

A<sub>1</sub>

**AVISTA UTILITIES**

Restatement Summary  
Washington Electric

TWELVE MONTHS ENDED DECEMBER 31, 2009

| Column Description of Adjustment                               | Washington Electric |                    |              |
|--|---------------------|--------------------|--------------|
|  | NOI                 | Rate Base          | ROR          |
| <b>Restating Rate Base (and corresponding NOI) adjustments</b> |                     |                    |              |
| b Per Results Report   | \$73,374            | \$1,150,959        | 6.38%        |
| c Deferred FIT Rate Base                                       | 0                   | (163,716)          |              |
| d Deferred Gain on Office Building                             | 0                   | (209)              |              |
| e Colstrip 3 AFUDC Elimination                                 | 193                 | (1,700)            |              |
| f Colstrip Common AFUDC  | 0                   | 426                |              |
| g Kettle Falls Disallow.                                       | (56)                | (756)              |              |
| h Customer Advances  | 0                   | (257)              |              |
| i Customer Deposits  | (6)                 | (3,060)            |              |
| j Settlement Exchange Power                                    | 0                   | 19,427             |              |
| k CDA Settlement   | 0                   | 437                |              |
| l Spokane River Relicensing                                    | 0                   | 169                |              |
| m Montana Lease  | 0                   | 3,299              |              |
|  | <u>73,506</u>       | <u>1,005,019</u>   | <u>7.31%</u> |
| Actual Restated  |                     |                    |              |
| <b>Restating NOI Adjustments</b>                               |                     |                    |              |
| n Eliminate B & O Taxes  | (36)                | 0                  |              |
| o Property Tax   | (69)                | 0                  |              |
| p Uncollect. Expense   | 42                  | 0                  |              |
| q Regulatory Expense   | (47)                | 0                  |              |
| r Injuries and Damages   | 35                  | 0                  |              |
| s FIT  | (890)               | 0                  |              |
| t Eliminate WA Power Cost Defer                                | 153                 | 0                  |              |
| u Nez Perce Settlement Adjustment                              | (7)                 | 0                  |              |
| v Eliminate A/R Expenses                                       | 181                 | 0                  |              |
| w Office Space Charges to Subsidiaries                         | 5                   | 0                  |              |
| x Restate Excise Taxes   | 7                   | 0                  |              |
| y Net Gains/losses   | 53                  | 0                  |              |
| z Revenue Normalization  | (3,997)             | 0                  |              |
| aa Misc Restating  | 336                 | 0                  |              |
| ab Restate Debt Interest                                       | (136)               | 0                  |              |
| ac Normalized Power Supply                                     | 20,683              | 0                  |              |
|  | <u>\$89,819</u>     | <u>\$1,005,019</u> | <u>8.94%</u> |
| Restated Total   |                     |                    |              |

Actual Washington results of operations rate of return prior to commission basis or normalizing adjustments as recorded by the Company resulted in a 7.2% ROR. Restated Washington results including commission basis and normalizing adjustments shown above (excluding the normalized power supply adjustment) results in a 6.88% ROR.

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

| Line No.                            | DESCRIPTION                        | Per Results Report | Deferred FIT Rate Base | Deferred Gain on Office Building | Colstrip 3 AFUDC Elimination | Colstrip Common AFUDC | Kettle Falls Disallow. |
|-------------------------------------|------------------------------------|--------------------|------------------------|----------------------------------|------------------------------|-----------------------|------------------------|
|                                     | a                                  | b                  | c                      | d                                | e                            | f                     | g                      |
| <b>REVENUES</b>                     |                                    |                    |                        |                                  |                              |                       |                        |
| 1                                   | Total General Business             | \$457,237          |                        |                                  |                              |                       |                        |
| 2                                   | Interdepartmental Sales            | 871                |                        |                                  |                              |                       |                        |
| 3                                   | Sales for Resale                   | 128,777            |                        |                                  |                              |                       |                        |
| 4                                   | Total Sales of Electricity         | 586,885            | 0                      | 0                                | 0                            | 0                     | 0                      |
| 5                                   | Other Revenue                      | 30,908             |                        |                                  |                              |                       |                        |
| 6                                   | Total Electric Revenue             | 617,793            | 0                      | 0                                | 0                            | 0                     | 0                      |
| <b>EXPENSES</b>                     |                                    |                    |                        |                                  |                              |                       |                        |
| <b>Production and Transmission</b>  |                                    |                    |                        |                                  |                              |                       |                        |
| 7                                   | Operating Expenses                 | 161,787            |                        |                                  |                              |                       |                        |
| 8                                   | Purchased Power                    | 184,472            |                        |                                  |                              |                       |                        |
| 9                                   | Depreciation and Amortization      | 22,459             |                        |                                  | (193)                        |                       |                        |
| 10                                  | Taxes                              | 8,617              |                        |                                  |                              |                       |                        |
| 11                                  | Total Production & Transmission    | 377,335            | 0                      | 0                                | (193)                        | 0                     | 0                      |
| <b>Distribution</b>                 |                                    |                    |                        |                                  |                              |                       |                        |
| 12                                  | Operating Expenses                 | 17,267             |                        |                                  |                              |                       |                        |
| 13                                  | Depreciation                       | 16,891             |                        |                                  |                              |                       |                        |
| 14                                  | Taxes                              | 35,403             |                        |                                  |                              |                       |                        |
| 15                                  | Total Distribution                 | 69,561             | 0                      | 0                                | 0                            | 0                     | 0                      |
| 16                                  | Customer Accounting                | 10,118             |                        |                                  |                              |                       |                        |
| 17                                  | Customer Service & Information     | 19,729             |                        |                                  |                              |                       |                        |
| 18                                  | Sales Expenses                     | 677                |                        |                                  |                              |                       |                        |
| <b>Administrative &amp; General</b> |                                    |                    |                        |                                  |                              |                       |                        |
| 19                                  | Operating Expenses                 | 39,022             |                        |                                  |                              |                       |                        |
| 20                                  | Depreciation                       | 7,688              |                        |                                  |                              |                       |                        |
| 21                                  | Taxes                              |                    |                        |                                  |                              |                       |                        |
| 22                                  | Total Admin. & General             | 46,710             | 0                      | 0                                | 0                            | 0                     | 0                      |
| 23                                  | Total Electric Expenses            | 524,130            | 0                      | 0                                | (193)                        | 0                     | 0                      |
| 24                                  | OPERATING INCOME BEFORE FIT        | 93,663             | 0                      | 0                                | 193                          | 0                     | 0                      |
| <b>FEDERAL INCOME TAX</b>           |                                    |                    |                        |                                  |                              |                       |                        |
| 25                                  | Current Accrual                    | 7,414              |                        |                                  |                              |                       | 56                     |
| 26                                  | Deferred Income Taxes              | 12,904             |                        |                                  |                              |                       |                        |
| 27                                  | Amortized ITC - Noxon              | (29)               |                        |                                  |                              |                       |                        |
| 28                                  | NET OPERATING INCOME               | \$73,374           | \$0                    | \$0                              | \$193                        | \$0                   | (\$56)                 |
| <b>RATE BASE</b>                    |                                    |                    |                        |                                  |                              |                       |                        |
| <b>PLANT IN SERVICE</b>             |                                    |                    |                        |                                  |                              |                       |                        |
| 29                                  | Intangible                         | \$56,196           |                        |                                  |                              |                       |                        |
| 30                                  | Production                         | 678,566            |                        |                                  | (7,390)                      | 426                   | (5,248)                |
| 31                                  | Transmission                       | 301,090            |                        |                                  |                              |                       |                        |
| 32                                  | Distribution                       | 602,201            |                        |                                  |                              |                       |                        |
| 33                                  | General                            | 98,727             |                        |                                  |                              |                       |                        |
| 34                                  | Total Plant in Service             | 1,736,780          | 0                      | 0                                | (7,390)                      | 426                   | (5,248)                |
| 35                                  | ACCUMULATED DEPRECIATION           | 576,519            |                        |                                  | (5,690)                      |                       | (3,964)                |
| 36                                  | ACCUM. PROVISION FOR AMORTIZATION  | 9,302              |                        |                                  |                              |                       | (3,964)                |
| 37                                  | Total Accum. Depreciation & Amort. | 585,821            | 0                      | 0                                | (5,690)                      | 0                     | (3,964)                |
| 38                                  | GAIN ON SALE OF BUILDING           |                    |                        | (322)                            |                              |                       |                        |
| 39                                  | WORKING CAPITAL                    |                    | (163,716)              |                                  | 113                          |                       | 528                    |
| 40                                  | DEFERRED TAXES                     |                    |                        |                                  |                              |                       |                        |
| 41                                  | TOTAL RATE BASE                    | \$1,150,959        | (\$163,716)            | (\$209)                          | (\$1,700)                    | \$426                 | (\$756)                |
| 42                                  | RATE OF RETURN                     | 6.38%              |                        |                                  |                              |                       |                        |

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

| Line No.                    | DESCRIPTION                        | Customer Advances | Customer Deposits | Settlement Exchange Power | CDA Settlement | Spokane River Relicensing | Montana Lease |
|-----------------------------|------------------------------------|-------------------|-------------------|---------------------------|----------------|---------------------------|---------------|
|                             | a                                  | h                 | i                 | j                         | k              | l                         | m             |
| <b>REVENUES</b>             |                                    |                   |                   |                           |                |                           |               |
| 1                           | Total General Business             |                   |                   |                           |                |                           |               |
| 2                           | Interdepartmental Sales            |                   |                   |                           |                |                           |               |
| 3                           | Sales for Resale                   |                   |                   |                           |                |                           |               |
| 4                           | Total Sales of Electricity         | 0                 | 0                 | 0                         | 0              | 0                         | 0             |
| 5                           | Other Revenue                      |                   |                   |                           |                |                           |               |
| 6                           | Total Electric Revenue             | 0                 | 0                 | 0                         | 0              | 0                         | 0             |
| <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                         | 0              | 0                         | 0             |
| Distribution                |                                    |                   |                   |                           |                |                           |               |
| 12                          | Operating Expenses                 |                   |                   |                           |                |                           |               |
| 13                          | Depreciation                       |                   |                   |                           |                |                           |               |
| 14                          | Taxes                              |                   |                   |                           |                |                           |               |
| 15                          | Total Distribution                 | 0                 | 0                 | 0                         | 0              | 0                         | 0             |
| 16                          | Customer Accounting                |                   |                   |                           |                |                           |               |
| 17                          | Customer Service & Information     |                   | 10                |                           |                |                           |               |
| 18                          | Sales Expenses                     |                   |                   |                           |                |                           |               |
| Administrative & General    |                                    |                   |                   |                           |                |                           |               |
| 19                          | Operating Expenses                 |                   |                   |                           |                |                           |               |
| 20                          | Depreciation                       |                   |                   |                           |                |                           |               |
| 21                          | Taxes                              |                   |                   |                           |                |                           |               |
| 22                          | Total Admin. & General             | 0                 | 0                 | 0                         | 0              | 0                         | 0             |
| 23                          | Total Electric Expenses            | 0                 | 10                | 0                         | 0              | 0                         | 0             |
| 24                          | OPERATING INCOME BEFORE FIT        | 0                 | (10)              | 0                         | 0              | 0                         | 0             |
| FEDERAL INCOME TAX          |                                    |                   |                   |                           |                |                           |               |
| 25                          | Current Accrual                    |                   | (4)               |                           |                |                           |               |
| 26                          | Deferred Income Taxes              |                   |                   |                           |                |                           |               |
| 27                          | Amortized ITC - Noxon              |                   |                   |                           |                |                           |               |
| 28                          | NET OPERATING INCOME               | \$0               | (\$6)             | \$0                       | \$0            | \$0                       | \$0           |
| <b>RATE BASE</b>            |                                    |                   |                   |                           |                |                           |               |
| PLANT IN SERVICE            |                                    |                   |                   |                           |                |                           |               |
| 29                          | Intangible                         |                   |                   |                           | \$673          | \$247                     | 5,075         |
| 30                          | Production                         |                   |                   | 79,626                    |                |                           |               |
| 31                          | Transmission                       |                   |                   |                           |                |                           |               |
| 32                          | Distribution                       | (257)             | (3,060)           |                           |                |                           |               |
| 33                          | General                            |                   |                   |                           |                |                           |               |
| 34                          | Total Plant in Service             | (257)             | (3,060)           | 79,626                    | 673            | 247                       | 5,075         |
| 35                          | ACCUMULATED DEPRECIATION           |                   |                   |                           |                |                           |               |
| 36                          | ACCUM. PROVISION FOR AMORTIZATION  |                   |                   | 55,943                    |                |                           |               |
| 37                          | Total Accum. Depreciation & Amort. | 0                 | 0                 | 55,943                    | 0              | 0                         | 0             |
| 38                          | GAIN ON SALE OF BUILDING           |                   |                   |                           |                |                           |               |
| 39                          | WORKING CAPITAL                    |                   |                   |                           |                |                           |               |
| 40                          | DEFERRED TAXES                     |                   |                   | (4,256)                   | (236)          | (78)                      | (1,776)       |
| 41                          | TOTAL RATE BASE                    | (\$257)           | (\$3,060)         | \$19,427                  | \$437          | \$169                     | \$3,299       |
| 42                          | RATE OF RETURN                     |                   |                   |                           |                |                           |               |

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

| Line No.                            | DESCRIPTION                        | Subtotal Actual | Eliminate B & O Taxes | Property Tax | Uncollect. Expense | Regulatory Expense | Injuries and Damages | FIT     |
|-------------------------------------|------------------------------------|-----------------|-----------------------|--------------|--------------------|--------------------|----------------------|---------|
|                                     | a                                  | -               | n                     | o            | p                  | q                  | r                    | s       |
| <b>REVENUES</b>                     |                                    |                 |                       |              |                    |                    |                      |         |
| 1                                   | Total General Business             | \$457,237       | \$ (15,422)           |              |                    |                    |                      |         |
| 2                                   | Interdepartmental Sales            | 872             |                       |              |                    |                    |                      |         |
| 3                                   | Sales for Resale                   | 128,777         |                       |              |                    |                    |                      |         |
| 4                                   | Total Sales of Electricity         | 586,886         | (15,422)              | 0            | 0                  | 0                  | 0                    | 0       |
| 5                                   | Other Revenue                      | 30,908          | (17)                  |              |                    |                    |                      |         |
| 6                                   | Total Electric Revenue             | 617,794         | (15,439)              | 0            | 0                  | 0                  | 0                    | 0       |
| <b>EXPENSES</b>                     |                                    |                 |                       |              |                    |                    |                      |         |
| <b>Production and Transmission</b>  |                                    |                 |                       |              |                    |                    |                      |         |
| 7                                   | Operating Expenses                 | 161,787         |                       |              |                    |                    |                      |         |
| 8                                   | Purchased Power                    | 184,472         |                       |              |                    |                    |                      |         |
| 9                                   | Depreciation and Amortization      | 22,266          |                       |              |                    |                    |                      |         |
| 10                                  | Taxes                              | 8,617           |                       | 397          |                    |                    |                      |         |
| 11                                  | Total Production & Transmission    | 377,142         | 0                     | 397          | 0                  | 0                  | 0                    | 0       |
| <b>Distribution</b>                 |                                    |                 |                       |              |                    |                    |                      |         |
| 12                                  | Operating Expenses                 | 17,267          |                       |              |                    |                    |                      |         |
| 13                                  | Depreciation                       | 16,891          |                       |              |                    |                    |                      |         |
| 14                                  | Taxes                              | 35,403          | (15,384)              | (288)        |                    |                    |                      |         |
| 15                                  | Total Distribution                 | 69,561          | (15,384)              | (288)        | 0                  | 0                  | 0                    | 0       |
| 16                                  | Customer Accounting                | 10,118          |                       |              | (65)               |                    |                      |         |
| 17                                  | Customer Service & Information     | 19,739          |                       |              |                    |                    |                      |         |
| 18                                  | Sales Expenses                     | 677             |                       |              |                    |                    |                      |         |
| <b>Administrative &amp; General</b> |                                    |                 |                       |              |                    |                    |                      |         |
| 19                                  | Operating Expenses                 | 39,022          |                       |              |                    | 72                 | (54)                 |         |
| 20                                  | Depreciation                       | 7,688           |                       |              |                    |                    |                      |         |
| 21                                  | Taxes                              |                 |                       | (3)          |                    |                    |                      |         |
| 22                                  | Total Admin. & General             | 46,710          | 0                     | (3)          | 0                  | 72                 | (54)                 | 0       |
| 23                                  | Total Electric Expenses            | 523,947         | (15,384)              | 106          | (65)               | 72                 | (54)                 | 0       |
| 24                                  | OPERATING INCOME BEFORE FIT        | 93,847          | (55)                  | (106)        | 65                 | (72)               | 54                   | 0       |
| <b>FEDERAL INCOME TAX</b>           |                                    |                 |                       |              |                    |                    |                      |         |
| 25                                  | Current Accrual                    | 7,410           | (19)                  | (37)         | 23                 | (25)               | 19                   | 945     |
| 26                                  | Deferred Income Taxes              | 12,960          |                       |              |                    |                    |                      | (26)    |
| 27                                  | Amortized ITC - Noxon              | (29)            |                       |              |                    |                    |                      | (29)    |
| 28                                  | NET OPERATING INCOME               | \$73,506        | (\$36)                | (\$69)       | \$42               | (\$47)             | \$35                 | (\$890) |
| <b>RATE BASE</b>                    |                                    |                 |                       |              |                    |                    |                      |         |
| <b>PLANT IN SERVICE</b>             |                                    |                 |                       |              |                    |                    |                      |         |
| 29                                  | Intangible                         | \$57,116        |                       |              |                    |                    |                      |         |
| 30                                  | Production                         | 751,055         |                       |              |                    |                    |                      |         |
| 31                                  | Transmission                       | 301,090         |                       |              |                    |                    |                      |         |
| 32                                  | Distribution                       | 598,884         |                       |              |                    |                    |                      |         |
| 33                                  | General                            | 98,727          |                       |              |                    |                    |                      |         |
| 34                                  | Total Plant in Service             | 1,806,872       | 0                     | 0            | 0                  | 0                  | 0                    | 0       |
| 35                                  | ACCUMULATED DEPRECIATION           | 566,865         |                       |              |                    |                    |                      |         |
| 36                                  | ACCUM. PROVISION FOR AMORTIZATION  | 65,245          |                       |              |                    |                    |                      |         |
| 37                                  | Total Accum. Depreciation & Amort. | 632,110         | 0                     | 0            | 0                  | 0                  | 0                    | 0       |
| 38                                  | GAIN ON SALE OF BUILDING           | (322)           |                       |              |                    |                    |                      |         |
| 39                                  | WORKING CAPITAL                    |                 |                       |              |                    |                    |                      |         |
| 40                                  | DEFERRED TAXES                     | (169,421)       |                       |              |                    |                    |                      |         |
| 41                                  | TOTAL RATE BASE                    | \$1,005,019     | \$0                   | \$0          | \$0                | \$0                | \$0                  | \$0     |
| 42                                  | RATE OF RETURN                     | 7.31%           |                       |              |                    |                    |                      |         |

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

| Line No.                            | DESCRIPTION                        | Eliminate WA Power Cost Defer | Nez Perce Settlement Adjustment | Eliminate A/R Expenses | Office Space Charges to Subsidiaries | Restate Excise Taxes | Net Gains/losses |
|-------------------------------------|------------------------------------|-------------------------------|---------------------------------|------------------------|--------------------------------------|----------------------|------------------|
|                                     | a                                  | t                             | u                               | v                      | w                                    | x                    | y                |
| <b>REVENUES</b>                     |                                    |                               |                                 |                        |                                      |                      |                  |
| 1                                   | Total General Business             | \$ (32,762)                   |                                 |                        |                                      |                      |                  |
| 2                                   | Interdepartmental Sales            |                               |                                 |                        |                                      |                      |                  |
| 3                                   | Sales for Resale                   |                               |                                 |                        |                                      |                      |                  |
| 4                                   | Total Sales of Electricity         | (32,762)                      | 0                               | 0                      | 0                                    | 0                    | 0                |
| 5                                   | Other Revenue                      |                               |                                 |                        |                                      |                      |                  |
| 6                                   | Total Electric Revenue             | (32,762)                      | 0                               | 0                      | 0                                    | 0                    | 0                |
| <b>EXPENSES</b>                     |                                    |                               |                                 |                        |                                      |                      |                  |
| <b>Production and Transmission</b>  |                                    |                               |                                 |                        |                                      |                      |                  |
| 7                                   | Operating Expenses                 | (31,567)                      | 11                              |                        |                                      |                      |                  |
| 8                                   | Purchased Power                    |                               |                                 |                        |                                      |                      |                  |
| 9                                   | Depreciation and Amortization      |                               |                                 |                        |                                      |                      |                  |
| 10                                  | Taxes                              |                               |                                 |                        |                                      |                      |                  |
| 11                                  | Total Production & Transmission    | (31,567)                      | 11                              | 0                      | 0                                    | 0                    | 0                |
| <b>Distribution</b>                 |                                    |                               |                                 |                        |                                      |                      |                  |
| 12                                  | Operating Expenses                 |                               |                                 |                        |                                      |                      | (82)             |
| 13                                  | Depreciation                       |                               |                                 |                        |                                      | (11)                 |                  |
| 14                                  | Taxes                              | (1,265)                       |                                 |                        |                                      | (11)                 | (82)             |
| 15                                  | Total Distribution                 | (1,265)                       | 0                               | 0                      | 0                                    | (11)                 | (82)             |
| 16                                  | Customer Accounting                | (104)                         |                                 | (279)                  |                                      |                      |                  |
| 17                                  | Customer Service & Information     |                               |                                 |                        |                                      |                      |                  |
| 18                                  | Sales Expenses                     |                               |                                 |                        |                                      |                      |                  |
| <b>Administrative &amp; General</b> |                                    |                               |                                 |                        |                                      |                      |                  |
| 19                                  | Operating Expenses                 | (62)                          |                                 |                        | (7)                                  |                      |                  |
| 20                                  | Depreciation                       |                               |                                 |                        |                                      |                      |                  |
| 21                                  | Taxes                              |                               |                                 |                        |                                      |                      |                  |
| 22                                  | Total Admin. & General             | (62)                          | 0                               | 0                      | (7)                                  | 0                    | 0                |
| 23                                  | Total Electric Expenses            | (32,998)                      | 11                              | (279)                  | (7)                                  | (11)                 | (82)             |
| 24                                  | OPERATING INCOME BEFORE FIT        | 236                           | (11)                            | 279                    | 7                                    | 11                   | 82               |
| <b>FEDERAL INCOME TAX</b>           |                                    |                               |                                 |                        |                                      |                      |                  |
| 25                                  | Current Accrual                    | (10,966)                      | (4)                             | 98                     | 2                                    | 4                    | 29               |
| 26                                  | Deferred Income Taxes              | 11,049                        |                                 |                        |                                      |                      |                  |
| 27                                  | Amortized ITC - Noxon              |                               |                                 |                        |                                      |                      |                  |
| 28                                  | NET OPERATING INCOME               | \$153                         | (\$7)                           | \$181                  | \$5                                  | \$7                  | \$53             |
| <b>RATE BASE</b>                    |                                    |                               |                                 |                        |                                      |                      |                  |
| <b>PLANT IN SERVICE</b>             |                                    |                               |                                 |                        |                                      |                      |                  |
| 29                                  | Intangible                         |                               |                                 |                        |                                      |                      |                  |
| 30                                  | Production                         |                               |                                 |                        |                                      |                      |                  |
| 31                                  | Transmission                       |                               |                                 |                        |                                      |                      |                  |
| 32                                  | Distribution                       |                               |                                 |                        |                                      |                      |                  |
| 33                                  | General                            |                               |                                 |                        |                                      |                      |                  |
| 34                                  | Total Plant in Service             | 0                             | 0                               | 0                      | 0                                    | 0                    | 0                |
| 35                                  | ACCUMULATED DEPRECIATION           |                               |                                 |                        |                                      |                      |                  |
| 36                                  | ACCUM. PROVISION FOR AMORTIZATION  |                               |                                 |                        |                                      |                      |                  |
| 37                                  | Total Accum. Depreciation & Amort. | 0                             | 0                               | 0                      | 0                                    | 0                    | 0                |
| 38                                  | GAIN ON SALE OF BUILDING           |                               |                                 |                        |                                      |                      |                  |
| 39                                  | WORKING CAPITAL                    |                               |                                 |                        |                                      |                      |                  |
| 40                                  | DEFERRED TAXES                     |                               |                                 |                        |                                      |                      |                  |
| 41                                  | TOTAL RATE BASE                    | \$0                           | \$0                             | \$0                    | \$0                                  | \$0                  | \$0              |
| 42                                  | RATE OF RETURN                     |                               |                                 |                        |                                      |                      |                  |

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

| Line No.                    | DESCRIPTION                        | Revenue Normalization | Misc Restating | Restate Debt Interest | Normalized Power Supply | Restated TOTAL |
|-----------------------------|------------------------------------|-----------------------|----------------|-----------------------|-------------------------|----------------|
|                             | a                                  | z                     | aa             | ab                    | ac                      |                |
| <b>REVENUES</b>             |                                    |                       |                |                       |                         |                |
| 1                           | Total General Business             | \$ (6,435)            |                |                       |                         | \$402,618      |
| 2                           | Interdepartmental Sales            |                       |                |                       |                         | 872            |
| 3                           | Sales for Resale                   |                       |                |                       | (97,286)                | 31,491         |
| 4                           | Total Sales of Electricity         | (6,435)               | 0              | 0                     | (97,286)                | 434,981        |
| 5                           | Other Revenue                      |                       |                |                       | (21,496)                | 9,395          |
| 6                           | Total Electric Revenue             | (6,435)               | 0              | 0                     | (118,782)               | 444,376        |
| <b>EXPENSES</b>             |                                    |                       |                |                       |                         |                |
| Production and Transmission |                                    |                       |                |                       |                         |                |
| 7                           | Operating Expenses                 |                       |                |                       | (42,632)                | 87,599         |
| 8                           | Purchased Power                    |                       |                |                       | (107,970)               | 76,502         |
| 9                           | Depreciation and Amortization      |                       |                |                       |                         | 22,266         |
| 10                          | Taxes                              |                       |                |                       |                         | 9,014          |
| 11                          | Total Production & Transmission    | 0                     | 0              | 0                     | (150,602)               | 195,381        |
| Distribution                |                                    |                       |                |                       |                         |                |
| 12                          | Operating Expenses                 |                       |                |                       |                         | 17,267         |
| 13                          | Depreciation                       |                       |                |                       |                         | 16,809         |
| 14                          | Taxes                              | (248)                 |                |                       |                         | 18,207         |
| 15                          | Total Distribution                 | (248)                 | 0              | 0                     | 0                       | 52,283         |
| 16                          | Customer Accounting                | (24)                  |                |                       |                         | 9,646          |
| 17                          | Customer Service & Information     |                       | (3)            |                       |                         | 19,736         |
| 18                          | Sales Expenses                     |                       | (17)           |                       |                         | 660            |
| Administrative & General    |                                    |                       |                |                       |                         |                |
| 19                          | Operating Expenses                 | (13)                  | (497)          |                       |                         | 38,461         |
| 20                          | Depreciation                       |                       |                |                       |                         | 7,688          |
| 21                          | Taxes                              |                       |                |                       |                         | (3)            |
| 22                          | Total Admin. & General             | (13)                  | (497)          | 0                     | 0                       | 46,146         |
| 23                          | Total Electric Expenses            | (285)                 | (517)          | 0                     | (150,602)               | 323,852        |
| 24                          | OPERATING INCOME BEFORE FIT        | (6,150)               | 517            | 0                     | 31,820                  | 120,524        |
| FEDERAL INCOME TAX          |                                    |                       |                |                       |                         |                |
| 25                          | Current Accrual                    | (2,153)               | 181            | 136                   | 11,137                  | 6,780          |
| 26                          | Deferred Income Taxes              |                       |                |                       |                         | 23,983         |
| 27                          | Amortized ITC - Noxon              |                       |                |                       |                         | (58)           |
| 28                          | NET OPERATING INCOME               | (\$3,997)             | \$336          | (\$136)               | \$20,683                | \$89,819       |
| <b>RATE BASE</b>            |                                    |                       |                |                       |                         |                |
| PLANT IN SERVICE            |                                    |                       |                |                       |                         |                |
| 29                          | Intangible                         |                       |                |                       |                         | \$57,116       |
| 30                          | Production                         |                       |                |                       |                         | 751,055        |
| 31                          | Transmission                       |                       |                |                       |                         | 301,090        |
| 32                          | Distribution                       |                       |                |                       |                         | 598,884        |
| 33                          | General                            |                       |                |                       |                         | 98,727         |
| 34                          | Total Plant in Service             | 0                     | 0              | 0                     | 0                       | 1,806,872      |
| 35                          | ACCUMULATED DEPRECIATION           |                       |                |                       |                         | 566,865        |
| 36                          | ACCUM. PROVISION FOR AMORTIZATION  |                       |                |                       |                         | 65,245         |
| 37                          | Total Accum. Depreciation & Amort. | 0                     | 0              | 0                     | 0                       | 632,110        |
| 38                          | GAIN ON SALE OF BUILDING           |                       |                |                       |                         | (322)          |
| 39                          | WORKING CAPITAL                    |                       |                |                       |                         | (169,421)      |
| 40                          | DEFERRED TAXES                     |                       |                |                       |                         |                |
| 41                          | TOTAL RATE BASE                    | \$0                   | \$0            | \$0                   | \$0                     | \$1,005,019    |
| 42                          | RATE OF RETURN                     |                       |                |                       |                         | 8.94%          |

AVISTA UTILITIES  
ELECTRIC ADJUSTMENT SUMMARY  
TWELVE MONTHS ENDED DECEMBER 31, 2009  
(000'S OF DOLLARS)

PER RESULTS OF  
OPERATIONS REPORTS  
**ELECTRIC**

| Line No.                    | DESCRIPTION                        | System      | Washington  | Idaho     |
|-----------------------------|------------------------------------|-------------|-------------|-----------|
| <b>REVENUES</b>             |                                    |             |             |           |
| 1                           | Total General Business             | \$703,951   | \$457,237   | \$246,714 |
| 2                           | Interdepartmental Sales            | 1,076       | 871         | 205       |
| 3                           | Sales For Resale                   | 198,516     | 128,777     | 69,739    |
| 4                           | Total Sales of Electricity         | 903,543     | 586,885     | 316,658   |
| 5                           | Other Revenue                      | 47,486      | 30,908      | 16,578    |
| 6                           | Total Electric Revenue             | 951,029     | 617,793     | 333,236   |
| <b>EXPENSES</b>             |                                    |             |             |           |
| Production and Transmission |                                    |             |             |           |
| 7                           | Operating Expenses                 | 232,342     | 161,787     | 70,555    |
| 8                           | Purchased Power                    | 303,785     | 184,472     | 119,313   |
| 9                           | Depreciation and Amortization      | 33,270      | 22,459      | 10,811    |
| 10                          | Taxes                              | 13,283      | 8,617       | 4,666     |
| 11                          | Total Production & Transmission    | 582,680     | 377,335     | 205,345   |
| Distribution                |                                    |             |             |           |
| 12                          | Operating Expenses                 | 25,831      | 17,267      | 8,564     |
| 13                          | Depreciation                       | 26,622      | 16,891      | 9,731     |
| 14                          | Taxes                              | 40,466      | 35,403      | 5,063     |
| 15                          | Total Distribution                 | 92,919      | 69,561      | 23,358    |
| 16                          | Customer Accounting                | 14,417      | 10,118      | 4,299     |
| 17                          | Customer Service & Information     | 25,664      | 19,729      | 5,935     |
| 18                          | Marketing                          | 928         | 677         | 251       |
| Administrative & General    |                                    |             |             |           |
| 19                          | Operating Expenses                 | 60,298      | 39,022      | 21,276    |
| 20                          | Depreciation                       | 12,251      | 7,688       | 4,563     |
| 21                          | Taxes                              | 0           | 0           | 0         |
| 22                          | Total Admin. & General             | 72,549      | 46,710      | 25,839    |
| 23                          | Total Electric Expenses            | 789,157     | 524,130     | 265,027   |
| 24                          | Operating Income before FIT        | 161,872     | 93,663      | 68,209    |
| Federal Income Taxes        |                                    |             |             |           |
| 25                          | Current Accrual                    | 10,255      | 7,414       | 2,841     |
| 26                          | Deferred Income Taxes              | 27,468      | 12,904      | 14,564    |
|                             | Amortized ITC                      | (45)        | (29)        | (16)      |
| SETTLEMENT EXCHANGE POWER   |                                    |             |             |           |
| 27                          | NET OPERATING INCOME               | \$124,194   | \$73,374    | \$50,820  |
| <b>RATE BASE</b>            |                                    |             |             |           |
| PLANT IN SERVICE            |                                    |             |             |           |
| 28                          | Intangible                         | \$86,455    | \$56,196    | \$30,259  |
| 29                          | Production                         | 1,046,040   | 678,566     | 367,474   |
| 30                          | Transmission                       | 464,143     | 301,090     | 163,053   |
| 31                          | Distribution                       | 986,475     | 602,201     | 384,274   |
| 32                          | General                            | 157,539     | 98,727      | 58,812    |
| 33                          | Total Plant in Service             | 2,740,652   | 1,736,780   | 1,003,872 |
| 34                          | ACCUMULATED DEPRECIATION           | 908,535     | 576,519     | 332,016   |
| 35                          | ACCUM. PROVISION FOR AMORTIZATION  | 14,269      | 9,302       | 4,967     |
| 36                          | Total Accum. Depreciation & Amort. | 922,804     | 585,821     | 336,983   |
| 37                          | GAIN ON SALE OF BUILDING           |             |             |           |
| 38                          | WORKING CAPITAL                    |             |             |           |
| 39                          | DEFERRED TAXES                     |             |             |           |
| 40                          | TOTAL RATE BASE                    | \$1,817,848 | \$1,150,959 | \$666,889 |

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AVISTA UTILITIES

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**Commission Basis Report**  
**Washington Electric Adjustment Descriptions**  
**Twelve Months Ended December 31, 2009**

**b. Per Results Report**

Results of Operations Report amounts are for the twelve months ended December 31, 2009. Dollar figures tie to the Company's financial general ledger records in total. Rate base was computed using the average-of-monthly-averages method. These amounts are a component of actual results of operations.

**c. Deferred FIT Rate Base**

These amounts reflect the deferred tax balances arising from accelerated depreciation, bond refinancing premiums, and contributions in aid of construction, which are not included in the Results of Operations Utility Plant Report. These amounts are reflected on an average-of-monthly-averages basis. These amounts are a component of actual results of operations.

**d. Deferred Gain on Office Building**

These amounts reduce rate base by the net of tax, unamortized gain on the sale of the office building. The facility was sold in December 1986 and leased back by the Company. Although the Company repurchased the building in November 2005, the Company opted to continue to amortize the deferred gain over the remaining amortization period scheduled to end in 2011. The treatment of the gain on the sale follows the Commission's Order Granting Application in Cause No. FR-86-150, and the continuation of the existing amortization after the sale was approved in Docket No. U-071805. These amounts are a component of actual results of operations.

**e. Colstrip 3 AFUDC Elimination**

These amounts reflect a reallocation of rate base and depreciation expense between jurisdictions. In Cause Nos. U-81-15 and U-82-10, the WUTC allowed the Company a return on a portion of Colstrip Unit 3 construction work in progress (CWIP). A much smaller amount of Colstrip Unit 3 CWIP was allowed in rate base in Case No. U-1008-144 by the IPUC. The Company eliminated the AFUDC associated with the portion of CWIP allowed in rate base in each jurisdiction. Since production facilities are allocated on the production/transmission percentages, the allocation is reversed and a direct assignment is made. These amounts are a component of actual results of operations.

**f. Colstrip Common AFUDC**

Differing amounts of Colstrip common facilities were excluded from rate base by the WUTC and IPUC until Colstrip Unit No. 4 was placed in service. The Company was allowed to accrue AFUDC on the Colstrip common facilities during the time that they were excluded from



# AVISTA UTILITIES

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## Commission Basis Report Washington Electric Adjustment Descriptions Twelve Months Ended December 31, 2009

rate base. It is necessary to directly assign the AFUDC because of the differing amounts of common facilities excluded from rate base by the WUTC and IPUC. In September 1988, an entry was made to comply with a FERC Audit Exception, which transferred Colstrip common AFUDC from the plant accounts to account 186. These amounts reflect a direct assignment of rate base for the appropriate average of monthly averages amounts of Colstrip common AFUDC to the Washington and Idaho jurisdictions. Amortization expense associated with the Colstrip common AFUDC is charged directly to the Washington and Idaho jurisdictions through Account 406. These amounts are a component of actual results of operations.

### g. Kettle Falls Disallowance

These amounts reflect the Kettle Falls disallowance ordered by the WUTC in Cause No. U-83-26. The WUTC disallowed both a return of and a return on \$5,247,725 of investment in Kettle Falls. The disallowed investment and related depreciation expense, FIT expense, accumulated depreciation and deferred FIT are removed. These amounts are a component of actual results of operations.

### h. Customer Advances

These amounts decrease rate base for customer advances, as they will most likely be recorded as contributions in aid of construction at some future time. These amounts are a component of actual results of operations.

### i. Customer Deposits

These amounts decrease rate base for the average-of-monthly averages of customer deposits held by the Company. The corresponding interest paid on customer deposits is reclassified to an operating expense. This adjustment is consistent with Docket No. UE-090134.

### j. Settlement Exchange Power

These amounts reflect the rate base associated with the recovery of 64.1% of the Company's investment in Settlement Exchange Power. The 64.1% recovery level was approved by the Commission's Second Supplemental Order in Cause No. U-86-99 dated February 24, 1987. Amortization expense and deferred FIT expense recorded during the test period are reflected in results of operations. These amounts are a component of actual results of operations.

### k. CDA Settlement

This adjustment reflects the 2009 average-of-monthly averages net asset balance associated with the 2008/2009 past storage, §10(e) charges and CDA Tribe settlement 4(e)

**Commission Basis Report**  
**Washington Electric Adjustment Descriptions**  
**Twelve Months Ended December 31, 2009**

Spokane River relicensing conditions previously deferred for future recovery. The agreed upon settlement and payments included in this adjustment were approved by the Commission in the Company's 2008 electric general rate case proceeding, Docket No. UE-080416. As approved by the Commission's Order (See Order No. 08), in Docket No. UE-080416, the Company was allowed to defer the amortization of the settlement payments, which included the system payments of \$25.0 million in December 2008 and \$10.0 million in 2009 for resolution of the past trespass and §10(e) charges, and the 2008 future §10(e) annual flat payment, with a carrying charge on the deferrals and unamortized balance, for future recovery. These deferred payments, including a return on the balance, are being amortized over the average remaining life of the Spokane River - Post Falls Project, or 45 years.

**l. Spokane River Relicensing**

This adjustment reflects the 2009 average-of-monthly averages net asset and DFIT balances related to the Spokane River deferred relicensing and PM&E costs. In June 2009, Avista received its 50 year FERC-issued license for the Spokane River Project, at which time the costs of these efforts were transferred to intangible plant. Costs associated with this effort included actual life-to-date expenditures from April 2001 through June 30, 2009. The total of these costs were reviewed and approved over the Company's two previous general electric rate case proceedings, Docket Nos. UE-080416 and UE-090134. The Company was allowed to defer the amortization of the licensing costs, costs associated with the CDA Tribe settlement 4(e) relicensing conditions and the associated Program, Enhancement & Mitigation (PM&E) charges, including a carrying charge on these amounts.

**m. Montana Riverbed Lease**

This adjustment reflects the 2009 average-of-monthly averages net asset and DFIT balances related to the costs associated with the Montana Riverbed lease settlement. In this settlement, the Company agreed to pay the State of Montana \$4.0 million annually beginning in 2007, with annual inflation adjustments, for a 10-year period for leasing the riverbed under the Noxon Rapids Project and the Montana portion of the Cabinet Gorge Project. The first two annual payments were deferred by Avista as approved in Docket No. UE-072131. In Docket No. UE-080416 (see Order No. 08), the Commission approved the Company's accounting treatment of the deferred payments, including accrued interest, to be amortized over the remaining eight years of the agreement starting on January 1, 2009.

**n. Eliminate B & O Taxes**

This adjustment removes the revenues and expenses associated with local business and occupation taxes. The adjustment eliminates any timing mismatch that exists between the revenues and expenses by eliminating the revenues and expenses in their entirety. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**Commission Basis Report**  
**Washington Electric Adjustment Descriptions**  
**Twelve Months Ended December 31, 2009**

**o. Property Tax**

This adjustment restates the test period accrued levels of property taxes to reflect the actual amounts. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**p. Uncollectible Expense**

This adjustment restates the accrued expense to the actual level of net write-offs for the test period. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**q. Regulatory Expense Adjustment**

This adjustment restates regulatory expense to reflect the WUTC and IPUC assessment rates applied to revenues for the test period and the actual levels of FERC fees paid during the test period. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**r. Injuries and Damages**

As a result of the Commission's Order in Docket No. U-88-2380-T the Company changed to the reserve method of accounting for injuries and damages not covered by insurance. This restating adjustment replaces the accrual with actuals to adjust to the six-year rolling average of injuries and damages payments not covered by insurance. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**s. FIT Adjustment**

This adjustment removes the effect of certain Schedule M items, matches the jurisdictional allocation of other Schedule M items to related Results of Operations allocations and eliminates any prior period income tax expense. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**t. Eliminate WA Power Cost Deferral**

This adjustment eliminates all power supply deferral and amortization entries recorded in results of operations pursuant to the deferral and recovery mechanisms authorized in Docket No. UE-000972. This restating adjustment is consistent with prior general rate case dockets (including Docket No. UE-011595 forward.)

AVISTA UTILITIES

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**Commission Basis Report**  
**Washington Electric Adjustment Descriptions**  
**Twelve Months Ended December 31, 2009**

**u. Nez Perce Settlement Accounting Adjustment**

This adjustment directly assigns the Nez Perce Settlement expenses to the Washington and Idaho jurisdictions. This is necessary due to differing regulatory treatment in Idaho Case No. WWP-E-98-11 and Washington Docket No. UE-991606/UG-991607.

**v. Eliminate Accounts Receivable Expenses**

This adjustment removes expenses associated with the sale of customer accounts receivable. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**w. Office Space Charges to Subsidiaries**

This adjustment removes a portion of the office space costs (building lease and O&M costs, common area costs, copier expense and annual office furniture rental) using the percentage of labor dollars charged to subsidiary activities by employee compared to total labor dollars by employee. These percentages are applied to the employees' office space (expressed in square feet) and multiplied by office space costs/per square foot. This restating adjustment is made as a result of the Commission's Third Supplemental Order in Docket No. U-88-2380-T, which required the company to perform a space utilization study to allocate costs to subsidiaries. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**x. Restate Excise and Franchise Taxes**

This adjustment removes the effect of a one-month accrual lag in actual results to reflect the actual level of taxes paid. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**y. Net Gains/Losses**

This adjustment reflects a ten-year amortization of net gains realized from the sale of real property disposed of between 2000 and 2009. This restating adjustment is made as a result of the Commission's Order in Docket No. UE-050842/UG-050483. This restating adjustment is consistent with prior general rate case dockets starting with Docket No. UE-050842/UG-050483.

**z. Weather Normalization**

This adjustment normalizes weather sensitive electric kWh sales by eliminating the effect of temperature deviations above or below historical normals. This restating adjustment is required per WAC 480-100-208.

**AVISTA UTILITIES**

**Commission Basis Report  
Washington Electric Adjustment Descriptions  
Twelve Months Ended December 31, 2009**

**aa. Miscellaneous restating**

This adjustment removes a number of non-operating or non-utility expenses associated with advertising, dues and donations included in error in the test period actual results. The Company also removed 50% of director meeting expenses and director Fees, as ordered in Docket No. UG-090135.

**ab. Restate Debt Interest**

This adjustment restates debt interest using the average weighted cost of total debt at December 31, 2009 and reflects the federal income tax effect of the restated level of interest for the test period. This restating adjustment is consistent with prior dockets (including Docket No. UE-991606 forward).

**ac. Normalized Power Supply**

This adjustment normalizes power supply related revenue and expenses. A dispatch simulation model is used to calculate normalized secondary sales, secondary purchases and thermal fuel costs. This restating adjustment is required per WAC 480-100-208.