AVISTA UTILITIES
GAS RESULTS OF OPERATION
WASHINGTON PRO FORMA RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 1998
(000'S OF DOLLARS)

| Line No. DESCRIPTION | osed ues & ed Exp | Pro Forma Proposed Total |
|--|-------------------------|--------------------------|
| Line No. DESCRIPTION | ues & ed Exp | Proposed Total |
| No. DESCRIPTION Report Adjustments Total Related | d Exp | Total |
| REVENUES 1 Total General Business S67,226 \$4,409 \$71,635 2 Total General Business S67,226 \$4,409 \$71,635 2 Total Transportation 5,294 (1,893) 3,401 3 Other Revenues 12,629 (10,437) 2,192 4 Total Gas Revenues 85,149 (7,921) 77,228 EXPENSES | | l . |
| Total General Business S67,226 \$4,409 \$71,635 2 Total Transportation 5,294 (1,893) 3,401 3 Other Revenues 12,629 (10,437) 2,192 4 Total Gas Revenues 85,149 (7,921) 77,228 | | |
| Total Transportation 5,294 (1,893) 3,401 | A 4 6 | |
| Total Gas Revenues | \$4,899 | \$76,534 |
| EXPENSES 5 Exploration and Development 0 0 0 0 0 Production 6 City Gate Purchases 49,265 (10,020) 39,245 7 Purchased Gas Expense 117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 10 1017 0 10 1016 Underground Storage Underground Storage 11 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 14 Operating Expenses 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 4,74 5 4,79 Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 15 0 15 15 15 15 0 15 15 15 15 15 15 15 15 15 15 15 15 15 | | 3,401 |
| EXPENSES Exploration and Development 0 0 0 0 0 Production 6 City Gate Purchases 49,265 (10,020) 39,245 7 Purchased Gas Expense 1117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage Underground Storage 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 101 13 Total Underground Storage 747 (1) 746 Distribution 512 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 15 0 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 0 15 15 15 15 0 15 15 15 15 15 15 15 15 15 15 15 15 15 | | 2,192 |
| 5 Exploration and Development Production 0 0 0 6 City Gate Purchases 49,265 (10,020) 39,245 7 Purchased Gas Expense 117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage 319 0 319 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 </td <td>4,899</td> <td>82,127</td> | 4,899 | 82,127 |
| Production Production 6 City Gate Purchases 49,265 (10,020) 39,245 7 Purchased Gas Expense 117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage 319 0 319 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 14 Operating Expenses 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 <t< td=""><td></td><td></td></t<> | | |
| 6 City Gate Purchases 49,265 (10,020) 39,245 7 Purchased Gas Expense 117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage 319 0 319 10 Operating Expenses 19 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 | | (|
| 7 Purchased Gas Expense 117 4 121 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 3,748 248 3,986 14 Operating Expenses 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 8,1 | | |
| 8 Net Nat Gas Storage Trans (1,017) 1,017 0 9 Total Production 48,365 (8,999) 39,366 Underground Storage 319 0 319 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 2 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 818 303 1,121 2 | | 39,245 |
| Total Production Underground Storage 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 14 Operating Expenses 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 SATE BASE: PLANT IN SERVICE | | 121 |
| Underground Storage 10 Operating Expenses 319 0 319 11 Depreciation 325 1 326 12 Taxes 103 (2) 101 13 Total Underground Storage 747 (1) 746 Distribution 14 Operating Expenses 3,905 120 4,025 15 Depreciation 3,738 248 3,986 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) | | (|
| 10 | 0 | 39,366 |
| 11 | | |
| Taxes | | 319 |
| Total Underground Storage T47 | | 326 |
| Distribution 14 | | 101 |
| 14 | 0 | 746 |
| 15 | | |
| 16 Taxes 4,956 (886) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 474 5 479 Administrative & General 818 303 1,121 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) | | 4,025 |
| 16 Taxes 4,956 (836) 4,120 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 474 5 479 Administrative & General 818 303 1,121 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort | | 3,986 |
| 17 Total Distribution 12,599 (468) 12,131 18 Customer Accounting 3,322 (379) 2,943 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 474 5 479 Administrative & General 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET | 188 | 4,308 |
| 19 Customer Service & Information 585 3 588 20 Sales Expenses 474 5 479 Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | 188 | 12,319 |
| 20 Sales Expenses 474 5 479 Administrative & General 8195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | 17 | 2,960 |
| 20 Sales Expenses 474 5 479 Administrative & General 8195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | | 588 |
| Administrative & General 21 Operating Expenses 8,195 (191) 8,004 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | | 479 |
| 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | | |
| 22 Depreciation 818 303 1,121 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | 47 | 8,051 |
| 23 Taxes 15 0 15 24 Total Admin. & General 9,028 112 9,140 25 Total Gas Expense 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | | 1,121 |
| 75,120 (9,727) 65,393 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 | | 15 |
| 26 OPERATING INCOME BEFORE FIT 10,029 1,806 11,835 FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | 47 | 9,187 |
| FEDERAL INCOME TAX 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | 252 | 65,645 |
| 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | 4,647 | 16,482 |
| 27 Current Accrual (651) 1,481 830 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | | |
| 28 Deferred FIT 2,229 (136) 2,093 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | 1,626 | 2,456 |
| 29 Amort ITC (31) 0 (31) 30 NET OPERATING INCOME \$8,482 \$461 \$8,943 RATE BASE: PLANT IN SERVICE | -, | 2,093 |
| RATE BASE: PLANT IN SERVICE | | (31 |
| RATE BASE: PLANT IN SERVICE | \$3,021 | \$11,964 |
| | ψ5,021 | ψ11,70- |
| | | |
| 31 Underground Storage 14,091 0 14,091 | | 14,091 |
| 32 Distribution Plant 150,325 4,344 154,669 | 0 | 154,669 |
| 33 General Plant 12,868 0 12,868 | | 12,868 |
| 34 Total Plant in Service 177,284 4,344 181,628 | | 181,628 |
| ACCUMULATED DEPRECIATION | | |
| 35 Underground Storage 5,936 1 5,937 | | 5,937 |
| 36 Distribution Plant 40,779 124 40,903 | 0 | 40,903 |
| 37 General Plant 5,028 151 5,179 | | 5,179 |
| 38 Total Accum. Depreciation 51,743 276 52,019 | - | 52,019 |
| 39 DEFERRED FIT 0 (9,983) (9,983) | | (9,983 |
| 40 GAS INVENTORY 0 1,458 1,458 | | 1,458 |
| 41 GAIN ON SALE OF BUILDING 0 (615) (615) | | (615 |
| | 0 | |
| 42 TOTAL RATE BASE \$125,541 (\$5,072) \$120,469 | | \$120,469 |
| 43 RATE OF RETURN 6.76% 7.42% | | 9.939 |