

APPENDIX 2

Exhibit No. ____ (EMA-2)

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	\$45,170	\$367,099
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	45,170	403,212
5	Other Revenue	42,255	(34,969)	7,286		7,286
6	Total Electric Revenue	520,962	(155,634)	365,328	45,170	410,498
EXPENSES						
Production and Transmission						
7	Operating Expenses	176,236	(83,448)	92,788		92,788
8	Purchased Power	117,871	(38,725)	79,146		79,146
9	Depreciation and Amortization	17,008	7,423	24,431		24,431
10	Taxes	9,090	883	9,973		9,973
11	Total Production & Transmission	320,205	(113,867)	206,338	0	206,338
Distribution						
12	Operating Expenses	15,485	688	16,173		16,173
13	Depreciation	10,864	3,032	13,896		13,896
14	Taxes	29,460	(13,153)	16,307	1,745	18,052
15	Total Distribution	55,809	(9,433)	46,376	1,745	48,121
16	Customer Accounting	8,951	(1,611)	7,340	120	7,460
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	(583)	32,063	90	32,153
20	Depreciation	6,459	(770)	5,689		5,689
21	Taxes					
22	Total Admin. & General	39,105	(1,353)	37,752	90	37,842
23	Total Electric Expenses	432,466	(132,806)	299,660	1,955	301,615
24	OPERATING INCOME BEFORE FIT	88,496	(22,828)	65,668	43,215	108,883
FEDERAL INCOME TAX						
25	Current Accrual	24,068	(18,533)	5,475	15,125	20,600
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	(\$15,497)	\$56,218	\$28,090	\$84,308
RATE BASE						
PLANT IN SERVICE						
30	Intangible	\$23,458		\$23,458		\$23,458
31	Production	649,965	36,967	686,932		686,932
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	78,669	1,579,475	0	1,579,475
36	ACCUMULATED DEPRECIATION	493,639	(7,537)	486,102		486,102
37	ACCUM. PROVISION FOR AMORTIZATION	12,960	38,562	51,522		51,522
38	Total Accum. Depreciation & Amort.	506,599	31,025	537,624	0	537,624
39	GAIN ON SALE OF BUILDING		(453)	(453)		(453)
40	DEFERRED TAXES		(143,551)	(143,551)		(143,551)
41	TOTAL RATE BASE	\$994,207	(\$96,360)	\$897,847	\$0	\$897,847
42	RATE OF RETURN	7.21%		6.26%		9.39%

APPENDIX 2

Exhibit No. ____ (EMA-2)

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	\$897,847
2	Proposed Rate of Return	9.39%
3	Net Operating Income Requirement	\$84,308
4	Pro Forma Net Operating Income	\$56,218
5	Net Operating Income Deficiency	\$28,090
6	Conversion Factor	0.62186345
7	Revenue Requirement	\$45,170
8	Total General Business Revenues	\$322,662
9	Percentage Revenue Increase	14.00%

APPENDIX 2

Exhibit No. _____(EMA-2)

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>

APPENDIX 2

Exhibit No. ____ (EMA-2)

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)	
35	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%						

APPENDIX 2

Exhibit No. ____ (EMA-2)

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			
35	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%			

APPENDIX 2

Exhibit No. ____ (EMA-2)

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	(428)	(10,613)	(6)	601
26	Deferred Income Taxes			(56)	10,736		
27	NET OPERATING INCOME	(\$755)	\$316	\$484	\$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						

APPENDIX 2

Exhibit No. ____ (EMA-2)

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	(1,103)
20	Depreciation					
21	Taxes					
22	Total Admin. & General	(24)	0	0	7	(1,103)
23	Total Electric Expenses	(24)	120	(88)	3,687	(489)
24	OPERATING INCOME BEFORE FIT	24	(120)	88	(36)	489
FEDERAL INCOME TAX						
25	Current Accrual	8	(42)	31	(13)	171
26	Deferred Income Taxes					
27	NET OPERATING INCOME	\$16	(\$78)	\$57	(\$23)	\$318
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					

APPENDIX 2

Exhibit No. ____ (EMA-2)

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	(\$0,199)			
4	Total Sales of Electricity	0	438,241	(\$0,199)	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	(43,962)	(10,569)	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	(82,687)	(10,569)	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		32,142			550	(348)
20	Depreciation		6,459				
21	Taxes						
22	Total Admin. & General	0	38,601	0	0	550	(348)
23	Total Electric Expenses	0	388,830	(82,687)	(10,569)	2,115	(362)
24	OPERATING INCOME BEFORE FIT	0	91,860	(29,783)	8,540	(2,115)	362
FEDERAL INCOME TAX							
25	Current Accrual	1,164	14,642	(10,424)	2,989	(740)	127
26	Deferred Income Taxes		3,975				
27	NET OPERATING INCOME	(\$1,164)	\$73,243	(\$19,359)	\$5,551	(\$1,375)	\$235
RATE BASE							
PLANT IN SERVICE							
28	Intangible		\$23,458				
29	Production		703,455		(28,781)		
30	Transmission		244,435				
31	Distribution		502,571				
32	General		80,110				
33	Total Plant in Service	0	1,554,029	0	(28,781)	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	(\$28,781)	\$0	\$0
40	RATE OF RETURN		8.38%				

APPENDIX 2

Exhibit No. ____ (EMA-2)

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 PF5	Pro Forma Transmission Capital Add PF6	Pro Forma Generation Capital Add PF7	Pro Forma Depreciation Study PF8	Pro Forma Wood Pole Test & Treat PF9	Proforma Misc Adj. PF12	Pro Forma TOTAL PF1
	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	0	358,042
5	Other Revenue	(903)					40	7,286
6	Total Electric Revenue	(903)	0	0	0	0	40	365,328
	EXPENSES							
	Production and Transmission							
7	Operating Expenses	416				183		92,788
8	Purchased Power							79,146
9	Depreciation and Amortization		998	358	(2,670)			24,431
10	Taxes		660	198				9,973
11	Total Production & Transmission	416	1,658	556	(2,670)	183	0	206,338
	Distribution							
12	Operating Expenses					121		16,173
13	Depreciation				3,120			13,896
14	Taxes							16,307
15	Total Distribution	0	0	0	3,120	121	0	46,376
16	Customer Accounting							7,340
17	Customer Service & Information							1,174
18	Sales Expenses							680
	Administrative & General							
19	Operating Expenses						(281)	32,063
20	Depreciation				(770)			5,689
21	Taxes							
22	Total Admin. & General	0	0	0	(770)	0	(281)	37,752
23	Total Electric Expenses	416	1,658	556	(320)	304	(281)	299,660
24	OPERATING INCOME BEFORE FIT	(1,319)	(1,658)	(556)	320	(304)	321	65,668
	FEDERAL INCOME TAX							
25	Current Accrual	(462)	(580)	(195)	112	(106)	112	5,475
26	Deferred Income Taxes							3,975
27	NET OPERATING INCOME	(\$857)	(\$1,078)	(\$361)	\$208	(\$198)	\$209	\$56,218
	RATE BASE							
	PLANT IN SERVICE							
28	Intangible							\$23,458
29	Production			12,258				686,932
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	0	1,579,475
34	ACCUMULATED DEPRECIATION		748	354	(160)			486,102
35	ACCUM. PROVISION FOR AMORTIZATION							51,522
36	Total Accum. Depreciation & Amort.	0	748	354	(160)	0	0	537,624
37	GAIN ON SALE OF BUILDING							(453)
38	DEFERRED TAXES		(947)	(165)	(56)			(143,551)
39	TOTAL RATE BASE	\$0	\$40,274	\$11,739	\$104	\$0	\$0	\$897,847
40	RATE OF RETURN							6.26%

APPENDIX 2

Exhibit No. __ (EMA-3)

AVISTA UTILITIES
GAS 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
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
REVENUES						
1	Total General Business	\$208,883	\$ (11,062)	\$197,821	\$5,845	\$203,666
2	Total Transportation	3,166	(1,720)	1,446		1,446
3	Other Revenues	39,097	(37,220)	1,877		1,877
4	Total Gas Revenues	251,146	(50,002)	201,144	5,845	206,989
EXPENSES						
5	Exploration and Development					
	Production					
6	City Gate Purchases	188,395	(38,593)	149,802		149,802
7	Purchased Gas Expense	653	18	671		671
8	Net Nat Gas Storage Trans	495	(495)	-		0
9	Total Production	189,543	(39,070)	150,473	0	150,473
	Underground Storage					
10	Operating Expenses	492	1	493		493
11	Depreciation	312	(60)	252		252
12	Taxes	124	(2)	122		122
13	Total Underground Storage	928	(61)	867	0	867
	Distribution					
14	Operating Expenses	6,359	231	6,590		6,590
15	Depreciation	5,382	(228)	5,154		5,154
16	Taxes	17,051	(7,594)	9,457	225	9,682
17	Total Distribution	28,792	(7,591)	21,201	225	21,426
18	Customer Accounting	4,568	(200)	4,368	16	4,384
19	Customer Service & Information	3,260	(2,190)	1,070		1,070
20	Sales Expenses	496	14	510		510
	Administrative & General					
21	Operating Expenses	8,334	(235)	8,099	12	8,111
22	Depreciation	1,282	(59)	1,223		1,223
23	Taxes	24	0	24		24
24	Total Admin. & General	9,640	(294)	9,346	12	9,358
25	Total Gas Expense	237,227	(49,392)	187,835	253	188,088
26	OPERATING INCOME BEFORE FIT	13,919	(610)	13,309	5,592	18,901
FEDERAL INCOME TAX						
27	Current Accrual	6,006	6	6,012	1,957	7,969
28	Deferred FIT	(3,050)	(22)	(3,072)		(3,072)
29	Amort ITC	(30)	0	(30)		(30)
30	NET OPERATING INCOME	10,993	(\$594)	10,399	\$3,635	\$14,034
RATE BASE: PLANT IN SERVICE						
31	Underground Storage	13,854	0	13,854		13,854
32	Distribution Plant	219,287	1,045	220,332		220,332
33	General Plant	20,791	0	20,791		20,791
34	Total Plant in Service	253,932	1,045	254,977	0	254,977
ACCUMULATED DEPRECIATION						
35	Underground Storage	7,249	(30)	7,219		7,219
36	Distribution Plant	74,019	(107)	73,912		73,912
37	General Plant	7,230	(30)	7,200		7,200
38	Total Accum. Depreciation	88,498	(167)	88,331	0	88,331
39	DEFERRED FIT	0	(24,650)	(24,650)		(24,650)
40	GAS INVENTORY	0	7,628	7,628		7,628
41	GAIN ON SALE OF BUILDING	0	(153)	(153)		(153)
42	TOTAL RATE BASE	165,434	(\$15,963)	149,471	\$0	\$149,471
43	RATE OF RETURN	6.64%		6.96%		9.39%

APPENDIX 2

AVISTA UTILITIES
 Calculation of General Revenue Requirement
 Washington - Gas
 TWELVE MONTHS ENDED DECEMBER 31, 2006
 (000's OF DOLLARS)

Line No.	Description	WASH
1	Pro Forma Rate Base	\$149,471
2	Proposed Rate of Return	<u>9.390%</u>
3	Net Operating Income Requirement	\$14,035
4	Pro Forma Net Operating Income	<u>\$10,399</u>
5	Net Operating Income Deficiency	\$3,636
6	Conversion Factor	0.621999
7	Revenue Requirement	<u>\$5,845</u>
8	Total General Business Revenues	\$199,267
9	Percentage Revenue Increase	<u><u>2.93%</u></u>

APPENDIX 2

Exhibit No. _____(EMA-3)

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

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.002661
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038418
5	Franchise Fees (City of Millwood Expired in 2004)	0.000000
6	Total Expense	<u>0.043078</u>
7	Net Operating Income Before FIT	0.956922
8	Federal Income Tax @ 35%	0.334923
9	REVENUE CONVERSION FACTOR	<u><u>0.621999</u></u>

APPENDIX 2

Exhibit No. ____ (EMA-3)

AVISTA UTILITIES
 GAS 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	Gas Inventory	Weatherization and DSM Investment	Customer Advances
a	b	c	d	e	f	g	
REVENUES							
1	Total General Business	\$208,883					
2	Total Transportation	3,166					
3	Other Revenues	39,697					
4	Total Gas Revenues	251,146	0	0	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	188,395					
7	Purchased Gas Expense	653					
8	Net Nat Gas Storage Trans	495					
9	Total Production	189,543	0	0	0	0	0
Underground Storage							
10	Operating Expenses	492					
11	Depreciation	312					
12	Taxes	124					
13	Total Underground Storage	928	0	0	0	0	0
Distribution							
14	Operating Expenses	6,359					
15	Depreciation	5,382					
16	Taxes	17,051					
17	Total Distribution	28,792	0	0	0	0	0
18	Customer Accounting	4,568			0	0	
19	Customer Service & Information	3,260					
20	Sales Expenses	496					
Administrative & General							
21	Operating Expenses	8,334					
22	Depreciation	1,282					
23	Taxes	24					
24	Total Admin. & General	9,640	0	0	0	0	0
25	Total Gas Expense	237,227	0	0	0	0	0
26	OPERATING INCOME BEFORE FIT	13,919	0	0	0	0	0
FEDERAL INCOME TAX							
27	Current Accrual	6,006					
28	Deferred FIT	(3,050)					
29	Amort ITC	(30)					
30	NET OPERATING INCOME	\$10,993	\$0	\$0	\$0	\$0	\$0
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	13,854					
32	Distribution Plant	219,287				1,120	(75)
33	General Plant	20,791					
34	Total Plant in Service	253,932	0	0	0	1,120	(75)
ACCUMULATED DEPRECIATION							
35	Underground Storage	7,249					
36	Distribution Plant	74,019					
37	General Plant	7,230					
38	Total Accum. Depreciation	88,498	0	0	0	0	0
39	DEFERRED FIT	0	(24,645)	53			
40	GAS INVENTORY	0			7,628		
41	GAIN ON SALE OF BUILDING	0		(153)			
42	TOTAL RATE BASE	\$165,434	(\$24,645)	(\$100)	\$7,628	\$1,120	(\$75)
43	RATE OF RETURN						

APPENDIX 2

Exhibit No. ____ (EMA-3)

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

Line No.	DESCRIPTION	Subtotal Actual	Revenue Normalization & Gas Cost Adjust	Eliminate B & O Taxes	Property Tax	Uncollectible Expense	Regulatory Expense Adjustment
a		b		i	j	k	l
REVENUES							
1	Total General Business	\$208,883	\$ (3,682)	\$ (7,380)			
2	Total Transportation	3,166	(1,648)	(72)			
3	Other Revenues	39,097	(35,060)				
4	Total Gas Revenues	251,146	(40,390)	(7,452)	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	188,395	(38,593)				
7	Purchased Gas Expense	653					
8	Net Nat Gas Storage Trans	495	(495)				
9	Total Production	189,543	(39,088)	0	0	0	0
Underground Storage							
10	Operating Expenses	492					
11	Depreciation	312					
12	Taxes	124			(2)		
13	Total Underground Storage	928	0	0	(2)	0	0
Distribution							
14	Operating Expenses	6,359					
15	Depreciation	5,382					
16	Taxes	17,051	(141)	(7,461)	(23)		
17	Total Distribution	28,792	(141)	(7,461)	(23)	0	0
18	Customer Accounting	4,568	(10)	0	0	(59)	0
19	Customer Service & Information	3,260	(2,199)				
20	Sales Expenses	496					
Administrative & General							
21	Operating Expenses	8,334	(7)				75
22	Depreciation	1,282					
23	Taxes	24					
24	Total Admin. & General	9,640	(7)	0	0	0	75
25	Total Gas Expense	237,227	(41,445)	(7,461)	(25)	(59)	75
26	OPERATING INCOME BEFORE FIT	13,919	1,055	9	25	59	(75)
FEDERAL INCOME TAX							
27	Current Accrual	6,006	369	3	9	21	(26)
28	Deferred FIT	(3,050)					
29	Amort ITC	(30)					
30	NET OPERATING INCOME	\$10,993	\$686	\$6	\$16	\$38	(\$49)
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	13,854					
32	Distribution Plant	220,332					
33	General Plant	20,791					
34	Total Plant in Service	254,977	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage	7,249					
36	Distribution Plant	74,019					
37	General Plant	7,230					
38	Total Accum. Depreciation	88,498	0	0	0	0	0
39	DEFERRED FIT	(24,592)					
40	GAS INVENTORY	7,628					
41	GAIN ON SALE OF BUILDING	(153)					
42	TOTAL RATE BASE	\$149,362	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN	7.36%					

APPENDIX 2

Exhibit No. ____ (EMA-3)

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

Line No.	DESCRIPTION	Injuries and Damages	FIT	Restate Debt Interest	Incentives & Other	Net Gains/losses	Eliminate A/R Expenses
	a	m	n	o	p	q	r
REVENUES							
1	Total General Business						
2	Total Transportation						
3	Other Revenues						
4	Total Gas Revenues	0	0	0	0	0	0
EXPENSES							
5	Exploration and Development						
	Production						
6	City Gate Purchases						
7	Purchased Gas Expense						
8	Net Nat Gas Storage Trans						
9	Total Production	0	0	0	0	0	0
	Underground Storage						
10	Operating Expenses						
11	Depreciation						
12	Taxes						
13	Total Underground Storage	0	0	0	0	0	0
	Distribution						
14	Operating Expenses						
15	Depreciation					(13)	
16	Taxes						
17	Total Distribution	0	0	0	0	(13)	0
18	Customer Accounting				0	0	(274)
19	Customer Service & Information						
20	Sales Expenses						
	Administrative & General						
21	Operating Expenses	22			(288)		
22	Depreciation						
23	Taxes						
24	Total Admin. & General	22	0	0	(288)	0	0
25	Total Gas Expense	22	0	0	(288)	(13)	(274)
26	OPERATING INCOME BEFORE FIT	(22)	0	0	288	13	274
	FEDERAL INCOME TAX						
27	Current Accrual	(8)	11	207	101	5	96
28	Deferred FIT		(22)				
29	Amort ITC						
30	NET OPERATING INCOME	(\$14)	\$11	(\$207)	\$187	\$8	\$178
RATE BASE: PLANT IN SERVICE							
31	Underground Storage						
32	Distribution Plant						
33	General Plant						
34	Total Plant in Service	0	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage						
36	Distribution Plant						
37	General Plant						
38	Total Accum. Depreciation	0	0	0	0	0	0
39	DEFERRED FIT						
40	GAS INVENTORY						
41	GAIN ON SALE OF BUILDING						
42	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN						

APPENDIX 2

Exhibit No. ____ (EMA-3)

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

Line No.	DESCRIPTION	Office Space Charges to Subs	Restate Excise Taxes	Restated Total	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Depreciation Study
	a	s	t	-	PF1	PF2	PF3
REVENUES							
1	Total General Business			\$197,821			
2	Total Transportation			1,446			
3	Other Revenues			4,037			
4	Total Gas Revenues	0	0	203,304	0	0	0
EXPENSES							
5	Exploration and Development			0			
Production							
6	City Gate Purchases			149,802			
7	Purchased Gas Expense			653	23	(5)	
8	Net Nat Gas Storage Trans			0			
9	Total Production	0	0	150,455	23	(5)	0
Underground Storage							
10	Operating Expenses			492	1		
11	Depreciation			312			(60)
12	Taxes			122			
13	Total Underground Storage	0	0	926	1	0	(60)
Distribution							
14	Operating Expenses			6,359	231		
15	Depreciation			5,369			(215)
16	Taxes		31	9,457			
17	Total Distribution	0	31	21,185	231	0	(215)
18	Customer Accounting	0	0	4,225	143		
19	Customer Service & Information			1,061	9		
20	Sales Expenses			496	14		
Administrative & General							
21	Operating Expenses	(6)		8,130	137	(89)	
22	Depreciation			1,282			(59)
23	Taxes			24			
24	Total Admin. & General	(6)	0	9,436	137	(89)	(59)
25	Total Gas Expense	(6)	31	187,784	558	(94)	(334)
26	OPERATING INCOME BEFORE FIT	6	(31)	15,520	(558)	94	334
FEDERAL INCOME TAX							
27	Current Accrual	2	(11)	6,785	(195)	33	117
28	Deferred FIT			(3,072)			
29	Amort ITC			(30)			
30	NET OPERATING INCOME	\$4	(\$20)	\$11,837	(\$363)	\$61	\$217
RATE BASE: PLANT IN SERVICE							
31	Underground Storage			13,854			
32	Distribution Plant			220,332			
33	General Plant			20,791			
34	Total Plant in Service	0	0	254,977	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage			7,249			(30)
36	Distribution Plant			74,019			(107)
37	General Plant			7,230			(30)
38	Total Accum. Depreciation	0	0	88,498	0	0	(167)
39	DEFERRED FIT			(24,592)			(58)
40	GAS INVENTORY			7,628			
41	GAIN ON SALE OF BUILDING			(153)			
42	TOTAL RATE BASE	\$0	\$0	\$149,362	\$0	\$0	\$109
43	RATE OF RETURN			7.93%			

APPENDIX 2

Exhibit No. ____ (EMA-3)

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

Line No.	DESCRIPTION	Pro Forma Storage Contract PF4	Proforma Misc Adj PF5	Pro Forma Total
	a	PF4	PF5	-
	REVENUES			
1	Total General Business			\$197,821
2	Total Transportation			1,446
3	Other Revenues	(2,160)		1,877
4	Total Gas Revenues	(2,160)	0	201,144
	EXPENSES			
5	Exploration and Development			0
	Production			
6	City Gate Purchases			149,892
7	Purchased Gas Expense			671
8	Net Nat Gas Storage Trans			0
9	Total Production	0	0	150,473
	Underground Storage			
10	Operating Expenses			493
11	Depreciation			252
12	Taxes			122
13	Total Underground Storage	0	0	\$67
	Distribution			
14	Operating Expenses			6,590
15	Depreciation			5,154
16	Taxes			9,457
17	Total Distribution	0	0	21,201
18	Customer Accounting		0	4,368
19	Customer Service & Information			1,070
20	Sales Expenses			510
	Administrative & General			
21	Operating Expenses		(79)	8,099
22	Depreciation			1,223
23	Taxes			24
24	Total Admin. & General	0	(79)	9,346
25	Total Gas Expense	0	(79)	187,835
26	OPERATING INCOME BEFORE FIT	(2,160)	79	13,309
	FEDERAL INCOME TAX			
27	Current Accrual	(756)	28	6,012
28	Deferred FIT			(3,072)
29	Amort IFC			(30)
30	NET OPERATING INCOME	(\$1,404)	\$51	\$10,399
	RATE BASE: PLANT IN SERVICE			
31	Underground Storage			13,854
32	Distribution Plant			220,332
33	General Plant			20,791
34	Total Plant in Service	0	0	254,977
	ACCUMULATED DEPRECIATION			
35	Underground Storage			7,219
36	Distribution Plant			73,912
37	General Plant			7,200
38	Total Accum. Depreciation	0	0	\$8,331
39	DEFERRED FIT			(24,650)
40	GAS INVENTORY			7,628
41	GAIN ON SALE OF BUILDING			(153)
42	TOTAL RATE BASE	\$0	\$0	\$149,471
43	RATE OF RETURN			6.96%