

Exhibit No. ___ (KHB-2)
Dockets UE-120436, et al.
Witness: Kathryn H. Breda

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-120436/UG-120437
(consolidated)**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION d/b/a AVISTA
UTILITIES,**

Respondent.

**DOCKETS UE-110876/UG-110877
(consolidated)**

EXHIBIT TO TESTIMONY OF

Kathryn H. Breda

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Overall Electric and Natural Gas Revenue Requirement

September 19, 2012

Avista Corporation Docket UE-120436 and UG-120437 Staff's Overall Revenue Surplus Washington State Electric Service Dollars in Thousands	
1 Total Washington Electric Rate Base	\$ 1,125,273
2 Rate of Return	7.22%
3 Net Operating Income Requirement	\$ 81,245
4 Pro Forma Net Operating Income	\$ 93,896
5 Operating Income Surplus	\$ (12,651)
6 Conversion Factor	0.62082
7 Revenue Surplus from Staff's Base Case	\$ (20,378)
8 Attrition Allowance	19,066
9 Overall Electric Revenue Surplus	(1,312)

Avista Corporation Docket UE-120436 and UG-120437 Staff's Overall Revenue Deficiency Washington State Natural Gas Service Dollars in Thousands	
10 Total Washington Electric Rate Base	\$ 189,089
11 Rate of Return	7.22%
12 Net Operating Income Requirement	\$ 13,652
13 Pro Forma Net Operating Income	\$ 12,947
14 Operating Income Deficiency	\$.705
15 Conversion Factor	0.62095
16 Revenue Surplus from Staff's Base Case	\$ 1,135
17 Attrition Allowance	2,837
18 Overall Electric Revenue Deficiency	3,972