

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-10 _____

EXHIBIT NO. ____ (EMA-3)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES

GAS 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	\$200,178	\$ (43,946)	\$156,232	\$8,489	\$164,721
2	Total Transportation	3,350	(1,688)	1,662		1,662
3	Other Revenues	84,085	(82,496)	1,589		1,589
4	Total Gas Revenues	287,613	(128,130)	159,483	8,489	167,972
EXPENSES						
5	Exploration and Development					
	Production					
6	City Gate Purchases	201,949	(100,486)	101,463		101,463
7	Purchased Gas Expense	803	20	823		823
8	Net Nat Gas Storage Trans	10,720	(10,720)	-		0
9	Total Production	213,472	(111,186)	102,286	0	102,286
	Underground Storage					
10	Operating Expenses	403	152	555		555
11	Depreciation	393	1	394		394
12	Taxes	138	19	157		157
13	Total Underground Storage	934	172	1,106	0	1,106
	Distribution					
14	Operating Expenses	7,700	119	7,819		7,819
15	Depreciation	6,068	(4)	6,064		6,064
16	Taxes	16,788	(8,708)	8,080	326	8,406
17	Total Distribution	30,556	(8,593)	21,963	326	22,289
18	Customer Accounting	6,023	(497)	5,526	32	5,558
19	Customer Service & Information	7,611	(7,085)	526		526
20	Sales Expenses	507	(7)	500		500
	Administrative & General					
21	Operating Expenses	10,155	536	10,691	17	10,708
22	Depreciation	2,439	(411)	2,028		2,028
23	Taxes	20	28	48		48
24	Total Admin. & General	12,614	153	12,767	17	12,784
25	Total Gas Expense	271,717	(127,043)	144,674	375	145,049
26	OPERATING INCOME BEFORE FIT	15,896	(1,087)	14,809	8,114	22,923
FEDERAL INCOME TAX						
27	Current Accrual	2,525	(245)	2,280	2,840	5,120
28	Deferred FIT	1,253	(15)	1,238		1,238
29	Amort ITC	(30)	0	(30)		(30)
						0
30	NET OPERATING INCOME	12,148	(\$827)	11,321	\$5,274	\$16,595
RATE BASE: PLANT IN SERVICE						
31	Underground Storage	21,798	140	21,938		21,938
32	Distribution Plant	255,976	(1,397)	254,579		254,579
33	General Plant	27,747	1,739	29,486		29,486
34	Total Plant in Service	305,521	482	306,003	0	306,003
ACCUMULATED DEPRECIATION						
35	Underground Storage	7,807	11	7,818		7,818
36	Distribution Plant	84,021	0	84,021		84,021
37	General Plant	8,882	45	8,927		8,927
38	Total Accum. Depreciation	100,710	56	100,766	0	100,766
39	DEFERRED FIT	0	(31,244)	(31,244)		(31,244)
40	GAS INVENTORY	0	21,209	21,209		21,209
41	WORKING CAPITAL	0	4,053	4,053		4,053
42	GAIN ON SALE OF BUILDING	0	(22)	(22)		(22)
43	TOTAL RATE BASE	204,811	(\$5,578)	199,233	\$0	\$199,233
44	RATE OF RETURN	5.93%		5.68%		8.33%

AVISTA UTILITIES
Calculation of General Revenue Requirement
Washington - Gas
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000's OF DOLLARS)

Line No.	Description	WASH
1	Pro Forma Rate Base	\$199,233
2	Proposed Rate of Return	<u>8.330%</u>
3	Net Operating Income Requirement	\$16,596
4	Pro Forma Net Operating Income	<u>\$11,321</u>
5	Net Operating Income Deficiency	\$5,275
6	Conversion Factor	0.62130
7	Revenue Requirement	<u>\$8,489</u>
8	Total General Business Revenues	\$157,894
9	Percentage Revenue Increase	<u><u>5.38%</u></u>

**AVISTA UTILITIES
PRO FORMA COST CAPITAL
Washington - Gas**

<u>Component</u>	<u>Capital Structure</u>	<u>Pro Forma Cost</u>	<u>Pro Forma Weighted Cost</u>
Term Debt	51.61%	5.93%	3.06% WA Wtd Debt 3.06%
Common Equity	48.39%	10.90%	5.27%
Total	<u>100.00%</u>		<u>8.33%</u>

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

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.003783
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038374
5	Franchise Fees (City of Millwood Expired in 2004)	0.000000
6	Total Expense	<u>0.044157</u>
7	Net Operating Income Before FIT	0.955843
8	Federal Income Tax @ 35%	0.334545
9	REVENUE CONVERSION FACTOR	0.62130

AVISTA UTILITIES

GAS 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	Gas Inventory	Customer Advances	Customer Deposits	Subtotal Actual
	a	b	c	d	e	f	g	-
REVENUES								
1	Total General Business	\$200,178						\$200,178
2	Total Transportation	3,350						3,350
3	Other Revenues	84,085						84,085
4	Total Gas Revenues	287,613	0	0	0	0	0	287,613
EXPENSES								
5	Exploration and Development	0						0
6	Production							
6	City Gate Purchases	201,949						201,949
7	Purchased Gas Expense	803						803
8	Net Nat Gas Storage Trans	10,720						10,720
9	Total Production	213,472	0	0	0	0	0	213,472
Underground Storage								
10	Operating Expenses	403						403
11	Depreciation	393						393
12	Taxes	138						138
13	Total Underground Storage	934	0	0	0	0	0	934
Distribution								
14	Operating Expenses	7,700						7,700
15	Depreciation	6,068						6,068
16	Taxes	16,788						16,788
17	Total Distribution	30,556	0	0	0	0	0	30,556
18	Customer Accounting	6,023			0		4	6,027
19	Customer Service & Information	7,611						7,611
20	Sales Expenses	507						507
Administrative & General								
21	Operating Expenses	10,155						10,155
22	Depreciation	2,439						2,439
23	Taxes	20						20
24	Total Admin. & General	12,614	0	0	0	0	0	12,614
25	Total Gas Expense	271,717	0	0	0	0	4	271,721
26	OPERATING INCOME BEFORE FIT	15,896	0	0	0	0	(4)	15,892
FEDERAL INCOME TAX								
27	Current Accrual	2,525					(1)	2,524
28	Deferred FIT	1,253						1,253
29	Amort ITC	(30)						(30)
30	NET OPERATING INCOME	\$12,148	\$0	\$0	\$0	\$0	(\$3)	\$12,145
RATE BASE: PLANT IN SERVICE								
31	Underground Storage	21,798						21,798
32	Distribution Plant	255,976				(38)	(1,359)	254,579
33	General Plant	27,747						27,747
34	Total Plant in Service	305,521	0	0	0	(38)	(1,359)	304,124
ACCUMULATED DEPRECIATION								
35	Underground Storage	7,807						7,807
36	Distribution Plant	84,021						84,021
37	General Plant	8,882						8,882
38	Total Accum. Depreciation	100,710	0	0	0	0	0	100,710
39	DEFERRED FIT	0	(31,005)	8				(30,997)
40	GAS INVENTORY	0			8,440			8,440
41	WORKING CAPITAL	0						0
42	GAIN ON SALE OF BUILDING	0		(22)				(22)
43	TOTAL RATE BASE	\$204,811	(\$31,005)	(\$14)	\$8,440	(\$38)	(\$1,359)	\$180,835
44	RATE OF RETURN							6.72%

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2009

(000's OF DOLLARS)

Line No.	DESCRIPTION a	Revenue Normalization & Gas Cost Adjust h	Eliminate B & O Taxes i	Property Tax j	Uncollectible Expense k	Regulatory Expense Adjustment l
REVENUES						
1	Total General Business	(36,543)	\$ (7,403)			
2	Total Transportation	(1,613)	(75)			
3	Other Revenues	(82,496)				
4	Total Gas Revenues	(120,652)	(7,478)	0	0	0
EXPENSES						
5	Exploration and Development					
Production						
6	City Gate Purchases	(100,486)				
7	Purchased Gas Expense					
8	Net Nat Gas Storage Trans	(10,720)				
9	Total Production	(111,206)	0	0	0	0
Underground Storage						
10	Operating Expenses					
11	Depreciation					
12	Taxes			17		
13	Total Underground Storage	0	0	17	0	0
Distribution						
14	Operating Expenses					
15	Depreciation					
16	Taxes	(1,409)	(7,469)	172		
17	Total Distribution	(1,409)	(7,469)	172	0	0
18	Customer Accounting	(139)	0		(353)	0
19	Customer Service & Information	(6,777)				
20	Sales Expenses					
Administrative & General						
21	Operating Expenses	(73)				(37)
22	Depreciation	(441)				
23	Taxes			2		
24	Total Admin. & General	(514)	0	2	0	(37)
25	Total Gas Expense	(120,045)	(7,469)	191	(353)	(37)
26	OPERATING INCOME BEFORE FIT	(607)	(9)	(191)	353	37
FEDERAL INCOME TAX						
27	Current Accrual	(212)	(3)	(67)	124	13
28	Deferred FIT					
29	Amort ITC					
30	NET OPERATING INCOME	(\$395)	(\$6)	(\$124)	\$229	\$24
RATE BASE: PLANT IN SERVICE						
31	Underground Storage					
32	Distribution Plant					
33	General Plant					
34	Total Plant in Service	0	0	0	0	0
ACCUMULATED DEPRECIATION						
35	Underground Storage					
36	Distribution Plant					
37	General Plant					
38	Total Accum. Depreciation	0	0	0	0	0
39	DEFERRED FIT					
40	GAS INVENTORY					
41	WORKING CAPITAL					
42	GAIN ON SALE OF BUILDING					
43	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0
44	RATE OF RETURN					

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2009

(000's OF DOLLARS)

Line No.	DESCRIPTION	Injuries and Damages	FIT	Net Gains/losses	Eliminate A/R Expenses	Office Space Charges to Subs	Restate Excise Taxes
	a	m	n	o	p	q	r
REVENUES							
1	Total General Business						
2	Total Transportation						
3	Other Revenues						
4	Total Gas Revenues	0	0	0	0	0	0
EXPENSES							
5	Exploration and Development						
	Production						
6	City Gate Purchases						
7	Purchased Gas Expense						
8	Net Nat Gas Storage Trans						
9	Total Production	0	0	0	0	0	0
	Underground Storage						
10	Operating Expenses						
11	Depreciation						
12	Taxes						
13	Total Underground Storage	0	0	0	0	0	0
	Distribution						
14	Operating Expenses						
15	Depreciation			(4)			(2)
16	Taxes						
17	Total Distribution	0	0	(4)	0	0	(2)
18	Customer Accounting			0	(50)	0	0
19	Customer Service & Information						
20	Sales Expenses						
	Administrative & General						
21	Operating Expenses	(189)				(2)	
22	Depreciation						
23	Taxes						
24	Total Admin. & General	(189)	0	0	0	(2)	0
25	Total Gas Expense	(189)	0	(4)	(50)	(2)	(2)
26	OPERATING INCOME BEFORE FIT	189	0	4	50	2	2
	FEDERAL INCOME TAX						
27	Current Accrual	66	22	1	18	1	1
28	Deferred FIT		(15)				
29	Amort ITC						
30	NET OPERATING INCOME	\$123	(\$7)	\$3	\$32	\$1	\$1
RATE BASE: PLANT IN SERVICE							
31	Underground Storage						
32	Distribution Plant						
33	General Plant						
34	Total Plant in Service	0	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage						
36	Distribution Plant						
37	General Plant						
38	Total Accum. Depreciation	0	0	0	0	0	0
39	DEFERRED FIT						
40	GAS INVENTORY						
41	WORKING CAPITAL						
42	GAIN ON SALE OF BUILDING						
43	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
44	RATE OF RETURN						

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2009

(000's OF DOLLARS)

Line No.	DESCRIPTION	Weatherization & DSM Investment Amort Removal	Misc Restating Adjustments	Working Capital	Restate Debt Interest	Restated Total
	a	s	t	u	v	-
REVENUES						
1	Total General Business					\$156,232
2	Total Transportation					1,662
3	Other Revenues					1,589
4	Total Gas Revenues	0	0	0	0	159,483
EXPENSES						
5	Exploration and Development					0
6	Production					
6	City Gate Purchases					101,463
7	Purchased Gas Expense					803
8	Net Nat Gas Storage Trans					0
9	Total Production	0	0	0	0	102,266
Underground Storage						
10	Operating Expenses					403
11	Depreciation					393
12	Taxes					155
13	Total Underground Storage	0	0	0	0	951
Distribution						
14	Operating Expenses					7,700
15	Depreciation					6,064
16	Taxes					8,080
17	Total Distribution	0	0	0	0	21,844
18	Customer Accounting	0				5,485
19	Customer Service & Information	(308)	(2)			524
20	Sales Expenses		(10)			497
Administrative & General						
21	Operating Expenses		(62)			9,792
22	Depreciation					1,998
23	Taxes					22
24	Total Admin. & General	0	(62)	0	0	11,812
25	Total Gas Expense	(308)	(74)	0	0	143,379
26	OPERATING INCOME BEFORE FIT	308	74	0	0	16,104
FEDERAL INCOME TAX						
27	Current Accrual	108	26		111	2,733
28	Deferred FIT					1,238
29	Amort ITC					(30)
30	NET OPERATING INCOME	\$200	\$48	\$0	(\$111)	\$12,163
RATE BASE: PLANT IN SERVICE						
31	Underground Storage					21,798
32	Distribution Plant					254,579
33	General Plant					27,747
34	Total Plant in Service	0	0	0	0	304,124
ACCUMULATED DEPRECIATION						
35	Underground Storage					7,807
36	Distribution Plant					84,021
37	General Plant					8,882
38	Total Accum. Depreciation	0	0	0	0	100,710
39	DEFERRED FIT					(30,997)
40	GAS INVENTORY					8,440
41	WORKING CAPITAL			4,053		4,053
42	GAIN ON SALE OF BUILDING					(22)
43	TOTAL RATE BASE	\$0	\$0	\$4,053	\$0	\$184,888
44	RATE OF RETURN					6.58%

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2009

(000's OF DOLLARS)

Line No.	DESCRIPTION a	Pro Forma Labor Non-Exec PF1	Pro Forma Labor Exec PF2	Pro Forma Capital Add 2010 PF3	Pro Forma JP Storage 2011 PF4	Pro Forma Information Services PF5	Pro Forma Employee Benefits PF6	Pro Forma Insurance PF7	Pro Forma Total -
REVENUES									
1	Total General Business								\$156,232
2	Total Transportation								1,662
3	Other Revenues								1,589
4	Total Gas Revenues	0	0	0	0	0	0	0	159,483
EXPENSES									
5	Exploration and Development								0
6	Production								
6	City Gate Purchases								101,463
7	Purchased Gas Expense	22	1				(3)		823
8	Net Nat Gas Storage Trans								0
9	Total Production	22	1	0	0	0	(3)	0	102,286
Underground Storage									
10	Operating Expenses				\$152				555
11	Depreciation				\$1				394
12	Taxes				\$2				157
13	Total Underground Storage	0	0	0	155	0	0	0	1,106
Distribution									
14	Operating Expenses	271				(1)	(151)		7,819
15	Depreciation								6,064
16	Taxes								8,080
17	Total Distribution	271	0	0	0	(1)	(151)	0	21,963
18	Customer Accounting	141		0		(8)	(92)	0	5,526
19	Customer Service & Information	7					(5)		526
20	Sales Expenses	11					(8)		500
Administrative & General									
21	Operating Expenses	112	44	(20)		671	74	18	10,691
22	Depreciation			30					2,028
23	Taxes			26					48
24	Total Admin. & General	112	44	36	0	671	74	18	12,767
25	Total Gas Expense	564	45	36	155	662	(185)	18	144,674
26	OPERATING INCOME BEFORE FIT	(564)	(45)	(36)	(155)	(662)	185	(18)	14,809
FEDERAL INCOME TAX									
27	Current Accrual	(197)	(16)	(13)	(54)	(232)	65	(6)	2,280
28	Deferred FIT								1,238
29	Amort ITC								(30)
30	NET OPERATING INCOME	(\$367)	(\$29)	(\$23)	(\$101)	(\$430)	\$120	(\$12)	\$11,321
RATE BASE: PLANT IN SERVICE									
31	Underground Storage				\$140				21,938
32	Distribution Plant								254,579
33	General Plant			1,739					29,486
34	Total Plant in Service	0	0	1,739	140	0	0	0	306,003
ACCUMULATED DEPRECIATION									
35	Underground Storage				\$11				7,818
36	Distribution Plant								84,021
37	General Plant			45					8,927
38	Total Accum. Depreciation	0	0	45	11	0	0	0	100,766
39	DEFERRED FIT			(169)	\$ (78)				(31,244)
40	GAS INVENTORY				\$12,769				21,209
41	WORKING CAPITAL								4,053
42	GAIN ON SALE OF BUILDING								(22)
43	TOTAL RATE BASE	\$0	\$0	\$1,525	\$12,820	\$0	\$0	\$0	\$199,233
44	RATE OF RETURN								5.68%