

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

REVISED PROPERTY TAX
ADJUSTMENT
ELECTRIC

Line No.	DESCRIPTION	System	Washington	Idaho
	REVENUES			
1	Total General Business	\$0		
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
	EXPENSES			
	Production and Transmission			
7	Operating Expenses			
8	Purchased Power			
9	Depreciation and Amortization			
10	Taxes	397	397	0
11	Total Production & Transmission	397	397	0
	Distribution			
12	Operating Expenses			
13	Depreciation			
14	Taxes	(288)	(288)	0
15	Total Distribution	(288)	(288)	0
16	Customer Accounting			
17	Customer Service & Information			
18	Marketing			
	Administrative & General			
19	Operating Expenses			
20	Depreciation			
21	Taxes	(3)	(3)	0
22	Total Admin. & General	(3)	(3)	0
23	Total Electric Expenses	106	106	0
24	Operating Income before FIT	(106)	(106)	0
	Federal Income Taxes			
25	Current Accrual (at 35%)	(37)	(37)	0
26	Deferred Income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	(\$69)	(\$69)	\$0
	RATE BASE			
	PLANT IN SERVICE			
29	Intangible			
30	Production			
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION			
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES			
41	TOTAL RATE BASE	\$0	\$0	\$0

01

02

AVISTA UTILITIES

Property Tax Adjustment-Electric
For the Twelve Months Ended December 31, 2009

		System	Washington	Idaho
Property Tax Adjustment				
Prod/Trans		612,716	397,469	215,247
Distribution		-298,550	-288,482	-10,068
General		-4,860	-3,153	-1,707
Idaho SIT	0.014203	-2,890		-2,890
Total expenses		306,416	105,834	200,582
Operating income before FIT		-306,416	-105,834	-200,582
FIT	0.350	-107,246	-37,042	-70,204
Net operating income		-199,170	-68,792	-130,378

AVISTA UTILITIES

Property Tax Adjustment-Electric
For the Twelve Months Ended December 31, 2009

Functionalization based on Plant Balances at 12/31/2008

	System	Washington	Idaho	Montana	Oregon
Production	687,708	-130,699	-4,385	7,145	815,647
Transmission	-74,992	-116,217	-4,294	924	44,595
Distribution	-298,550	-288,482	-10,071	3	0
General	-4,860	-4,568	-292	0	0
Total	309,307	-539,965	-19,043	8,073	860,242

Allocation Percentages

Production	24.205%	23.029%	88.509%	94.816%
Transmission	21.523%	22.550%	11.448%	5.184%
Distribution	53.426%	52.886%	0.043%	0.000%
General	0.846%	1.535%	0.000%	0.000%
Total		100.000%	100.000%	100.000%

Allocate to each state based on function:

		System	Washington	Idaho
WA Property Tax Adjustment				
Prod/Trans	1	-246,916	-160,174	-86,742
Distribution	99	-288,482	-288,482	0
General	4	-4,568	-2,964	-1,604
Total		-539,966	-451,620	-88,346
ID Property Tax Adjustment				
Prod/Trans	1	-8,679	-5,630	-3,049
Distribution	99	-10,071	0	-10,071
General	4	-292	-189	-103
Total		-19,042	-5,819	-13,223
MT Property Tax Adjustment				
Prod/Trans	1	8,069	5,234	2,835
Distribution	99	3	0	3
General	4	0	0	0
Total		8,072	5,234	2,838
OR Property Tax Adjustment				
Prod/Trans	1	860,242	558,039	302,203
Distribution	99	0	0	0
General	4	0	0	0
Total		860,242	558,039	302,203
Prod/Trans Total		612,716	397,469	215,247
Distribution Total		-298,550	-288,482	-10,068
General Total		-4,860	-3,153	-1,707
Total Adjustment		309,306	105,834	203,472

Allocation Notes

Prod/Trans Alloc Ratio	1	100.000%	64.870%	35.130%
Jurisdictional 4 Factor Ratio	4	100.000%	64.886%	35.114%
Direct	99	0.000%	0.000%	0.000%

04

AVISTA UTILITIES

Property Tax Adjustment
For the Twelve Months Ended December 31, 2009

	<u>Electric</u>	<u>Gas</u>
<u>Washington</u>		
Current Period Expense	4,866,000	1,434,000
Accrual per Results by State (Situs)	5,405,965	1,645,000
Adjustment	(539,965)	(211,000)
<u>Idaho</u>		
Current Period Expense	3,189,000	722,000
Accrual per Results by State (Situs)	3,208,043	707,991
Adjustment	(19,043)	14,009
<u>Montana</u>		
Current Period Expense	6,162,000	
Accrual per Results by State (Situs)	6,153,927	
Adjustment	8,073	
<u>Oregon</u>		
Current Period Expense	6,000	
ProForma Cyote Springs Expense for 2010	1,873,000	
Subtotal Expense	1,879,000	
Accrual per Results by State (Situs)	1,018,758	
Adjustment	860,242	
<u>Colstrip Indirect (Note 1)</u>		
Current Period Expense	4,680	
Accrual per Results	3,221	
Adjustment	1,459	
Total	310,766	(196,991)
Remove Colstrip Indirect	(1,459)	
Total	309,307	-196,991
<u>Total</u>		
Current Period Expense	14,227,680	2,156,000
Amount reflected in results (E-OTX-12A & G-OTX-12A)	15,789,914	2,352,991
Adjustment	(1,562,234)	(196,991)

Note 1 This amount is related to property tax that we are paying to Pacificore for our portion of a indirect property tax.
This amount does not fluctuate and is immaterial to the total property tax adjustment.

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PROPERTY TAX ESTIMATES FOR 2010 - to Rosemary on February 1, 2010

SUMMARY:

ELECTRIC:

WASHINGTON
 EST ADJ TO WASH
 IDAHO
 MONTANA
 OREGON - Transm line only
 OREGON - Coyote Springs II

SUBTOTAL

GAS:

WASHINGTON
 IDAHO
 OREGON
 OTHER
 SUBTOTAL

TOTAL EST TAX

	Actual 2006	Actual 2007	Actual 2008	Actual / Estimate 2009	Estimate 2010
	6,546	5,922	5,199	4,866	5,376
	2,767	2,668	2,958	3,189	3,452
	5,933	6,171	6,674	6,162	6,591
	14	14	13	6	15
	143	143	138	1,873	2,020
	15,403	14,918	14,982	16,096	17,454
	1,744	1,550	1,214	1,434	1,560
	587	609	620	722	779
	1,522	1,573	1,759	1,649	1,665
	0	0	0	0	0
	3,853	3,732	3,593	3,805	4,004
	19,256	18,650	18,575	19,901	21,458

Revised #'s
 Includes 2009 12 YTD Acids

in thousands
 CS 2 full assessment