Natural Gas - Results of Operations

Washington Pro Forma Results

Twelve Months Ended December 31, 2006

(000's of Dollars)

	(a)	(b)	(c) Total	(d)	(e) Total	(f)	(g)	(h) Results
ine Vo.	DESCRIPTION	Unadjusted Results	Restating Adjustments	Restated Results	Pro Forma Adjustments	Pro Forma Results	Staff Proposed	at Staff
	Source RESULT OF OPERATIONS	Co. wp B1	Schedule 1.2	(b) + (c)	Schedule 1.3	(e) + (f)	Increase of 1.60%	(g) + (h)
1	REVENUES							
2	Total General Business	\$208,883	(\$11,062)	\$197,821	-	\$197,821	3,172	\$200,99
3	Total Transportation	3,166	(1,720)	1,446	-	1,446	-,	1,44
4	Other Revenues	39,097	(35,060)	4,037	(2,159)	1,878	_	1,87
5	Total Gas Revenues	251,146	(47,842)	203,304	(2,159)	201,145	3,172	204,31
6								
7	EXPENSES							
8	Exploration and Development	-	-	-	-	-		
9								
0	Production							
1	City Gate Purchases	188,395	(38,593)	149,802	-	149,802		149,80
2	Purchased Gas Expense	653	- (10.5)	653	18	671		61
3	Net Nat Gas Storage Trans	495	(495)	0		0		150.4
4	Total Production	189,543	(39,088)	150,455	18	150,473		150,4
5	I la denomenta di Cénara da	•						
6 7	Underground Storage Operating Expenses	492		492	1	493		49
′	Operating Expenses Depreciation	312	-	312	(60)	252		2:
9	Depreciation Taxes	124	(2)	122	(00)	122		1
5	Total Underground Storage	928	(2)	926	(59)	867		8
,	Total Onderground Storage	720	. (2)	320	(39)	607		0
.	Distribution							
3	Operating Expenses	6,359	_	6,359	231	6,590		6,5
4	Depreciation	5,382	(13)	5,369	(215)	5,154		5,1
5	Taxes	17,051	(7,594)	9,457	()	9,457	122	9,5
5	Total Distribution	28,792	(7,607)	21,185	16	21,201	122	21,3
,	Tour Distribution	20,172	(7,007)	21,100		21,241		,_
- 1	Customer Accounting	4,568	(343)	4,225	143	4,368	8	4,3
	Customer Service & Information	3,260	(2,154)	1,106	9	1,115		1,1
	Sales Expenses	496	-	496	14	510		5
	Administrative & General							
2	Operating Expenses	8,334	(204)	8,130	(31)	8,099	6	8,10
3	Depreciation	1,282	-	1,282	(59)	1,223		1,22
1	Taxes	24		24	-	24		
5	Total Admin. & General	9,640	(204)	9,436	(90)	9,346	6	9,3
5								
7	Total Gas Expense	237,227	(49,397)	187,830	51	187,881	137	188,0
- 1	OPERATING INCOME BEFORE FIT	13,919	1,555	15,474	(2,210)	13,264	3,035	16,29
		13,919	#REF!	13,474	(2,210)	13,204	3,033	10,2
	FEDERAL INCOME TAX Current Accrual	6,006	#KEF! 994	7,000	(773)	6,227	1,062	7,2
		(3,050)		-	(773)	(3,072)	1,002	(3,0
	Deferred FIT Amort ITC	(3,030)	(22)	(3,072)	-	(30)		(3,0
	AMOUTIC	(30)		(30)	-	(30)		
- 1	NET OPERATING INCOME	10,993	\$583	\$11,576	(\$1,437)	\$10,139	\$1,973	\$12,1
	=							
•	RATE BASE							
- 1	PLANT IN SERVICE							
1	Underground Storage	13,854		13,854	-	13,854		13,8
'	Distribution Plant	219,287	1,045	220,332	-	220,332		220,3
	General Plant	20,791		20,791	-	20,791		20,7
	Total Plant in Service	253,932	1,045	254,977	0	254,977	0	254,9
- 1	ACCUMULATED DEPRECIATION							
: 1	Underground Storage	7,249	-	7,249	(30)	7,219		7,2
	Distribution Plant	74,019	-	74,019	(107)	73,912		73,91
	General Plant	7,230		7,230	(30)	7,200		7,20
	Total Accum. Depreciation	88,498	0	88,498	(167)	88,331	0	88,33
	DEPENDED FOR		(24.502)	(0.1.505)	(50)	(0.1.650)		(0.1.65
	DEFERRED FIT	•	(24,592)	(24,592)	(58)	(24,650)		(24,65
- 1	GAS INVENTORY	-	7,628	7,628	-	7,628		7,62
- 1	CUSTOMER DEPOSITS	-	(1,111)	(1,111)	-	(1,111)		(1,11
	GAIN ON SALE OF BUILDING	-	(153)	(153)	-	(153)		(15
	TÓTAL RATE BASE	\$165,434	(\$17,183)	\$148,251	\$109	\$148,360	\$0	\$148,36
-								

Avista Corporation

Gas Results of Operations

Washington Pro Forma Results

2 To 3 To 4 Oti 5 6 7 EXP. 8 Ex 9 10 Pro 11 12 13 14 15 16 Un 17 18 1 19 20 21 22 Di 22 23 (Custo 23 (Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 Total 38 39 OPEI	DESCRIPTION RESULT OF OPERATIONS VENUES otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Total Distribution	(b) Total Restating Adjustments Source \$ (11,062) (1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 (20) (2) (2) (2)	(c) R-1 Deferred FIT Rate Base	(d) R-2 Deferred Gain on Office Building 0	(e) R-3 Gas Inventory 0	(f) R-4 Weatherization and DSM Investment 0	(g) R-5 Customer Advances	(h) R-6 Revenue Normalization & Gas Cost Adjust \$ (3,682)	(i) R-7 Eliminate B & O Taxes \$ (7,380) (72) (7,452)	(j) R-8 Property Tax 0
Line No. 1 REV 2 To 3 To 4 Ot 5 6 7 EXP 8 Ex 9 10 Pro 11 12 13 14 15 16 Un 17 18 1 19 20 21 10 22 Di 22 Di 23 Custo 24 1 1 25 26 27 28 Custo 29 Custo 30 Sales 31 Admi 32 Op 33 Admi 32 Op 33 Total 33 De 34 Ta: 35 36 37 Total 38 39 OPEI	DESCRIPTION RESULT OF OPERATIONS VENUES otal General Business otal Transportation other Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes	Restating Adjustments Source \$ (11,062) (1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (2) 0 (13) (7,594)	FIT Rate Base 0	on Office Building	O	and DSM Investment 0	O	\$ (3,682) (1,648) (35,060) (40,390) (38,593) (495) (39,088)	\$ (7,380) (72) (7,452)	0 0
No. REV 2	RESULT OF OPERATIONS VENUES otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Total Underground Storage	Adjustments Source \$ (11,062) (1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 (2) (2) (2) 0 (13) (7,594)	Rate Base 0	Building 0	O	0	O	\$ (3,682) (1,648) (35,060) (40,390) (38,593) (495) (39,088)	\$ (7,380) (72) (7,452)	0 0
1 REV 2 To 3 To 4 Ot 5 6 7 EXP. 8 Ex 9 10 Pr 11 12 13 14 15 16 Un 17 18 1 15 16 Un 17 22 Di 22 Di 23 24 1 1 25 3	RESULT OF OPERATIONS VENUES otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Total Underground Storage	\$(11,062) (1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2)	0	0	0	0	0	\$ (3,682) (1,648) (35,060) (40,390) (38,593) (495) (39,088)	\$ (7,380) (72) (7,452)	0
2 To 3 To 4 Oti 5 6 7 EXP. 8 Ex 9 10 Pro 11 1 13 1 14 15 16 Un 17 18 1 19 20 21 1 22 Dis 23 24 1 25 26 27 28 Custo 29 Sales 30 Sales 31 Admi 32 Op 33 De 33 Total 35 36 Total 38 39 OPEI	VENUES otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Operating Expenses Depreciation Taxes Depreciation Taxes	\$ (11,062) (1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2)	0	0	0	0	0	(1,648) (35,060) (40,390) (38,593) (495) (39,088)	(7,452)	0
2 To 3 To 4 Oti 5 6 7 EXP. 8 Ex 9 10 Pro 11 12 13 14 15 16 Un 17 18 1 19 20 21 1 22 Dis 23 24 1 25 26 24 25 26 27 28 Custo 30 Sales 31 Admi 32 Op 33 De 33 De 33 Total 33 De 34 Ta: 35 36 Total 38 39 OPEI	VENUES otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Operating Expenses Depreciation Taxes Depreciation Taxes	(1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (2)	0	0	0	0	0	(1,648) (35,060) (40,390) (38,593) (495) (39,088)	(7,452)	0
2 To 3 To 4 Oti 5 6 7 EXP. 8 Ex 9 10 Pro 11 12 13 14 15 16 Un 17 18 1 19 20 21 1 22 Dis 23 24 1 25 26 24 25 26 27 28 Custo 30 Sales 31 Admi 32 Op 33 De 33 De 33 Total 33 De 34 Ta: 35 36 Total 38 39 OPEI	otal General Business otal Transportation ther Revenues Total Gas Revenues PENSES exploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes	(1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (2)	0	0	0	0	0	(1,648) (35,060) (40,390) (38,593) (495) (39,088)	(7,452)	0
3 To 4 Ot 5 6 6 EXP. 8 Ex 9 10 Pr 11	otal Transportation ther Revenues Total Gas Revenues PENSES xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes	(1,720) (35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (2)	0	0	0	0	0	(1,648) (35,060) (40,390) (38,593) (495) (39,088)	(7,452)	0
4 Oti 5 6 7 EXP. 8 Ex 9 10 Pro 11 1 12 1 13 1 14 15 16 Un 17 18 1 19 20 20 21 22 Dis 23 Custo 24 1 25 26 27 28 Custo 29 Custo 30 Sales 31 Admit 32 Op 33 Op 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	ther Revenues Total Gas Revenues PENSES xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Depreciation Taxes Depreciation Taxes	(35,060) (47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (2)	0	0	0	0	0	(35,060) (40,390) (38,593) (495) (39,088)	(7,452)	0
5 6 7 EXP. 8 Ex 9 9 10 Pro 11 1 12 11 13 11 14 15 16 Un 17 18 1 19 20 21 22 Dis 23 24 1 12 22 Dis 23 24 25 26 Custo 30 Sales 31 Admin 32 Ope 33 31 Admin 35 36 37 Total 38 39 OPE 140 FEDI	Total Gas Revenues PENSES xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Total Underground Storage	(47,842) 0 (38,593) 0 (495) (39,088) 0 0 (2) (2) (13) (7,594)	0	0	0	0	0	(40,390) (38,593) (495) (39,088)	0	0
6	PENSES xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production nderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Total Underground Storage	(38,593) 0 (495) (39,088) 0 0 (2) (2) (2)	0	0	0	0	0	(38,593) (495) (39,088)	0	0
7 EXP. 8 Ex 9 10 Pro 11 12 11 13 14 15 16 Un 17 18 1 19 20 21 12 22 Dia 22 24 1 225 26 27 28 Custo 29 Custo 30 Sales 31 Admi 32 Op 33 Admi 34 Tat 35 36 37 Total 38 39 OPEI 40 FEDI	xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Total Valence Depreciation Taxes Total Valence Depreciation Taxes	(38,593) 0 (495) (39,088) 0 0 (2) (2) (2) (13) (7,594)						(495) (39,088)		
8 Ex 9 10 Pro 11	xploration and Development roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes Total Valence Depreciation Taxes Total Valence Depreciation Taxes	(38,593) 0 (495) (39,088) 0 0 (2) (2) (2) (13) (7,594)						(495) (39,088)		
9	roduction City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Depreciation Taxes	(38,593) 0 (495) (39,088) 0 0 (2) (2) (2) (13) (7,594)						(495) (39,088)		
10 Pro 11 12 13 14 15 16 Un 17 18 19 20 21 22 Dis 23 24 1 25 26 27 28 Custo Sales 31 Admit 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	City Gate Purchases Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Total Valence Storage	0 (495) (39,088) 0 0 (2) (2) (2) 0 (13) (7,594)						(495) (39,088)		
12	Purchased Gas Expense Net Nat Gas Storage Trans Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes Transes Total Valent Vale	0 (495) (39,088) 0 0 (2) (2) (2) 0 (13) (7,594)						(495) (39,088)		
13	Net Nat Gas Storage Trans Total Production nderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	(495) (39,088) 0 0 (2) (2) (2) 0 (13) (7,594)						(39,088)		
14 15 Un 17 18 1 19 20 21 22 Dis 25 26 27 28 Custo Sales 31 Admi 32 Op 33 Admi 35 36 37 Total 38 39 OPEI 40 FEDI	Total Production Inderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	(39,088) 0 0 (2) (2) (2) 0 (13) (7,594)						(39,088)		
15	nderground Storage Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	0 (2) (2) (2) 0 (13) (7,594)								
16 Un 17 0 18 1 19 20 20 21 22 Dis 23 0 24 1 25 7 28 Custo 29 Custo 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	0 (2) (2) 0 (13) (7,594)	0	0	0	. 0	0	0	0	(2)
17 18 19 19 19 19 19 19 19	Operating Expenses Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	0 (2) (2) 0 (13) (7,594)	0	0	0	. 0	0	0	0	(2)
18	Depreciation Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	0 (2) (2) 0 (13) (7,594)	0	0	0	. 0	0	0	0	(2)
19 20 21 22 Dis 22 23 0 0 24 1 25 26 27 Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	Taxes Total Underground Storage istribution Operating Expenses Depreciation Taxes	(2) (2) 0 (13) (7,594)	0	0	0	. 0	0	0	0	(2)
20 21 22 Dis 22 23 Custc 25 26 27 Custc 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	Total Underground Storage istribution Operating Expenses Depreciation Taxes	(2) 0 (13) (7,594)	0	0	0	0	0	o	0	(2)
21	istribution Operating Expenses Depreciation Taxes	0 (13) (7,594)	0	0		. 0	0	0	0	
22 Dis 23 C 24 I 25 7 28 Custo 29 Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	Operating Expenses Depreciation Taxes	(13) (7,594)								(2)
23	Operating Expenses Depreciation Taxes	(13) (7,594)								
24 1 25 7 26 27 28 Custo 30 Sales 31 Admi 32 Ope 33 De 34 Tat 35 36 37 Total 38 Ope 40 Febi 40 Febi 30 30 30 30 30 30 30 3	Depreciation Taxes	(13) (7,594)								
25 26 27 28 Custo 29 Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	Taxes	(7,594)								
26 27 Custo Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI								(141)	(7,461)	(23)
27 28	Total Distribution		0	0	0	0	0	(141)	(7,461)	(23)
28 Custo 29 Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI		(7,007)	Ü	v	v	v	ŭ	(1)	(,,,,,,,	()
29 Custo 30 Sales 31 Admi 32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	tomer Accounting	(343)						(10)		
30 Sales 31 Admi 32 Op 33 De 34 Tai 35 36 37 Total 38 39 OPEI 40 FEDI	tomer Service & Information	(2,154)						(2,199)		
32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEi 40 FEDI	s Expenses	` o l								
32 Op 33 De 34 Ta: 35 36 37 Total 38 39 OPEI 40 FEDI	ninistrative & General	0								
34 Tax 35 36 37 Total 38 39 OPEi 40 FEDI	perating Expenses	(204)					_	(7)		
35 36 37 Total 38 39 OPER 40 FEDI	epreciation	0								
36 37 Total 38 39 OPEI 40 FEDI	axes	0								
37 Total 38 39 OPEI 40 FEDI	Total Admin. & General	(204)	0	0	0	0	0	(7)	0	0
38 39 OPEI 40 FEDI										
39 OPER 40 FEDI	ll Gas Expense	(49,397)	. 0	0	0	0	0	(41,445)	(7,461)	(25)
40 FEDI										
	ERATING INCOME BEFORE FIT	1,555	0	0	0	0	0	1,055	9	25
41 Cu	DERAL INCOME TAX		#REF!	#REF!	#REF!	#REF!	#REF!		_	
	urrent Accrual	994						369	3	9
	eferred FIT	(22)								
	mort ITC	0								
44 45 NET	OPERATING INCOME	\$583	\$0	\$0.	\$0	\$0	\$0	\$686	\$6	\$16
	OF ERATING INCOME	\$363	- 50	30 .		40	Ψ0	\$000	40	
46		1 1								
47	RATE BASE]								
1	NT IN SERVICE									
1	nderground Storage	0					4			
	istribution Plant	1,045				1,120	(75)			
	eneral Plant	0				1.100	(75)		0	0
52	Total Plant in Service	1,045	0	0	0	1,120	(75)	0	U	U
53 ACC	CUMULATED DEPRECIATION									
54 Un	nderground Storage	0								
	istribution Plant	0								
		0								
57	eneral Plant	0	0	0	0	0	. 0	0	0	0
58 DEFE	eneral Plant Total Accum. Depreciation	(24,592)	(24,645)	53						
		7,628			7,628					
	Total Accum. Depreciation	7,028								
60 GAIN	Total Accum. Depreciation ERRED FIT	(1,111)		(153)						
61	Total Accum. Depreciation FERRED FIT S INVENTORY									
62 TOTA	Total Accum. Depreciation FERRED FIT S INVENTORY STOMER DEPOSITS N ON SALE OF BUILDING	(1,111) (153)				Ø1 12A	(\$75)	\$0	\$0	\$0
63	Total Accum. Depreciation FERRED FIT SINVENTORY STOMER DEPOSITS	(1,111)	(\$24,645)	(\$100)	\$7,628	\$1,120		30		

Avista Corporation

Gas Results of Operations

Washington Pro Forms Resu

Washington Pro Forma Results
Twelve Months Ended December 31, 2006

(000's c	(a) of Dollars)	(k) R-9	(i) R-10	(m) R-11	(n) R-12	(o) R-13	(p) R-14	(q) R-15	(r) R-16
Line No.	DESCRIPTION	Uncollectible Expense	Regulatory Expense Adjustment	Injuries and Damages	FIT	Restate Debt Interest	Incentives & Other	Net Gains/losses	Eliminate A/R Expenses
1	RESULT OF OPERATIONS REVENUES								
2	Total General Business								
3	Total Transportation								
4	Other Revenues								
5	Total Gas Revenues	0	0	0	0	0	0	0	0
6 7	EXPENSES								
8	Exploration and Development								
9	Exploration and Development								
10	Production								
11	City Gate Purchases								
12	Purchased Gas Expense								
13	Net Nat Gas Storage Trans					·			
14	Total Production	0	0	0	0	0	0	0	0
15	Underground Storage								
16 17	Operating Expenses								
18	Depreciation								
19	Taxes								
20	Total Underground Storage	0	0	0	0	0	0	0	0
21									
22	Distribution								
23	Operating Expenses							(12)	
24	Depreciation		•					(13)	
25 26	Taxes Total Distribution	0	0	0	0	0	0	(13)	0
27	10(a) Distribution	U	Ū	U	v	v	v	(13)	
28	Customer Accounting	(59)					0	0	(274)
29	Customer Service & Information	,							
30	Sales Expenses								
31	Administrative & General							*	
32	Operating Expenses		75	22			(288)		
33	Depreciation								
34	Taxes	0	. 75	22	0	0	(288)	0	0
35 36	Total Admin. & General				<u> </u>		(200)	<u> </u>	
37	Total Gas Expense	(59)	75	22	0	.0	(288)	(13)	(274)
38	<u>-</u>								
39	OPERATING INCOME BEFORE FIT	59	(75)	(22)	0	0	288	13	· 274
40	FEDERAL INCOME TAX			#REF!	#REF!				
41	Current Accrual	21	(26)	(8)	11	438	101	5	96
42	Deferred FIT				(22)				
43 44	Amort ITC								
	NET OPERATING INCOME	\$38	(\$49)	(\$14)	\$11	(\$438)	\$187	\$8	\$178
46	-								
	n tropicos								
47 48	PLANT IN SERVICE								
49	Underground Storage								
50	Distribution Plant								
51	General Plant								
52	Total Plant in Service	0	0	0	0	0	0	0	0
53	ACCUMULATED DEPRECIATION								
54	Underground Storage								
55	Distribution Plant								
56	General Plant								
57	Total Accum. Depreciation	0	0	0	0	0 .	0	0	0
58	DEFERRED FIT								
	GAS INVENTORY								
	CUSTOMER DEPOSITS						÷		
	GAIN ON SALE OF BUILDING								
61									
	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Avista Corporation

Gas Results of Operations

Washington Pro Forma Results

Twelve Months Ended December 31, 2006

(000's	of Dollars)	(s) R-17	(t) R-18	(t) R-19
Line		Office Space Charges to	Restate Excise	Customer Deposits
No.	DESCRIPTION	Subs	Taxes	
	RESULT OF OPERATIONS			
1	REVENUES	•	•	
2	Total General Business			
3	Total Transportation			
4 5	Other Revenues Total Gas Revenues	0	. 0	0
6	Total Gas November	•		•
7	EXPENSES			
8	Exploration and Development			
9				
10 11	Production City Gate Purchases			
12	Purchased Gas Expense			
13	Net Nat Gas Storage Trans			
14	Total Production	0	0	0
15				
16	Underground Storage			
17	Operating Expenses			
18 19	Depreciation Taxes			
20	Total Underground Storage	0	0	0
21				
22	Distribution			
23	Operating Expenses			
24	Depreciation		21	
25 26	Taxes Total Distribution	0	31	0
27	Total Distribution	U	51	v
28	Customer Accounting	0	0	0
29	Customer Service & Information			45
30	Sales Expenses			
31	Administrative & General	(6)		
32 33	Operating Expenses Depreciation	(6)		
34	Taxes			
35	Total Admin. & General	(6)	0	0
36				
37	Total Gas Expense	(6)	31	45
38		_	(0.1)	(45)
39 40	OPERATING INCOME BEFORE FIT FEDERAL INCOME TAX	6	(31)	(45)
41	Current Accrual	2	(11)	(16)
42	Deferred FIT	_	(/	(,
43	Amort ITC			
44				
45	NET OPERATING INCOME	\$4	(\$20)	(\$29)
46				
47	RATE BASE			
48	PLANT IN SERVICE			
49	Underground Storage			
50 51	Distribution Plant General Plant			
52	Total Plant in Service	0	0	0
53	A OCUMULATED DEDDECLATION			
54	ACCUMULATED DEPRECIATION Underground Storage			
55	Distribution Plant			
56	General Plant			
57	Total Accum. Depreciation	0	0	0
58	DEFERRED FIT			
59	GAS INVENTORY			
	CUSTOMER DEPOSITS			(1,111)
60	GAIN ON SALE OF BUILDING			
61	TOTAL RATE BASE	\$0	\$0	(\$1,111)
62		NII.	30.0	

Avista Corporation

Gas Results of Operations

Washington Pro Forma Results

Twelve Months Ended December 31, 2006
(000'S of Dollars)

PF 1

PF 2

PF 3

PF 4

PF 5

Line No.	DESCRIPTION	Total Pro Forma Adjustments	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma Depreciation Study	Pro Forma Storage Contracts	Pro Forma Misc Adjustment
	Source						
	RESULT OF OPERATIONS						
1	REVENUES						
2	Total General Business						
3 4	Total Transportation Other Revenues	(2,159)				(2,159)	
5	Total Gas Revenues	(2,159)	0	0	0	(2,159)	0
6	Total Gas Revenues	(2,133)	· ·	•	•	(-/- /	
7	EXPENSES						
8	Exploration and Development						
9	Exploration and Sovelepinose						
10	Production						
11	City Gate Purchases						
12	Purchased Gas Expense	\$18	23	(5)			
13	Net Nat Gas Storage Trans	0					
14	Total Production	18	23	(5)	0	0	0
15	•						
16	Underground Storage						
17	Operating Expenses	1	1				
18	Depreciation	(60)			(60)		
19	Taxes	0					
20	Total Underground Storage	(59)	1	0	(60)	0	0
21		İ					
22	Distribution				•		
23	Operating Expenses	231	. 231				
24	Depreciation	(215)			(215)		
25	Taxes	0					
26	Total Distribution	16	231	0	(215)	0	0
27							
28	Customer Accounting	143	143				
29	Customer Service & Information	9	9				
30	Sales Expenses	14	14				
31	Administrative & General						
32	Operating Expenses	(31)	137	(89)			(79)
33	Depreciation	(59)			(59)		
34	Taxes	0					
35	Total Admin. & General	(90)	137	(89)	(59)	0	(79)
36							
37	Total Gas Expense	51	558	(94)	(334)	0	(79)
38							
39	OPERATING INCOME BEFORE FIT	(2,210)	(558)	94	334	(2,159)	79
40	FEDERAL INCOME TAX		#REF!	#REF!	#REF!	#REF!	
41	Current Accrual	(773)	(195)	33	117	(756)	28
42	Deferred FIT	-					
43	Amort ITC	0					
44						(01 102)	0.51
45	NET OPERATING INCOME	(\$1,437)	(\$363)	\$61	\$217	(\$1,403)	\$51
46							
47	RATE BASE						
48	PLANT IN SERVICE						
49	Underground Storage	_					
50	Distribution Plant	_					
51	General Plant	0					
52	Total Plant in Service	0	0	0	0	0	0
53	ACCUMULATED DEPRECIATION						
					(20)		
54	Underground Storage	(30)			(30)		
55	Distribution Plant	(107)			(107)		
56	General Plant	(30)			(30)	0	0
	Total Accum. Depreciation	(167)	0	0	(167)	U	0
57		(58)			(58)		
57 58	DEFERRED FIT	(/					
58		-					
58 59	GAS INVENTORY	- 0					
58		-	·			-11-	

(000's of Dollars)

41

42 43 * 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

(000's d	of Dollars)	4.5	4.	()	(4)		(a)	(6)	(a)	(h)
		(a)	(b)	(c) Avista Com	oration (d)	ſ	(e)	(f) Staff Adju	(g)	Difference
Line			Avista	Adjustments	Revenue Requirement	ı	Staff A	djustments	Revenue Requirement	Revenue Requirement
No.			NOI	Net Rate Base	Impact		NOI	Rate Base	Impact *	Impact
1	Adj. No.	Per Books	10,993	165,434	7,301		10,993	165,434	7,301	(g)-(d)
2		Adjustments	_							
3	R-1 (c)	Deferred FIT Rate Base	3	(24,645)	(3,721)			(24,645)	(3,720)	0
4	R-2 (d)	Deferred Gain on Office Building U	1	(100)	(15)			(100)	(15)	-
5	R-3 (e)	Gas Inventory U	1	7,628	1,152			7,628	1,151	-
6	R-4 (f)	Weatherization and DSM Investment U	ı	1,120	169			1,120	169	-
7	R-5 (g)	Customer Advances U	ı	(75)	(11)			(75)	(11)	-
8	R-6 (h)	Revenue Normalization & Gas Cost Adj U	686		(1,103)		686		(1,103)	-
9	R-7 (i)	Eliminate B & O Taxes	J 6		(10)		6		(10)	-
10	R-8 (j)	Property Tax U	16		(26)		16		(26)	-
11	R-9 (k)	Uncollect. Expense	J 38		(61)		38		(61)	-
12	R-10 (l)	Regulatory Expense U	(49)		79		(49)		79	
13	R-11 (m)	Injuries and Damages U	(14)		23		(14)		23	-
14	R-12 (n)	Federal Income Tax U	11		(18)		11		(18)	-
15	R-13 (o)	Restate Debt Interest **	J 207		(333)		(438)		704	1,037
16	R-14 (p)	Incentive & Other	16		(26)		187		(300)	(274)
17	R-15 (q)	Net Gains/ Losses U	J 8		(13)		8		(13)	-
18	R-16 (r)	Eliminate A/R Expenses U	178		(286)		178		(286)	-
19	R-17 (s)	Office Space Charges to Subs	J 4		(6)		4		(6)	-
20	R-18 (t)	Restate Excise Taxes U	J (20)		32		(20)		32	
21	R-19	Customer Deposits (contested) C			0		(29)	(1,111)	(120)	(120)
21	PF-1	Labor Non-Executive U	(363)		584		(363)		584	
22	PF-2	Labor Executive S	5 7		(11)		61		(98)	(87)
23	PF-3	Depreciation Study S	217	109	(332)		217	109	(332)	-
24	PF-4	Storage Contract Expiration S	(311)		. 500		(1,403)		2,256	1,756
25	PF-5	Pro Forma Misc Adjust	3		-		51		(83)	(83)
26 28										
29		Pro Forma Results	11,630	149,471	3,867		10,139	148,360	6,096	2,229
30		110 1 Olim 100 dillo	1.15.4.1300.0		Impact of Chang	e in			(2,924)	(2,924)
31					•	_	-	e Requirement		
32						. - ,		1		
32		Capital Structure (contested)	7) · ·	Avista Filed Cap	ital Structure				Staff Adjusted Capital S	Structure
		Capital Structure (Contested)	44	11.15th 1 floor Cup	A					
34			Percent		Weighted			Percent		Weighted
35 36		Cost of Capital (contested)	of Total	Cost	Cost			of Total	Cost	Cost
37		Total Debt	47.54%		3.66%			50.32%	6.491%	3.27%
38		Preferred Stock	4.68%	7.040%	0.33%			4.68%	6.575%	0.31%
39		Common Stock	47.78%	11.300%	5.40%			45.00%	10.200%	
40		Total	_100.00%	=	9.39%			100.00%		8.16%

Page 1 of 1

Line

Exhibit ___ (DPK-3)
Docket UE-070804 UG-070805

Natural Gas Operations

Revenue Requirement Computation (000's of Dollars)

No.	
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Revenue Requirement Computation

,	Pro Forma	
	Results	Source
Pro Forma Rate Base	\$148,360	Pg 1, Ln 64 Col (f)
Weighted Cost of Capital	8.16%	Pg 9, Ln 9
Operating Income Requirement	12,112	ln 3 * ln 2
Pro Forma Net Operating Income (Loss)	\$10,139	Pg 1, Ln 45 Col (f)
Operating Income Deficiency	1,973	ln 9 - ln 11
Revenue Conversion Factor	62.1999%	Pg 8, Ln 16
Additional Revenue Requirement	\$3,172	ln 12 / ln 14
Amount filed	4,531	
Difference	\$ (1,359)	ln 17 - ln 19

At

Natural Gas Operations

Exhibit ___ (DPK-3)
Docket UE-070804 UG-070805

Revenue Conversion Factor

Twelve Months Ended December 31, 2006

Line			
<u>No.</u>			
1	Schedule for the Computation of	Revenue Conv	ersion Factor
2			
3			
4	Revenues		100.0000%
5			
6	WUTC Regulatory Fee		0.2000%
7	Utility Revenue Tax		3.8418%
8	Uncollectables		0.2661%
9	Total Revenue Sensitive Items	Ln 6 thru Ln 8	4.3079%
10	•		
11	Net Operating Income before FIT	Ln 4 - Ln 9	95.6921%
12			
13	Effective Income Tax Rate at 35%	35% * Ln 11	33.4922%
14	Total adjustments	Ln 9 + Ln 13	37.8001%
15			
16	Revenue Conversion Factor	1-(Ln 14 / Ln 4)	62.1999%
17			
18			
19			
20			
21			

Natural Gas Operations

Pro Forma Capital Structure and Cost of Captial

Docket UE-070804 UG-070805

	tructure and Cost of	f Captial	
_		-	
Weighted Cost of Capital			
,	Percent		Weighted
	of Total	<u>Cost</u>	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	100.00%		8.164%
·			
Weighted Cost of Debt			
			•
Weigh	ted Cost of Debt	3.57%	
		•	
•			
		٠.	
			•
·			
·		•	
	Pro Forma Capital Weighted Cost of Capital Total Debt Preferred Stock Common Stock Total Weighted Cost of Debt	Weighted Cost of Capital Percent of Total Total Debt Preferred Stock Common Stock Total Pro Forma Capital Structure and Cost of Capital	