

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	Docket No. UE-110876
	)	Docket No. UG-110877
v.	)	Docket No. UE-120436
	)	Docket No. UG-120437
AVISTA CORPORATION d/b/a AVISTA UTILITIES,	)	<i>(consolidated)</i>
	)	
Respondent.	)	

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**EXHIBIT NO. \_\_\_\_ (MCD-5)**

**GENERAL REVENUE REQUIREMENT SUMMARY**

**September 19, 2012**

**SUMMARY OF ICNU ELECTRIC ADJUSTMENTS  
AND COMPARISON TO AVISTA'S DIRECT FILING ELECTRIC ADJUSTMENTS  
(ICNU Recommended Rate of Return)**

Avista Adj't. No. Designation	ICNU Adj't. No. Designation	Adjustment Description	Avista Adjustments - Original Filing			ICNU Adjustments			Public Counsel Position Relative to the Company's Original Filed Position	Revenue Requirement Impact Difference
			Rate Base	NOI	Rev Req't	Rate Base	NOI	Rev Req't		
1.00		Results of Operations	1,123,911	75,483	12,958					
1.01		Deferred FIT Rate Base	285	3	30			ICNU Neutral in Direct		
1.02		Deferred Debits and Credits	(7,013)	(84)	(710)			ICNU Neutral in Direct		
1.03		Working Capital	13,689	142	1,420			ICNU Neutral in Direct		
2.01		Eliminate B&O Taxes	-	(46)	73			ICNU Neutral in Direct		
2.02		Uncollectible Expense	-	(206)	332			ICNU Neutral in Direct		
2.03		Regulatory Expense	-	(31)	50			ICNU Neutral in Direct		
2.04		Injuries and Damages	-	150	(241)			ICNU Neutral in Direct		
2.05		FIT/DFIT/ITC/PTC Expense	-	(5)	8			ICNU Neutral in Direct		
2.06		Eliminate WA Cost Defer	-	8,312	(13,389)			ICNU Neutral in Direct		
2.07		Nez Perce Settlement Adjustment	-	(9)	15			ICNU Neutral in Direct		
2.08		Eliminate Accounts Rec. Expenses	-	1	(2)			ICNU Neutral in Direct		
2.09		Office Space Chg'd to Subsidiaries	-	3	(5)			ICNU Neutral in Direct		
2.10		Restate Excise Taxes	-	67	(108)			ICNU Neutral in Direct		
2.11		Net Gains/Losses	-	52	(84)			ICNU Neutral in Direct		
2.12	PCE 2.12	Revenue Normalization	-	10,116	(16,294)		11,053	ICNU/PC Modified	(1,510)	
2.13		Miscellaneous Restating	-	59	(94)			ICNU Neutral in Direct		
2.14		PCB Transformer Restating	-	554	(892)			ICNU Neutral in Direct		
2.15		Restate Incentives	-	(487)	784			ICNU Neutral in Direct		
2.16		Colstrip/CS2 Maintenance	-	(638)	1,027			ICNU Neutral in Direct		
2.17		Restate Debt Interest	-	126	(203)			ICNU Neutral in Direct		
		<b>Restated Total</b>	<b>1,130,872</b>	<b>93,562</b>	<b>(15,325)</b>		<b>(11,053)</b>		<b>(1,510)</b>	
3.00	ICNU E 3.00	Pro Forma Power Supply	-	(5,238)	8,437		(393)	ICNU Modified	(7,804)	
3.01		Pro Forma Transmission	-	(526)	847		633	ICNU Neutral in Direct		
3.02		Pro forma Labor Non-Executive	-	(1,370)	2,207			ICNU Neutral in Direct		
3.03		Pro Forma Labor Executive	-	8	(14)			ICNU Neutral in Direct		
3.04		Pro Forma Employee Benefits	-	(2,144)	3,454			ICNU Neutral in Direct		
3.05		Pro Forma Insurance	-	66	(107)			ICNU Neutral in Direct		
3.06	PCE 3.06	Pro Forma Property Tax	-	(1,303)	2,099		(783)	ICNU/PC Modified	(838)	
3.07		Restate 2011 Capital	30,915	(779)	4,980			ICNU/PC Support		
		<b>Pro Forma Subtotal</b>	<b>1,161,787</b>	<b>82,276</b>	<b>6,579</b>		<b>(15,910)</b>		<b>(10,152)</b>	
4.00		Alternative - Planned Capital Add 2012	63,456	(3,968)	14,037			ICNU/PC Oppose	(14,037)	
4.01		Alternative - Planned Capital Add 2013	(2,618)	(1,098)	1,454			ICNU/PC Oppose	(1,454)	
4.02		Alternative - DSM	-	(2,585)	4,164			ICNU/PC Oppose	(4,164)	
4.03		Alternative - Other	-	(65)	105			ICNU/PC Oppose	(105)	
		<b>Attrition Adjusted Total</b>	<b>1,222,625</b>	<b>74,560</b>	<b>26,338</b>		<b>(15,910)</b>		<b>(29,911)</b>	
4.04		Retail Revenue Credit	-	(2,255)	3,632			ICNU Oppose	(3,632)	
4.05		Depreciation Study	-	1,944	(3,132)			ICNU Neutral in Direct		
4.06		O&M Offset	-	634	(1,021)			ICNU Neutral in Direct		
		<b>Final Total</b>	<b>1,222,625</b>	<b>74,883</b>	<b>25,818</b>		<b>(15,910)</b>		<b>(33,543)</b>	

**SUMMARY OF ICNU ELECTRIC ADJUSTMENTS  
AND COMPARISON TO AVISTA'S DIRECT FILING ELECTRIC ADJUSTMENTS**  
(Avista Filed Rate of Return)

Avista Adj't. No. Designation	ICNU Adj't. No. Designation	Adjustment Description	Avista Adjustments - Original Filing			ICNU Adjustments			Public Counsel Position Relative to the Company's Original Filed Position	Revenue Requirement Impact Difference
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1.01		Deferred FIT Rate Base	285	3	33			ICNU Neutral in Direct		
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2.15		Restate Incentives	-	(487)	784			ICNU Neutral in Direct		
2.16		Colstrip/CS2 Maintenance	-	(638)	1,027			ICNU Neutral in Direct		
2.17		Restate Debt Interest	-	126	(203)			ICNU Neutral in Direct		
		<b>Restated Total</b>	<b>1,130,872</b>	<b>94,103</b>	<b>(1,299)</b>		<b>11,053</b>		<b>(1,510)</b>	
3.00	ICNU E 3.00	Pro Forma Power Supply	-	(5,238)	8,437		-5393	ICNU Modified	(7,804)	
3.01		Pro Forma Transmission	-	(526)	847			ICNU Neutral in Direct		
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3.06	PCE 3.06	Pro Forma Property Tax	-	(1,303)	2,099		(783)	ICNU/PC Modified	(838)	
3.07		Restate 2011 Capital	30,915	(779)	5,363			ICNU/PC Support		
		<b>Pro Forma Subtotal</b>	<b>1,161,787</b>	<b>82,818</b>	<b>20,988</b>		<b>9,877</b>		<b>(10,152)</b>	
4.00		Alternative - Planned Capital Add 2012	63,456	(3,968)	14,824			ICNU/PC Oppose	(14,824)	
4.01		Alternative - Planned Capital Add 2013	(2,618)	(1,098)	1,421			ICNU/PC Oppose	(1,421)	
4.02		Alternative - DSM	-	(2,585)	4,164			ICNU/PC Oppose	(4,164)	
4.03		Alternative - Other	-	(65)	105			ICNU/PC Oppose	(105)	
		<b>Attrition Adjusted Total</b>	<b>1,222,625</b>	<b>75,101</b>	<b>41,503</b>		<b>9,877</b>		<b>(30,666)</b>	
4.04		Retail Revenue Credit	-	(2,255)	3,632			ICNU Oppose	(3,632)	
4.05		Depreciation Study	-	1,944	(3,132)			ICNU Neutral in Direct		
4.06		O&M Offset	-	634	(1,021)			ICNU Neutral in Direct		
		<b>Final Total</b>	<b>1,222,625</b>	<b>75,424</b>	<b>40,982</b>		<b>9,877</b>		<b>(34,298)</b>	

PC E 2.12

Avista Corporation  
Electric Docket No. UE-120436  
Adjustment to Normalize and Annualize Revenues for Year End Numbers of Customers

Line No.	Description	Amount (000s)	Reference
1	Normalized Electric Retail Revenues at Existing Rates		WA Elec Revenue
2	Annualized for Usage Associated with Year End		Rev Adj w
3	Number of Customers	\$ 460,040	Dittmer edits.xlsx
4	Normalized Electric Retail Revenues at Existing Rates		
5	Associated with Average Number of Test Year Customers		WA Elec Revenue
6	As Calculated by Avista	<u>458,524</u>	Rev Adj.xlsx
7	Increase in Electric Retail Revenues Associated With		
8	Annualization for Year End Number of Customers	\$ 1,516	Line 3 - Line 6
9	Original Revenue Normalization Adjustment No. 2.12		Avista Electric
10	As Calculated and Proposed by Avista	<u>15,489</u>	Adj't 2.12
11	Public Counsel's Proposed Revenue Normalization		
12	Adjustment Calculated to Consider Annualized Revenues		
13	Associated With Test Year End Numbers of Customers	\$ 17,005	Line 8 + Line 10
14	Federal Income Tax Rate	<u>35.00%</u>	
15	Decrease in Related Federal Income Taxes	\$ (5,952)	Line 13 x Line 14
16	Washington Jurisdictional Increase to NOI to Normalize		
17	Revenues Associated with Year End Customers	<u>\$ 11,053</u>	Line 13 - Line 15

PC E 3.06

Avista Corporation  
Electric Docket No. UE-120436  
Adjust Property Tax Expense to Synchronize with 2011 End of Test Year Plant in Service

Line No.	Description	Amount	Reference
1	Total Washington Jurisdiction Proforma Property Tax		
2	Expense Synchronized with 2011 End of Test Year		
3	Actual Plant in Service:		
4	Production/Transmission Function	\$ 799,546	Staff_DR-333C
5			Confidential Atch
6	Distribution Function	396,901	A PC Property
7			Tax Adj't.xlsx
8	General	<u>8,546</u>	
9	Total Proforma Washington Jurisdictional		
10	Property Tax Expense	\$ 1,204,993	Sum Lines 4, 6, 8
11	Federal Income Tax Rate	<u>35.00%</u>	
12	Decrease in Related Federal Income Taxes	\$ (421,748)	Line 10 x Line 11
13	Washington Jurisdictional Reduction to Net Operating		
14	Income Resulting from Property Tax Adjustment	<u><u>\$ (783,245)</u></u>	Line 12 - Line 10

ICNU E 3.00

**ICNU - Avista Pro Forma Power Supply**

	Power Supply <u>Adjustment</u>	Less Idaho Direct Clearwater Paper <u>Adjustment</u>	System Net Power Supply <u>Adjustment</u>	Total Washington <u>Adjustment</u>	Total Idaho <u>Adjustment</u>
P/T Allocation Percentages				65.24%	34.76%
447 Sales for Resale	-\$33,030		-\$33,030	-\$21,549	-\$11,481
453 Sales of Water and Water Power	-77		-\$77	-50	-27
454 Misc Rents	0		0	0	0
456 Other Electric Revenue	-179,427		-179,427	-117,058	-62,369
456 Other Electric Revenue - Direct WA	158	-158	\$0	158	0
Total Revenue	<u>-212,376</u>	<u>-158</u>	<u>-212,534</u>	<u>-138,499</u>	<u>-73,877</u>
501 Thermal Fuel Expense	1,640		\$1,640	1,070	570
546 Other Power Gen Supvsn & Eng	0		\$0	0	0
547 Other Fuel Expense	37,401		\$37,401	24,400	13,000
536 Water for Power	-39		-\$39	-25	-14
555 Purchased Power	-81,007	-19,070	-\$61,937	-40,407	-21,529
549 Misc Other Gen Expense	0		\$0	0	0
550 Rents	0		\$0	0	0
556 System Control & Dispatch	0		\$0	0	0
557 Other Expenses	-190,179		-\$190,179	-124,073	-66,106
557 Other Expenses - Direct WA	769	-769	\$0	769	0
565 Trans. of Elec. by Others	569		569	371	198
Total Expense	<u>-230,846</u>	<u>-19,839</u>	<u>-212,545</u>	<u>-137,895</u>	<u>-73,881</u>
Net Income Before Income Taxes	18,469	19,681	10	-604	4
Idaho State Income Tax	1.1420%				<u>0</u>
Net Income before FIT				-604	4
Federal Income Tax	35%			<u>-211</u>	<u>1</u>
Net Income				-\$393	\$2

**AVISTA UTILITIES**  
**Calculation of General Revenue Requirement**  
**Washington - Electric System**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**

<u>Line No.</u>	<u>Description</u>	<u>(000's of Dollars)</u>
1	Pro Forma Rate Base	\$1,161,787
2	Proposed Rate of Return (1)	<u>7.48%</u>
3	Net Operating Income Requirement	\$86,902
4	Pro Forma Net Operating Income	<u>\$91,698</u>
6	Net Operating Income Deficiency	(\$4,796)
7	Conversion Factor	0.62082
8	Revenue Requirement	<b>(\$7,725)</b>
9	Total General Business Revenues	\$455,105
	Percentage Revenue Increase	<u><u>-1.70%</u></u>

(1) As shown in ICNU Exhibit No. \_\_\_\_ (MPG-3)