

AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

Line No.	DESCRIPTION	s	t	u	v	w	x	y	z	C-1			C-2	C-3	C-4	C-5
										Eliminate A/R Expenses	Office Space Charges to Subsidiaries	Retrate Excise Taxes				
REVENUES																
1	Total General Business					\$28,750			\$390,153							
2	Interdepartmental Sales							\$800								
3	Sales for Resale							\$126,479								
4	Total Sales of Electricity					28,750	0	0	\$17,432							
5	Other Revenue					432			\$6,623							
6	Total Electric Revenue					29,182	0	0	\$24,055							
EXPENSES																
Production and Transmission																
7	Operating Expenses					(70)			\$138,071			539				
8	Purchased Power								\$147,076							
9	Depreciation and Amortization					2,688			\$25,476							
10	Taxes								\$8,935							
11	Total Production & Transmission					2,618	0	0	\$339,558			539				
Distribution																
12	Operating Expenses								\$17,279			482				
13	Depreciation					(122)			\$15,334							
14	Taxes								\$19,256							
15	Total Distribution					(122)	0	0	\$31,869			482				
16	Customer Accounting						76		\$7,907			170				
17	Customer Service & Information					(10,885)			\$671			8				
18	Sales Expenses								\$696			13				
Administrative & General																
19	Operating Expenses					58			\$35,087			321	21			
20	Depreciation								\$6,790							
21	Taxes															
22	Total Admin. & General					58			\$41,877			321	21			
23	Total Electric Expenses					(6,809)	(214)	0	\$42,678			1,534	21	103	15	45
24	OPERATING INCOME BEFORE FIT					122	214	0	\$11,742			(1,534)	(21)	(79)	(15)	(45)
FEDERAL INCOME TAX																
25	Current Annual					43	75	(331)	\$20,070			(537)	(7)	(28)	(5)	(16)
26	Deferred Income Taxes								\$9,346							
27	NET OPERATING INCOME					\$79	\$139	\$331	\$82,326			\$7,615	(514)	(531)	(510)	(529)
RATE BASE																
PLANT IN SERVICE																
28	Intangible								\$22,439							
29	Production								\$723,439						1,312	2,349
30	Transmission								\$385,760							
31	Distribution								\$551,776							
32	General								\$88,036							
33	Total Plant in Service					0	0	0	\$1,671,450			0	0	0	1,312	2,349
34	ACCUMULATED DEPRECIATION								\$534,292						(1,066)	1,343
35	ACCUM. PROVISION FOR AMORTIZATION								\$64,075						(1,066)	1,343
36	Total Accum. Depreciation & Amort.					0	0	0	\$598,367			0	0	0	(1,066)	1,343
37	GAIN ON SALE OF BUILDING								\$ (194)						(123)	(220)
38	DEFERRED TAXES								\$ (143,414)							
39	OTHER RATE-BASE DEDUCTIONS								\$ (7,620)							
40	TOTAL RATE-BASE					\$0	\$0	\$0	\$921,849			\$0	\$0	\$0	\$2,254	\$785

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 (000'S OF DOLLARS)

Line No.	DESCRIPTION	C-6													C-7	C-8	C-9	C-10	C-11	C-12
		Pro Forma Noxon Gen 2010	Pro Forma Asset Management	Pro Forma Information Services	Pro Forma Spokane Rvr Rollovering	Pro Forma CDA Tribe Settlement	Pro Forma Montana Lease	Pro Forma Colstrip Mercury Emis O&M	Pro Forma Incentives	Pro Forma O&M Plant Expense	Pro Forma Employee Benefits	Pro Forma Insurance	Pro Forma Clerk Fork PM&E	D&O Insurance	Director Meeting Cost	Director Fees				
		PF8	PF9	PF10	PF11	PF12	PF13	PF14	PF15	PF16	PF17	PF18	PF19							
REVENUES																				
1	Total General Business																			
2	Interdepartmental Sales																			
3	Sales for Resale																			
4	Total Sales of Electricity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
5	Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
6	Total Electric Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
EXPENSES																				
Production and Transmission																				
7	Operating Expenses				1,677			1,241			1,041									
8	Purchased Power															656				
9	Depreciation and Amortization	158			1,959	258	3,516													
10	Taxes	82																		
11	Total Production & Transmission	240	0	0	3,636	258	3,516	1,241	0	1,041	0	0	656	0	0	0				
Distribution																				
12	Operating Expenses										778									
13	Depreciation																			
14	Taxes																			
15	Total Distribution	0	0	0	0	0	0	0	0	0	778	0	0	0	0	0				
Customer Accounting																				
16	Customer Accounting																			
17	Customer Service & Information																			
18	Sales Expenses																			
Administrative & General																				
19	Operating Expenses																			
20	Depreciation																			
21	Taxes																			
22	Total Admin. & General	0	0	0	0	0	0	0	(17)	0	1,768	219	0	(408)	(23)	(272)				
23	Total Electric Expenses	240	0	0	3,636	258	3,516	1,241	0	1,768	3,965	219	656	(408)	(23)	(272)				
24	OPERATING INCOME BEFORE FIT	(240)	0	0	(3,636)	(258)	(3,516)	(1,241)	17	0	(3,965)	(219)	(656)	408	23	272				
FEDERAL INCOME TAX																				
25	Current Actual	(84)			(1,273)	(90)	(1,231)	(434)	6		(1,388)	(76)	(230)	143	8	95				
26	Deferred Income Taxes																			
27	NET OPERATING INCOME	(\$150)	\$0	\$0	(\$2,363)	(\$168)	(\$2,285)	(\$807)	\$11	\$0	(\$2,577)	(\$142)	(\$429)	\$65	\$15	\$177				
RATE BASE																				
PLANT IN SERVICE																				
28	Intangible																			
29	Production	5,464			26,703		54,398													
30	Transmission																			
31	Distribution																			
32	General																			
33	Total Plant in Service	5,464	0	0	26,703	0	4,398	0	0	0	0	0	0	0	0	0				
34	ACCUMULATED DEPRECIATION	36			560															
35	ACCUM. PROVISION FOR AMORTIZATION																			
36	Total Asset Depreciation & Amort.	36	0	0	560	0	0	0	0	0	0	0	0	0	0	0				
37	GAIN ON SALE OF BUILDING																			
38	DEFERRED TAXES	(22)			(2,818)		(1,539)													
39	OTHER RATE BASE DEDUCTIONS																			
40	TOTAL RATE BASE	\$5,386	\$0	\$0	\$23,325	\$0	\$2,859	\$0	\$0	\$0	(\$2,577)	\$0	(\$429)	\$65	\$15	\$177				

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 12 MONTHS ENDED SEPTEMBER 30, 2008
 (000S OF DOLLARS)

Line No.	DESCRIPTION	C-13		PFT
		Customer Deposits	Pro Forma Adjustments Total	
REVENUES				
1	Total General Business		\$390,153	
2	Interdepartmental Sales		\$800	
3	Sales for Resale	\$ (59,973)	\$66,506	
4	Total Sales of Electricity	\$ (59,973)	437,489	
5	Other Revenue	\$ (27,289)	\$9,680	
6	Total Electric Revenue	(87,261)	467,139	
EXPENSES				
Production and Transmission				
7	Operating Expenses		\$ (29,721)	\$128,350
8	Furnished Power		\$ (70,456)	\$76,620
9	Depreciation and Amortization		\$5,200	\$30,676
10	Taxes		\$ (45)	\$8,890
11	Total Production & Transmission	0	(95,022)	\$244,536
Distribution				
12	Operating Expenses		\$1,260	\$18,539
13	Depreciation		\$15,334	\$15,334
14	Taxes			\$19,356
15	Total Distribution	0	1,260	\$53,229
Customer Accounting				
16	Customer Accounting		\$499	\$8,406
17	Customer Service & Information		\$27	\$698
18	Sales Expenses		\$43	\$739
Administrative & General				
19	Operating Expenses	96	\$1,704	\$36,791
20	Depreciation			\$6,790
21	Taxes			
22	Total Admin. & General	96	\$1,704	\$43,581
23	Total Electric Expenses	96	\$ (91,488)	\$351,190
24	OPERATING INCOME BEFORE FIT	(96)	\$4,208	\$115,950
FEDERAL INCOME TAX				
25	Current Accrual	(34)	\$1,473	\$21,542
26	Deferred Income Taxes			\$9,346
27	NET OPERATING INCOME	(662)	\$3,735	\$85,061
RATE BASE				
PLANT IN SERVICE				
28	Intangible		\$3,261	\$25,700
29	Production		\$22,574	\$746,013
30	Transmission		\$ (6,556)	\$280,224
31	Distribution			\$551,176
32	General			\$88,036
33	Total Plant in Service	0	30,300	1,691,750
34	ACCUMULATED DEPRECIATION		\$ (6,577)	\$28,715
35	ACCUM. PROVISION FOR AMORTIZATION			\$84,075
36	Total Accum. Depreciation & Amort.	0	(6,577)	\$92,790
37	GAIN ON SALE OF BUILDING		\$1,892	\$1,698
38	DEFERRED TAXES		\$ (4,723)	\$ (148,137)
39	OTHER RATE BASE DEDUCTIONS			
40	TOTAL RATE BASE	(2,473)	\$ (3,473)	\$ (10,099)
		(52,473)	\$20,572	\$942,422

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Conversion Factor

Line No.	Description	Per Company	Per PC
1	Revenues	<u>1.000000</u>	<u>1.000000</u>
	Expense:		
2	Uncollectibles	0.002599 [a]	0.002517 [b]
3	Commission Fees	0.002000	0.002000
4	Washington Excise Tax	0.038629 [a]	0.038633 [b]
5	Franchise Fees	-	-
6	Total Expense	<u>0.043229</u>	<u>0.043150</u>
7	Net Operating Income Before FIT	0.956771	0.956850
8	Federal Income Tax @ 35%	<u>0.334870</u>	<u>0.334898</u> L. 7 * 35%
9	Conversion Factor	<u><u>0.621901</u></u>	<u><u>0.621953</u></u>

Source:

[a] Exhibit No. __ (EMA-2) page 3

[b] Response to PC-025

AVISTA UTILITIES
 ELECTRIC RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 12 MONTHS ENDED SEPTEMBER 30, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
	RATE BASE			
	Plant In Service			
1	Intangible	\$22,439	\$ 78,478	\$ 25,700
2	Production	656,077	\$ 762,219	\$ 746,013
3	Transmission	285,760	\$ 296,316	\$ 280,224
4	Distribution	552,007	\$ 607,308	\$ 551,776
5	General	88,036	\$ 109,598	\$ 88,036
6	Total Plant in Service	1,604,319	\$ 1,853,919	\$ 1,691,750
7	Accumulated Depreciation	543,584	\$ 610,941	\$ 528,715
8	Accum. Provision for Amortization	6,907	\$ 64,635	\$ 64,075
9	Total Accum. Depreciation & Amort.	550,491	\$ 675,576	\$ 592,790
10	Gain on Sale of Building		\$ (194)	\$ 1,698
11	Deferred Taxes		\$ (171,073)	\$ (148,137)
12	Other Rate Base Deductions			\$ (10,099)
13	TOTAL RATE BASE	\$1,053,828	\$ 1,007,076	\$ 942,422

**AVISTA UTILITIES
ELECTRIC RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
12 MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)**

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
	a			
	REVENUES			
1	Total Sales	\$ 535,128	\$ 457,459	\$ 457,459
2	Total Other Revenue	\$ 36,572	\$ 9,680	\$ 9,680
3	Total Electric Revenue	\$ 571,700	\$ 467,139	\$ 467,139
	EXPENSES			
4	Production and Transmission	\$ 355,486	\$ 298,585	\$ 244,536
5	Distribution	\$ 65,064	\$ 56,504	\$ 53,229
6	Customer Accounting	\$ 8,559	\$ 8,584	\$ 8,406
7	Customer Service & Information	\$ 11,359	\$ 710	\$ 698
8	Sales Expenses	\$ 696	\$ 757	\$ 739
9	Administrative & General	\$ 42,169	\$ 49,720	\$ 43,581
10	Total Electric Expenses	\$ 483,333	\$ 414,860	\$ 351,190
11	OPERATING INCOME BEFORE FIT	\$ 88,367	\$ 52,279	\$ 115,950
	FEDERAL INCOME TAX			
12	Current Accrual	\$ 16,759	\$ (1,096)	\$ 21,542
13	Deferred Income Taxes	\$ 3,070	\$ 9,346	\$ 9,346
	Total Taxes	\$ 19,829	\$ 8,250	\$ 30,888
14	NET OPERATING INCOME	\$ 68,538	\$ 44,029	\$ 85,061

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Production Property Adjustment

Line No.	Description	Amount
	REVENUES	
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	\$ (3,350)
4	Total Sales of Electricity	\$ (3,350)
5	Other Revenue	\$ (304)
6	Total Electric Revenue	\$ (3,654)
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	\$ (6,210)
8	Purchased Power	\$ (3,859)
9	Depreciation and Amortization	\$ (727)
10	Taxes	\$ (152)
11	Total Production & Transmission	\$ (10,947)
	Distribution	
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
	Administrative & General	
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ (10,947)
24	Operating Income Before FIT	\$ 7,294
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ 2,553
27	Increase in Net Operating Income	\$ 4,741
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	\$ (1,137)
31	Production	\$ (13,253)
32	Transmission	\$ (5,536)
33	Distribution	
34	General	
35	Total Plant in Service	\$ (19,926)
36	ACCUMULATED DEPRECIATION	\$ (6,470)
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ (6,470)
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ 1,892
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ (11,564)

Source:

C-1.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Plant	Production	Transmission	Test Year	Production	Adjustment	Test Year	Reference
	(A)	(B)	Total	Factor	(E)	Total	
Plant							
AMA 9/30/08	\$ 659,739	\$ 285,760	\$ 945,499	0.019372	\$ 18,316	\$ 927,183	PF6 2
Noxon Generation	\$ 5,464		\$ 5,464	0.047953	\$ 262	\$ 5,202	PF8
Spokane River Relicensing	\$ 23,703		\$ 23,703	0.047953	\$ 1,137	\$ 22,566	PF11
CDA Tribe Settlement	\$ -		\$ -	0.047953	\$ -	\$ -	PF12
Montana Lease	\$ 4,398		\$ 4,398	0.047953	\$ 211	\$ 4,187	PF13
Total Plant	\$ 693,304	\$ 285,760	\$ 979,064		\$ 19,926	\$ 959,138	
Accumulated Depreciation							
AMA 9/30/08	\$ (241,449)	\$ (94,048)	\$ (335,497)	0.019372	\$ (6,499)	\$ (328,998)	PF6 2
Noxon Generation	\$ (56)		\$ (56)	0.047953	\$ (3)	\$ (53)	PF8
Spokane River Relicensing	\$ 663		\$ 663	0.047953	\$ 32	\$ 631	PF12
CDA Tribe Settlement	\$ -		\$ -	0.047953	\$ -	\$ -	PF11
Total Accumulated Depreciation	\$ (240,842)	\$ (94,048)	\$ (334,890)		\$ (6,470)	\$ (328,420)	
Accumulated Deferred FIT							
AMA 9/30/08	\$ (60,693)	\$ (26,128)	\$ (86,821)	0.019372	\$ (1,682)	\$ (85,139)	PF6 2
Noxon Generation	\$ (22)		\$ (22)	0.047953	\$ (1)	\$ (21)	PF8
Spokane River Relicensing	\$ (2,818)		\$ (2,818)	0.047953	\$ (135)	\$ (2,683)	PF12
CDA Tribe Settlement	\$ -		\$ -	0.047953	\$ -	\$ -	
Montana Lease	\$ (1,539)		\$ (1,539)	0.047953	\$ (74)	\$ (1,465)	PF11
Total Accumulated Deferred FIT	\$ (65,072)	\$ (26,128)	\$ (91,200)		\$ (1,892)	\$ (89,308)	
Net Rate Base	\$ 387,390	\$ 165,584	\$ 552,974		\$ 11,564	\$ 541,410	
Depreciation/Amortization							
AMA 9/30/08	\$ 17,034	\$ 5,902	\$ 22,936	0.019372	\$ 444	\$ 22,492	PF6 2
Noxon Generation	\$ 158		\$ 158	0.047953	\$ 8	\$ 150	PF8
Spokane River Relicensing	\$ 1,959		\$ 1,959	0.047953	\$ 94	\$ 1,865	PF11
CDA Tribe Settlement	\$ 258		\$ 258	0.047953	\$ 12	\$ 246	PF12
Montana Lease	\$ 3,516		\$ 3,516	0.047953	\$ 169	\$ 3,347	PF13
Total Depreciation/Amortization	\$ 22,925	\$ 5,902	\$ 28,827		\$ 727	\$ 28,100	
Property Taxes							
AMA 9/30/08	\$ 4,589	\$ 3,057	\$ 7,646	0.019372	\$ 148	\$ 7,498	L-5
Noxon Generations	\$ 82		\$ 82	0.047953	\$ 4	\$ 78	L-3
Total Property Taxes	\$ 4,671	\$ 3,057	\$ 7,728		\$ 152	\$ 7,576	
O&M Expense							
Spokane River Relicensing	\$ 1,677		\$ 1,677	0.047953	\$ 80	\$ 1,597	PF11
Power Supply-Purchased Power	\$ 80,471		\$ 80,471	0.047953	\$ 3,859	\$ 76,612	PF11
Power Supply	\$ 82,435	\$ 11,965	\$ 94,400	0.047953	\$ 4,527	\$ 89,873	PF11, C-1.12
Labor	\$ 8,825	\$ 2,537	\$ 11,362	0.047953	\$ 545	\$ 10,817	C-2
Transmission	\$ 1,424	\$ 1,424	\$ 1,424	0.047953	\$ 68	\$ 1,356	PF5
Asset Management		\$ 1,473	\$ 1,473	0.047953	\$ 71	\$ 1,402	PF9 3
Mercury Emissions	\$ 1,241		\$ 1,241	0.047953	\$ 60	\$ 1,181	C-7
Production Plant O&M	\$ 14,065		\$ 14,065	0.047953	\$ 674	\$ 13,391	PF16
Benefits	\$ 3,008	\$ 869	\$ 3,877	0.019372	\$ 75	\$ 3,802	PF17 & PF 3
Clark Fork PM&E	\$ 2,285		\$ 2,285	0.047953	\$ 110	\$ 2,175	PF19
Total O&M Expense	\$ 194,007	\$ 18,268	\$ 212,275		\$ 10,068	\$ 202,207	
Total Expenses	\$ 221,603	\$ 27,227	\$ 248,830		\$ 10,947	\$ 237,883	
Revenue							
Power Supply-Sales for Resale	\$ 69,856		\$ 69,856	0.047953	\$ 3,350	\$ 66,506	PF1
Power Supply-Other Revenue	\$ 211		\$ 211	0.047953	\$ 10	\$ 201	PF1
Transmission-Other Revenue		\$ 6,123	\$ 6,123	0.047953	\$ 294	\$ 5,829	PF5
Total Revenue	\$ 70,067	\$ 6,123	\$ 76,190		\$ 3,654	\$ 72,536	
Net Operating Expense Before Tax	\$ 151,536	\$ 21,104	\$ 172,640		\$ 7,294	\$ 165,346	

Source:
 WP PF 2 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

	Acct No.	Company Amounts [a]			
		10/07 -9/08			
		Washington Company			
	Actuals	Adjustments	Pro forma		
Other Expenses	557	\$ 27,303	\$ (27,009)	\$ 294	
Thermal Fuel	201	\$ 16,166	\$ 4,125	\$ 20,291	
Other Fuel Expense	547	\$ 70,014	\$ 39,995	\$ 61,325	[b]
Water for Power	536	\$ 422	\$ 1	\$ 423	
Misc Other Gen Exp	549	\$ 113	\$ (10)	\$ 103	
Total		\$ 114,018	\$ 17,102	\$ 82,436	

Source:

[a] WP PF1 2

Other Fuel Expense	
Per Company	\$ 110,009
Reduction Per PC Power Cost Witness	\$ (48,684)
	\$ 61,325 [b]

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Pro forma Adjustment for Non-Executive Labor

Line No.	Description	Amount	
	Production and Transmission		
1	Operating Expenses	\$ 539	Col. G, L.35 + L. 49
2	Purchased Power		
3	Depreciation and Amortization		
4	Taxes		
5	Total Production & Transmission	<u>\$ 539</u>	
	Distribution		
6	Operating Expenses	\$ 482	Col G, L. 69
7	Depreciation		
8	Taxes		
9	Total Distribution	<u>\$ 482</u>	
10	Customer Accounting	\$ 170	Col G, L. 74
11	Customer Service & Information	\$ 8	Col. G, L. 79
12	Sales Expenses	\$ 13	Col. G, L. 86
	Administrative & General		
13	Operating Expenses	\$ 321	Col. G, L. 95
14	Depreciation		
15	Taxes		
16	Total Admin. & General	<u>\$ 321</u>	
17	Total Electric Expenses	<u>\$ 1,534</u>	
18	Federal Income Tax Rate	<u>35.000%</u>	
19	Decrease in Federal Income Tax Expense	<u>\$ (537)</u>	
20	Decrease in Net Operating Income	<u><u>\$ (997)</u></u>	

Source:

C-2.1

Docket Nos. UE-090134 and UG-090135, UG-060518
Exhibit No. (HL-3)
Schedule C-2.1 (Electric)
1 of 3

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Line No.	Account/Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Total WA	Remove Executives	Adjusted Total WA	2008 Increase Admin 1.519% Union 1.698%	Adjusted for 2008 Increase	Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	2008 & 2009 Increases	Add back Executives	Total
		Col. A + Col. B			Col. C + Col. D			Col. D + Col. F		Col. C + G + H
Production										
Steam										
1	500 Supervision & Eng.	\$ 100,189	\$ -	\$ 100,189	\$ 1,522	\$ 101,711	\$ 2,543	\$ 4,065	\$ -	\$ 104,254
2	501 Fuel	\$ 429,552	\$ -	\$ 429,552	\$ 7,294	\$ 436,846	\$ 17,474	\$ 24,768	\$ -	\$ 454,320
3	502 Steam Expense	\$ 248,961	\$ -	\$ 248,961	\$ 4,227	\$ 253,188	\$ 10,128	\$ 14,355	\$ -	\$ 263,316
4	505 Electric Expense	\$ 278,581	\$ -	\$ 278,581	\$ 4,730	\$ 283,311	\$ 11,332	\$ 16,062	\$ -	\$ 294,643
5	506 Misc. Steam Pwr. Exp.	\$ 82,275	\$ -	\$ 82,275	\$ 1,397	\$ 83,672	\$ 3,347	\$ 4,744	\$ -	\$ 87,019
6	510 Supervision & Eng.	\$ 43,118	\$ -	\$ 43,118	\$ 655	\$ 43,773	\$ 1,094	\$ 1,749	\$ -	\$ 44,867
7	511 Structures	\$ 2,329	\$ -	\$ 2,329	\$ 40	\$ 2,369	\$ 95	\$ 135	\$ -	\$ 2,464
8	512 Boiler Plant	\$ 236,566	\$ -	\$ 236,566	\$ 4,017	\$ 240,583	\$ 9,623	\$ 13,640	\$ -	\$ 250,206
9	513 Electric Plant	\$ 59,587	\$ -	\$ 59,587	\$ 1,012	\$ 60,599	\$ 2,424	\$ 3,436	\$ -	\$ 63,023
10	514 Misc. Steam Plant	\$ 43,024	\$ -	\$ 43,024	\$ 731	\$ 43,755	\$ 1,750	\$ 2,481	\$ -	\$ 45,505
11	Total Steam	\$ 1,524,182	\$ -	\$ 1,524,182	\$ 25,625	\$ 1,549,807	\$ 59,810	\$ 85,435	\$ -	\$ 1,609,617
Hydro										
12	535 Supervision & Eng.	\$ 630,434	\$ -	\$ 630,434	\$ 9,576	\$ 640,010	\$ 16,000	\$ 25,576	\$ -	\$ 656,010
13	536 Water For Power	\$ 4,987	\$ -	\$ 4,987	\$ 85	\$ 5,072	\$ 203	\$ 288	\$ -	\$ 5,275
14	537 Hydraulic Expense	\$ 201,780	\$ -	\$ 201,780	\$ 3,426	\$ 205,206	\$ 8,208	\$ 11,634	\$ -	\$ 213,414
15	538 Electric Expense	\$ 2,053,338	\$ -	\$ 2,053,338	\$ 34,866	\$ 2,088,204	\$ 83,528	\$ 118,394	\$ -	\$ 2,171,732
16	539 Misc. Hydro Expense	\$ 193,205	\$ -	\$ 193,205	\$ 3,281	\$ 196,486	\$ 7,859	\$ 11,140	\$ -	\$ 204,345
17	541 Supervision & Eng.	\$ 92,201	\$ -	\$ 92,201	\$ 1,401	\$ 93,602	\$ 2,340	\$ 3,741	\$ -	\$ 95,942
18	542 Structures	\$ 91,574	\$ -	\$ 91,574	\$ 1,555	\$ 93,129	\$ 3,725	\$ 5,280	\$ -	\$ 96,854
19	543 Res., Dams & Wtrways	\$ 255,208	\$ -	\$ 255,208	\$ 4,333	\$ 259,541	\$ 10,382	\$ 14,715	\$ -	\$ 269,923
20	544 Electric Plant	\$ 728,112	\$ -	\$ 728,112	\$ 12,363	\$ 740,475	\$ 29,619	\$ 41,982	\$ -	\$ 770,094
21	545 Misc. Hydro Plant	\$ 80,318	\$ -	\$ 80,318	\$ 1,364	\$ 81,682	\$ 3,267	\$ 4,631	\$ -	\$ 84,949
22	Total Hydro	\$ 4,331,157	\$ -	\$ 4,331,157	\$ 72,250	\$ 4,403,407	\$ 165,132	\$ 237,382	\$ -	\$ 4,568,539
Other Generation										
23	546 Supervision & Eng.	\$ 126,245	\$ -	\$ 126,245	\$ 1,918	\$ 128,163	\$ 3,204	\$ 5,122	\$ -	\$ 131,367
24	547 Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	548 Generation Expense	\$ 126,769	\$ -	\$ 126,769	\$ 2,153	\$ 128,922	\$ 5,157	\$ 7,310	\$ -	\$ 134,079
26	549 Misc. Other Gen.	\$ 75,450	\$ -	\$ 75,450	\$ 1,281	\$ 76,731	\$ 3,069	\$ 4,350	\$ -	\$ 79,800
27	551 Supervision & Eng.	\$ 58,489	\$ -	\$ 58,489	\$ 888	\$ 59,377	\$ 1,484	\$ 2,372	\$ -	\$ 60,861
28	552 Structures	\$ 1,156	\$ -	\$ 1,156	\$ 20	\$ 1,176	\$ 47	\$ 67	\$ -	\$ 1,223
29	553 Gen. & Elec. Equip.	\$ 103,919	\$ -	\$ 103,919	\$ 1,765	\$ 105,684	\$ 4,227	\$ 5,992	\$ -	\$ 109,911
30	554 Misc. Other Gen. Plant	\$ 43,699	\$ -	\$ 43,699	\$ 742	\$ 44,441	\$ 1,778	\$ 2,520	\$ -	\$ 46,219
31	Total Other Generation	\$ 535,727	\$ -	\$ 535,727	\$ 8,767	\$ 544,494	\$ 18,967	\$ 27,734	\$ -	\$ 563,461

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

Line No.	Account/Description	(A) Total W/A	(B) Remove Executives	(C) Adjusted Total W/A	(D) 2008 Increase Admin 1.519% Union 1.698%	(E) Adjusted for 2008 Increase	(F) Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	(G) 2008 & 2009 Increases	(H) Add back Executives	(I) Total
Other Power Supply										
32	556 Sys. Control & Ld. Disp.	\$ 160,960	\$ -	\$ 160,960	\$ 2,445	\$ 163,405	\$ 4,085	\$ 6,530	\$ -	\$ 167,490
33	557 Other Expense	\$ 1,843,660	\$ (88,409)	\$ 1,755,251	\$ 26,662	\$ 1,781,913	\$ 44,548	\$ 71,210	\$ 89,752	\$ 1,916,213
34	Total Other Power Supply	\$ 2,004,620	\$ (88,409)	\$ 1,916,211	\$ 29,107	\$ 1,945,318	\$ 48,633	\$ 77,740	\$ 89,752	\$ 2,083,703
35	Total Production	\$ 8,395,686	\$ (88,409)	\$ 8,307,277	\$ 135,749	\$ 8,443,026	\$ 292,542	\$ 428,291	\$ 89,752	\$ 8,825,320
Transmission										
36	560 Supervision & Eng.	\$ 727,913	\$ -	\$ 727,913	\$ 11,057	\$ 738,970	\$ 18,474	\$ 29,531	\$ -	\$ 757,444
37	561 Load Dispatching	\$ 813,174	\$ -	\$ 813,174	\$ 12,352	\$ 825,526	\$ 20,638	\$ 32,990	\$ -	\$ 846,164
38	562 Station Expense	\$ 61,978	\$ -	\$ 61,978	\$ 1,052	\$ 63,030	\$ 2,521	\$ 3,573	\$ -	\$ 65,551
39	563 Overhead Line Exp.	\$ 62,541	\$ -	\$ 62,541	\$ 1,062	\$ 63,603	\$ 2,544	\$ 3,606	\$ -	\$ 66,147
40	564 Underground Line Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	566 Misc. Trans. Exp.	\$ 173,751	\$ -	\$ 173,751	\$ 2,950	\$ 176,701	\$ 7,068	\$ 10,018	\$ -	\$ 183,769
42	567	\$ 344	\$ -	\$ 344	\$ 6	\$ 350	\$ 14	\$ 20	\$ -	\$ 364
43	568 Supervision & Eng.	\$ 164,356	\$ -	\$ 164,356	\$ 2,497	\$ 166,853	\$ 4,171	\$ 6,668	\$ -	\$ 171,024
44	569 Structures	\$ 74,666	\$ -	\$ 74,666	\$ 1,268	\$ 75,934	\$ 3,037	\$ 4,305	\$ -	\$ 78,971
45	570 Station Equip.	\$ 302,682	\$ -	\$ 302,682	\$ 5,140	\$ 307,822	\$ 12,313	\$ 17,453	\$ -	\$ 320,135
46	571 Overhead Lines	\$ 30,200	\$ -	\$ 30,200	\$ 513	\$ 30,713	\$ 1,229	\$ 1,742	\$ -	\$ 31,942
47	572 Underground Lines	\$ 2,647	\$ -	\$ 2,647	\$ 45	\$ 2,692	\$ 108	\$ 153	\$ -	\$ 2,800
48	573 Misc. Trans. Plant	\$ 11,942	\$ -	\$ 11,942	\$ 203	\$ 12,145	\$ 486	\$ 689	\$ -	\$ 12,631
49	Total Transmission	\$ 2,426,194	\$ -	\$ 2,426,194	\$ 38,145	\$ 2,464,339	\$ 72,603	\$ 110,748	\$ -	\$ 2,536,942
Distribution										
50	580 Supervision & Eng.	\$ 600,639	\$ -	\$ 600,639	\$ 9,124	\$ 609,763	\$ 15,244	\$ 24,368	\$ -	\$ 625,007
51	581 Load Dispatching	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	582 Station Expense	\$ 187,653	\$ -	\$ 187,653	\$ 3,186	\$ 190,839	\$ 7,634	\$ 10,820	\$ -	\$ 198,473
53	583 Overhead Line Exp.	\$ 1,100,282	\$ -	\$ 1,100,282	\$ 18,683	\$ 1,118,965	\$ 44,759	\$ 63,442	\$ -	\$ 1,163,724
54	584 Undergrd. Line Exp.	\$ 535,265	\$ -	\$ 535,265	\$ 9,089	\$ 544,354	\$ 21,774	\$ 30,863	\$ -	\$ 566,128
55	585 St. Lt. & Signl. Sys.	\$ 18,642	\$ -	\$ 18,642	\$ 317	\$ 18,959	\$ 758	\$ 1,075	\$ -	\$ 19,717
56	586 Meter Expense	\$ 855,301	\$ -	\$ 855,301	\$ 14,523	\$ 869,824	\$ 34,793	\$ 49,316	\$ -	\$ 904,617
57	587 Cust. Install. Expense	\$ 231,968	\$ -	\$ 231,968	\$ 3,939	\$ 235,907	\$ 9,436	\$ 13,375	\$ -	\$ 245,343
58	588 Misc. Dist. Expense	\$ 1,952,760	\$ -	\$ 1,952,760	\$ 33,158	\$ 1,985,918	\$ 79,437	\$ 112,595	\$ -	\$ 2,065,355
59	589 Rent	\$ 949	\$ -	\$ 949	\$ 16	\$ 965	\$ 39	\$ 55	\$ -	\$ 1,004
60	590 Supervision & Eng.	\$ 342,593	\$ -	\$ 342,593	\$ 5,204	\$ 347,797	\$ 8,695	\$ 13,899	\$ -	\$ 356,492
61	591 Structures	\$ 48,999	\$ -	\$ 48,999	\$ 832	\$ 49,831	\$ 1,993	\$ 2,825	\$ -	\$ 51,824
62	592 Station Equipment	\$ 305,043	\$ -	\$ 305,043	\$ 5,180	\$ 310,223	\$ 12,409	\$ 17,589	\$ -	\$ 322,632
63	593 Overhead Lines	\$ 1,294,950	\$ -	\$ 1,294,950	\$ 21,988	\$ 1,316,938	\$ 52,678	\$ 74,666	\$ -	\$ 1,369,616
64	594 Undergrd. Lines	\$ 443,724	\$ -	\$ 443,724	\$ 7,534	\$ 451,258	\$ 18,050	\$ 25,584	\$ -	\$ 469,308
65	595 Line Transformers	\$ 310,557	\$ -	\$ 310,557	\$ 5,273	\$ 315,830	\$ 12,633	\$ 17,906	\$ -	\$ 328,463

AVISTA UTILITIES
 Washington Electric System
 Test Year Twelve Months Ended September 30, 2008
 (\$000's of Dollars)

Line No.	Account/Description	(A) Total WA	(B) Remove Executives	(C) Adjusted Total WA	(D) 2008 Increase Admin 1.519% Union 1.698%	(E) Adjusted for 2008 Increase	(F) Board Apprvd 2009 Increase Admin 2.50% Union 4.000%	(G) 2008 & 2009 Increases	(H) Add back Executives	(I) Total
66	596 St. Lt. & Signl. Sys.	\$ 187,819	\$ -	\$ 187,819	\$ 3,189	\$ 191,008	\$ 7,640	\$ 10,829	\$ -	\$ 198,648
67	597 Meters	\$ 56,013	\$ -	\$ 56,013	\$ 951	\$ 56,964	\$ 2,279	\$ 3,230	\$ -	\$ 59,243
68	598 Misc. Dist. Expense	\$ 167,765	\$ -	\$ 167,765	\$ 2,849	\$ 170,614	\$ 6,825	\$ 9,674	\$ -	\$ 177,439
69	Total Distribution	\$ 8,640,922	\$ -	\$ 8,640,922	\$ 145,035	\$ 8,785,957	\$ 337,075	\$ 482,110	\$ -	\$ 9,123,032
Customer Accounts										
70	901 Supervision	\$ 221,076	\$ -	\$ 221,076	\$ 3,358	\$ 224,434	\$ 5,611	\$ 8,969	\$ -	\$ 230,045
71	902 Meter Reading Exp.	\$ 1,251,744	\$ -	\$ 1,251,744	\$ 21,255	\$ 1,272,999	\$ 50,920	\$ 72,175	\$ -	\$ 1,323,919
72	903 Cust. Records & Coll.	\$ 2,124,985	\$ -	\$ 2,124,985	\$ 32,279	\$ 2,157,264	\$ 53,932	\$ 86,211	\$ -	\$ 2,211,196
73	905 Misc. Cust. Accts.	\$ 59,208	\$ -	\$ 59,208	\$ 899	\$ 60,107	\$ 1,503	\$ 2,402	\$ -	\$ 61,610
74	Total Cust. Accounts	\$ 3,657,013	\$ -	\$ 3,657,013	\$ 57,791	\$ 3,714,804	\$ 111,965	\$ 169,756	\$ -	\$ 3,826,769
Cust Service & Info										
75	907 Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76	908 Cust. Assistance Exp.	\$ 198,765	\$ -	\$ 198,765	\$ 3,019	\$ 201,784	\$ 5,045	\$ 8,064	\$ -	\$ 206,829
77	909 Advertising	\$ 10,617	\$ -	\$ 10,617	\$ 161	\$ 10,778	\$ 269	\$ 430	\$ -	\$ 11,047
78	910 Miscellaneous	\$ 87	\$ -	\$ 87	\$ 1	\$ 88	\$ 2	\$ 3	\$ -	\$ 90
79	Total Cust Svc & Info	\$ 209,469	\$ -	\$ 209,469	\$ 3,181	\$ 212,650	\$ 5,316	\$ 8,497	\$ -	\$ 217,966
Sales										
80	911 Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81	912 Demonstrating & Selling	\$ 179,975	\$ -	\$ 179,975	\$ 2,734	\$ 182,709	\$ 4,568	\$ 7,302	\$ -	\$ 187,277
82	913 Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
83	916 Misc Cust Serv & Info	\$ 146,454	\$ -	\$ 146,454	\$ 2,225	\$ 148,679	\$ 3,717	\$ 5,942	\$ -	\$ 152,396
84	Total Sales	\$ 326,429	\$ -	\$ 326,429	\$ 4,959	\$ 331,388	\$ 8,285	\$ 13,244	\$ -	\$ 339,673
Admin & General										
85	920 Salaries	\$ 7,181,131	\$ (1,301,176)	\$ 5,879,955	\$ 89,317	\$ 5,969,272	\$ 149,232	\$ 238,549	\$ 1,320,941	\$ 7,439,445
86	921 Office Supplies & Exp.	\$ 20,490	\$ -	\$ 20,490	\$ 311	\$ 20,801	\$ 520	\$ 831	\$ -	\$ 21,321
87	924 Outside Services	\$ 1,739	\$ -	\$ 1,739	\$ 26	\$ 1,765	\$ 44	\$ 70	\$ -	\$ 1,809
88	924 Property Ins. Premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
89	925 Injuries & Damages	\$ 120,821	\$ -	\$ 120,821	\$ 1,835	\$ 122,656	\$ 3,066	\$ 4,901	\$ -	\$ 125,722
90	926 Empl. Pensions & Bene.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91	927 Franchise Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92	928 Reg. Comm. Expenses	\$ 506,923	\$ -	\$ 506,923	\$ 7,700	\$ 514,623	\$ 12,866	\$ 20,566	\$ -	\$ 527,489
93	930 Misc. General Exp.	\$ 272,019	\$ -	\$ 272,019	\$ 4,132	\$ 276,151	\$ 6,904	\$ 11,036	\$ -	\$ 283,055
94	931 Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95	935 Mtee. of Gen. Plant	\$ 786,972	\$ (1,301,176)	\$ 786,972	\$ 13,363	\$ 800,335	\$ 32,013	\$ 45,376	\$ -	\$ 832,348
96	Total Admin & General	\$ 8,890,095	\$ (1,301,176)	\$ 7,588,919	\$ 116,684	\$ 7,705,603	\$ 204,645	\$ 321,329	\$ 1,320,941	\$ 9,231,189
97	Total Electric Labor	\$ 32,545,808	\$ (1,389,585)	\$ 31,156,223	\$ 501,544	\$ 31,657,767	\$ 1,032,431	\$ 1,533,975	\$ 1,410,693	\$ 34,100,891

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment to Executive Labor Expense

Line No.	Description	Amount	Source
1	Avista's Pro Forma Increase for Executive Labor	\$ 239,543	[A]
2	PC's Recommended Reduction to Executive Labor	<u>\$ (218,435)</u>	
3	PC's Pro Forma Increase for Executive Labor	<u>\$ 21,108</u>	[B]
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Decrease in Federal Income Tax Expense	<u>\$ (7,388)</u>	L. 3 * L. 4
6	Decrease in Net Operating Income	<u><u>\$ (13,720)</u></u>	L. 3 - L. 5

[A] Exhibit No. __ (EMA-2) Workpaper PF3 4

[B]	Executive Compensation Included in Test Year	\$ 1,389,585	[C]
	Administrative Increase March 2008	<u>1.519%</u>	[D]
	PC Recommended Increase to Executive Comp.	\$ 21,108	

[C] Exhibit No. __ (EMA-2) PF3 3

[D] Exhibit No. __ (EMA-2) PF3 4

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2008 Pro Forma Capital Additions Adjustment

Line No.	Description	Amount
	REVENUES	
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	
4	Total Sales of Electricity	
5	Other Revenue	
6	Total Electric Revenue	\$ -
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	
8	Purchased Power	
9	Depreciation and Amortization	\$ 6
10	Taxes	\$ 9
11	Total Production & Transmission	\$ 15
	Distribution	
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
	Administrative & General	
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ 15
24	Operating Income Before FIT	\$ (15)
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ (5)
27	Increase in Net Operating Income	\$ (10)
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	
31	Production	\$ 1,312
32	Transmission	
33	Distribution	
34	General	
35	Total Plant in Service	\$ 1,312
36	ACCUMULATED DEPRECIATION	\$ 1,066
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ 1,066
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ (123)
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ 123

Source:

C-4.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2008 Additions**Production Plant Balances**

	Monthly Balance	Difference	Source
Sep-08	\$ 1,024,889,772		PC-483 Att. A
Oct-08	\$ 1,027,151,135	\$ 2,261,363	
Nov-08	\$ 1,027,226,699	\$ 75,564	
Dec-08	\$ 1,030,981,459	\$ 3,754,760	
	AMA	\$ 2,030,562	
	WA Electric Allocation	64.59%	
	PC Recommended Adjustment	\$ 1,311,540	

Accumulated Depreciation

	Monthly Balance	Difference	Source
Sep-08	\$ (386,130,957)		PC-483 Att. A
Oct-08	\$ (379,431,028)	\$ 6,699,929	
Nov-08	\$ (381,583,065)	\$ (2,152,037)	
Dec-08	\$ (381,180,435)	\$ 402,630	
	AMA	\$ 1,650,174	
	WA Electric Allocation	64.59%	
	PC Recommended Adjustment	\$ 1,065,847	

Depreciation Expense

	Monthly Balance	Difference	Source
Sep-08	\$ 2,211,402		PC-483 Att. A
Oct-08	\$ 2,212,840	\$ 1,438	
Nov-08	\$ 2,216,706	\$ 3,866	
Dec-08	\$ 2,221,217	\$ 4,511	
	Total	\$ 9,815	
	WA Electric Allocation	64.59%	
	PC Recommended Adjustment	\$ 6,340	

Accumulated Deferred Income Taxes

Prod. Plant		Approximate	
ADIT	Total Prod. Plant	ADIT Ratio	Source
\$ (65,072)	\$ 693,304	-9.39%	C-1.1
	\$ 1,311,540		
	PC Recommended Adjustment	\$ (123,098)	

Property Taxes

Prod. Plant		Approximate	
Property Taxes	Total Prod. Plant	Property Tax Ratio	Source
\$ 4,671	\$ 693,304	0.67%	C-1.1
	\$ 1,311,540		
	PC Recommended Adjustment	\$ 8,836	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's 2009 Pro Forma Capital Additions Adjustment

Line No.	Description	Amount
	REVENUES	
1	Total General Business	
2	Interdepartmental Sales	
3	Sales for Resale	
4	Total Sales of Electricity	
5	Other Revenue	
6	Total Electric Revenue	\$ -
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	
8	Purchased Power	
9	Depreciation and Amortization	\$ 29
10	Taxes	\$ 16
11	Total Production & Transmission	\$ 45
	Distribution	
12	Operating Expenses	
13	Depreciation	
14	Taxes	
15	Total Distribution	\$ -
16	Customer Accounting	
17	Customer Service & Information	
18	Sales Expenses	
	Administrative & General	
19	Operating Expenses	
20	Depreciation	
21	Taxes	
22	Total Admin. & General	\$ -
23	Total Electric Expenses	\$ 45
24	Operating Income Before FIT	\$ (45)
25	Federal Income Tax Rate	35.000%
26	Increase in Federal Income Tax Expense	\$ (16)
27	Increase in Net Operating Income	\$ (29)
28	RATE BASE	
29	PLANT IN SERVICE	
30	Intangible	
31	Production	\$ 2,349
32	Transmission	
33	Distribution	
34	General	
35	Total Plant in Service	\$ 2,349
36	ACCUMULATED DEPRECIATION	\$ (1,343)
37	ACCUM. PROVISION FOR AMORTIZATION	
38	Total Accum. Depreciation & Amort.	\$ (1,343)
39	GAIN ON SALE OF BUILDING	
40	DEFERRED TAXES	\$ (220)
41	OTHER RATE BASE DEDUCTIONS	
42	TOTAL RATE BASE	\$ 3,472

Source:
 C-5.1

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

2009 Additions

Production Plant Balances

	Monthly Balance	Difference	Source
Dec-08	\$ 1,030,981,459		PC-483 Att. A
Jan-09	\$ 1,031,128,830	\$ 147,371	
Feb-09	\$ 1,031,934,549	\$ 805,719	
Mar-09	\$ 1,032,351,153	\$ 416,604	
Apr-09	\$ 1,032,964,116	\$ 612,963	
May-09	\$ 1,051,012,459	\$ 18,048,343	
Jun-09	\$ 1,052,801,911	\$ 1,789,452	
	AMA	\$ 3,636,742	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		\$ 2,348,972	

Accumulated Depreciation

	Monthly Balance	Difference	Source
Dec-08	\$ (381,180,435)		PC-483 Att. A
Jan-09	\$ (383,392,667)	\$ (2,212,232)	
Feb-09	\$ (385,616,082)	\$ (2,223,415)	
Mar-09	\$ (387,111,091)	\$ (1,495,009)	
Apr-09	\$ (389,341,365)	\$ (2,230,274)	
May-09	\$ (391,588,206)	\$ (2,246,841)	
Jun-09	\$ (393,660,433)	\$ (2,072,227)	
	AMA	\$ (2,080,000)	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		\$ (1,343,472)	

Depreciation Expense

	Monthly Balance	Difference	Source
Dec-08	\$ 2,221,217		PC-483 Att. A
Jan-09	\$ 2,225,516	\$ 4,299	
Feb-09	\$ 2,225,952	\$ 436	
Mar-09	\$ 2,226,824	\$ 872	
Apr-09	\$ 2,228,013	\$ 1,189	
May-09	\$ 2,243,033	\$ 15,020	
Jun-09	\$ 2,266,838	\$ 23,805	
Total		\$ 45,621	
	WA Electric Allocation	64.59%	
PC Recommended Adjustment		\$ 29,467	

Accumulated Deferred Income Taxes

Prod. Plant ADIT	Total Prod. Plant	Approximate ADIT Ratio	Source
\$ (65,072)	\$ 693,304	-9.39%	C-1.1
		\$ 2,348,972	
		\$ (220,469)	

Property Taxes

Prod. Plant Property Taxes	Total Prod. Plant	Approximate Property Tax Ratio	Source
\$ 4,671	\$ 693,304	0.67%	C-1.1
		\$ 2,348,972	
		\$ 15,826	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company Pro Forma Adjustment for Couer D'Alene Tribe Settlement

Line No.	Description	Total Pro forma Adjustment	WA Jurisdictional 2010 Annual Payment	Amortization of Deferral
1	Total Pro Forma Adjustment Per Company	\$ 828,615	\$ 258,360	\$ 570,255 [A]
2	Recommended Reduction for CDA Settlement	<u>\$ (570,255)</u>		<u>\$ (570,255)</u>
3	Pro Forma CDA Settlement Adjustment Per PC	\$ 258,360		
4	Federal Income Tax Rate	<u>35.000%</u>		
5	Decrease in Federal Income Tax Expense	<u>\$ (90,426)</u>	L. 3 * L. 4	
6	Decrease in Net Operating Income	<u><u>\$ (167,934)</u></u>	L. 3 - L. 5	

Source:

[A] PF12 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Colstrip Mercury Emission O&M Expense

Line No.	Description	Amount
1	Avista's Pro Forma Increase for Mercury O&M Exp	\$ 1,873,110 [A]
2	PC's Recommended Reduction to Pro Forma Adj	<u>\$ (631,690) [B]</u>
3	PC's Pro Forma Increase for Mercury O&M Exp	\$ 1,241,420
4	Federal Income Tax Rate	<u>35.00%</u>
5	Decrease in Federal Income Tax Expense	<u>\$ (434,497)</u>
6	Decrease in Net Operating Income	<u><u>\$ (806,923)</u></u>

Source:

	<u>System Adj</u>	<u>WA Allocated</u>	
		64.59%	
Pro Forma O&M Expense per PF 14 2	\$ 2,900,000	\$ 1,873,110	[A]
Revised O&M Expense per PC-045 Supplemental	\$ 1,922,000	<u>\$ 1,241,420</u>	[B]
PC's Recommended Reduction for Mercury O&M Exp.		<u>\$ (631,690)</u>	

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Incentive Compensation

Line No.	Description	Total Adjustment	Adjust 2008 To Actual	Adjust 2008 to 6-Year Average
1	Pro Forma Incentive Adjustment Per Company	\$ 550,457	\$ (17,414)	\$ 567,871 [A]
2	Recommended Reduction to Pro Forma Incentives	<u>\$ (567,871)</u>		<u>\$ (567,871)</u>
3	Pro Forma Incentive Adjustment Per PC	\$ (17,414)	\$ (17,414)	
4	Federal Income Tax Rate	<u>35.000%</u>		
5	Increase in Federal Income Tax Expense	<u>\$ 6,095</u>	L. 3 * L. 4	
6	Increase in Net Operating Income	<u><u>\$ 11,319</u></u>	L. 3 - L. 5	

Source:

PF15 2

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Insurance Expense

Line No.	Description	Amount
1	Avista's Original Pro Forma Increase for Insurance	\$ 283,233 [A]
2	PC's Recommended Reduction to Pro Forma Adj	<u>\$ (64,712) [B]</u>
3	PC's Pro Forma Increase for Insurance	\$ 218,521
4	Federal Income Tax Rate	<u>35.00%</u>
5	Decrease in Federal Income Tax Expense	<u>\$ (76,482)</u>
6	Decrease in Net Operating Income	<u><u>\$ (142,039)</u></u>

Source:

	PF18 [A]	PC-142 [B]	
	Adjust Insurance to 2009 Pro Forma (Filed)	Adjust Insurance to 2009 Pro Forma (Revised)	Difference
	\$ 283,233	\$ 218,521	\$ (64,712)

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove 50% of D&O Insurance Expense

Line No.	Description	Amount	Source
1	Washington Electric D&O Insurance Expense in Test Year	\$ 816,856	PC-212
2	PC Recommended Disallowance %	<u>-50.000%</u>	
3	PC Recommended Reduction of D&O Insurance Expense	\$ (408,428)	L. 1 * L. 2
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Increase in Federal Income Tax Expense	<u>\$ 142,950</u>	L. 3 * L. 4
6	Increase in Net Operating Income	<u><u>\$ 265,478</u></u>	L. 3 - L. 5

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Meeting Costs

Line No.	Description	Amount	Source
1	System Board of Director Meeting Costs in Test Year	\$ 96,553	PC-155
2	Electric Operations Allocation Factor	<u>71.960%</u>	PC-328
3	Amount Allocated to Electric Operations	\$ 69,480	L. 1 * L. 2
4	Washington Electric Operations Allocation Factor	<u>65.097%</u>	PC-328
5	Amount allocated to WA Electric Operations	\$ 45,229	L. 3 * L. 4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Meeting Costs	\$ (22,615)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 7,915</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u><u>\$ 14,699</u></u>	L. 7 - L. 8

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Fees

Line No.	Description	Amount	Source
1	System Director Fees in Test Year	\$ 1,162,018	PC-328
2	Electric Operations Allocation Factor	<u>71.960%</u>	PC-328
3	Amount Allocated to Electric Operations	\$ 836,188	L. 1 * L. 2
4	Washington Electric Operations Allocation Factor	<u>65.097%</u>	PC-328
5	Amount allocated to WA Electric Operations	\$ 544,333	L. 3 * L. 4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Fees	\$ (272,167)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 95,258</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u>\$ 176,908</u>	L. 7 - L. 9

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Customer Deposits From Rate Base

Line No.	Description	Amount
1	WA AMA Amount of Customer Deposits	\$ 3,825,972
2	WA Electric Allocation Factor	<u>64.64%</u>
3	WA Electric Customer Deposits	<u>\$ (2,473,108)</u>
4	WA Deposit Interest Paid	\$ 148,151
5	WA Electric Allocation Factor	<u>64.64%</u>
6	WA Electric Interest on Customer Deposits Paid	<u>\$ 95,765</u>
7	Federal Income Tax Rate	<u>35%</u>
8	Decrease in Federal Income Tax Expense	<u>\$ (33,518)</u>
9	Decrease in Net Operating Income	<u>\$ (62,247)</u>

Source:

Response to Public Counsel Data Request 326

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008

Remove Injuries & Damages Reserve from Rate Base

<u>Date</u>	<u>Balance</u>
Sep-07	\$ 7,534,345
Oct-07	\$ 7,541,294
Nov-07	\$ 7,543,680
Dec-08	\$ 7,556,839
Jan-08	\$ 7,559,780
Feb-08	\$ 7,570,366
Mar-08	\$ 7,628,522
Apr-08	\$ 7,636,118
May-08	\$ 7,646,930
Jun-08	\$ 7,703,789
Jul-08	\$ 7,719,919
Aug-08	\$ 7,735,587
Sep-08	\$ 7,794,539
(Sept. 2007 + Sept. 2008) / 2	<u>\$ 7,664,442</u>
WA Electric AMA	<u><u>\$ 7,625,606</u></u>
Federal Income Tax Rate	<u>35%</u>
ADIT Associated with Injuries & Damages	<u><u>\$ 2,668,962</u></u>

Source:

Response to Public Counsel Data Request 210

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Interest Synchronization Adjustment

Line No.	Description	Amount	Source
1	Rate Base, per PC	\$ 942,422	Sch. B-1a
2	PC Proposed Weighted Cost of Debt	<u>3.58%</u>	Sch D
3	Interest Deduction	\$ 33,739	L 1 * L 2
4	Interest Deduction Per Company	<u>\$ 32,793</u>	[A]
5	Difference	\$ 946	L 3 - L 4
6	Federal Income Tax Rate	35.00%	[A]
7	Increase (Decrease) to Income Tax Expense	<u>\$ (331)</u>	L 5 * L 6

Source:

[A] Exhibit No. __ (EMA-2)WP B16

AVISTA UTILITIES
Washington Electric System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Overall Cost of Capital, per PC

Line No.	Description	Capital Structure	Ratio	Cost Rate	Weighted Cost Rate
1	Total debt	\$ 1,190,915,751	54.4%	6.57%	3.58%
2	Common Equity	\$ 996,883,374	45.6%	10.10%	4.60%
3	Total Capital Structure	\$ 2,187,799,125	100.00%		8.18%

Source/Reference:

The above cost rate amounts are sponsored by PC's witness Mike Gorman and are provided here for ease of reference.

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Revenue Requirement

Line No.	Description	As Proposed Per Company Adjusted (A)	As Proposed Per PC Adjusted (B)	Difference (C)	Reference (D)
1	WA Jurisdictional Rate Base	\$178,263	\$168,792	(\$9,471)	Schedule A-1
2	Overall Rate of Return	8.68%	8.18%	-0.50%	Schedule D
3	Net Operating Income Required	\$ 15,473	\$ 13,807	(\$1,666)	L 1 * L 2
4	NOI-Existing Rates	\$12,414	\$13,539	\$1,125	Schedule A-1
5	Income Deficiency (Sufficiency)	\$ 3,059	\$ 268	(\$2,791)	L 3 - L 4
6	Revenue Conversion Factor	0.622038	0.622089	0.000051	Schedule A-2
7	Revenue Deficiency (Sufficiency)	\$ 4,918	\$ 431	(\$4,487)	L 5 / L 7