

Avista Corporation
Electric - Results of Operations
Washington Pro Forma Results
Twelve Months Ended December 31, 2006
(000's of Dollars)

Line No.	(a) DESCRIPTION	(b) Unadjusted Results	(c) Total Restating Adjustments	(d) Restated Results	(e) Total Pro Forma Adjustments	(f) Pro Forma Results	(g) Staff Proposed	(h) Results at Staff Rates
	Source Exhibit (EMA-2)	Schedule 1.2	(b) + (c)	Schedule 1.3	(e) + (f)	Increase of 9.15%	(g) + (h)	
	RESULT OF OPERATIONS							
	REVENUES							
1	Total General Business	\$362,395	(\$40,466)	\$321,929	-	\$321,929	29,443	\$351,372
2	Interdepartmental Sales	733	-	733	-	733		733
3	Sales for Resale	115,579	-	115,579	(80,199)	35,380		35,380
4	Total Sales of Electricity	478,707	(40,466)	438,241	(80,199)	358,042	29,443	387,485
5	Other Revenue	42,255	194	42,449	(35,163)	7,286		7,286
6	Total Electric Revenue	520,962	(40,272)	480,690	(115,362)	365,328	29,443	394,771
7								
8	EXPENSES							
9	Production and Transmission							
10	Operating Expenses	176,236	(30,219)	146,017	(53,228)	92,789		92,789
11	Purchased Power	117,871	0	117,871	(38,725)	79,146		79,146
12	Depreciation and Amortization	17,008	8,737	25,745	(1,315)	24,430		24,430
13	Taxes	9,090	25	9,115	858	9,973		9,973
14	Total Production & Transmission	320,205	(21,457)	298,748	(92,410)	206,338		206,338
15								
16	Distribution							
17	Operating Expenses	15,485	0	15,485	688	16,173		16,173
18	Depreciation	10,864	(88)	10,776	3,120	13,896		13,896
19	Taxes	29,460	(13,153)	16,307	0	16,307	1,137	17,444
20	Total Distribution	55,809	(13,241)	42,568	3,808	46,376		47,514
21								
22	Customer Accounting	8,951	(1,854)	7,097	243	7,340	78	7,418
23	Customer Service & Information	7,739	(6,580)	1,159	15	1,174		1,174
24	Sales Expenses	657	77	734	23	757		757
25								
26	Administrative & General							
27	Operating Expenses	32,646	(504)	32,142	(79)	32,063	59	32,122
28	Depreciation	6,459	0	6,459	(770)	5,689		5,689
29	Taxes	0	0	0	0	0		0
30	Total Admin. & General	39,105	(504)	38,601	(849)	37,752	59	37,811
31	Total Electric Expenses	432,466	(43,559)	388,907	(89,170)	299,738	210,568	301,012
32								
33	OPERATING INCOME BEFORE FIT	88,496	3,287	91,783	(26,192)	65,590	28,168	93,758
34								
35	FEDERAL INCOME TAX							
36	Current Accrual	24,008	(8,061)	15,947	(9,279)	6,668	9,859	16,527
37	Deferred Income Taxes	(7,227)	11,202	3,975	112	4,087		4,087
38	Total Income Taxes	16,781	3,141	19,922	(9,167)	10,755	9,859	20,614
39								
40	NET OPERATING INCOME	71,715	146	71,861	(17,025)	54,835	18,309	73,145
41								
42	RATE BASE							
43	PLANT IN SERVICE							
44	Intangible	23,458	0	23,458	-	23,458		23,458
45	Production	649,965	53,490	703,455	(16,523)	686,932		686,932
46	Transmission	244,435	0	244,435	41,969	286,404		286,404
47	Distribution	502,838	(267)	502,571	-	502,571		502,571
48	General	80,110	0	80,110	-	80,110		80,110
49	Total Plant in Service	1,500,806	53,223	1,554,029	25,446	1,579,475		1,579,475
50	ACCUMULATED DEPRECIATION	493,639	(8,479)	485,160	942	486,102		486,102
51	ACCUM. PROVISION FOR AMORTIZATION	12,960	38,562	51,522	-	51,522		51,522
52	Total Accum. Depreciation & Amort.	506,599	30,083	536,682	942	537,624		537,624
53	GAIN ON SALE OF BUILDING	0	(453)	(453)	-	(453)		(453)
54	CUSTOMER DEPOSITS	0	(1,903)	(1,903)	-	(1,903)		(1,903)
55	DEFERRED FIT	0	(142,383)	(142,383)	(1,168)	(143,551)		(143,551)
56								
57	TOTAL RATE BASE	994,207	(121,599)	872,608	23,336	895,944		895,944
58	RATE OF RETURN	7.21%		8.24%		6.12%		8.16%

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars)

Line No.	DESCRIPTION	(b) Total Restating Adjustments	Kermode		(d) Deferred Gain on Office Building	(e) Colstrip 3 AFUDC Elimination	(f) Colstrip Common AFUDC
			(c) R-1	R-2			
			Deferred FIT Rate Base				
	Source: Sum (a) thru (y)						
	RESULT OF OPERATIONS						
	REVENUES						
1	Total General Business	\$ (40,466)					
2	Interdepartmental Sales						
3	Sales for Resale						
4	Total Sales of Electricity	(40,466)	0	0	0	0	
5	Other Revenue	194					
6	Total Electric Revenue	(40,272)	0	0	0	0	
7							
8	EXPENSES						
9	Production and Transmission						
10	Operating Expenses	(30,219)					
11	Purchased Power						
12	Depreciation and Amortization	8,737				(216)	
13	Taxes	25					
14	Total Production & Transmission	(21,457)	0	0		(216)	0
15							
16	Distribution						
17	Operating Expenses						
18	Depreciation	(88)					
19	Taxes	(13,153)					
20	Total Distribution	(13,241)	0	0		0	0
21							
22	Customer Accounting	(1,854)					
23	Customer Service & Information	(6,580)					
24	Sales Expenses	77					
25							
26	Administrative & General						
27	Operating Expenses	(504)					
28	Depreciation						
29	Taxes						
30	Total Admin. & General	(504)	0	0		0	0
31	Total Electric Expenses	(43,559)	0	0		(216)	0
32							
33	OPERATING INCOME BEFORE FIT	3,287	0	0		216	0
34							
35	FEDERAL INCOME TAX						
36	Current Accrual	(8,061)					
37	Deferred Income Taxes	11,202					
38							
39							
40	NET OPERATING INCOME	\$146	\$0	\$0		\$216	\$0
41							
42	RATE BASE						
43	PLANT IN SERVICE						
44	Intangible						
45	Production	53,490				(7,175)	492
46	Transmission						
47	Distribution	(267)					
48	General						
49	Total Plant in Service	53,223	0	0		(7,175)	492
50	ACCUMULATED DEPRECIATION	(8,479)				(4,920)	
51	ACCUM. PROVISION FOR AMORTIZATION	38,562					
52	Total Accum. Depreciation & Amort.	30,083	0	0		(4,920)	0
53	GAIN ON SALE OF BUILDING	(453)			(453)		
54	CUSTOMER DEPOSITS	(1,903)					
55	DEFERRED FIT	(142,383)	(138,495)	158			
56							
57							
58	TOTAL RATE BASE	\$ (121,599)	(\$138,495)	(\$295)		(\$2,255)	\$492

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars) (a)

Line No.	DESCRIPTION	(g) R-5 Kettle Falls Disallow.	(h) R-6 Customer Advances	(i) R-7 PGE Monetization	(j) R-8 Settlement Exchange Power	(k) R-9 Eliminate B & O Taxes
	Source:					
	RESULT OF OPERATIONS					
	REVENUES					
1	Total General Business					\$ (12,201)
2	Interdepartmental Sales					
3	Sales for Resale					
4	Total Sales of Electricity	0	0	0	0	(12,201)
5	Other Revenue					(15)
6	Total Electric Revenue	0	0	0	0	(12,216)
7						
8	EXPENSES					
9	Production and Transmission					
10	Operating Expenses					
11	Purchased Power					
12	Depreciation and Amortization			(1,332)		
13	Taxes					
14	Total Production & Transmission	0	0	(1,332)	0	0
15						
16	Distribution					
17	Operating Expenses					
18	Depreciation					
19	Taxes					(12,184)
20	Total Distribution	0	0	0	0	(12,184)
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	0	(1,332)	0	(12,184)
32						
33	OPERATING INCOME BEFORE FIT	0	0	1,332	0	(32)
34						
35	FEDERAL INCOME TAX					
36	Current Accrual					(11)
37	Deferred Income Taxes	56		466		
38						
39						
40	NET OPERATING INCOME	(\$56)	\$0	\$866	\$0	(\$21)
41						
42	RATE BASE					
43	PLANT IN SERVICE					
44	Intangible					
45	Production	(5,248)		(14,205)	79,626	
46	Transmission					
47	Distribution		(267)			
48	General					
49	Total Plant in Service	(5,248)	(267)	(14,205)	79,626	0
50	ACCUMULATED DEPRECIATION	(3,559)				
51	ACCUM. PROVISION FOR AMORTIZATION			(13,706)	52,268	
52	Total Accum. Depreciation & Amort.	(3,559)	0	(13,706)	52,268	0
53	GAIN ON SALE OF BUILDING					
54	CUSTOMER DEPOSITS					
55	DEFERRED FIT	696		175	(4,917)	
56						
57						
58	TOTAL RATE BASE	(\$993)	(\$267)	(\$324)	\$22,441	\$0

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars) (a)

Line No.	DESCRIPTION	(l) R-10	(m) R-11	(n) R-12	(o) R-13	(p) R-14
		Property Tax	Uncollect. Expense	Regulatory Expense	Injuries and Damages	FIT
	<i>Source:</i>					
	RESULT OF OPERATIONS					
	REVENUES					
1	Total General Business					
2	Interdepartmental Sales					
3	Sales for Resale					
4	Total Sales of Electricity	0	0	0	0	0
5	Other Revenue					
6	Total Electric Revenue	0	0	0	0	0
7						
8	EXPENSES					
9	Production and Transmission					
10	Operating Expenses					
11	Purchased Power					
12	Depreciation and Amortization					
13	Taxes	25				
14	Total Production & Transmission	25	0	0	0	0
15						
16	Distribution					
17	Operating Expenses					
18	Depreciation					
19	Taxes	(6)				
20	Total Distribution	(6)	0	0	0	0
21						
22	Customer Accounting		(47)			
23	Customer Service & Information					
24	Sales Expenses					
25						
26	Administrative & General					
27	Operating Expenses			1,162	(486)	
28	Depreciation					
29	Taxes					
30	Total Admin. & General	0	0	1,162	(486)	0
31	Total Electric Expenses	19	(47)	1,162	(486)	0
32						
33	OPERATING INCOME BEFORE FIT	(19)	47	(1,162)	486	0
34						
35	FEDERAL INCOME TAX					
36	Current Accrual	(7)	16	(407)	170	56
37	Deferred Income Taxes					(56)
38						
39						
40	NET OPERATING INCOME	(\$12)	\$31	(\$755)	\$316	\$0
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						
58	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars) (a)

Line No.	DESCRIPTION	(q) R-15	(r) R-16	(s) R-17	(t) R-18
		Eliminate WA Power Cost Defer	Nez Perce Settlement Adjustment	Eliminate A/R Expenses	Office Space Charges to Susiidiaries
	Source:				
	RESULT OF OPERATIONS				
	REVENUES				
1	Total General Business	\$ (31,707)			
2	Interdepartmental Sales				
3	Sales for Resale				
4	Total Sales of Electricity	(31,707)	0	0	0
5	Other Revenue				
6	Total Electric Revenue	(31,707)	0	0	0
7					
8	EXPENSES				
9	Production and Transmission				
10	Operating Expenses	(30,675)	18		
11	Purchased Power				
12	Depreciation and Amortization				
13	Taxes				
14	Total Production & Transmission	(30,675)	18	0	0
15					
16	Distribution				
17	Operating Expenses				
18	Depreciation				
19	Taxes	(1,224)			
20	Total Distribution	(1,224)	0	0	0
21					
22	Customer Accounting	(100)		(1,717)	
23	Customer Service & Information				
24	Sales Expenses				
25					
26	Administrative & General				
27	Operating Expenses	(60)			(24)
28	Depreciation				
29	Taxes				
30	Total Admin. & General	(60)	0	0	(24)
31	Total Electric Expenses	(32,059)	18	(1,717)	(24)
32					
33	OPERATING INCOME BEFORE FIT	352	(18)	1,717	24
34					
35	FEDERAL INCOME TAX				
36	Current Accrual	(10,613)	(6)	601	8
37	Deferred Income Taxes	10,736			
38					
39					
40	NET OPERATING INCOME	\$229	(\$12)	\$1,116	\$16
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
50	ACCUMULATED DEPRECIATION				
51	ACCUM. PROVISION FOR AMORTIZATION				
52	Total Accum. Depreciation & Amort.	0	0	0	0
53	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS				
55	DEFERRED FIT				
56					
57					
58	TOTAL RATE BASE	\$0	\$0	\$0	\$0

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars) (a)

Line No.	DESCRIPTION	(u) R-19 Restate Excise Taxes	(v) R-20 Net Gains/losses	(w) R-21 Revenue Normalization	(x) R-22 Incentive & Other
	<i>Source:</i>				
	RESULT OF OPERATIONS				
	REVENUES				
1	Total General Business			\$3,442	
2	Interdepartmental Sales				
3	Sales for Resale				
4	Total Sales of Electricity	0	0	3,442	0
5	Other Revenue			209	
6	Total Electric Revenue	0	0	3,651	0
7					
8	EXPENSES				
9	Production and Transmission				
10	Operating Expenses			(176)	614
11	Purchased Power				
12	Depreciation and Amortization			10,285	
13	Taxes				
14	Total Production & Transmission	0	0	10,109	614
15					
16	Distribution				
17	Operating Expenses				
18	Depreciation		(88)		
19	Taxes	120		141	
20	Total Distribution	120	(88)	141	0
21					
22	Customer Accounting			10	
23	Customer Service & Information			(6,580)	
24	Sales Expenses				
25					
26	Administrative & General				
27	Operating Expenses			7	(1,103)
28	Depreciation				
29	Taxes				
30	Total Admin. & General	0	0	7	(1,103)
31	Total Electric Expenses	120	(88)	3,687	(489)
32					
33	OPERATING INCOME BEFORE FIT	(120)	88	(36)	489
34					
35	FEDERAL INCOME TAX				
36	Current Accrual	(42)	31	(13)	171
37	Deferred Income Taxes				
38					
39					
40	NET OPERATING INCOME	(\$78)	\$57	(\$23)	\$318
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
50	ACCUMULATED DEPRECIATION				
51	ACCUM. PROVISION FOR AMORTIZATION				
52	Total Accum. Depreciation & Amort.	0	0	0	0
53	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS				
55	DEFERRED FIT				
56					
57					
58	TOTAL RATE BASE	\$0	\$0	\$0	\$0

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006
(000's of Dollars) (a)

Line No.	DESCRIPTION	(y) R-23 Restate Debt Interest	(z) R-24 Adjust Sec-199 Deduction	(aa) R-25 Customer Deposit
	Source:			
	RESULT OF OPERATIONS			
	REVENUES			
1	Total General Business			
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
7				
8	EXPENSES			
9	Production and Transmission			
10	Operating Expenses			
11	Purchased Power			
12	Depreciation and Amortization			
13	Taxes			
14	Total Production & Transmission	0	0	0
15				
16	Distribution			
17	Operating Expenses			
18	Depreciation			
19	Taxes			
20	Total Distribution	0	0	0
21				
22	Customer Accounting			
23	Customer Service & Information			
24	Sales Expenses			77
25				
26	Administrative & General			
27	Operating Expenses			
28	Depreciation			
29	Taxes			
30	Total Admin. & General	0	0	0
31	Total Electric Expenses	0	0	77
32				
33	OPERATING INCOME BEFORE FIT	0	0	(77)
34				
35	FEDERAL INCOME TAX			
36	Current Accrual	2,495	(484)	(27)
37	Deferred Income Taxes			
38				
39				
40	NET OPERATING INCOME	(\$2,495)	\$484	(\$50)
41				
42	RATE BASE			
43	PLANT IN SERVICE			
44	Intangible			
45	Production			
46	Transmission			
47	Distribution			
48	General			
49	Total Plant in Service	0		
50	ACCUMULATED DEPRECIATION			
51	ACCUM. PROVISION FOR AMORTIZATION			
52	Total Accum. Depreciation & Amort.	0		
53	GAIN ON SALE OF BUILDING			
54	CUSTOMER DEPOSITS			(1,903)
55	DEFERRED FIT			
56				
57				
58	TOTAL RATE BASE	\$0	\$0	(\$1,903)

Avista Corporation

Electric - Schedule of Pro Forma Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars)

Line No.	DESCRIPTION	PF 1 PF 2 PF 3			
		Total Pro Forma Adjustments	Pro Forma Power Supply	Pro Forma Prod Property Adj	Pro Forma Labor NonExec
	Source				
	RESULT OF OPERATIONS				
	REVENUES				
1	Total General Business				
2	Interdepartmental Sales				
3	Sales for Resale	(80,199)	(80,199)		
4	Total Sales of Electricity	(80,199)	(80,199)	0	0
5	Other Revenue	(35,163)	(32,271)	(2,029)	
6	Total Electric Revenue	(115,362)	(112,470)	(2,029)	0
7					
8	EXPENSES				
9	Production and Transmission				
10	Operating Expenses	(53,228)	(43,962)	(10,568)	717
11	Purchased Power	(38,725)	(38,725)		
12	Depreciation and Amortization	(1,315)			
13	Taxes	858			
14	Total Production & Transmission	(92,410)	(82,687)	(10,568)	717
15					
16	Distribution				
17	Operating Expenses	688			567
18	Depreciation	3,120			
19	Taxes				
20	Total Distribution	3,808	0	0	567
21					
22	Customer Accounting	243			243
23	Customer Service & Information	15			15
24	Sales Expenses	23			23
25					
26	Administrative & General				
27	Operating Expenses	(79)			550
28	Depreciation	(770)			
29	Taxes				
30	Total Admin. & General	(849)	0	0	550
31	Total Electric Expenses	(89,170)	(82,687)	(10,568)	2,115
32					
33	OPERATING INCOME BEFORE FIT	(26,192)	(29,783)	8,539	(2,115)
34					
35	FEDERAL INCOME TAX				
36	Current Accrual	(9,279)	(10,424)	2,989	(740)
37	Deferred Income Taxes	112			
38					
39					
40	NET OPERATING INCOME	(\$17,025)	(\$19,359)	\$5,550	(\$1,375)
41					
42	RATE BASE				
43	PLANT IN SERVICE				
44	Intangible				
45	Production	(16,523)		(28,781)	
46	Transmission	41,969			
47	Distribution				
48	General				
49	Total Plant in Service	25,446	0	(28,781)	0
50	ACCUMULATED DEPRECIATION	942			
51	ACCUM. PROVISION FOR AMORTIZATION				
52	Total Accum. Depreciation & Amort.	942	0	0	0
53	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS				
55	DEFERRED FIT	(1,168)			
56					
57	TOTAL RATE BASE	23,336	0	(28,781)	0

Avista Corporation

Electric - Schedule of Pro Forma Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars)

		PF 4	PF 5	PF 6	PF 7
Line No.	DESCRIPTION	Pro Forma Labor Exec	Pro Forma Transmission Rev/Exp	Pro Forma Transmission Capital Add	Pro Forma Generation Capital Add
	<i>Source</i>				
	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		(903)		
6	Total Electric Revenue	0	(903)	0	0
7					
8	EXPENSES				
9	Production and Transmission				
10	Operating Expenses	(14)	416		
11	Purchased Power				
12	Depreciation and Amortization			998	358
13	Taxes			660	198
14	Total Production & Transmission	(14)	416	1,658	556
15					
16	Distribution				
17	Operating Expenses				
18	Depreciation				
19	Taxes				
20	Total Distribution	0	0	0	0
21					
22	Customer Accounting				
23	Customer Service & Information				
24	Sales Expenses				
25					
26	Administrative & General				
27	Operating Expenses	(348)			
28	Depreciation				
29	Taxes				
30	Total Admin. & General	(348)	0	0	0
31	Total Electric Expenses	(362)	416	1,658	556
32					
33	OPERATING INCOME BEFORE FIT	362	(1,319)	(1,658)	(556)
34					
35	FEDERAL INCOME TAX				
36	Current Accrual	127	(462)	(580)	(195)
37	Deferred Income Taxes				
38					
39					
40	NET OPERATING INCOME	\$235	(\$857)	(\$1,078)	(\$361)
41					
42	RATE BASE				
43	PLANT IN SERVICE				
44	Intangible				
45	Production				12,258
46	Transmission			41,969	
47	Distribution				
48	General				
49	Total Plant in Service	0	0	41,969	12,258
50	ACCUMULATED DEPRECIATION			748	354
51	ACCUM. PROVISION FOR AMORTIZATION				
52	Total Accum. Depreciation & Amort.	0	0	748	354
53	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS				
55	DEFERRED FIT			(947)	(165)
56					
57	TOTAL RATE BASE	0	0	40,274	11,739

Avista Corporation

Electric - Schedule of Pro Forma Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars)

Line No.	DESCRIPTION	PF 8			PF 9		PF 10	
		Pro Forma Depreciation Study	Pro Forma Wood Pole Test & Treat	Pro Forma Misc Adjustments				
	Source							
	RESULT OF OPERATIONS							
	REVENUES							
1	Total General Business							
2	Interdepartmental Sales							
3	Sales for Resale							
4	Total Sales of Electricity	0	0	0				
5	Other Revenue			40				
6	Total Electric Revenue	0	0	40				
7								
8	EXPENSES							
9	Production and Transmission							
10	Operating Expenses		183					
11	Purchased Power							
12	Depreciation and Amortization	(2,671)						
13	Taxes							
14	Total Production & Transmission	(2,671)	183	0				
15								
16	Distribution							
17	Operating Expenses		121					
18	Depreciation	3,120						
19	Taxes							
20	Total Distribution	3,120	121	0				
21								
22	Customer Accounting							
23	Customer Service & Information							
24	Sales Expenses							
25								
26	Administrative & General							
27	Operating Expenses			(281)				
28	Depreciation	(770)						
29	Taxes							
30	Total Admin. & General	(770)	0	(281)				
31	Total Electric Expenses	(320)	304	(281)				
32								
33	OPERATING INCOME BEFORE FIT	320	(304)	321				
34								
35	FEDERAL INCOME TAX							
36	Current Accrual		(106)	112				
37	Deferred Income Taxes	112						
38								
39								
40	NET OPERATING INCOME	\$208	(\$198)	\$209				
41								
42	RATE BASE							
43	PLANT IN SERVICE	#REF!						
44	Intangible							
45	Production							
46	Transmission							
47	Distribution							
48	General							
49	Total Plant in Service	0	0	0				
50	ACCUMULATED DEPRECIATION	(160)						
51	ACCUM. PROVISION FOR AMORTIZATION							
52	Total Accum. Depreciation & Amort.	(160)	0	0				
53	GAIN ON SALE OF BUILDING							
54	CUSTOMER DEPOSITS							
55	DEFERRED FIT	(56)						
56								
57	TOTAL RATE BASE	104	0	0				

Avista Corporation
Summary of Adjustments - Electric Operations
Twelve Months Ended December 31, 2006
(000's of Dollars)

Line No.	(a)	(b)	(c)		(d)	(e)		(f)	(g)	(h)	
			Avista Corporation		Revenue Requirement Impact	Staff Adjustments		Revenue Requirement Impact *	Revenue Requirement Impact	Difference Revenue Requirement Impact	
			Avista Adjustments NOI	Net Rate Base		Staff Adjustments NOI	Rate Base				
1	Adj. No.	Per Books	71,715	994,207	34,800	71,715	994,207	34,800		(g)-(d)	
2	Adjustments										
3	R-1 (c)	Deferred FIT Rate Base S		(138,495)	(20,911)		(138,495)	(20,911)			-
4	R-2 (d)	Deferred Gain on Office Building U		(295)	(45)		(295)	(45)			-
5	R-3 (e)	Colstrip 3 AFUDC Elimination U	216	(2,255)	(688)	216	(2,255)	(688)			-
6	R-4 (f)	Colstrip Common AFUDC U		492	74		492	74			-
7	R-5 (g)	Kettle Falls Disallow. U	(56)	(993)	(60)	(56)	(993)	(60)			-
8	R-6 (h)	Customer Advances U		(267)	(40)		(267)	(40)			-
9	R-7 (i)	PGE Monetization U	866	(324)	(1,442)	866	(324)	(1,442)			-
10	R-8 (j)	Settlement Exchange Power S		22,441	3,388		22,441	3,388			-
11	R-9 (k)	Eliminate B & O Taxes U	(21)		34	(21)		33			-
12	R-10 (l)	Property Tax U	(12)		19	(12)		19			-
13	R-11 (m)	Uncollect. Expense U	31		(50)	31		(50)			-
14	R-12 (n)	Regulatory Expense U	(755)		1,214	(755)		1,215			-
15	R-13 (o)	Injuries and Damages U	316		(508)	316		(508)			-
16	R-14 (p)	Federal Income Tax U	0		0	0		0			-
17	R-15 (q)	Eliminate WA Power Cost Defer U	229		(368)	229		(368)			-
18	R-16 (r)	Nez Perce Settlement Adjustment U	(12)		19	(12)		19			-
19	R-17 (s)	Eliminate A/R Expenses U	1,116		(1,795)	1,116		(1,795)			-
20	R-18 (t)	Office Space Charges to Subsidiaries U	16		(26)	16		(25)			1
21	R-19 (u)	Restate Excise Taxes U	(78)		125	(78)		125			-
22	R-20 (v)	Net Gains/losses U	57		(92)	57		(92)			-
23	R-21 (w)	Revenue Normalization U	(23)		37	(23)		38			1
24	R-22 (x)	Incentive & Other S	(336)		540	318		(511)			(1,051)
25	R-23 (y)	Restate Debt Interest ** U	(1,170)		1,881	(2,495)		4,012			2,130
26	R-24	Adjust Sec-199 Deduction S			0	484		(778)			(778)
27	R-25	Customer Deposits (Contested) C			0	(50)	(1,903)	(206)			(206)
28	PF-1	Power Supply U	(20,792)		33,435	(19,359)	-	31,131			(2,304)
29	PF-2	Prod Property Adj U	5,660	(28,763)	(13,444)	5,550	(28,781)	(13,271)			173
30	PF-3	Labor NonExec U	(1,375)		2,211	(1,375)	-	2,211			-
31	PF-4	Labor Exec S	29		(47)	235	-	(378)			(332)
32	PF-5	Transmission Rev/Exp U	(857)		1,378	(857)	-	1,378			-
33	PF-6	Transmission Capital Add U	(1,078)	40,274	7,814	(1,078)	40,274	7,814			-
34	PF-7	Generation Capital Add U	(361)	11,739	2,353	(361)	11,739	2,353			-
35	PF-8	Depreciation Study S	(660)	(330)	1,012	208	104	(319)			(1,330)
36	PF-9	Wood Pole Test & Treat S	(198)		318	(198)	-	318			-
37	PF-10	Pro Forma Misc Adjustments S			-	209		(335)			(335)
38											
39	Pro Forma Results		52,467	897,431	51,141	#REF!	895,944	#REF!	#REF!		
40						Impact of Change in Weighted Cost of Capital			(17,664)		(17,664)
41						Adjusted Revenue Requirement			#REF!		
42											
43	Capital Structure (contested)		Avista Filed Capital Structure			Staff Adjusted Capital Structure					
44											
45			Percent		Weighted	Percent		Weighted			Weighted
46	Cost of Capital (contested)		of Total	Cost		of Total	Cost				
47	Total Debt		47.54%	7.700%	3.66%	50.32%	6.491%	3.27%			
48	Preferred Stock		4.68%	7.040%	0.33%	4.68%	6.575%	0.31%			
49	Common Stock		47.78%	11.300%	5.40%	45.00%	10.200%	4.59%			
50	Total		100.00%		9.39%	100.00%		8.16%			

* Revenue Requirement Impact of adjustments based on company filed Weighted Cost of Capital of 9.39%

** Pro Forma Debt is computed using Staff proposed debt rates and Staff Pro Forma Rate Base

Electric Operations

Docket UE-070804 UG-070805

Revenue Requirement Computation

(000's of Dollars)

Line

No.

1	Revenue Requirement Computation		
2			
3		At	
4		Pro Forma	
5		Results	Source
6			
7	Total Pro Forma Average Rate Base	\$ 895,944	Pg 1, Ln 57 Col (f)
8	Weighted Cost of Capital	8.16%	Pg 9, Ln 9
9	Operating Income Requirement	73,145	ln 3 * ln 2
10			
11	Pro Forma Net Operating Income (Loss)	\$54,835	Pg 1, Ln 40 Col (f)
12			
13	Operating Income Deficiency	18,309	ln 9 - ln 11
14			
15	Revenue Conversion Factor	62.1863%	Pg 8, Ln 16
16			
17	Additional Revenue Requirement	29,443	ln 12 / ln 14
18			
19	Amount fil	51,139	
20	Difference	(21,696)	ln 17 - ln 19
21			
22			
23			
24			
25			
26			
27			
28			

Line
No.

Schedule for the Computation of Revenue Conversion Factor

1			
2			
3			
4	Revenues	100.0000%	
5			
6	WUTC Regulatory Fee	0.2000%	
7	Utility Revenue Tax	3.8627%	
8	Uncollectables	0.2660%	
9	Total Revenue Sensitive Items	<u>4.3287%</u>	Ln 6 thru Ln 8
10			
11	Net Operating Income before FIT	95.6713%	Ln 4 - Ln 9
12			
13	Effective Income Tax Rate at 35%	<u>33.4850%</u>	35% * Ln 11
14	Total adjustments	<u>37.8137%</u>	Ln 9 + Ln 13
15			
16	Revenue Conversion Factor	<u><u>62.1863%</u></u>	1-(Ln 14 / Ln 4)
17			
18			
19			
20			
21			

Line
No.

Pro Forma Capital Structure and Cost of Capital

Weighted Cost of Capital

	Percent of Total	Cost	Weighted Cost
Total Debt	50.32%	6.491%	3.266%
Preferred Stock	4.68%	6.575%	0.308%
Common Stock	45.00%	10.200%	4.590%
Total	<u>100.00%</u>		<u>8.164%</u>

Weighted Cost of Debt

Total Debt	3.27%
Preferred Stock	<u>0.31%</u>
Weighted Cost of Debt	<u><u>3.57%</u></u>