Electric - Results of Operations

Washington Pro Forma Results

Twelve Months Ended December 31, 2006

(000's of Dollars)

Line	(a)	(b) Unadjusted	(c) Total Restating	(d)	(e) Total Pro Forma	(f) Pro Forma	(g) Staff	(h) Results at Staff
No.	DESCRIPTION Source	Results Exhibit (EMA-2)	Adjustments Schedule 1.2	Results (b) + (c)	Adjustments Schedule 1.3	Results (e) + (f)	Proposed Increase of 9.15%	Rates (g) + (h)
	RESULT OF OPERATIONS	EXHIBIT(EMA-2)	Deficulte 1.2	(0) - (0)	Domedale 1.5	(-)		(8) (7
	REVENUES							
i	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	- (40.466)	115,579	(80,199)	35,380 358,042	29,443	35,380 387,485
4	Total Sales of Electricity	478,707	(40,466) 194	438,241 42,449	(80,199) (35,163)	7,286	27,773	7,286
5 6	Other Revenue Total Electric Revenue	42,255 520,962	(40,272)	480,690	(115,362)	365,328	29,443	394,771
7	10tal Electric Revenue	520,702	(10,212)	100,000	(110,000)	,	,	,
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 9,973
13	Taxes	9,090 320,205	(21,457)	9,115 298,748	(92,410)	9,973 206,338		206,338
14 15	Total Production & Transmission	320,203	(21,437)	290,740	(32,410)	200,550		200,550
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 1,174
23	Customer Service & Information	7,739	(6,580)	1,159 734	15 23	1,174 757		757
24	Sales Expenses	657	77	/34	23	757		131
25	A Table of the Committee							
26	Administrative & General	32,646	(504)	32,142	(79)	32,063	59	32,122
27 28	Operating Expenses Depreciation	6,459	0	6,459	(770)	5,689		5,689
29	Taxes	0	0.	0	o	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	24,008	(8,061)	15,947	(9,279)	6,668	9,859	16,527
36 37	Current Accrual Deferred Income Taxes	(7,227)	11,202	3,975	112	4,087	3,003	4,087
38	Total Income Taxes	16,781	3,141	19,922	(9,167)	10,755	9,859	20,614
39	Total Income Taxes	10,701	-,	,,	(-,,	•	•	
40	NET OPERATING INCOME	71,715	146	71,861	(17,025)	54,835	18,309	73,145
41	<u> </u>							
42	RATE BASE							
42	PLANT IN SERVICE							
43 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	Géneral _	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)
٠.	GUOTTON (ER DEROGITO	^	(1.002)	(1,903)		(1,903)		(1,903
54 55	CUSTOMER DEPOSITS	0	(1,903) (142,383)	(142,383)		(143,551)		(143,551)
55 56	DEFERRED FIT	U	(142,303)	(172,303)	(1,100)	(1.13,331)		(= .5,551
57	TOTAL RATE BASE	994,207	(121,599)	872,608	23,336	895,944		895,944
	100 m. A. C. U. J. C. 200 d. 100 m. 200 d. 100 d			8.24%		6.12%		8.16%
58	RATE OF RETURN	7.21%	. =	0.2470	: :	0.12/0	:	0.10

Electric - Schedule of Restating Adjustments Twelve Months Ended December 31, 2006

Kermode

Twelve	e Months Ended December 31, 2006		Kermode			
	of Dollars) (a)	(b)	(c)	(d)	(e)	(f)
			R-1	R-2	R-3	R-4
i		Total	Deferred	Deferred Gain	Colstrip 3	Colstrip
Line		Restating	FIT	on Office	AFUDC	Common
No.	DESCRIPTION	Adjustments	Rate Base	Building	Elimination	AFUDC
	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)			<u> </u>	
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_
	W 4171 4 ' F 4 4 4	(42.550)	0	0	(216)	0
31	Total Electric Expenses	(43,559)			(210)	
32	ODER LEINIG IN IGON (EI DEGODE FIE	3,287	0	0	216	. 0
33	OPERATING INCOME BEFORE FIT	3,287	Ü	V	2.0	·
34	FEDERAL INCOME TAY					
35	FEDERAL INCOME TAX	(8,061)				
36	Current Accrual	11,202				
37 38	Deferred Income Taxes	11,202				
38 39						
40	NET OPERATING INCOME	\$146	\$0	\$0	\$216	\$0_
	INET OF EXATING INCOME					
41 42	RATE BASE					
43	PLANT IN SERVICE					
44	Intangible	53,490			(7,175)	492
45	Production	33,490			(1,115)	172
46	Transmission	(267)				
47	Distribution	(207)				
48 .	General	53,223	0	0	(7,175)	492
49	Total Plant in Service	33,223	U	v		.,,
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
	•	(453)		(453)		
53 54	GAIN ON SALE OF BUILDING	(1,903)		(433)		
54 55	CUSTOMER DEPOSITS	(142,383)	(138,495)	158		
55	DEFERRED FIT	(142,303)	(130,433)	138		
56						
57 59	TOTAL DATE DASE	\$ (121,599)	(\$138,495)	(\$295)	(\$2,255)	\$492.
58	TOTAL RATE BASE	\$ (121,599)	(\$130,493)	(9253)	(84,433)	ψ·τ/2.

Avista Corporation
Electric - Schedule of Restating Adjustments
Twelve Months Ended December 31, 2006

		of Dollars) (a)	(g) R-5	(h) R-6	(i) R-7	(j) R-8	(k) R-9
PRIVATION PRIV		DESCRIPTION	Falls			Exchange	В & О
Total Central Business \$(12,00)							
Total General Business \$(12,201)							
Interdepartmental Sales Sales for Relaciant Total Sales of Electricity 0	1						\$ (12,201)
Sales for Renale							
Control Revenue	3		<u> </u>				
Total Electric Revenue		<u>-</u>	0	0	0	0	
EXPENSES Production and Transmission Control and Transmission Contr		· -				0	
Recommendation Reco		Total Electric Revenue	U	U	V	Ŭ	(12,210)
Production and Transmission		EXPENSES					
11 Purchased Power							
Depreciation ad Amoritzation 1,332) 1	10	Operating Expenses					
Takes Total Production & Transmission 0 0 (1,332) 0 0 Total Production & Transmission 0 0 (1,332) 0 0 Depreciation (12,184) Total Distribution 0 0 0 0 0 0 (12,184) Total Distribution 0 0 0 0 0 0 (12,184) Lostomer Accounting Customer Service & Information Salies Expenses Depreciation					(1.000)		
Total Production & Transmission					(1,332)		
Total Flouench & Flaishinsson Total Flouench & Flou		<u>-</u>		0	(1 332)	0	0
16 Distribution		Total Production & Transmission	U	V	(1,552)	v	•
Operating Expenses (12,184)		Distribution					
Depreciation Class							
Total Distribution							
Customer Accounting Customer Accounting Customer Service & Information	19	Taxes					
Castomer Accounting	20	Total Distribution	0	0	0	0	(12,184)
Castomer Service & Information							
Sales Expenses Administrative & General							
Administrative & General Operating Expenses Depreciation Taxes Total Admin. & General OPERATING INCOME BEFORE FIT OPERATING INCOME TAX Current Accrual Deferred income Taxes NET OPERATING INCOME OPERATION OPERATING INCOME OPERA							
Administrative & General Operating Expenses Depreciation Taxes Total Admin. & General Operating Expenses Dotal Admin. & General O		Sales Expenses					
Operating Expenses Depreciation Total Admin. & General O		Administrative & General					
Depreciation Taxes Taxes Total Admin. & General O		1			•		
Total Admin. & General 0	28						
Total Electric Expenses 0 0 (1,332) 0 (12,184)							
OPERATING INCOME BEFORE FIT 0 0 0 1,332 0 (32)	30	Total Admin. & General	0				
OPERATING INCOME BEFORE FIT 0 0 0 1,332 0 (32) FEDERAL INCOME TAX Current Accrual Deferred Income Taxes 56 466 NET OPERATING INCOME (\$56) \$0 \$866 \$0 (\$21) NET OPERATING INCOME (\$56) \$0 \$866 \$0 (\$21) PLANT IN SERVICE Intangible Fonduction (5,248) (14,205) 79,626 Production (5,248) (267) (14,205) 79,626 ACCUMULATED DEPRECIATION (3,559) (13,706) 52,268 ACCUM. PROVISION FOR AMORTIZATION Total Accum. Depreciation & Amort. (3,559) 0 (13,706) 52,268 GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS DEFERRED FIT 696 175 (4,917)	31	Total Electric Expenses	0	0	(1,332)	0	(12,184)
FEDERAL INCOME TAX Current Accrual Deferred Income Taxes 56 NET OPERATING INCOME Intangible Production Transmission Distribution Forenat General ACCUMULATED DEPRECIATION ACCUM. PROVISION FOR AMORTIZATION Total Accum. Depreciation & Amort. GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS DEFERRED FIT 696 176 177 178 179 170 170 170 170 170 170 170	32					•	(20)
FEDERAL INCOME TAX Current Accrual Deferred Income Taxes 56 46		OPERATING INCOME BEFORE FIT	0	0	1,332	0	(32)
Current Accrual Deferred Income Taxes 56 466							
Deferred Income Taxes 56 466							(11)
NET OPERATING INCOME (\$56)			56		466		()
NET OPERATING INCOME (\$56) \$0 \$866 \$0 (\$21)		Deterred mediae vakes					
## PLANT IN SERVICE Intangible		_					
PLANT IN SERVICE Intangible (5,248) (14,205) 79,626	40	NET OPERATING INCOME	(\$56)	\$0_	\$866	\$0	(\$21)
PLANT IN SERVICE Intangible Production Fransmission Distribution General Total Plant in Service ACCUMULATED DEPRECIATION ACCUM. PROVISION FOR AMORTIZATION Total Accum. Depreciation & Amort. GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS DEFERRED FIT 696 175 (14,205) 79,626 (14,205) 79,626 0 (14,205) 79,626 0 (14							
Intangible Production (5,248) (14,205) 79,626							
Production							
Transmission (267)			(5,248)		(14,205)	79,626	
Distribution 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)				(267)			
ACCUMULATED DEPRECIATION (3,559) ACCUM. PROVISION FOR AMORTIZATION (13,706) 52,268 Total Accum. Depreciation & Amort. (3,559) 0 (13,706) 52,268 0 GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS DEFERRED FIT 696 175 (4,917) 56 57	48	General _					
ACCUM. PROVISION FOR AMORTIZATION Total Accum. Depreciation & Amort. GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS DEFERRED FIT 696 175 4(4,917)	49	Total Plant in Service	(5,248)	(267)	(14,205)	79,626	0
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 CUSTOMER DEPOSITS 696 175 (4,917) 56 57 696 175 (4,917) 600 600 100 600	50	ACCUMULATED DEPRECIATION	(3,559)				
52 Total Actum: Depreciation & Amore. 53 GAIN ON SALE OF BUILDING 54 CUSTOMER DEPOSITS 55 DEFERRED FIT 56 57 58 59 696 175 (4,917)							
54 CUSTOMER DEPOSITS DEFERRED FIT 696 175 (4,917) 56 57		<u> </u>	(3,559)	0	(13,706)	52,268	0
54 CUSTOMER DEPOSITS DEFERRED FIT 696 175 (4,917) 56 57	53	IGAIN ON SALE OF BUILDING					
55 DEFERRED FIT 696 175 (4,917) 56 57 COUNTY (202) (202)		1					
56 57			696		175	(4,917)	
(0004) (0004) (0	56						
58 TOTAL RATE BASE (\$993) (\$267) (\$324) \$22,441 \$0			(5000)	(00.00)	(0204)	\$22.441	¢۸
	58	TOTAL RATE BASE	(\$993)	(\$267)	(\$324)	\$22, 44 1	20

Electric - Schedule of Restating Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars) m (m) (n) (o) (p) R-10 R-11 R-12 R-13 R-14 Injuries Property Uncollect. Regulatory and Line FIT DESCRIPTION Tax Expense Expense Damages No. Source: RESULT OF OPERATIONS REVENUES Total General Business 1 2 Interdepartmental Sales Sales for Resale Total Sales of Electricity 0 0 0 0 0 4 5 Other Revenue Total Electric Revenue 0 0 0 0 0 7 EXPENSES 8 Production and Transmission 10 Operating Expenses 11 Purchased Power 12 Depreciation and Amortization 13 Taxes Total Production & Transmission 14 15 16 Distribution Operating Expenses 17 Depreciation 18 19 Taxes 0 0 Total Distribution (6) 20 21 22 (47) Customer Accounting Customer Service & Information 23 24 Sales Expenses 25 26 Administrative & General 1,162 (486)27 Operating Expenses 28 Depreciation 29 Taxes 0 30 Total Admin. & General 0 0 1,162 (486) 31 Total Electric Expenses 19 (47) 1,162 (486) 0 32 0 OPERATING INCOME BEFORE FIT (19) 47 486 33 (1,162)34 35 FEDERAL INCOME TAX (407)170 56 36 Current Accrual (7) 16 37 Deferred Income Taxes (56)38 39 40 NET OPERATING INCOME (\$12) \$31 (\$755)\$316 \$0 41 42 RATE BASE PLANT IN SERVICE 43 44 Intangible 45 Production 46 Transmission 47 Distribution 48 General Total Plant in Service 0 0 0 49 50 ACCUMULATED DEPRECIATION ACCUM. PROVISION FOR AMORTIZATION 51 0 0 Total Accum. Depreciation & Amort. 0 0 0 53 GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS 54 55 DEFERRED FIT 56 57 TOTAL RATE BASE \$0

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

	e Months Ended December 31, 2006	(-)	(~)	(a)	(t)
(000's c	of Dollars) (a)	(q) R-15	(r) R-16	(s) R-17	R-18
		Eliminate	Nez Perce	Eliminate	Office Space
Line		WA Power	Settlement	A/R	Charges to
No.	DESCRIPTION	Cost Defer	Adjustment	Expenses	Susidiaries
	Source:				
	RESULT OF OPERATIONS				
	REVENUES	e (21 707)			
1	Total General Business	\$ (31,707)			
2	Interdepartmental Sales 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	(20 (75)	18	0	0
14	Total Production & Transmission	(30,675)	10	U	U
15 16	Distribution				
17	Operating Expenses				
18	Depreciation 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	1,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
26 27	Administrative & General	(60)			. (24)
28	Operating Expenses Depreciation	(00)			(24)
29	Taxes				
30	Total Admin. & General	(60)	0	0	(24)
	_	(22.050)	18	(1,717)	(24)
31 32	Total Electric Expenses	(32,059)	10	(1,717)	(24)
33	OPERATING INCOME BEFORE FIT	352	(18)	1,717	24
34	OF EIGHT ING INCOME BEFORE TIT	352	(10)	-,	
35	FEDERAL INCOME TAX				
36	Current Accrual	(10,613)	(6)	601	8
37	Deferred Income Taxes	10,736			
38	_				
39			(010)	01.11/	616
40	NET OPERATING INCOME	\$229	(\$12)	\$1,116	\$16
41	100 Marie 100 Ma				
42	RATE BASE				
43 44	PLANT IN SERVICE				
44 45	Intangible 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 54	GAIN ON SALE OF BUILDING				
54 55	CUSTOMER DEPOSITS DEFERRED FIT				
56	DEFERRED FIT				
57					
	TOTAL RATE BASE	\$0	\$0	\$0	\$0
	· · · · · · · · · · · · · · · · · · ·	·····			

Electric - Schedule of Restating Adjustments

	e Months Ended December 31, 2006				()
(000's o	f Dollars) (a)	(u) R-19	(v) R-20	(w) R-21	(x) R-22
Line No.	DESCRIPTION	Restate Excise Taxes	Net Gains/losses	Revenue Normalization	Incentive & Other
1100	Source:				
	RESULT OF OPERATIONS REVENUES		•		
i	Total General Business			\$3,442	
2	Interdepartmental Sales				
3	Sales for Resale		. 0	3,442	0
4 5	Total Sales of Electricity Other Revenue	0	U	209	Ū
6	Total Electric Revenue	0	0	3,651	0
7					
8 9	EXPENSES Production and Transmission				
10	Operating Expenses			(176)	614
11	Purchased Power				
12	Depreciation and Amortization			10,285	
13	Taxes Total Production & Transmission	0	0	10,109	614
14 15	Total Production & Transmission	v	v	,	
16	Distribution				
17	Operating Expenses		(0.0)		
18	Depreciation	120	(88)	141	
19 20	Taxes Total Distribution	120	(88)	141	0
21	Total Distribution		,		
22	Customer Accounting			10	
23	Customer Service & Information			(6,580)	
24 25	Sales Expenses				
26	Administrative & General				
27	Operating Expenses			7	(1,103)
28	Depreciation				
29 30	Taxes Total Admin. & General	0	0	7	(1,103)
	· -	120	(88)	3,687	(489)
31 32	Total Electric Expenses	120	(00)		
33	OPERATING INCOME BEFORE FIT	(120)	. 88	(36)	489
34					
35	FEDERAL INCOME TAX	(42)	31	(13)	171
36 37	Current Accrual Deferred Income Taxes	(42)	3.	(/	
38					
39		(#70)	\$57	. (\$23)	\$318
40	NET OPERATING INCOME	(\$78)	\$3/	(\$23)	3510
41 42	RATE BASE				
43	PLANT IN SERVICE				
44	Intangible				
45	Production Transmission				
46 47	Distribution				
48	General				
49	Total Plant in Service	0	0	0	. 0
50	ACCUMULATED DEPRECIATION				
51	ACCUM. PROVISION FOR AMORTIZATION		0	0	0
52	Total Accum. Depreciation & Amort.	0	0	0	U
53	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS				
55 56	DEFERRED FIT				
57				_	•
58	TOTAL RATE BASE	\$0	\$0	\$0	\$0

57

TOTAL RATE BASE

Electric - Schedule of Restating Adjustments

Twelve Months Ended December 31, 2006 (000's of Dollars) (aa) (y) (z) R-24 R-25 R-23 Adjust Restate Customer Debt Sec-199 Line Deduction Deposit DESCRIPTION Interest No. Source: RESULT OF OPERATIONS REVENUES Total General Business 1 Interdepartmental Sales 3 Sales for Resale Total Sales of Electricity 0 0 5 Other Revenue n Total Electric Revenue 0 0 6 8 EXPENSES 9 Production and Transmission Operating Expenses 10 11 Purchased Power 12 Depreciation and Amortization 13 Taxes 0 Total Production & Transmission 14 15 16 Distribution Operating Expenses 17 18 Depreciation 19 Taxes 0 0 **Total Distribution** 20 21 Customer Accounting 22 Customer Service & Information 23 77 24 Sales Expenses 25 Administrative & General 26 27 Operating Expenses 28 Depreciation 29 Taxes 0 0 Total Admin. & General 30 0 31 Total Electric Expenses 0 77 32 0 (77) 0 33 OPERATING INCOME BEFORE FIT 34 FEDERAL INCOME TAX 35 (27)36 Current Accrual 2,495 (484)Deferred Income Taxes 37 38 39 (\$2,495)\$484 (\$50) NET OPERATING INCOME 40 41 RATE BASE 42 PLANT IN SERVICE 43 44 Intangible Production 45 46 Transmission 47 Distribution 48 General Total Plant in Service 49 ACCUMULATED DEPRECIATION 50 ACCUM. PROVISION FOR AMORTIZATION 51 52 Total Accum. Depreciation & Amort. 53 GAIN ON SALE OF BUILDING CUSTOMER DEPOSITS (1,903)54 55 DEFERRED FIT 56

\$0

(\$1,903)

Electric - Schedule of Pro Forma Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars)

PF 1

PF 2

PF 3

			LL 1	1 1: 2	11.3
Line No.	DESCRIPTION	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)	0	0
4	Total Sales of Electricity	(80,199)	(80,199) (32,271)	(2,029)	U
5 6	Other Revenue Total Electric Revenue	(35,163) (115,362)	(112,470)	(2,029)	0
7	Total Electric Revenue	(110,502)	(112,110)	(=,-=-)	
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) 858			
13 14	Taxes Total Production & Transmission	(92,410)	(82,687)	(10,568)	717
15	Total Floduction & Flatishission	(>2,.10)	(02,00.)	(,)	
16	Distribution				
17	Operating Expenses	688	•		567
18	Depreciation	3,120			
19	Taxes				567
20	Total Distribution	3,808	0	0	367
21 22	Customer Accounting	243			243
23	Customer Service & Information	15			15
.4	Sales Expenses	23			23
2.5	S-1-1-2-1-1-2-1				
26	Administrative & General		•		
27	Operating Expenses	(79)			550
28	Depreciation	(770)			
29 30	Taxes Total Admin. & General .	(849)	0	0	550
		· · · · · · · · · · · · · · · · · · ·			
31	Total Electric Expenses	(89,170)	(82,687)	(10,568)	2,115
32	ORED ATING INCOME REFORE FIT	(26 102)	(29,783)	8,539	(2,115
33	OPERATING INCOME BEFORE FIT	(26,192)	(23,763)	0,557	(2,113
34 35	FEDERAL INCOME TAX				
36	Current Accrual	(9,279)	(10,424)	2,989	(740
37	Deferred Income Taxes	112	, , ,		
38	_ ·				
39	•				
10	NET OPERATING INCOME	(\$17,025)	(\$19,359)	\$5,550	(\$1,375
11	_	· · · · · · · · · · · · · · · · · · ·			
12	RATE BASE				
13 14	PLANT IN SERVICE Intangible				
15	Production	(16,523)		(28,781)	
16	Transmission	41,969		(,)	
7	Distribution				
18	General				
19	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
3	GAIN ON SALE OF BUILDING				
54	CUSTOMER DEPOSITS	المناسبة المناسبة			
55	DEFERRED FIT	(1,168)			
56 57	TOTAL RATE BASE	23,336	0	(28,781)	0
,,	I O I VE KY I E BYOE	20,000		(20,701)	

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
110.	Source	<u> </u>	Review	Cupitarrida	<u> </u>
	RESULT OF OPERATIONS				
	REVENUES				
I	Total General Business				
2	Interdepartmental Sales				
3	Sales for Resale			·	
4	Total Sales of Electricity	0	0 (903)	. 0	0
5 6	Other Revenue Total Electric Revenue	0	(903)	0	0
7	Total Electric Revolute	·	(200)		
8	EXPENSES				
9	Production and Transmission				
10	Operating Expenses	(14)	416		
11 12	Purchased Power 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 20	Taxes Total Distribution	0	0	0	0
21	Total Distribution	v	v	v	v
22	Customer Accounting				
23	Customer Service & Information				
24	Sales Expenses				
25					
26	Administrative & General	(2.48)			
27	Operating Expenses	(348)			
28 29	Depreciation Taxes				
30	Total Admin. & General	(348)	0	0	0
		(362)	416	1,658	556
31 32	Total Electric Expenses	(302)	410	1,030	
33	OPERATING INCOME BEFORE FIT	362	(1,319)	(1,658)	(556)
34	•				
35	FEDERAL INCOME TAX				4
36	Current Accrual	127	(462)	(580)	(195)
37	Deferred Income Taxes	•			
38	-				
39	NEW ODER ARRIVE INCOME	#22 <i>E</i>	(\$9.57)	(\$1,079)	(\$361)
40	NET OPERATING INCOME	\$235	(\$857)	(\$1,078)	(\$301)
41					
42	RATE BASE				
43	PLANT IN SERVICE				
44	Intangible				
45	Production				12,258
46	Transmission			41,969	
47 48	Distribution General				
49	Total Plant in Service	0	0	41,969	12,258
		-	•	748	354
50 51	ACCUMULATED DEPRECIATION ACCUM. PROVISION FOR AMORTIZATION			740	334
52	Total Accum. Depreciation & Amort.	0	0	748	354
	GAIN ON SALE OF BUILDING	ŭ	·		
54					
J-7	CUSTOMER DEPOSITS			•	
55	CUSTOMER DEPOSITS DEFERRED FIT			(947)	(165)
55 56		0	0	(947) 40,274	(165)

PF 10

Avista Corporation

Electric - Schedule of Pro Forma Adjustments

Twelve Months Ended December 31, 2006

(000's of Dollars)

		PF 8	PF 9	Pr IU
Line No.	DESCRIPTION	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 4	Sales for Resale Total Sales of Electricity	0	0	0
5	Other Revenue			40
6	Total Electric Revenue	0	0	40
7				
8 9	EXPENSES Production and Transmission			
10	Operating Expenses	·	183	
11	Purchased Power			
12	Depreciation and Amortization	(2,671)		
13	Taxes	(2,671)	183	0
14 15	Total Production & Transmission	(2,671)	163	V
16	Distribution			
17	Operating Expenses		121	
18	Depreciation	3,120		
19	Taxes _	3,120	121	- 0
20 21	Total Distribution	3,120	121	V
22	Customer Accounting			
23	Customer Service & Information			
24	Sales Expenses			
25	Administrative & Consent			
26 27	Administrative & General Operating Expenses			(281)
28	Depreciation	(770)		
29	Taxes _			
30	Total Admin. & General	(770)	0	(281)
31	Total Electric Expenses	(320)	304	(281)
32			(20.0)	201
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			(****	#200
40	NET OPERATING INCOME	\$208	(\$198)	\$209
41				
42	RATE BASE			
43	PLANT IN SERVICE	#REF!		
44	Intangible			
45	Production			
46	Transmission			*
47 48	Distribution 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	(56)		
55 56	DEFERRED FIT	(30)		
57	TOTAL RATE BASE	104	0	0
				

PF 8

Weighted

Cost

3.27%

0.31%

4.59%

8.16%

Avista Corporation

Summary of Adjustments - Electric Operations

Twelve Months Ended December 31, 2006

(000's of Dollars)

45

46

47

48

49

50 51

52 53

(00031	n Donais)	(a)		(b)	(c)	(d)		(e)	_(f)	(g)	(h)
					Avista Corp			G: CC 4.7	Staff Adjus		Difference Revenue Requirement
Line No.				Avista NOI	Adjustments Net Rate Base	Revenue Requirement Impact		NOI NOI	justments Rate Base	Impact *	Impact
1	Adj. No.	Per Books		71,715	994,207	34,800		71,715	994,207	34,800	(g)-(d)
2	7kg, 140.	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	000	22,441	3,388			22,441	3,388	-
11		Eliminate B & O Taxes	U	(21)	,	34		(21)	•	33	-
12	` ′	Property Tax	U	(12)		19		(12)		19	-
13	1	Uncollect. Expense	υ	31		(50)		31		(50)	_
14		Regulatory Expense	U	(755)		1,214		(755)		1,215	-
15	` '	Injuries and Damages	U	316		(508)		316		(508)	_
16		Federal Income Tax	U	0		o o		0		0	-
17		Eliminate WA Power Cost Defer	U	229		(368)		229		(368)	-
18		Nez Perce Settlement Adjustment	U	(12)		19		(12)		. 19	-
19	l '''	Eliminate A/R Expenses	U	1,116		(1,795)	'	1,116		(1,795)	-
20		Office Space Charges to Subsidiaries	U	16		(26)		16		(25)	1
21	` ` ′	Restate Excise Taxes	U	(78)		125		(78)		125	-
22	` '	Net Gains/losses	U	57		(92)		57		(92)	-
23	ŀ	Revenue Normalization	U	(23)		37		(23)		38	1
24	` ′	Incentive & Other	s	(336)		540		318		(511)	(1,051)
25	` `	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)	С	wiise ii		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				[] [] [] [] [] [] [] [] [] [] [] [] [] [5000 1000 100 45 500 50 60		ł	10 (1988 1888 1888 1888 1888 1888 1888 1888	
39	İ	Pro Forma Results		52,467	897,431	51,141]	#REF!	895,944	#REF!	#REF!
40	1					Impact of Chang	-			(17,664)	(17,664)
41						A	djus	ted Revenue	Requirement	#REF!	
42									•		
43		Capital Structure (contested)			Avista Filed Cap	ital Structure				Staff Adjusted Capit	al Structure
44											

Cost of Capital (contested)	of Total	Cost	Cost	of Total
Total Debt	47.54%	7.700%	3.66%	50.32%
Preferred Stock	4.68%	7.040%	0.33%	4.68%
Common Stock	47.78%	11.300%	5.40%	45.00%
Total .	100.00%		9.39%	100.00%

Percent

Weighted

Percent

Cost

6.491%

6.575%

10.200%

^{*} 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

Exhibit ___ (DPK-2)
Docket UE-070804 UG-070805

Revenue Requirement Computation (000's of Dollars)

Line			
No.			
1	Revenue Requirement Compu	tation	
2			
3		At	
4		Pro Forma	
5	<u> </u>	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			

Electric Operations

Exhibit ___ (DPK-2)
Docket UE-070804 UG-070805

Revenue Conversion Factor

Twelve Months Ended December 31, 2006

Line			
<u>No.</u>			
1	Schedule for the Computation of Re	venue Conversi	on Factor
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	4.3287%	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%	33.4850%	35% * Ln 11
14	Total adjustments	37.8137%	Ln 9 + Ln 13
15			
16	Revenue Conversion Factor	62.1863%	1-(Ln 14 / Ln 4)
17			
18			
19			
20	·		
21			

Avista Corporation **Electric Operations** Pro Forma Capital Structure

Line				
No.	Pro Form	a Capital Structure and Co	et of Cantis	al ·
1 1		a Capital Structure and Co	st of Capita	••
2				
3	Weighted Cost of Capital			
4	Violghtou Cost of Cupital	Percent		Weighted
5		of Total	Cost	Cost
6	Total Debt	50.32%	6.491%	3.266%
7	Preferred Stock	4.68%	6.575%	0.308%
8	Common Stock	45.00%	10.200%	4.590%
9	Total			8.164%
10			,	
11				
12				
13				
14	Weighted Cost of Debt			
15		Total Debt	3.27%	
. 16		Preferred Stock	0.31%	
17		Weighted Cost of Debt	3.57%	
18		=		
19				
20				
21				
22		•		
23				
24				
25				
26				
	1			