

**AVISTA UTILITIES**

Restatement Summary  
Washington Electric

TWELVE MONTHS ENDED DECEMBER 31, 2010

Column	Description of Adjustment	Washington Electric		
		NOI	Rate Base	ROR
<b>Restating Rate Base (and corresponding NOI) adjustments</b>				
b	Per Results Report	\$80,649	\$1,220,889	
c	Deferred FIT Rate Base	0	(184,825)	
d	Deferred Gain on Office Building	0	(127)	
e	Colstrip 3 AFUDC Elimination	191	(1,493)	
f	Colstrip Common AFUDC	0	365	
g	Kettle Falls Disallow.	0	(676)	
h	Customer Advances	0	(279)	
i	Customer Deposits	(5)	(3,419)	
j	Settlement Exchange Power	0	18,422	Revised
k	Restating CDA Settlement	0	1,171	
l	Restating Spokane River Deferral	0	772	
m	Restating Montana Lease	0	2,859	
n	Restating Lancaster Amortization	0	181	
WC	Working Capital Adjustment	0	18,188	Revised
	Actual	80,835	1,072,028	7.54%
<b>Restating NOI Adjustments</b>				
o	Eliminate B & O Taxes	(29)	0	
p	Property Tax	(202)	0	Revised
q	Uncollect. Expense	(306)	0	
r	Regulatory Expense	33	0	
s	Injuries and Damages	736	0	
t	FIT	246	0	
u	Eliminate WA Power Cost Defer	(4,700)	0	
v	Nez Perce Settlement Adjustment	(8)	0	
w	Eliminate A/R Expenses	141	0	
x	Office Space Charges to Subsidiaries	4	0	
y	Restate Excise Taxes	70	0	
z	Net Gains / Losses	52	0	
aa	Revenue Weather Normalization	3,087	0	
ab	Misc Restating	(309)	0	Revised
ac	Remove Buck-A Block	(7)	0	
ad	Power Supply	(2,690)	0	Revised
ae	Restate Debt Interest	(88)	0	Revised
	Restated Total	\$76,865	\$1,072,028	7.17%

See Page 2 for descriptions of the Revised Adjustments.

## AVISTA UTILITIES

### Restatement Summary

#### Washington Electric

TWELVE MONTHS ENDED DECEMBER 31, 2010

#### **Revised Adjustments:**

The following adjustments were revised from the original adjustments included in the Company's Electric Commission Basis Report (CBR) filed on April 28, 2011:

- j The rate base in the original filing was the 2012 AMA basis that was used in the Company's 2011 general rate case. The correct rate base to use for the CBR is the AMA 2010 basis.
- WC The working capital that was agreed to in the 2010 general rate case (Docket UE-100467) was omitted from the original CBR filing in error.
- p The property tax adjustment had been input incorrectly in the original CBR filing.
- ab The Company agreed to return the BPA Settlement Revenues received in 2010 for prior periods (2006-2010) to customers in the 2011 general rate case (UE-110876), therefore, those revenues were removed from the CBR report.
- ad The original Power Supply adjustment was corrected for an incorrect power supply expense amount in the original CBR report.
- ae The original CBR was prepared using the Authorized Capital Structure and Debt Costs. The Company used the actual 2010 AMA Capital Structure and the actual 2010 AMA debt costs in this revised CBR filing.

AVISTA UTILITIES  
ELECTRIC RESULTS OF OPERATION  
WASHINGTON RESTATED RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(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.	Customer Advances
	a	b	c	d	e	f	g	h
REVENUES								
1	Total General Business	\$433,618						
2	Interdepartmental Sales	790						
3	Sales for Resale	167,018						
4	Total Sales of Electricity	601,426	0	0	0	0	0	0
5	Other Revenue	84,313						
6	Total Electric Revenue	685,739	0	0	0	0	0	0
EXPENSES								
Production and Transmission								
7	Operating Expenses	222,473						
8	Purchased Power	168,347						
9	Depreciation and Amortization	22,406			(191)			
10	Taxes	9,845						
11	Total Production & Transmission	423,071	0	0	(191)	0	0	0
Distribution								
12	Operating Expenses	18,355						
13	Depreciation	18,065						
14	Taxes	34,749						
15	Total Distribution	71,169	0	0	0	0	0	0
16	Customer Accounting	9,017						
17	Customer Service & Information	20,899						
18	Sales Expenses	180						
Administrative & General								
19	Operating Expenses	46,091						
20	Depreciation	9,277						
21	Taxes							
22	Total Admin. & General	55,368	0	0	0	0	0	0
23	Total Electric Expenses	579,704	0	0	(191)	0	0	0
24	OPERATING INCOME BEFORE FIT	106,035	0	0	191	0	0	0
FEDERAL INCOME TAX								
25	Current Accrual	11,919						
26	Deferred Income Taxes	13,550						
27	Amortized ITC - Noxon	(83)						
28	NET OPERATING INCOME	\$80,649	\$0	\$0	\$191	\$0	\$0	\$0
RATE BASE								
PLANT IN SERVICE								
29	Intangible	\$79,107						
30	Production	695,537			(7,325)	365	(5,248)	
31	Transmission	312,505						
32	Distribution	642,143						(279)
33	General	120,996						
34	Total Plant in Service	1,850,288	0	0	(7,325)	365	(5,248)	(279)
35	ACCUMULATED DEPRECIATION	616,793			(5,832)		(4,100)	
36	ACCUM. PROVISION FOR AMORTIZATION	12,606						
37	Total Accum. Depreciation & Amort.	629,399	0	0	(5,832)	0	(4,100)	0
38	GAIN ON SALE OF BUILDING			(127)				
39	WORKING CAPITAL							
40	DEFERRED TAXES		(184,825)				472	
41	TOTAL RATE BASE	\$1,220,889	(\$184,825)	(\$127)	(\$1,493)	\$365	(\$676)	(\$279)
42	RATE OF RETURN	6.61%						

AVISTA UTILITIES  
ELECTRIC RESULTS OF OPERATION  
WASHINGTON RESTATED RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Customer Deposits	Settlement Exchange Power	Restating CDA Settlement	Restating Spokane River Deferral	Restating Montana Lease	Restating Lancaster Amortization	Working Capital Adjustment
	a	i	j	k	l	m	n	WC
REVENUES								
1	Total General Business							
2	Interdepartmental Sales							
3	Sales for Resale							
4	Total Sales of Electricity	0	0	0	0	0	0	0
5	Other Revenue							
6	Total Electric Revenue	0	0	0	0	0	0	0
EXPENSES								
Production and Transmission								
7	Operating Expenses							
8	Purchased Power							
9	Depreciation and Amortization							
10	Taxes							
11	Total Production & Transmission	0	0	0	0	0	0	0
Distribution								
12	Operating Expenses							
13	Depreciation							
14	Taxes							
15	Total Distribution	0	0	0	0	0	0	0
16	Customer Accounting							
17	Customer Service & Information	8						
18	Sales Expenses							
Administrative & General								
19	Operating Expenses							
20	Depreciation							
21	Taxes							
22	Total Admin. & General	0	0	0	0	0	0	0
23	Total Electric Expenses	8	0	0	0	0	0	0
24	OPERATING INCOME BEFORE FIT	(8)	0	0	0	0	0	0
FEDERAL INCOME TAX								
25	Current Accrual	(3)						
26	Deferred Income Taxes							
27	Amortized ITC - Noxon							
28	NET OPERATING INCOME	(\$5)	\$0	\$0	\$0	\$0	\$0	\$0
RATE BASE								
PLANT IN SERVICE								
29	Intangible			\$1,647	\$1,201			
30	Production		79,626			4,398	279	
31	Transmission							
32	Distribution	(3,419)						
33	General							
34	Total Plant in Service	(3,419)	79,626	1,647	1,201	4,398	279	0
ACCUMULATED DEPRECIATION								
35	ACCUM. PROVISION FOR AMORTIZATION		57,168					
37	Total Accum. Depreciation & Amort.	0	57,168	0	0	0	0	0
38	GAIN ON SALE OF BUILDING							18,188
39	WORKING CAPITAL							
40	DEFERRED TAXES		(4,036)	(476)	(429)	(1,539)	(98)	
41	TOTAL RATE BASE	(\$3,419)	\$18,422	\$1,171	\$772	\$2,859	\$181	\$18,188
42	RATE OF RETURN							

AVISTA UTILITIES  
ELECTRIC RESULTS OF OPERATION  
WASHINGTON RESTATED RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Subtotal Actual	Eliminate B & O Taxes	Property Tax	Uncollect. Expense	Regulatory Expense	Injuries and Damages	FIT	Eliminate WA Power Cost Defer
	a	-	o	p	q	r	s	t	u
REVENUES									
1	Total General Business	\$433,618	\$ (14,789)						\$ (7,113)
2	Interdepartmental Sales	790							
3	Sales for Resale	167,018							
4	Total Sales of Electricity	601,426	(14,789)	0	0	0	0	0	(7,113)
5	Other Revenue	84,313	(17)						
6	Total Electric Revenue	685,739	(14,806)	0	0	0	0	0	(7,113)
EXPENSES									
Production and Transmission									
7	Operating Expenses	222,473							429
8	Purchased Power	168,347							
9	Depreciation and Amortization	22,215							
10	Taxes	9,845		110					
11	Total Production & Transmission	422,880	0	110	0	0	0	0	429
Distribution									
12	Operating Expenses	18,355							
13	Depreciation	18,065							
14	Taxes	34,749	(14,761)	199					(275)
15	Total Distribution	71,169	(14,761)	199	0	0	0	0	(275)
16	Customer Accounting	9,017			471				(23)
17	Customer Service & Information	20,907							
18	Sales Expenses	180							
Administrative & General									
19	Operating Expenses	46,091				(51)	(1,133)		(14)
20	Depreciation	9,277							
21	Taxes	-		2					
22	Total Admin. & General	55,368	0	2	0	(51)	(1,133)	0	(14)
23	Total Electric Expenses	579,521	(14,761)	311	471	(51)	(1,133)	0	117
24	OPERATING INCOME BEFORE FIT	106,218	(45)	(311)	(471)	51	1,133	0	(7,230)
FEDERAL INCOME TAX									
25	Current Accrual	11,916	(16)	(109)	(165)	18	397	(519)	(2,530)
26	Deferred Income Taxes	13,550						273	
27	Amortized ITC - Noxon	(83)							
28	NET OPERATING INCOME	\$80,835	(\$29)	(\$202)	(\$306)	\$33	\$736	\$246	(\$4,700)
RATE BASE									
PLANT IN SERVICE									
29	Intangible	81,955							
30	Production	767,632							
31	Transmission	312,505							
32	Distribution	638,445							
33	General	120,996							
34	Total Plant in Service	1,921,533	0	0	0	0	0	0	0
35	ACCUMULATED DEPRECIATION	606,861							
36	ACCUM. PROVISION FOR AMORTIZATION	69,774							
37	Total Accum. Depreciation & Amort.	676,635	0	0	0	0	0	0	0
38	GAIN ON SALE OF BUILDING	(127)							
39	WORKING CAPITAL	18,188							
40	DEFERRED TAXES	(190,931)							
41	TOTAL RATE BASE	\$1,072,028	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42	RATE OF RETURN	7.54%							

AVISTA UTILITIES  
ELECTRIC RESULTS OF OPERATION  
WASHINGTON RESTATED RESULTS  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(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 Weather Normalization	Misc Restating
	a	v	w	x	y	z	aa	ab
REVENUES								
1	Total General Business						\$4,970	\$ (767)
2	Interdepartmental Sales							
3	Sales for Resale							
4	Total Sales of Electricity	0	0	0	0	0	4,970	(767)
5	Other Revenue							
6	Total Electric Revenue	0	0	0	0	0	4,970	(767)
EXPENSES								
Production and Transmission								
7	Operating Expenses	13						(2)
8	Purchased Power							
9	Depreciation and Amortization							
10	Taxes							
11	Total Production & Transmission	13	0	0	0	0	0	(2)
Distribution								
12	Operating Expenses							(1)
13	Depreciation					(80)		
14	Taxes				(107)		192	
15	Total Distribution	0	0	0	(107)	(80)	192	(1)
16	Customer Accounting		(217)				18	(4)
17	Customer Service & Information							(51)
18	Sales Expenses							
Administrative & General								
19	Operating Expenses			(6)			10	(234)
20	Depreciation							
21	Taxes							
22	Total Admin. & General	0	0	(6)	0	0	10	(234)
23	Total Electric Expenses	13	(217)	(6)	(107)	(80)	220	(292)
24	OPERATING INCOME BEFORE FIT	(13)	217	6	107	80	4,750	(475)
FEDERAL INCOME TAX								
25	Current Accrual	(5)	76	2	37	28	1,663	(166)
26	Deferred Income Taxes							
27	Amortized ITC - Noxon							
28	NET OPERATING INCOME	(\$8)	\$141	\$4	\$70	\$52	\$3,087	(\$309)
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, 2010  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Remove Buck-A Block ac	Power Supply ad	Restate Debt Interest ae	Restated TOTAL
REVENUES					
1	Total General Business	\$ (179)			\$415,740
2	Interdepartmental Sales				790
3	Sales for Resale		(33,539)		133,479
4	Total Sales of Electricity	(179)	(33,539)	0	550,009
5	Other Revenue		(72,510)		11,786
6	Total Electric Revenue	(179)	(106,049)	0	561,795
EXPENSES					
Production and Transmission					
7	Operating Expenses	39	(75,845)		147,107
8	Purchased Power	(84)	(26,066)		142,197
9	Depreciation and Amortization	(86)			22,129
10	Taxes				9,955
11	Total Production & Transmission	(131)	(101,911)	0	321,388
Distribution					
12	Operating Expenses				18,354
13	Depreciation				17,985
14	Taxes	(7)			19,990
15	Total Distribution	(7)	0	0	56,329
16	Customer Accounting	(1)			9,261
17	Customer Service & Information	(24)			20,832
18	Sales Expenses	(4)			176
Administrative & General					
19	Operating Expenses	(1)			44,662
20	Depreciation				9,277
21	Taxes				2
22	Total Admin. & General	(1)	0	0	53,941
23	Total Electric Expenses	(168)	(101,911)	0	461,927
24	OPERATING INCOME BEFORE FIT	(11)	(4,138)	0	99,868
FEDERAL INCOME TAX					
25	Current Accrual	(4)	(1,448)	88	9,263
26	Deferred Income Taxes				13,823
27	Amortized ITC - Noxon				(83)
28	NET OPERATING INCOME	(\$7)	(\$2,690)	(\$88)	\$76,865
RATE BASE					
PLANT IN SERVICE					
29	Intangible				\$81,955
30	Production				767,632
31	Transmission				312,505
32	Distribution				638,445
33	General				120,996
34	Total Plant in Service	0	0	0	1,921,533
35	ACCUMULATED DEPRECIATION				606,861
36	ACCUM. PROVISION FOR AMORTIZATION				69,774
37	Total Accum. Depreciation & Amort.	0	0	0	676,635
38	GAIN ON SALE OF BUILDING				(127)
39	WORKING CAPITAL				18,188
40	DEFERRED TAXES				(190,931)
41	TOTAL RATE BASE	\$0	\$0	\$0	\$1,072,028
42	RATE OF RETURN				7.17%

AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

SETTLEMENT  
EXCHANGE POWER  
ELECTRIC

Line No.	DESCRIPTION	System	Washington	Idaho
<b>REVENUES</b>				
1	Total General Business	\$0		
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
<b>EXPENSES</b>				
Production and Transmission				
7	Operating Expenses			
8	Purchased Power			
9	Depreciation and Amortization	0	0	0
10	Taxes			
11	Total Production & Transmission	0	0	0
Distribution				
12	Operating Expenses			
13	Depreciation			
14	Taxes			
15	Total Distribution	0	0	0
16	Customer Accounting			
17	Customer Service & Information			
18	Marketing			
Administrative & General				
19	Operating Expenses			
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	0	0	0
24	Operating Income before FIT	0	0	0
Federal Income Taxes				
25	Current Accrual (at 35%)	0	0	0
26	Deferred Income Taxes	0	0	0
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	\$0	\$0	\$0
<b>RATE BASE</b>				
PLANT IN SERVICE				
29	Intangible			
30	Production	79,626	79,626	
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	79,626	79,626	0
35	ACCUMULATED DEPRECIATION			
36	ACCUM. PROVISION FOR AMORTIZATION	57,168	57,168	
37	Total Accum. Depreciation & Amort.	57,168	57,168	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES	(4,036)	(4,036)	
41	TOTAL RATE BASE	\$18,422	\$18,422	\$0



Avista Corporation  
Settlement Exchange Power (WNP3) Adjustment - Washington  
12 Months Ended 12/31/10

	<u>Monthly</u>	<b>REVISED</b> <u>Annual</u>
Normal amortization	\$204,169.23	\$2,450,030.76
Amount recorded for 12ME 12/31/10		<u>2,450,030.76</u>
Adjustment		\$0.00
Normal deferred FIT expense	-\$36,692.00	-\$440,304.00
Amount recorded for 12ME 12/31/10		<u>-440,304.00</u>
Adjustment		\$0.00
RATE BASE (\$000's)		
Production		\$79,626
Accum. amort. (AMA 2011)		57,168
Deferred FIT (AMA 2010)		<u>-4,036</u>
Total rate base		<u><u>\$18,422</u></u>

**For CBR 2010, the WNP3 adjustment was filed using the WA GRC adjustment in error. (i.e. using AMA 2012 rather than AMA 2010) - error understated net rate base.**

**Accumulated Amortization - Account 124930.ED.WA**

**Deferred Federal Income Tax - Account 283120.ED.WA**

Period	Amorization	Balance
200913	0	-55,942,761.80
201001	-204,169.23	-56,146,931.03
201002	-204,169.23	-56,351,100.26
201003	-204,169.23	-56,555,269.49
201004	-204,169.23	-56,759,438.72
201005	-204,169.23	-56,963,607.95
201006	-204,169.23	-57,167,777.18
201007	-204,169.23	-57,371,946.41
201008	-204,169.23	-57,576,115.64
201009	-204,169.23	-57,780,284.87
201010	-204,169.23	-57,984,454.10
201011	-204,169.23	-58,188,623.33
201012	-204,169.23	-58,392,792.56
	<u>-2,450,030.76</u>	
201013	0	-58,392,792.56
201101	-204,169.23	-58,596,961.79
201102	-204,169.23	-58,801,131.02
201103	-204,169.23	-59,005,300.25
201104	-204,169.23	-59,209,469.48
201105	-204,169.23	-59,413,638.71
201106	-204,169.23	-59,617,807.94
201107	-204,169.23	-59,821,977.17
201108	-204,169.23	-60,026,146.40
201109	-204,169.23	-60,230,315.63
201110	-204,169.23	-60,434,484.86
201111	-204,169.23	-60,638,654.09
201112	-204,169.23	-60,842,823.32
	<u>-2,450,030.76</u>	
201113	0	-60,842,823.32
201201	-204,169.23	-61,046,992.55
201202	-204,169.23	-61,251,161.78
201203	-204,169.23	-61,455,331.01
201204	-204,169.23	-61,659,500.24
201205	-204,169.23	-61,863,669.47
201206	-204,169.23	-62,067,838.70
201207	-204,169.23	-62,272,007.93
201208	-204,169.23	-62,476,177.16
201209	-204,169.23	-62,680,346.39
201210	-204,169.23	-62,884,515.62
201211	-204,169.23	-63,088,684.85
201212	-204,169.23	-63,292,854.08
	<u>-2,450,030.76</u>	

Period	Amorization	Balance
200913	0	-4,256,259.00
201001	36,692.00	-4,219,567.00
201002	36,692.00	-4,182,875.00
201003	36,692.00	-4,146,183.00
201004	36,692.00	-4,109,491.00
201005	36,692.00	-4,072,799.00
201006	36,692.00	-4,036,107.00
201007	36,692.00	-3,999,415.00
201008	36,692.00	-3,962,723.00
201009	36,692.00	-3,926,031.00
201010	36,692.00	-3,889,339.00
201011	36,692.00	-3,852,647.00
201012	36,692.00	-3,815,955.00
	<u>440,304.00</u>	
201013	0	-3,815,955.00
201101	36,692.00	-3,779,263.00
201102	36,692.00	-3,742,571.00
201103	36,692.00	-3,705,879.00
201104	36,692.00	-3,669,187.00
201105	36,692.00	-3,632,495.00
201106	36,692.00	-3,595,803.00
201107	36,692.00	-3,559,111.00
201108	36,692.00	-3,522,419.00
201109	36,692.00	-3,485,727.00
201110	36,692.00	-3,449,035.00
201111	36,692.00	-3,412,343.00
201112	36,692.00	-3,375,651.00
	<u>440,304.00</u>	
201113	0	-3,375,651.00
201201	36,692.00	-3,338,959.00
201202	36,692.00	-3,302,267.00
201203	36,692.00	-3,265,575.00
201204	36,692.00	-3,228,883.00
201205	36,692.00	-3,192,191.00
201206	36,692.00	-3,155,499.00
201207	36,692.00	-3,118,807.00
201208	36,692.00	-3,082,115.00
201209	36,692.00	-3,045,423.00
201210	36,692.00	-3,008,731.00
201211	36,692.00	-2,972,039.00
201212	36,692.00	-2,935,347.00
	<u>440,304.00</u>	

S/H used for CBR

used in error from GRC

TOTAL	(124,135,677)
Divide by 2	+2
Beg/End Mo Avg	(62,067,839)
TOTAL	(744,814,064)
Divide by 12	+12
Ave Monthly Average	(62,067,839)

TOTAL	(6,310,998)
Divide by 2	+2
Beg/End Mo Avg	(3,155,499)
TOTAL	(37,865,988)
Divide by 12	+12
Ave Monthly Average	(3,155,499)

WC-1

AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

Working Capital

Line No.	DESCRIPTION	ELECTRIC		
		System	Washington	Idaho
<b>REVENUES</b>				
1	Total General Business	\$0	\$0	\$0
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
<b>EXPENSES</b>				
Production and Transmission				
7	Operating Expenses	0	0	0
8	Purchased Power			
9	Depreciation and Amortization	0	0	
10	Taxes	0		
11	Total Production & Transmission	0	0	0
Distribution				
12	Operating Expenses	0	0	0
13	Depreciation			
14	Taxes	0	0	0
15	Total Distribution	0	0	0
16	Customer Accounting	0	0	0
17	Customer Service & Information	0	0	0
18	Marketing	0	0	0
Administrative & General				
19	Operating Expenses	0	0	0
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	0	0	0
24	Operating Income before FIT	0	0	0
Federal Income Taxes				
25	Current Accrual	35.0%	0	0
26	Deferred Income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	\$0	\$0	\$0
<b>RATE BASE</b>				
PLANT IN SERVICE				
29	Intangible			
30	Production	0		
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION	0		
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL	18,188	18,188	
40	DEFERRED TAXES	0		
41	TOTAL RATE BASE	\$18,188	\$18,188	\$0

APPENDIX 1

AVISTA UTILITIES

Summary of Revenue Requirement Adjustments - Electric

Column	Description	FILED CASE		FILED SETTLEMENT		DIFFERENCE		REVENUE REQUIREMENT		
		Washington Electric	Rate Base	Washington Electric	Rate Base	Washington Electric	Rate Base	NOI	Rate Base	7.91%
b	Per Results Report	\$73,374	\$1,150,959	\$73,374	\$1,150,959	\$0	\$0	\$0	\$0	\$0
c	Deferred FIT Rate Base	0	(163,716)	0	(163,716)	0	0	0	0	0
d	Deferred Gain on Office Building	0	(41)	0	(41)	0	0	0	0	0
e	Colstrip 3 AFUDC Elimination	193	(1,700)	193	(1,700)	0	0	0	0	0
f	Colstrip Common AFUDC	0	426	0	426	0	0	0	0	0
g	Kettle Falls Disallow.	(56)	(756)	(56)	(756)	0	0	0	0	0
h	Customer Advances	0	(257)	0	(257)	0	0	0	0	0
i	Customer Deposits	(6)	(3,060)	(6)	(3,060)	0	0	0	0	0
j	Settlement Exchange Power	0	16,412	0	16,412	0	0	0	0	0
k	Restating CDA Settlement	(558)	4,676	(558)	4,676	0	0	0	0	0
l	Restating CDA Settlement Deferral	(329)	822	(329)	822	230	116	(370)	15	15
m	Restating Spokane River Relicensing	(242)	3,746	(242)	3,746	16	8	(26)	1	1
n	Restating Spokane River Deferral	(158)	7,271	(158)	7,271	111	55	(179)	7	7
o	Restating Spokane River Deferral	(100)	395	(100)	395	70	35	(113)	4	4
p	Restating Spokane River PM&E Deferral	(53)	2,419	(53)	2,419	427	214	(687)	27	27
q	Restating Montana Lease	71,114	1,018,060	71,114	1,018,060	0	0	0	0	0
r	Actual									
r	Eliminate B & O Taxes	(36)	0	(36)	0	0	0	0	0	0
s	Property Tax	(1,194)	0	(1,194)	0	0	0	0	0	0
t	Uncollect. Expense	42	0	42	0	0	0	0	0	0
u	Regulatory Expense	(47)	0	(47)	0	0	0	0	0	0
v	Injuries and Damages	35	0	35	0	0	0	0	0	0
w	FIT	(890)	0	(890)	0	0	0	0	0	0
x	Eliminate W.A Power Cost Defer	153	0	153	0	0	0	0	0	0
y	Nez Perce Settlement Adjustment	(7)	0	(7)	0	0	0	0	0	0
z	Eliminate A/R Expenses	181	0	181	0	0	0	0	0	0
aa	Office Space Charges to Subsidiaries	5	0	5	0	0	0	0	0	0
ab	Restate Excise Taxes	7	0	7	0	0	0	0	0	0
ac	Net Gains/Losses	53	0	53	0	0	0	0	0	0
ad	Revenue Normalization	3,882	0	3,882	0	0	0	0	0	0
ae	Misc Restating	161	0	161	0	276	0	(444)	0	0
af	Colstrip Mercury Emiss. O&M	(577)	0	(577)	0	21	0	(34)	0	0
ag	Working Capital	0	23,695	0	23,695	0	0	0	0	0
ah	Restate Debt Interest	(962)	0	(962)	0	196	0	(316)	0	0
R1	Revised Buck-A Block	0	0	0	0	(12)	0	19	0	0
R2	Officer Incentives Adj	0	0	192	0	192	0	(309)	0	0
	Restated Total	\$71,920	\$1,041,541	\$73,020	\$1,036,248	\$1,100	(\$3,293)	(\$1,771)	(\$674)	(\$674)
PF1	Pro Forma Power Supply	(18,288)	0	(4,132)	0	14,156	0	(22,790)	0	0
PF2	Pro Forma Production Property	8,798	(37,643)	0	0	(8,798)	37,643	14,164	4,794	4,794
PF3	Pro Forma Lancaster Amortization	(1,583)	7,127	(884)	3,978	699	(3,149)	(1,125)	(401)	(401)
PF4	Pro Forma Labor Non-Exec	(1,269)	0	(1,269)	0	0	0	0	0	0
PF5	Pro Forma Labor Exec	(102)	0	248	0	350	0	(563)	0	0
PF6	Pro Forma Transmission Rev/Exp	1,167	0	1,167	0	0	0	0	0	0
PF7	Pro Forma Capital Add 2010	(1,067)	55,984	(105)	7,201	962	(48,783)	(1,549)	(6,212)	(6,212)
PF8	Pro Forma Noxon Gen 2010/2011	(191)	8,656	(113)	8,656	78	0	(126)	0	0
PF9	Pro Forma Vegetation Management	(1,332)	0	(666)	0	667	0	(1,073)	0	0
PF10	Pro Forma Information Services	(1,555)	0	(833)	0	722	0	(1,162)	0	0
PF11	Pro Forma Employee Benefits	417	0	439	0	22	0	(35)	0	0
PF12	Pro Forma Insurance	(42)	0	(42)	0	0	0	0	0	0
PF13	Pro Forma Clark Fork/Spokane Rel PM&E	(1,619)	0	(1,619)	0	0	0	0	0	0
	<b>Pro Forma Total</b>	<b>\$55,254</b>	<b>\$1,075,665</b>	<b>\$65,212</b>	<b>\$1,056,083</b>	<b>\$9,958</b>	<b>(\$19,582)</b>	<b>(\$16,030)</b>	<b>(\$2,494)</b>	<b>(\$2,494)</b>

Impact of ROE reduced to 10.2% & Common Equity to 46.5%  
 Total Adjustments to Proposed Revenue Requirement (\$25,797)  
 Originally Filed Revenue Requirement \$55,298  
 Revenue Increase Per Settlement \$29,501

\* Utilized  
 2010 Case GRC  
 W.C. Settlement.  
 2011 SEC based  
 on 2010 test  
 period was  
 a blackbox  
 and amount  
 filed exceeded  
 this \$18M.  
 To be  
 conservative  
 using \$18M.

WC-2

o.) **Working Capital:**

This adjustment reduces the Company's proposed electric working capital pro forma adjustment, and removes the natural gas working capital adjustment proposed by the Company.

p.) **Optional Renewable Power Rate (Buck-a-Block) Program:**

This adjustment removes the effect of the Company's Optional Renewable Power Rate Program, also referred to as "Buck-A-Block," from base rates. See additional details regarding agreed-upon measures included in Paragraph 21 below. Going forward, the Company will maintain separate accounts for all Buck-a-Block program costs and revenues to ensure compliance with WAC 19.29A.090(5) (specifying that "[a]ll costs...associated with any option . . . must be allocated to the customers who voluntarily choose that option and may not be shifted to any customers who have not chosen such option").

q.) **Restate Debt Interest:**

Reflects the income tax effect of the change in interest expense related to all other adjustments in the Stipulation that affect rate base. This adjustment restates debt interest using the agreed-upon pro forma weighted average cost of debt of 3.17 percent.

r.) **Jackson Prairie (JP) Storage:**

The Parties agree to the revised accounting treatment proposed by the Company for its existing cushion gas using the net book value of the utility assets at February 2010 to record the transfer of the cushion gas from non-recoverable (FERC Account No. 352.3), which is a depreciable asset, to recoverable (FERC Account No. 117.1),

AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

**REVISED**  
PROPERTY TAX  
ADJUSTMENT  
ELECTRIC

P-1

Line No.	DESCRIPTION	System	Washington	Idaho
<b>REVENUES</b>				
1	Total General Business	\$0		
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
<b>EXPENSES</b>				
Production and Transmission				
7	Operating Expenses			
8	Purchased Power			
9	Depreciation and Amortization			
10	Taxes	110	110	0
11	Total Production & Transmission	110	110	0
Distribution				
12	Operating Expenses			
13	Depreciation			
14	Taxes	199	199	0
15	Total Distribution	199	199	0
16	Customer Accounting			
17	Customer Service & Information			
18	Marketing			
Administrative & General				
19	Operating Expenses			
20	Depreciation			
21	Taxes	2	2	0
22	Total Admin. & General	2	2	0
23	Total Electric Expenses	311	311	0
24	Operating Income before FIT	(311)	(311)	0
Federal Income Taxes				
25	Current Accrual (at 35%)	(109)	(109)	0
26	Deferred Income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	(\$202)	(\$202)	\$0
RATE BASE				
PLANT IN SERVICE				
29	Intangible			
30	Production			
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION			
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES			
41	TOTAL RATE BASE	\$0	\$0	\$0

AVISTA UTILITIES

Property Tax Adjustment-Electric  
For the Twelve Months Ended December 31, 2010

		System	REVISED Washington	Idaho
Property Tax Adjustment				
Prod/Trans		168,676	109,910	58,766
Distribution		198,665	198,633	32
General		3,111	2,066	1,045
Idaho SIT	0.015093	-903		-903
Total expenses		369,549	310,609	58,940
Operating income before FIT		-369,549	-310,609	-58,940
FIT	0.350	-129,342	-108,713	-20,629
Net operating income		-240,207	-201,896	-38,311

**Input error - In filed CBR, Company input ID adjustment in error.**

AVISTA UTILITIES

Property Tax Adjustment-Electric  
For the Twelve Months Ended December 31, 2010

Functionalization based on Plant Balances at 12/31/2009

	System	Washington	Idaho	Montana	Oregon
Production	91,507	85,412	12	3,529	2,554
Transmission	77,169	76,581	12	437	139
Distribution	198,665	198,633	30	2	0
General	3,111	3,110	1	0	0
<b>Total</b>	<b>370,453</b>	<b>363,736</b>	<b>56</b>	<b>3,968</b>	<b>2,693</b>

Allocation Percentages

Production	23.482%	22.252%	88.945%	94.850%
Transmission	21.054%	22.313%	11.014%	5.150%
Distribution	54.609%	53.871%	0.041%	0.000%
General	0.855%	1.563%	0.000%	0.000%
<b>Total</b>		<b>100.000%</b>	<b>99.999%</b>	<b>100.000%</b>

Allocate to each state based on function:

	System	Washington	Idaho
<b>WA Property Tax Adjustment</b>			
Prod/Trans	1	161,993	105,555
Distribution	99	198,633	198,633
General	4	3,110	2,065
<b>Total</b>		<b>363,736</b>	<b>306,253</b>
<b>ID Property Tax Adjustment</b>			
Prod/Trans	1	24	16
Distribution	99	30	0
General	4	1	1
<b>Total</b>		<b>55</b>	<b>17</b>
<b>MT Property Tax Adjustment</b>			
Prod/Trans	1	3,966	2,584
Distribution	99	2	0
General	4	0	0
<b>Total</b>		<b>3,968</b>	<b>2,584</b>
<b>OR Property Tax Adjustment</b>			
Prod/Trans	1	2,693	1,755
Distribution	99	0	0
General	4	0	0
<b>Total</b>		<b>2,693</b>	<b>1,755</b>
<b>Prod/Trans Total</b>		<b>168,676</b>	<b>109,910</b>
<b>Distribution Total</b>		<b>198,665</b>	<b>198,633</b>
<b>General Total</b>		<b>3,111</b>	<b>2,066</b>
<b>Total Adjustment</b>		<b>370,452</b>	<b>310,609</b>

Allocation Notes

Prod/Trans Alloc Ratio	1	100.000%	65.160%	34.840%
Jurisdictional 4 Factor Ratio	4	100.000%	66.390%	33.610%
Direct	99	0.000%	0.000%	0.000%



AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

**REVISED**  
MISCELLANEOUS  
RESTATING ADJUSTMENTS  
**ELECTRIC**

ab-1

Line No.	DESCRIPTION	System	Washington	Idaho
<b>REVENUES</b>				
1	Total General Business	(\$767)	\$ (767)	\$0
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	(767)	(767)	0
5	Other Revenue			
6	Total Electric Revenue	(767)	(767)	0
<b>EXPENSES</b>				
Production and Transmission				
7	Operating Expenses	(2)	(2)	0
8	Purchased Power			
9	Depreciation and Amortization	0	0	
10	Taxes	0		
11	Total Production & Transmission	(2)	(2)	0
Distribution				
12	Operating Expenses	(1)	(1)	0
13	Depreciation			
14	Taxes	0	0	0
15	Total Distribution	(1)	(1)	0
16	Customer Accounting	(4)	(4)	0
17	Customer Service & Information	(51)	(51)	0
18	Marketing	0	0	0
Administrative & General				
19	Operating Expenses	(234)	(234)	0
20	Depreciation			
21	Taxes			
22	Total Admin. & General	(234)	(234)	0
23	Total Electric Expenses	(292)	(292)	0
24	Operating Income before FIT	(475)	(475)	0
Federal Income Taxes				
25	Current Accrual	35.0%	(166)	(166)
26	Deferred Income Taxes			0
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	(\$309)	(\$309)	\$0
<b>RATE BASE</b>				
PLANT IN SERVICE				
29	Intangible			
30	Production	0		
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION	0		
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES	0		
41	TOTAL RATE BASE	\$0	\$0	\$0

dlb-2

**REVISED**  
MISCELLANEOUS  
RESTATING ADJUSTMENTS  
Transmission Revenues

(Remove prior period Transmission Revenue)

See WA GRC Workpapers - Docket UE-110876 - Kinney w/p's and Testimony

\$ 1,177,148 5 years (2006-2010) Total removed in WA GRC Settlement in GRC  
(Docket UE-110876) and returned to customers.

0.6516 P/T Ratio WA

\$ 767,030

AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

**REVISED**  
POWER SUPPLY  
ADJUSTMENT  
**ELECTRIC**

ad-1

Line No.	DESCRIPTION	System	Washington	Idaho
REVENUES				
1	Total General Business	\$0		
2	Interdepartmental Sales			
3	Sales For Resale	(33,539)	(33,539)	
4	Total Sales of Electricity	(33,539)	(33,539)	0
5	Other Revenue	(72,510)	(72,510)	
6	Total Electric Revenue	(106,049)	(106,049)	0
EXPENSES				
Production and Transmission				
7	Operating Expenses	(75,845)	(75,845)	
8	Purchased Power	(26,066)	(26,066)	
9	Depreciation and Amortization			
10	Taxes			
11	Total Production & Transmission	(101,911)	(101,911)	0
Distribution				
12	Operating Expenses			
13	Depreciation			
14	Taxes	0		
15	Total Distribution	0	0	0
16	Customer Accounting			
17	Customer Service & Information			
18	Marketing			
Administrative & General				
19	Operating Expenses	0		
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	(101,911)	(101,911)	0
24	Operating Income before FIT	(4,138)	(4,138)	0
Federal Income Taxes				
25	Current Accrual	35.0%	(1,448)	(1,448)
26	Deferred Income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	(\$2,690)	(\$2,690)	\$0
RATE BASE				
PLANT IN SERVICE				
29	Intangible			
30	Production			
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION			
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES			
41	TOTAL RATE BASE	\$0	\$0	\$0

ad-2

Avista Corporation  
WA Power Supply Adjustment  
Commission Basis Power Supply Adjustment Proforma - 2010 Historical Loads

	<u>Power Supply Adjustment</u>	<u>Total Washington Adjustment</u>	<u>Total Idaho Adjustment</u>
P/T Allocation Percentages		65.16%	34.84%
447 Sales for Resale	-\$51,472	-\$33,539 ✓	-\$17,933
453 Sales of Water and Water Power	0	0	0
454 Misc Rents	0	0	0
456 Other Electric Revenue	-111,280	-72,510 ✓	-38,770
Total Revenue	<u>-162,752</u>	<u>-106,049</u>	<u>-56,703</u>
501 Thermal Fuel Expense	3,951	2,574	1,377
546 Other Power Gen Supvsn & Eng	0	0	0
547 Other Fuel Expense	-1,195	-779	-416
536 Water for Power	0	0	0
555 Purchased Power	-40,003	-26,066	-13,937
549 Misc Other Gen Expense	0	0	0
550 Rents	0	0	0
556 System Control & Dispatch	0	0	0
557 Other Expenses	-119,116	-77,616	-41,500
565 Trans. of Elec. by Others	-37	-24	-13
Total Expense	<u>-156,400</u>	<u>-101,911</u>	<u>-54,489</u>
Net Income Before Income Taxes	-6,352	-4,138	-2,214
Idaho State Income Tax	1.1420%	<u>                    </u>	<u>-25</u>
Net Income before FIT		-4,138	-2,189
Federal Income Tax	35%	<u>-1,448</u>	<u>-766</u>
Net Income		-\$2,690	-\$1,423

Revised Power  
Supply ad-3

Avista Corp.  
Power Supply Pro forma - Washington Jurisdiction  
System Numbers - Jan 2010 - Dec 2010 Actual and Normalized  
Feb 3, 2012 Update

Line No.		Jan 10 - Dec 10 Actuals	Adjustment	Jan 10 - Dec 10 Normalized
<u>555 PURCHASED POWER</u>				
1	Modeled Short-Term Market Purchases	\$0	\$57,446	\$57,446
2	Actual ST Market Purchases - Physical	159,193	-113,552	45,641
3	Actual ST Purchases - Financial M-to-M	0	14,309	14,309
4	Rocky Reach	2,172	0	2,172
5	Wells - Avista Share	1,400	0	1,400
6	Wells - Colville Tribe's Share	9,496	0	9,496
7	Priest Rapids Project	5,609	0	5,609
8	Wanapum	-1,228	0	-1,228
9	Grant Displacement	5,653	0	5,653
10	Douglas Settlement	334	0	334
11	Lancaster Capacity Payment	21,475	0	21,475
12	Lancaster Variable O&M Payments	2,689	68	2,757
13	Lancaster BPA Reserves	824	0	824
14	WNP-3	13,920	2,281	16,201
15	Deer Lake-IP&L	6	0	6
16	Small Power	1,079	0	1,079
17	Stimson	1,964	0	1,964
18	Spokane-Upriver	2,055	0	2,055
19	Black Creek Index Purchase	234	0	234
20	Non-Monetary	90	0	90
21	Contract A	6,789	0	6,789
22	Contract B	6,745	0	6,745
23	Contract C	6,658	0	6,658
24	Contract D	7,556	0	7,556
25	Clearwater Paper Co-Gen Purchase	18,720	0	18,720
26	Ancillary Services	631	-631	0
27	Stateline Wind Purchase	3,016	76	3,092
28	Total Account 555	277,080	-40,003	237,077
<u>557 OTHER EXPENSES</u>				
29	Broker Commission Fees	366	0	366
30	REC Purchases (SMUD)	349	0	349
31	Natural Gas Fuel Purchases	119,116	-119,116	0
32	Total Account 557	119,831	-119,116	715
<u>501 THERMAL FUEL EXPENSE</u>				
33	Kettle Falls - Wood Fuel	10,551	1,438	11,989
34	Kettle Falls - Start-up Gas	30	0	30
35	Colstrip - Coal	15,984	2,513	18,497
36	Colstrip - Oil	139	0	139
37	Total Account 501	26,704	3,951	30,655
<u>547 OTHER FUEL EXPENSE</u>				
38	Coyote Springs Gas	53,491	-13,835	39,656
39	Coyote Springs 2 Gas Transportation	7,891	0	7,891
40	Lancaster Gas	46,902	-3,398	43,504
41	Lancaster Gas Transportation	5,837	0	5,837
42	Lancaster Gas Transportation Optimization	0	-318	-318
43	Actual Physical Gas Transactions M-to-M	0	17,420	17,420
44	Actual Financial Gas Transactions M-to-M	0	-26	-26
45	Gas Transportation for BP, NE and KFCT	32	0	32
46	Rathdrum Gas	545	-482	63
47	Northeast CT Gas	62	-52	10
48	Boulder Park Gas	505	-444	61
49	Kettle Falls CT Gas	185	-60	125
50	Total Account 547	115,450	-1,195	114,255

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**Avista Corp.**  
**Power Supply Pro forma - Washington Jurisdiction**  
**System Numbers - Jan 2010 - Dec 2010 Actual and Normalized**  
**Feb 3, 2012 Update**

Line No.	Jan 10 - Dec 10 Actuals	Adjustment	Jan 10 - Dec 10 Normalized
<u>565 TRANSMISSION OF ELECTRICITY BY OTHERS</u>			
51	789	0	789
52	9	0	9
53	65	0	65
54	321	0	321
55	8,428	2	8,430
56	4,541	-38	4,503
57	1,173	0	1,173
58	1,253	0	1,253
59	45	0	45
60	139	0	139
61	337	0	337
62	644	-1	643
63	17,744	✓ -37	17,707
<u>536 WATER FOR POWER</u>			
64	853	0	853
<u>549 MISC OTHER GENERATION EXPENSE</u>			
65	160	0	160
66	<b>TOTAL EXPENSE</b>	<b>-156,400</b>	<b>401,422</b>
<u>447 SALES FOR RESALE</u>			
67	0	28,991	28,991
68	219,096	-89,287	129,809
69	0	9,093	9,093
70	1,749	0	1,749
71	1,693	362	2,055
72	80	0	80
73	419	0	419
74	3,257	0	3,257
75	551	0	551
76	27,761	0	27,761
77	631	-631	0
78	255,237	✓ -51,472	203,765
<u>456 OTHER ELECTRIC REVENUE</u>			
79	700	0	700
80	111,280	-111,280	0
81	111,980	-111,280	700
<u>453 SALES OF WATER AND WATER POWER</u>			
82	282	0	282
83	<b>TOTAL REVENUE</b>	<b>✓ -162,752</b>	<b>204,747</b>
84	<b>TOTAL NET EXPENSE</b>	<b>6,351</b>	<b>196,674</b>

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AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2010  
(000'S OF DOLLARS)

**REVISED  
RESTATE  
DEBT INTEREST  
ELECTRIC**

Line No.	DESCRIPTION	System	Washington	Idaho
<b>REVENUES</b>				
1	Total General Business	\$0		
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
<b>EXPENSES</b>				
Production and Transmission				
7	Operating Expenses			
8	Purchased Power			
9	Depreciation and Amortization			
10	Taxes			
11	Total Production & Transmission	0	0	0
Distribution				
12	Operating Expenses			
13	Depreciation			
14	Taxes	0		0
15	Total Distribution	0	0	0
16	Customer Accounting			
17	Customer Service & Information			
18	Marketing			
Administrative & General				
19	Operating Expenses			
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	0	0	0
24	Operating Income before FIT	0	0	0
Federal Income Taxes				
25	Current Accrual (at 35%)	88	88	0
26	Deferred income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	(\$88)	(\$88)	\$0
<b>RATE BASE</b>				
PLANT IN SERVICE				
29	Intangible			
30	Production			
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION			
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL			
40	DEFERRED TAXES			
41	TOTAL RATE BASE	\$0	\$0	\$0

**AVISTA UTILITIES**  
**Restate Debt Interest - Proforma**  
**Washington - Electric**  
**TWELVE MONTHS ENDED DECEMBER 31, 2010**  
(000's)

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		<b>REVISED</b>
		Rate Base
		Adjustments
<u>Adjustment Description</u>		
b	Per Results Report	1,220,889
c	Deferred FIT Rate Base	(184,825)
d	Deferred Gain on Office Building	(127)
e	Colstrip 3 AFUDC Elimination	(1,493)
f	Colstrip Common AFUDC	365
g	Kettle Falls Disallow.	(676)
h	Customer Advances	(279)
i	Customer Deposits	(3,419)
j	Settlement Exchange Power	18,422
k	Restating CDA Settlement	1,171
l	Restating Spokane River Deferral	772
m	Restating Montana Lease	2,859
n	Restating Lancaster Amortization	181
WC	Working Capital Adjustment	18,188
o	Eliminate B & O Taxes	0
p	Property Tax	0
q	Uncollect. Expense	0
r	Regulatory Expense	0
s	Injuries and Damages	0
t	FIT	0
u	Eliminate WA Power Cost Defer	0
v	Nez Perce Settlement Adjustment	0
w	Eliminate A/R Expenses	0
x	Office Space Charges to Subsidiaries	0
y	Restate Excise Taxes	0
z	Net Gains / Losses	0
aa	Revenue Weather Normalization	0
ab	Misc Restating	0
ac	Remove Buck-A Block	0
ad	Power Supply	0
ae	Restate Debt Interest	0
	Restated Rate Base	<u>1,072,028</u>
	Weighted Average Cost of Debt	<u>3.116%</u>
	Restated Debt Interest	\$33,404
	Interest Per Results (E-FIT-12A)	<u>33,656</u>
	Increase (Decrease) in Interest Expense	(252)
	FIT Rate	<u>x 0.350</u>
	Increase (Decrease) in FIT	\$88



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AVISTA UTILITIES  
Cost of Capital  
Washington - Electric/Gas System  
REVISED Based on actual AMA 12/31/2010

<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>ProForma Weighted Cost</u>
Total Debt	52.19%	5.971%	3.116%
Pref Trust	0.00%	0.00%	0.00%
Common	47.81%	10.20%	4.88%
Total	<u>100.00%</u>		<u>8.00%</u>

WA wtd debt  
3.116%