Not Allocated	0.000%	0.000%	0.000%

Avista Utilities
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Acct	Schedule M Additions / (Deductions)	Gas	12ME 12/09	Results	Allocation	Sch M	Line No.
G-OPS	Book Depreciation & Amortization (997000)			G-OPS			
997001	Contributions In Aid of Construction		12,913,885	12			1
997002	Injuries and Damages		332,288	12			2
997003	Salvage		(64,321)	2			3
997005	FAS106 Current Retiree Medical Accrual		(205,520)	12			4
997008	DSM Book Amortization		(108,595)	4			5
997010	Deferred Gas Credit and Refunds		408,809	6			6
997015	Airplane Lease Payments		15,447,870	99			7
997016	1992 Redemptions		60,923	5			8
997020	FAS87 Current Pension Accrual		284,669	12			9
997029	FAS 106 Post Retirement Benefits		399,976	4			10
997031	Decoupling Mechanism		55,561	99			11
997032	Interest Rate Swaps		435,987	99			12
997033	DSM Tariff Rider		333,393	12			13
997033	DSM Tariff Rider - AN		(1,895,960)	99			14
997048	AFUDC		(27)	4			15
997049	Tax Depreciation		(53,225)	12			15
997055	Deferred Gas Exchange		(34,070,242)	11			16
997062	Gain on Sale of Office Building		(1,597,806)	1			17
997065	Amortization of Unbilled Revenue Add-Ons		(65,364)	4			18
997066	Miscellaneous Schedule M Additions		575,325	99			19
	Total Schedule M per Results		984,264	2			20
	Corporate Accounting Sch Ms		(5,826,457)				
	AFUDC		(53,225)				
	Difference is Book Depreciation		(1,653)				
	Misc Sch M:						
	Uncollectibles - Retail		110,517				20a
	Deferred Comp		388,373				20b
	Paid Time Off		133,568				20c
	Transp Book Depr		271,164				20d
	Meal Disallow-no DFIT		80,642				20e
	Total Misc Sch M		984,264				20f
	ROO - Misc Sch M's		984,264				
	Difference - rounding		-				

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Line No.	SCHM	DFIT	Adj. Ref.	Sch M	Calc per M DFIT	Per DFIT booked	Diff?	Explanation
1,4,8,16,20d,20e	G-OPS	N14		(21,029,790)	7,360,427	7,962,430	(718,304)	Pre-1981 Flow through increasing as tax depreciation ends on old plant
2	12	N14		332,288	(116,301)			
10	4	N14		399,976	(139,992)	(139,992)	(0)	
5	4	N14		(108,595)	38,008	38,008	0	
11	D-WA	N14		55,561	(19,446)	(19,446)	0	
20b	2	N14		388,373	(135,931)	(134,151)	(1,779)	Immaterial
20c	2	N14		133,568	(46,749)	(46,749)	(0)	
3	2	N14	(1)	(64,321)	22,512	22,512	0	Reverse
7	D-WA	N14		11,439,282	(4,003,749)	(4,003,749)	(0)	
7	D-ID	N14		4,008,588	(1,403,006)	(1,403,006)	0	
17	4	N14		(1,597,806)	559,232	559,232	0	
12	D-WA	N14		435,987	(152,595)	(152,596)	0	
13	12	N14		333,393	(116,688)	(116,688)	0	
14	D-WA	N14		(1,304,865)	456,703	456,703	0	
14	D-ID	N14		(591,095)	206,883	206,883	0	
15	4	N14		(27)	9	8	1	
12	12	N14	(2)	284,669	(99,634)	(99,634)	(0)	
6	6	N14		408,809	(143,083)			
14	6	D-WA				(107,683)		
14	6	D-ID				(35,400)		
20a	2	N14		110,517	(38,681)	(38,681)	0	
18	4	N14		(65,364)	22,877	22,872	5	
19	D-WA	N14		417,781	(146,223)	(146,223)	-	
19	D-ID	N14		157,544	(55,140)	(55,140)	-	
20f	2	PD		(5,855,527)	2,049,434	2,769,511	(720,077)	
				80,642				
				(5,774,885)				

Plant:	DFIT		Results Adjusted
	Allocation	DFIT Adjustment	
Airplane	60,923		8,029,167
Tax Depr	(34,070,242)	N14	(3,972,993)
Salvage	(205,520)	D-WA	(1,286,663)
Book Depr	12,913,885	D-ID	2,769,511
Misc Sch M	271,164	Total DFIT	
20d,20e	(21,029,790)		

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RESULTS OF OPERATIONS

GAS SCHEDULE M ITEMS
 For Twelve Months Ended December 31, 2009
 Average of Monthly Averages Basis
 Report ID:
 G-SCM-12A

Ref/Basis	Account	Description	***** SYSTEM *****			***** WASHINGTON *****			***** IDAHO *****		
			Direct	Allocated	Total	Direct	Allocated	Total	Direct	Allocated	Total
Schedule M Additions:											
G-OPS Book Depreciation & Amortization (997000)											
12	997001	Contributions In Aid of Construction	10,095,832	2,818,053	12,913,885	6,533,598	1,927,364	8,460,962	3,562,234	890,689	4,452,923
2	997002	Injuries and Damages	0	332,288	332,288	0	214,552	214,552	0	117,736	117,736
12	997003	Salvage	0	-64,321	-64,321	0	-42,784	-42,784	0	-21,537	-21,537
4	997005	FAS106 Current Retiree Medical Accrual	0	-205,520	-205,520	0	-132,700	-132,700	0	-72,820	-72,820
6	997008	DSM Book Amortization	0	-108,595	-108,595	0	-73,783	-73,783	0	-34,812	-34,812
99	997010	Deferred Gas Credit and Refunds	15,447,870	0	15,447,870	11,439,282	286,919	286,919	4,008,588	121,890	121,890
4	997015	Airplane Lease Payments	0	60,923	60,923	0	41,393	41,393	0	19,530	19,530
12	997016	1992 Redemptions	0	284,669	284,669	0	183,805	183,805	0	100,864	100,864
4	997020	FAS87 Current Pension Accrual	0	399,976	399,976	0	271,756	271,756	0	128,220	128,220
99	997029	FAS106 Post Retirement Benefits	55,561	0	55,561	435,987	0	435,987	0	0	0
99	997031	Decoupling Mechanism	435,987	0	435,987	0	215,265	215,265	0	118,128	118,128
12	997032	Interest Rate Swaps	-1,895,960	333,393	-1,895,960	-1,304,865	0	-1,304,865	-591,095	0	-591,095
99	997033	DSM Tariff Rider	0	-27	-27	0	-18	-18	0	-9	-9
4	997033	DSM Tariff Rider	0	-1,597,806	-1,597,806	0	-1,117,665	-1,117,665	0	-480,141	-480,141
1	997055	Deferred Gas Exchange	575,325	0	575,325	417,781	0	417,781	157,544	0	157,544
99	997065	Amortization of Unbilled Revenue Add-Ins	0	984,264	984,264	0	668,738	668,738	0	315,526	315,526
4	997066	Miscellaneous Schedule M Additions	24,714,615	3,646,106	28,360,721	17,577,344	2,442,842	20,020,186	7,137,271	1,203,264	8,340,535
TOTAL SCHEDULE M ADDITIONS											
Schedule M Deductions:											
12	997048	AFUDC	0	0	0	0	0	0	0	0	0
11	997049	Tax Depreciation	0	34,070,242	34,070,242	0	22,244,802	22,244,802	0	11,825,440	11,825,440
4	997062	Gain on Sale of Office Building	0	65,364	65,364	0	44,410	44,410	0	20,954	20,954
TOTAL SCHEDULE M DEDUCTIONS			0	34,135,606	34,135,606	0	22,289,212	22,289,212	0	11,846,394	11,846,394

2 = 5,774,885

ALLOCATION RATIOS:

G-ALL	1	Contract System Demand	100.000%	69.950%	30.050%
G-ALL	2	Number of Customers	100.000%	66.516%	33.484%
G-ALL	3	Direct Distribution Operating Expense	100.000%	67.389%	32.611%
G-ALL	4	Jurisdictional Four Factor Allocator - Direct Method	100.000%	67.943%	32.057%
G-ALL	6	Actual Terms Purchased	100.000%	70.184%	29.816%
G-ALL	11	Book Depreciation	100.000%	65.291%	34.709%
G-ALL	12	Net Gas Plant	100.000%	64.568%	35.432%
G-ALL	99	Not Allocated	0.000%	0.000%	0.000%