

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-10 _____

EXHIBIT NO. ____ (EMA-2)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON PRO FORMA RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | WITH PRESENT RATES | | | WITH PROPOSED RATES | |
|-----------------------------|------------------------------------|---------------------------|-------------------|-----------------|---------------------------------|--------------------------|
| | | Actual Per Results Report | Total Adjustments | Pro Forma Total | Proposed Revenues & Related Exp | Pro Forma Proposed Total |
| | <i>a</i> | <i>b</i> | <i>c</i> | <i>d</i> | <i>e</i> | <i>f</i> |
| REVENUES | | | | | | |
| 1 | Total General Business | \$457,237 | \$ (58,165) | \$399,072 | \$55,298 | \$454,370 |
| 2 | Interdepartmental Sales | 871 | | 871 | | 871 |
| 3 | Sales for Resale | 128,777 | (100,139) | 28,638 | | 28,638 |
| 4 | Total Sales of Electricity | 586,885 | (158,304) | 428,581 | 55,298 | 483,879 |
| 5 | Other Revenue | 30,908 | (19,338) | 11,570 | | 11,570 |
| 6 | Total Electric Revenue | 617,793 | (177,642) | 440,151 | 55,298 | 495,449 |
| EXPENSES | | | | | | |
| Production and Transmission | | | | | | |
| 7 | Operating Expenses | 161,787 | (13,713) | 148,074 | | 148,074 |
| 8 | Purchased Power | 184,472 | (117,624) | 66,848 | | 66,848 |
| 9 | Depreciation and Amortization | 22,459 | 6,803 | 29,262 | | 29,262 |
| 10 | Taxes | 8,617 | 1,970 | 10,587 | | 10,587 |
| 11 | Total Production & Transmission | 377,335 | (122,564) | 254,771 | 0 | 254,771 |
| Distribution | | | | | | |
| 12 | Operating Expenses | 17,267 | 1,909 | 19,176 | | 19,176 |
| 13 | Depreciation | 16,891 | 592 | 17,483 | | 17,483 |
| 14 | Taxes | 35,403 | (16,272) | 19,131 | 2,134 | 21,265 |
| 15 | Total Distribution | 69,561 | (13,771) | 55,790 | 2,134 | 57,924 |
| 16 | Customer Accounting | 10,118 | (431) | 9,687 | 209 | 9,896 |
| 17 | Customer Service & Information | 19,729 | (18,870) | 859 | | 859 |
| 18 | Sales Expenses | 677 | (12) | 665 | | 665 |
| Administrative & General | | | | | | |
| 19 | Operating Expenses | 39,022 | 2,922 | 41,944 | 111 | 42,055 |
| 20 | Depreciation | 7,688 | 116 | 7,804 | | 7,804 |
| 21 | Taxes | | 108 | 108 | | 108 |
| 22 | Total Admin. & General | 46,710 | 3,146 | 49,856 | 111 | 49,967 |
| 23 | Total Electric Expenses | 524,130 | (152,502) | 371,628 | 2,454 | 374,082 |
| 24 | OPERATING INCOME BEFORE FIT | 93,663 | (25,140) | 68,523 | 52,844 | 121,367 |
| FEDERAL INCOME TAX | | | | | | |
| 25 | Current Accrual | 7,414 | (18,010) | (10,596) | 18,495 | 7,899 |
| 26 | Deferred Income Taxes | 12,904 | 11,079 | 23,983 | | 23,983 |
| 27 | Amortized Investment Tax Credit | (29) | (89) | (118) | | (118) |
| 28 | SETTLEMENT EXCHANGE POWER | | | | | |
| 29 | NET OPERATING INCOME | \$73,374 | (\$18,120) | \$55,254 | \$34,349 | \$89,603 |
| RATE BASE | | | | | | |
| PLANT IN SERVICE | | | | | | |
| 30 | Intangible | \$56,196 | \$25,630 | \$81,826 | | \$81,826 |
| 31 | Production | 678,566 | 38,517 | 717,083 | | 717,083 |
| 32 | Transmission | 301,090 | 12,200 | 313,290 | | 313,290 |
| 33 | Distribution | 602,201 | 20,845 | 623,046 | | 623,046 |
| 34 | General | 98,727 | 6,670 | 105,397 | | 105,397 |
| 35 | Total Plant in Service | 1,736,780 | 103,862 | 1,840,642 | 0 | 1,840,642 |
| 36 | ACCUMULATED DEPRECIATION | 576,519 | (30,483) | 546,036 | | 546,036 |
| 37 | ACCUM. PROVISION FOR AMORTIZATION | 9,302 | 60,325 | 69,627 | | 69,627 |
| 38 | Total Accum. Depreciation & Amort. | 585,821 | 29,842 | 615,663 | 0 | 615,663 |
| 39 | GAIN ON SALE OF BUILDING | | (64) | (64) | | (64) |
| 40 | WORKING CAPITAL | | 23,695 | 23,695 | | 23,695 |
| 41 | DEFERRED TAXES | | (172,945) | (172,945) | | (172,945) |
| 42 | TOTAL RATE BASE | \$1,150,959 | (\$98,989) | \$1,075,665 | \$0 | \$1,075,665 |
| 43 | RATE OF RETURN | 6.38% | | 5.14% | | 8.33% |

AVISTA UTILITIES
Calculation of General Revenue Requirement
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2009

| Line No. | Description | (000's of Dollars) |
|-------------|----------------------------------|-----------------------|
| 1 | Pro Forma Rate Base | \$1,075,665 |
| 2 | Proposed Rate of Return | <u>8.33%</u> |
| 3 | Net Operating Income Requirement | \$89,603 |
| 4 | Pro Forma Net Operating Income | <u>\$55,254</u> |
| 5 | Net Operating Income Deficiency | \$34,349 |
| 6 | Conversion Factor | 0.62116 |
| 7 | Revenue Requirement | \$55,298 |
| 8 | Total General Business Revenues | \$399,943 |
| 9 | Percentage Revenue Increase | <u><u>13.83%</u></u> |

AVISTA UTILITIES
Pro Forma Cost of Capital
Washington - Electric System

| Component | Capital Structure | ProForma Cost | ProForma Weighted Cost |
|------------------|------------------------------|--------------------------|---------------------------------------|
| Total Debt | 51.61% | 5.93% | 3.06% |
| Pref Trust | 0.00% | 0.00% | 0.00% |
| Common | 48.39% | 10.90% | 5.27% |
| Total | <u>100.00%</u> | | <u>8.33%</u> |

WA wtd debt

3.06%

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Electric System
TWELVE MONTHS ENDED DECEMBER 31, 2009

| <u>Line No.</u> | <u>Description</u> | <u>Factor</u> |
|---------------------|----------------------------------|-------------------------------------|
| 1 | Revenues | <i>1.000000</i> |
| | Expense: | |
| 2 | Uncollectibles | <i>0.003783</i> |
| 3 | Commission Fees | <i>0.002000</i> |
| 4 | Washington Excise Tax | <i>0.038583</i> |
| 5 | Franchise Fees | <i>0.000000</i> |
| 6 | Total Expense | <u><u><i>0.044366</i></u></u> |
| 7 | Net Operating Income Before FIT | <i>0.955634</i> |
| 8 | Federal Income Tax @ 35% | <u><u><i>0.334472</i></u></u> |
| 9 | REVENUE CONVERSION FACTOR | <u><u><u><i>0.62116</i></u></u></u> |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Per Results Report | Deferred FIT Rate Base | Deferred Gain on Office Building | Colstrip 3 AFUDC Elimination | Colstrip Common AFUDC | Kettle Falls Disallow. |
|-----------------------------|------------------------------------|--------------------|------------------------|----------------------------------|------------------------------|-----------------------|------------------------|
| | a | b | c | d | e | f | g |
| REVENUES | | | | | | | |
| 1 | Total General Business | \$457,237 | | | | | |
| 2 | Interdepartmental Sales | 871 | | | | | |
| 3 | Sales for Resale | 128,777 | | | | | |
| 4 | Total Sales of Electricity | 586,885 | 0 | 0 | 0 | 0 | 0 |
| 5 | Other Revenue | 30,908 | | | | | |
| 6 | Total Electric Revenue | 617,793 | 0 | 0 | 0 | 0 | 0 |
| EXPENSES | | | | | | | |
| Production and Transmission | | | | | | | |
| 7 | Operating Expenses | 161,787 | | | | | |
| 8 | Purchased Power | 184,472 | | | | | |
| 9 | Depreciation and Amortization | 22,459 | | | (193) | | |
| 10 | Taxes | 8,617 | | | | | |
| 11 | Total Production & Transmission | 377,335 | 0 | 0 | (193) | 0 | 0 |
| Distribution | | | | | | | |
| 12 | Operating Expenses | 17,267 | | | | | |
| 13 | Depreciation | 16,891 | | | | | |
| 14 | Taxes | 35,403 | | | | | |
| 15 | Total Distribution | 69,561 | 0 | 0 | 0 | 0 | 0 |
| 16 | Customer Accounting | 10,118 | | | | | |
| 17 | Customer Service & Information | 19,729 | | | | | |
| 18 | Sales Expenses | 677 | | | | | |
| Administrative & General | | | | | | | |
| 19 | Operating Expenses | 39,022 | | | | | |
| 20 | Depreciation | 7,688 | | | | | |
| 21 | Taxes | | | | | | |
| 22 | Total Admin. & General | 46,710 | 0 | 0 | 0 | 0 | 0 |
| 23 | Total Electric Expenses | 524,130 | 0 | 0 | (193) | 0 | 0 |
| 24 | OPERATING INCOME BEFORE FIT | 93,663 | 0 | 0 | 193 | 0 | 0 |
| FEDERAL INCOME TAX | | | | | | | |
| 25 | Current Accrual | 7,414 | | | | | |
| 26 | Deferred Income Taxes | 12,904 | | | | | 56 |
| 27 | Amortized ITC - Noxon | (29) | | | | | |
| 28 | NET OPERATING INCOME | \$73,374 | \$0 | \$0 | \$193 | \$0 | (\$56) |
| RATE BASE | | | | | | | |
| PLANT IN SERVICE | | | | | | | |
| 29 | Intangible | \$56,196 | | | | | |
| 30 | Production | 678,566 | | | (7,390) | 426 | (5,248) |
| 31 | Transmission | 301,090 | | | | | |
| 32 | Distribution | 602,201 | | | | | |
| 33 | General | 98,727 | | | | | |
| 34 | Total Plant in Service | 1,736,780 | 0 | 0 | (7,390) | 426 | (5,248) |
| 35 | ACCUMULATED DEPRECIATION | 576,519 | | | (5,690) | | (3,964) |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | 9,302 | | | | | |
| 37 | Total Accum. Depreciation & Amort. | 585,821 | 0 | 0 | (5,690) | 0 | (3,964) |
| 38 | GAIN ON SALE OF BUILDING | | | (64) | | | |
| 39 | WORKING CAPITAL | | | | | | |
| 40 | DEFERRED TAXES | | (163,716) | 23 | | | 528 |
| 41 | TOTAL RATE BASE | \$1,150,959 | (\$163,716) | (\$41) | (\$1,700) | \$426 | (\$756) |
| 42 | RATE OF RETURN | 6.38% | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Customer Advances | Customer Deposits | Settlement Exchange Power | Restating CDA Settlement | Restating CDA Settlement Deferral | Restating CDA/SRR CDR |
|-----------------------------|------------------------------------|-------------------|-------------------|---------------------------|--------------------------|-----------------------------------|-----------------------|
| | a | h | i | j | k | l | m |
| REVENUES | | | | | | | |
| 1 | Total General Business | | | | | | |
| 2 | Interdepartmental Sales | | | | | | |
| 3 | Sales for Resale | | | | | | |
| 4 | Total Sales of Electricity | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Other Revenue | | | | | | |
| 6 | Total Electric Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| EXPENSES | | | | | | | |
| Production and Transmission | | | | | | | |
| 7 | Operating Expenses | | | | 259 | | 1,297 |
| 8 | Purchased Power | | | | | | |
| 9 | Depreciation and Amortization | | | | 600 | 506 | 166 |
| 10 | Taxes | | | | | | |
| 11 | Total Production & Transmission | 0 | 0 | 0 | 859 | 506 | 1,463 |
| Distribution | | | | | | | |
| 12 | Operating Expenses | | | | | | |
| 13 | Depreciation | | | | | | |
| 14 | Taxes | | | | | | |
| 15 | Total Distribution | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | Customer Accounting | | | | | | |
| 17 | Customer Service & Information | | 10 | | | | |
| 18 | Sales Expenses | | | | | | |
| Administrative & General | | | | | | | |
| 19 | Operating Expenses | | | | | | |
| 20 | Depreciation | | | | | | |
| 21 | Taxes | | | | | | |
| 22 | Total Admin. & General | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | Total Electric Expenses | 0 | 10 | 0 | 859 | 506 | 1,463 |
| 24 | OPERATING INCOME BEFORE FIT | 0 | (10) | 0 | (859) | (506) | (1,463) |
| FEDERAL INCOME TAX | | | | | | | |
| 25 | Current Accrual | | (4) | | (301) | (177) | (512) |
| 26 | Deferred Income Taxes | | | | | | |
| 27 | Amortized ITC - Noxon | | | | | | |
| 28 | NET OPERATING INCOME | \$0 | (\$6) | \$0 | (\$558) | (\$329) | (\$951) |
| RATE BASE | | | | | | | |
| PLANT IN SERVICE | | | | | | | |
| 29 | Intangible | | | | \$8,290 | \$1,553 | \$6,005 |
| 30 | Production | | | 79,626 | | | |
| 31 | Transmission | | | | | | |
| 32 | Distribution | (257) | (3,060) | | | | |
| 33 | General | | | | | | |
| 34 | Total Plant in Service | (257) | (3,060) | 79,626 | 8,290 | 1,553 | 6,005 |
| 35 | ACCUMULATED DEPRECIATION | | | | 1,035 | 288 | 240 |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | 59,618 | | | |
| 37 | Total Accum. Depreciation & Amort. | 0 | 0 | 59,618 | 1,035 | 288 | 240 |
| 38 | GAIN ON SALE OF BUILDING | | | | | | |
| 39 | WORKING CAPITAL | | | | | | |
| 40 | DEFERRED TAXES | | | (3,596) | (2,579) | (443) | (2,019) |
| 41 | TOTAL RATE BASE | (\$257) | (\$3,060) | \$16,412 | \$4,676 | \$822 | \$3,746 |
| 42 | RATE OF RETURN | | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Restating Spokane River Relicensing | Restating Spokane River Deferral | Restating Spokane River PM&E Deferral | Restating Montana Lease | Subtotal Actual |
|-----------------------------|------------------------------------|---|--|---|-------------------------------|--------------------|
| | a | n | o | p | q | - |
| REVENUES | | | | | | |
| 1 | Total General Business | | | | | \$457,237 |
| 2 | Interdepartmental Sales | | | | | 871 |
| 3 | Sales for Resale | | | | | 128,777 |
| 4 | Total Sales of Electricity | 0 | 0 | 0 | 0 | 586,885 |
| 5 | Other Revenue | | | | | 30,908 |
| 6 | Total Electric Revenue | 0 | 0 | 0 | 0 | 617,793 |
| EXPENSES | | | | | | |
| Production and Transmission | | | | | | |
| 7 | Operating Expenses | | | | | 163,343 |
| 8 | Purchased Power | | | | | 184,472 |
| 9 | Depreciation and Amortization | 373 | 243 | 154 | 81 | 24,389 |
| 10 | Taxes | | | | | 8,617 |
| 11 | Total Production & Transmission | 373 | 243 | 154 | 81 | 380,821 |
| Distribution | | | | | | |
| 12 | Operating Expenses | | | | | 17,267 |
| 13 | Depreciation | | | | | 16,891 |
| 14 | Taxes | | | | | 35,403 |
| 15 | Total Distribution | 0 | 0 | 0 | 0 | 69,561 |
| 16 | Customer Accounting | | | | | 10,118 |
| 17 | Customer Service & Information | | | | | 19,739 |
| 18 | Sales Expenses | | | | | 677 |
| Administrative & General | | | | | | |
| 19 | Operating Expenses | | | | | 39,022 |
| 20 | Depreciation | | | | | 7,688 |
| 21 | Taxes | | | | | |
| 22 | Total Admin. & General | 0 | 0 | 0 | 0 | 46,710 |
| 23 | Total Electric Expenses | 373 | 243 | 154 | 81 | 527,626 |
| 24 | OPERATING INCOME BEFORE FIT | (373) | (243) | (154) | (81) | 90,167 |
| FEDERAL INCOME TAX | | | | | | |
| 25 | Current Accrual | (131) | (85) | (54) | (28) | 6,122 |
| 26 | Deferred Income Taxes | | | | | 12,960 |
| 27 | Amortized ITC - Noxon | | | | | (29) |
| 28 | NET OPERATING INCOME | (\$242) | (\$158) | (\$100) | (\$53) | \$71,114 |
| RATE BASE | | | | | | |
| PLANT IN SERVICE | | | | | | |
| 29 | Intangible | \$8,567 | \$743 | \$472 | | \$81,826 |
| 30 | Production | | | | 3,721 | 749,701 |
| 31 | Transmission | | | | | 301,090 |
| 32 | Distribution | | | | | 598,884 |
| 33 | General | | | | | 98,727 |
| 34 | Total Plant in Service | 8,567 | 743 | 472 | 3,721 | 1,830,228 |
| 35 | ACCUMULATED DEPRECIATION | | 136 | 87 | | 568,651 |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | 707 | | | | 69,627 |
| 37 | Total Accum. Depreciation & Amort. | 707 | 136 | 87 | 0 | 638,278 |
| 38 | GAIN ON SALE OF BUILDING | | | | | (64) |
| 39 | WORKING CAPITAL | | | | | |
| 40 | DEFERRED TAXES | (589) | (212) | (135) | (1,302) | (174,040) |
| 41 | TOTAL RATE BASE | \$7,271 | \$395 | \$250 | \$2,419 | \$1,017,846 |
| 42 | RATE OF RETURN | | | | | 6.99% |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Eliminate B & O Taxes | Property Tax | Uncollect. Expense | Regulatory Expense | Injuries and Damages | FIT | Eliminate WA Power Cost Defer |
|-----------------------------|------------------------------------|-----------------------|--------------|--------------------|--------------------|----------------------|---------|-------------------------------|
| | a | r | s | t | u | v | w | x |
| REVENUES | | | | | | | | |
| 1 | Total General Business | \$ (15,422) | | | | | | \$ (32,762) |
| 2 | Interdepartmental Sales | | | | | | | |
| 3 | Sales for Resale | | | | | | | |
| 4 | Total Sales of Electricity | (15,422) | 0 | 0 | 0 | 0 | 0 | (32,762) |
| 5 | Other Revenue | (17) | | | | | | |
| 6 | Total Electric Revenue | (15,439) | 0 | 0 | 0 | 0 | 0 | (32,762) |
| EXPENSES | | | | | | | | |
| Production and Transmission | | | | | | | | |
| 7 | Operating Expenses | | | | | | | (31,567) |
| 8 | Purchased Power | | | | | | | |
| 9 | Depreciation and Amortization | | | | | | | |
| 10 | Taxes | | 1,433 | | | | | |
| 11 | Total Production & Transmission | 0 | 1,433 | 0 | 0 | 0 | 0 | (31,567) |
| Distribution | | | | | | | | |
| 12 | Operating Expenses | | | | | | | |
| 13 | Depreciation | | | | | | | |
| 14 | Taxes | (15,384) | 396 | | | | | (1,265) |
| 15 | Total Distribution | (15,384) | 396 | 0 | 0 | 0 | 0 | (1,265) |
| 16 | Customer Accounting | | | (65) | | | | (104) |
| 17 | Customer Service & Information | | | | | | | |
| 18 | Sales Expenses | | | | | | | |
| Administrative & General | | | | | | | | |
| 19 | Operating Expenses | | | | 72 | (54) | | (62) |
| 20 | Depreciation | | | | | | | |
| 21 | Taxes | | 8 | | | | | |
| 22 | Total Admin. & General | 0 | 8 | 0 | 72 | (54) | 0 | (62) |
| 23 | Total Electric Expenses | (15,384) | 1,837 | (65) | 72 | (54) | 0 | (32,998) |
| 24 | OPERATING INCOME BEFORE FIT | (55) | (1,837) | 65 | (72) | 54 | 0 | 236 |
| FEDERAL INCOME TAX | | | | | | | | |
| 25 | Current Accrual | (19) | (643) | 23 | (25) | 19 | 945 | (10,966) |
| 26 | Deferred Income Taxes | | | | | | (26) | 11,049 |
| 27 | Amortized ITC - Noxon | | | | | | (29) | |
| 28 | NET OPERATING INCOME | (\$36) | (\$1,194) | \$42 | (\$47) | \$35 | (\$890) | \$153 |
| RATE BASE | | | | | | | | |
| PLANT IN SERVICE | | | | | | | | |
| 29 | Intangible | | | | | | | |
| 30 | Production | | | | | | | |
| 31 | Transmission | | | | | | | |
| 32 | Distribution | | | | | | | |
| 33 | General | | | | | | | |
| 34 | Total Plant in Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 | ACCUMULATED DEPRECIATION | | | | | | | |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | | | | |
| 37 | Total Accum. Depreciation & Amort. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 | GAIN ON SALE OF BUILDING | | | | | | | |
| 39 | WORKING CAPITAL | | | | | | | |
| 40 | DEFERRED TAXES | | | | | | | |
| 41 | TOTAL RATE BASE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 42 | RATE OF RETURN | | | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Nez Perce Settlement Adjustment | Eliminate A/R Expenses | Office Space Charges to Subsidiaries | Restate Excise Taxes | Net Gains/losses | Revenue Normalization |
|-----------------------------|------------------------------------|---------------------------------|------------------------|--------------------------------------|----------------------|------------------|-----------------------|
| | a | y | z | aa | ab | ac | ad |
| REVENUES | | | | | | | |
| 1 | Total General Business | | | | | | \$ (9,981) |
| 2 | Interdepartmental Sales | | | | | | |
| 3 | Sales for Resale | | | | | | |
| 4 | Total Sales of Electricity | 0 | 0 | 0 | 0 | 0 | (9,981) |
| 5 | Other Revenue | | | | | | 395 |
| 6 | Total Electric Revenue | 0 | 0 | 0 | 0 | 0 | (9,586) |
| EXPENSES | | | | | | | |
| Production and Transmission | | | | | | | |
| 7 | Operating Expenses | 11 | | | | | (258) |
| 8 | Purchased Power | | | | | | |
| 9 | Depreciation and Amortization | | | | | | 4,005 |
| 10 | Taxes | | | | | | |
| 11 | Total Production & Transmission | 11 | 0 | 0 | 0 | 0 | 3,747 |
| Distribution | | | | | | | |
| 12 | Operating Expenses | | | | | | |
| 13 | Depreciation | | | | | (82) | |
| 14 | Taxes | | | | (11) | | (370) |
| 15 | Total Distribution | 0 | 0 | 0 | (11) | (82) | (370) |
| 16 | Customer Accounting | | (279) | | | | (36) |
| 17 | Customer Service & Information | | | | | | (18,880) |
| 18 | Sales Expenses | | | | | | |
| Administrative & General | | | | | | | |
| 19 | Operating Expenses | | | (7) | | | (19) |
| 20 | Depreciation | | | | | | |
| 21 | Taxes | | | | | | |
| 22 | Total Admin. & General | 0 | 0 | (7) | 0 | 0 | (19) |
| 23 | Total Electric Expenses | 11 | (279) | (7) | (11) | (82) | (15,558) |
| 24 | OPERATING INCOME BEFORE FIT | (11) | 279 | 7 | 11 | 82 | 5,972 |
| FEDERAL INCOME TAX | | | | | | | |
| 25 | Current Accrual | (4) | 98 | 2 | 4 | 29 | 2,090 |
| 26 | Deferred Income Taxes | | | | | | |
| 27 | Amortized ITC - Noxon | | | | | | |
| 28 | NET OPERATING INCOME | (\$7) | \$181 | \$5 | \$7 | \$53 | \$3,882 |
| RATE BASE | | | | | | | |
| PLANT IN SERVICE | | | | | | | |
| 29 | Intangible | | | | | | |
| 30 | Production | | | | | | |
| 31 | Transmission | | | | | | |
| 32 | Distribution | | | | | | |
| 33 | General | | | | | | |
| 34 | Total Plant in Service | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 | ACCUMULATED DEPRECIATION | | | | | | |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | | | |
| 37 | Total Accum. Depreciation & Amort. | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 | GAIN ON SALE OF BUILDING | | | | | | |
| 39 | WORKING CAPITAL | | | | | | |
| 40 | DEFERRED TAXES | | | | | | |
| 41 | TOTAL RATE BASE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 42 | RATE OF RETURN | | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Misc Restating | Colstrip Mercury Emiss. O&M | Working Capital | Restate Debt Interest | Restated TOTAL |
|-----------------------------|------------------------------------|----------------|-----------------------------|-----------------|-----------------------|----------------|
| | a | ae | af | ag | ah | |
| REVENUES | | | | | | |
| 1 | Total General Business | | | | | \$399,072 |
| 2 | Interdepartmental Sales | | | | | 871 |
| 3 | Sales for Resale | | | | | 128,777 |
| 4 | Total Sales of Electricity | 0 | 0 | 0 | 0 | 528,720 |
| 5 | Other Revenue | | | | | 31,286 |
| 6 | Total Electric Revenue | 0 | 0 | 0 | 0 | 560,006 |
| EXPENSES | | | | | | |
| Production and Transmission | | | | | | |
| 7 | Operating Expenses | | 888 | | | 132,417 |
| 8 | Purchased Power | | | | | 184,472 |
| 9 | Depreciation and Amortization | | | | | 28,394 |
| 10 | Taxes | | | | | 10,050 |
| 11 | Total Production & Transmission | 0 | 888 | 0 | 0 | 355,333 |
| Distribution | | | | | | |
| 12 | Operating Expenses | | | | | 17,267 |
| 13 | Depreciation | | | | | 16,809 |
| 14 | Taxes | | | | | 18,769 |
| 15 | Total Distribution | 0 | 0 | 0 | 0 | 52,845 |
| 16 | Customer Accounting | | | | | 9,634 |
| 17 | Customer Service & Information | (3) | | | | 856 |
| 18 | Sales Expenses | (17) | | | | 660 |
| Administrative & General | | | | | | |
| 19 | Operating Expenses | (227) | | | | 38,725 |
| 20 | Depreciation | | | | | 7,688 |
| 21 | Taxes | | | | | 8 |
| 22 | Total Admin. & General | (227) | 0 | 0 | 0 | 46,421 |
| 23 | Total Electric Expenses | (247) | 888 | 0 | 0 | 465,749 |
| 24 | OPERATING INCOME BEFORE FIT | 247 | (888) | 0 | 0 | 94,257 |
| FEDERAL INCOME TAX | | | | | | |
| 25 | Current Accrual | 86 | (311) | | 962 | (1,588) |
| 26 | Deferred Income Taxes | | | | | 23,983 |
| 27 | Amortized ITC - Noxon | | | | | (58) |
| 28 | NET OPERATING INCOME | \$161 | (\$577) | \$0 | (\$962) | \$71,920 |
| RATE BASE | | | | | | |
| PLANT IN SERVICE | | | | | | |
| 29 | Intangible | | | | | \$81,826 |
| 30 | Production | | | | | 749,701 |
| 31 | Transmission | | | | | 301,090 |
| 32 | Distribution | | | | | 598,884 |
| 33 | General | | | | | 98,727 |
| 34 | Total Plant in Service | 0 | 0 | 0 | 0 | 1,830,228 |
| 35 | ACCUMULATED DEPRECIATION | | | | | 568,651 |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | | 69,627 |
| 37 | Total Accum. Depreciation & Amort. | 0 | 0 | 0 | 0 | 638,278 |
| 38 | GAIN ON SALE OF BUILDING | | | | | (64) |
| 39 | WORKING CAPITAL | | | 23,695 | | 23,695 |
| 40 | DEFERRED TAXES | | | | | (174,040) |
| 41 | TOTAL RATE BASE | \$0 | \$0 | \$23,695 | \$0 | \$1,041,541 |
| 42 | RATE OF RETURN | | | | | 6.91% |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Pro Forma Power Supply | Pro Forma Production Property | Pro Forma Lancaster Amortization | Pro Forma Labor Non-Exec | Pro Forma Labor Exec |
|-----------------------------|------------------------------------|------------------------|-------------------------------|----------------------------------|--------------------------|----------------------|
| | a | PF1 | PF2 | PF3 | PF4 | PF5 |
| REVENUES | | | | | | |
| 1 | Total General Business | | | | | |
| 2 | Interdepartmental Sales | | | | | |
| 3 | Sales for Resale | (97,845) | (2,294) | | | |
| 4 | Total Sales of Electricity | (97,845) | (2,294) | 0 | 0 | 0 |
| 5 | Other Revenue | (21,602) | | | | |
| 6 | Total Electric Revenue | (119,447) | (2,294) | 0 | 0 | 0 |
| EXPENSES | | | | | | |
| Production and Transmission | | | | | | |
| 7 | Operating Expenses | 26,313 | (15,830) | 2,436 | 676 | 2 |
| 8 | Purchased Power | (117,624) | | | | |
| 9 | Depreciation and Amortization | | | | | |
| 10 | Taxes | | | | | |
| 11 | Total Production & Transmission | (91,311) | (15,830) | 2,436 | 676 | 2 |
| Distribution | | | | | | |
| 12 | Operating Expenses | | | | 558 | |
| 13 | Depreciation | | | | | |
| 14 | Taxes | | | | | |
| 15 | Total Distribution | 0 | 0 | 0 | 558 | 0 |
| 16 | Customer Accounting | | | | 234 | |
| 17 | Customer Service & Information | | | | 11 | |
| 18 | Sales Expenses | | | | 18 | |
| Administrative & General | | | | | | |
| 19 | Operating Expenses | | | | 455 | 155 |
| 20 | Depreciation | | | | | |
| 21 | Taxes | | | | | |
| 22 | Total Admin. & General | 0 | 0 | 0 | 455 | 155 |
| 23 | Total Electric Expenses | (91,311) | (15,830) | 2,436 | 1,952 | 157 |
| 24 | OPERATING INCOME BEFORE FIT | (28,136) | 13,536 | (2,436) | (1,952) | (157) |
| FEDERAL INCOME TAX | | | | | | |
| 25 | Current Accrual | (9,848) | 4,738 | (853) | (683) | (55) |
| 26 | Deferred Income Taxes | | | | | |
| 27 | Amortized ITC - Noxon | | | | | |
| 28 | NET OPERATING INCOME | (\$18,288) | \$8,798 | (\$1,583) | (\$1,269) | (\$102) |
| RATE BASE | | | | | | |
| PLANT IN SERVICE | | | | | | |
| 29 | Intangible | | | | | |
| 30 | Production | | (68,134) | 10,964 | | |
| 31 | Transmission | | | | | |
| 32 | Distribution | | | | | |
| 33 | General | | | | | |
| 34 | Total Plant in Service | 0 | (68,134) | 10,964 | 0 | 0 |
| 35 | ACCUMULATED DEPRECIATION | | (24,082) | | | |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | | |
| 37 | Total Accum. Depreciation & Amort. | 0 | (24,082) | 0 | 0 | 0 |
| 38 | GAIN ON SALE OF BUILDING | | | | | |
| 39 | WORKING CAPITAL | | | | | |
| 40 | DEFERRED TAXES | | 6,409 | (3,837) | | |
| 41 | TOTAL RATE BASE | \$0 | (\$37,643) | \$7,127 | \$0 | \$0 |
| 42 | RATE OF RETURN | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Pro Forma Transmission Rev/Exp PF6 | Pro Forma Capital Add 2010 PF7 | Pro Forma Noxon Gen 2010/2011 PF8 | Pro Forma Vegetation Management PF9 | Pro Forma Information Services PF10 |
|-----------------------------|------------------------------------|---|---|--|--|--|
| | a | | | | | |
| 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 | 1,886 | | | | |
| 6 | Total Electric Revenue | 1,886 | 0 | 0 | 0 | 0 |
| EXPENSES | | | | | | |
| Production and Transmission | | | | | | |
| 7 | Operating Expenses | 91 | (152) | | | 4 |
| 8 | Purchased Power | | | | | |
| 9 | Depreciation and Amortization | | 602 | 266 | | |
| 10 | Taxes | | 417 | 120 | | |
| 11 | Total Production & Transmission | 91 | 867 | 386 | 0 | 4 |
| Distribution | | | | | | |
| 12 | Operating Expenses | | (400) | | 2,049 | 17 |
| 13 | Depreciation | | 674 | | | |
| 14 | Taxes | | 362 | | | |
| 15 | Total Distribution | 0 | 636 | 0 | 2,049 | 17 |
| 16 | Customer Accounting | | | | | (28) |
| 17 | Customer Service & Information | | | | | |
| 18 | Sales Expenses | | | | | |
| Administrative & General | | | | | | |
| 19 | Operating Expenses | | (77) | | | 2,400 |
| 20 | Depreciation | | 116 | | | |
| 21 | Taxes | | 100 | | | |
| 22 | Total Admin. & General | 0 | 139 | 0 | 0 | 2,400 |
| 23 | Total Electric Expenses | 91 | 1,642 | 386 | 2,049 | 2,393 |
| 24 | OPERATING INCOME BEFORE FIT | 1,795 | (1,642) | (386) | (2,049) | (2,393) |
| FEDERAL INCOME TAX | | | | | | |
| 25 | Current Accrual | 628 | (575) | (135) | (717) | (838) |
| 26 | Deferred Income Taxes | | | | | |
| 27 | Amortized ITC - Noxon | | | (60) | | |
| 28 | NET OPERATING INCOME | \$1,167 | (\$1,067) | (\$191) | (\$1,332) | (\$1,555) |
| RATE BASE | | | | | | |
| PLANT IN SERVICE | | | | | | |
| 29 | Intangible | | | | | |
| 30 | Production | | 15,582 | 8,970 | | |
| 31 | Transmission | | 12,200 | | | |
| 32 | Distribution | | 24,162 | | | |
| 33 | General | | 6,670 | | | |
| 34 | Total Plant in Service | 0 | 58,614 | 8,970 | 0 | 0 |
| 35 | ACCUMULATED DEPRECIATION | | 1,249 | 218 | | |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | | |
| 37 | Total Accum. Depreciation & Amort. | 0 | 1,249 | 218 | 0 | 0 |
| 38 | GAIN ON SALE OF BUILDING | | | | | |
| 39 | WORKING CAPITAL | | | | | |
| 40 | DEFERRED TAXES | | (1,381) | (96) | | |
| 41 | TOTAL RATE BASE | \$0 | \$55,984 | \$8,656 | \$0 | \$0 |
| 42 | RATE OF RETURN | | | | | |

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

| Line No. | DESCRIPTION | Pro Forma Employee Benefits | Pro Forma Insurance | Pro Forma Clark Fork/Spokane Rel PM&E | Pro Forma TOTAL |
|-----------------------------|------------------------------------|-----------------------------|---------------------|---------------------------------------|-----------------|
| | a | PF11 | PF12 | PF13 | PFT |
| REVENUES | | | | | |
| 1 | Total General Business | | | | \$399,072 |
| 2 | Interdepartmental Sales | | | | \$871 |
| 3 | Sales for Resale | | | | \$28,638 |
| 4 | Total Sales of Electricity | 0 | 0 | 0 | \$428,581 |
| 5 | Other Revenue | | | | \$11,570 |
| 6 | Total Electric Revenue | 0 | 0 | 0 | \$440,151 |
| EXPENSES | | | | | |
| Production and Transmission | | | | | |
| 7 | Operating Expenses | (374) | | 2,491 | \$148,074 |
| 8 | Purchased Power | | | | \$66,848 |
| 9 | Depreciation and Amortization | | | | \$29,262 |
| 10 | Taxes | | | | \$10,587 |
| 11 | Total Production & Transmission | (374) | 0 | 2,491 | \$254,771 |
| Distribution | | | | | |
| 12 | Operating Expenses | (315) | | | \$19,176 |
| 13 | Depreciation | | | | \$17,483 |
| 14 | Taxes | | | | \$19,131 |
| 15 | Total Distribution | (315) | 0 | 0 | \$55,790 |
| 16 | Customer Accounting | (153) | | | \$9,687 |
| 17 | Customer Service & Information | (8) | | | \$859 |
| 18 | Sales Expenses | (13) | | | \$665 |
| Administrative & General | | | | | |
| 19 | Operating Expenses | 221 | 65 | | \$41,944 |
| 20 | Depreciation | | | | \$7,804 |
| 21 | Taxes | | | | \$108 |
| 22 | Total Admin. & General | 221 | 65 | 0 | \$49,856 |
| 23 | Total Electric Expenses | (642) | 65 | 2,491 | \$371,628 |
| 24 | OPERATING INCOME BEFORE FIT | 642 | (65) | (2,491) | \$68,523 |
| FEDERAL INCOME TAX | | | | | |
| 25 | Current Accrual | 225 | (23) | (872) | \$ (10,596) |
| 26 | Deferred Income Taxes | | | | \$23,983 |
| 27 | Amortized ITC - Noxon | | | | \$ (118) |
| 28 | NET OPERATING INCOME | \$417 | (\$42) | (\$1,619) | \$55,254 |
| RATE BASE | | | | | |
| PLANT IN SERVICE | | | | | |
| 29 | Intangible | | | | \$81,826 |
| 30 | Production | | | | 717,083 |
| 31 | Transmission | | | | 313,290 |
| 32 | Distribution | | | | 623,046 |
| 33 | General | | | | 105,397 |
| 34 | Total Plant in Service | 0 | 0 | 0 | 1,840,642 |
| 35 | ACCUMULATED DEPRECIATION | | | | 546,036 |
| 36 | ACCUM. PROVISION FOR AMORTIZATION | | | | 69,627 |
| 37 | Total Accum. Depreciation & Amort. | 0 | 0 | 0 | 615,663 |
| 38 | GAIN ON SALE OF BUILDING | | | | (64) |
| 39 | WORKING CAPITAL | | | | 23,695 |
| 40 | DEFERRED TAXES | | | | (172,945) |
| | | | | | 0 |
| 41 | TOTAL RATE BASE | \$0 | \$0 | \$0 | \$1,075,665 |
| 42 | RATE OF RETURN | | | | 5.14% |