

Exhibit No. ___ (KHB-6)
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**

Adjustment 3.00, Electric - Pro Forma Power Supply

September 19, 2012

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2011
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Power Supply
	Adjustment Number	3.00
	REVENUES	
1	Total General Business	\$0
2	Interdepartmental Sales	-
3	Sales for Resale	(21,549)
4	Total Sales of Electricity	(21,549)
5	Other Revenue	(118,125)
6	Total Electric Revenue	(139,674)
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	(97,488)
8	Purchased Power	(39,243)
9	Depreciation/Amortization	-
10	Regulatory Amortization	-
11	Taxes	-
12	Total Production & Transmission	(136,731)
	Distribution	
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	-
16	Total Distribution	-
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	-
21	Depreciation/Amortization	-
22	Taxes	-
23	Total Admin. & General	-
24	Total Electric Expenses	(136,731)
25	OPERATING INCOME BEFORE FIT	(2,943)
	FEDERAL INCOME TAX	
26	Current Accrual	(1,030)
27	Debt Interest	-
28	Deferred Income Taxes	-
29	Amortized ITC - Noxon	-
30	NET OPERATING INCOME	(\$1,913)
	RATE BASE	
	PLANT IN SERVICE	
31	Intangible	\$0
32	Production	-
33	Transmission	-
34	Distribution	-
35	General	-
36	Total Plant in Service	-
	ACCUMULATED DEPRECIATION/AMORT	
37	Intangible	-
38	Production	-
39	Transmission	-
40	Distribution	-
41	General	-
42	Total Accumulated Depreciation	-
43	NET PLANT	-
44	DEFERRED TAXES	-
45	Net Plant After DFTT	-
46	DEFERRED DEBITS AND CREDITS	-
47	WORKING CAPITAL	-
48	TOTAL RATE BASE	\$0
49	RATE OF RETURN	

Avista Corporation
WA Power Supply Adjustment
Proforma - 2011 Historical Loads

Avista Response to Staff Data Request 223

	Power Supply <u>Adjustment</u>	Less Idaho Direct Clearwater Paper <u>Adjustment (1) (2)</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	-181,227		-181,227	-118,232	-62,995
456 Other Electric Revenue - Direct WA	158	-158	\$0	158	0
Total Revenue	<u>-214,176</u>	<u>-158</u>	<u>-214,334</u>	<u>-139,674</u>	<u>-74,503</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	-79,221	19,070	-\$60,151	-39,243	-20,909
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>-229,061</u>	<u>18,301</u>	<u>-210,760</u>	<u>-136,731</u>	<u>-73,260</u>
Net Income Before Income Taxes	14,884	-18,459	-3,575	-2,943	-1,243
Idaho State Income Tax	1.1420%				-14
Net Income before FIT				-2,943	-1,228
Federal Income Tax	35%			-1,030	-430
Net Income				-\$1,913	-\$798

(1) The Clearwater Paper cogeneration purchase is directly assigned to Idaho. The power supply worksheets remove Clearwater Paper cogeneration. It is necessary to add back the Potlatch cogeneration removal so that the adjustment only reflects system power supply revenue and expense amounts that are allocated to jurisdictions.

(2) EIA Rec Purchases are direct assigned to WA

If it was determined necessary to normalize the Clearwater Paper cogeneration amount, any adjustment would be directly assigned to Idaho.

Source: Avista Response to Staff Data Request 223

Avista Corp.
Power Supply Pro forma - Washington Jurisdiction
System Numbers - Jan 2011 - Dec 2011 Actual and Jan 2013 - Dec 2013 Pro Forma
2011 Weather Normalized Load

Avista Response to Staff Data Request 223

Line No.	Jan 11 - Dec 11 Actuals	Washington Actuals	Adjustment	Washington 65.24%	Jan 13 - Dec 13 Pro forma	Washington 65.24%	
555 PURCHASED POWER							
1	Modeled Short-Term Market Purchases	\$0	\$0	\$12,281	8,012	\$12,281	\$8,012
2	Actual ST Market Purchases - Physical	118,055	\$77,019	-114,954	-74,996	3,101	\$2,023
3	Actual ST Purchases - Financial M-to-M	0	\$0	19,059	12,434	19,059	\$12,434
4	Rocky Reach	2,017	\$1,316	-2,017	-1,316	0	\$0
5	Rocky Reach/Rock Island Purchase	5,569	\$3,633	6,256	4,081	11,825	\$7,715
6	Wells - Avista Share	1,597	\$1,042	203	132	1,800	\$1,174
7	Wells - Colville Tribe's Share	4,322	\$2,820	-4,322	-2,820	0	\$0
8	Priest Rapids Project	6,080	\$3,954	693	452	6,753	\$4,406
9	Grant Displacement	4,169	\$2,720	-4,169	-2,720	0	\$0
10	Douglas Settlement	860	\$561	-66	-43	794	\$518
11	Lancaster Capacity Payment	21,093	\$13,761	967	631	22,060	\$14,392
12	Lancaster Variable O&M Payments	1,733	\$1,131	1,366	891	3,099	\$2,022
13	Lancaster BPA Reserves	65	\$42	-65	-42	0	\$0
14	Palouse Wind	0	\$0	19,217	12,537	19,217	\$12,537
15	WNP-3	14,836	\$9,679	579	378	15,415	\$10,057
16	Deer Lake-IP&L	6	\$4	0	0	6	\$4
17	Small Power	1,334	\$870	-262	-171	1,072	\$699
18	Stimson	1,922	\$1,254	112	73	2,034	\$1,327
19	Spokane-Upriver	2,387	\$1,557	27	18	2,414	\$1,575
20	Spokane Waste-to-Energy	0	\$0	6,150	4,012	6,150	\$4,012
21	Black Creek Index Purchase	118	\$77	-118	-77	0	\$0
22	Non-Monetary	59	\$38	-59	-38	0	\$0
23	Clearwater Paper Co-Gen Purchase	19,070	\$0	-19,070	0	0	\$0
24	Ancillary Services	645	\$421	-645	-421	0	\$0
25	Stateline Wind Purchase	3,633	\$2,370	-385	-251	3,248	\$2,119
26	Total Account 555	209,550	124,269	-79,221	-39,243	130,329	85,026
557 OTHER EXPENSES							
27	Broker Commission Fees	884	\$577	0	0	884	\$577
28	Non WA EIA REC Purchase	374	\$244	-200	-130	174	\$114
29	WA EIA REC Purchase	0	\$0	769	769	769	\$769
30	Optional Renewable Power Expense Offset	-151	-\$99	151	99	0	\$0
31	Natural Gas Fuel Purchases	190,130	\$124,041	-190,130	-124,041	0	\$0
32	Total Account 557	191,237	124,763	-189,410	-123,304	1,827	1,459
501 THERMAL FUEL EXPENSE							
33	Kettle Falls - Wood Fuel	11,448	\$7,469	-1,372	-895	10,076	\$6,574
34	Kettle Falls - Start-up Gas	20	\$13	0	0	20	\$13
35	Colstrip - Coal	17,623	\$11,497	3,012	1,965	20,635	\$13,462
36	Colstrip - Oil	294	\$192	0	0	294	\$192
37	Total Account 501	29,385	19,171	1,640	1,070	31,025	20,241
547 OTHER FUEL EXPENSE							
38	Coyote Springs Gas	18,449	\$12,036	18,655	12,170	37,104	\$24,207
39	Coyote Springs 2 Gas Transportation	7,228	\$4,716	-14	-9	7,214	\$4,706
40	Lancaster Gas	22,845	\$14,904	11,646	7,598	34,491	\$22,502
41	Lancaster Gas Transportation	5,537	\$3,612	614	401	6,151	\$4,013
42	Gas Transportation Optimization	0	\$0	-3,457	-2,255	-3,457	-\$2,255
43	Actual Physical Gas Transactions M-to-M	0	\$0	5,830	3,803	5,830	\$3,803
44	Actual Financial Gas Transactions M-to-M	0	\$0	2,140	1,396	2,140	\$1,396
45	Gas Transportation for BP, NE and KFCT	24	\$16	0	0	24	\$16
46	Rathdrum Gas	424	\$277	1,466	956	1,890	\$1,233
47	Northeast CT Gas	26	\$17	33	22	59	\$39
48	Boulder Park Gas	376	\$245	48	31	424	\$276
49	Kettle Falls CT Gas	73	\$48	441	288	514	\$335
50	Total Account 547	54,982	35,870	37,401	24,400	92,383	60,270
565 TRANSMISSION OF ELECTRICITY BY OTHERS							
51	WNP-3	789	\$515	15	10	804	\$525
52	Black Creek Wheeling	39	\$25	-39	-25	0	\$0
53	Wheeling for System Sales & Purchases	172	\$112	0	0	172	\$112
54	BPA PTP for Colstrip, Coyote & Lancaster	12,861	\$8,391	332	217	13,193	\$8,607
55	BPA Townsend-Garrison Wheeling	1,257	\$820	251	164	1,508	\$984
56	Avista on BPA - Borderline	1,237	\$807	10	7	1,247	\$814
57	Kootenai for Worley	45	\$29	0	0	45	\$29
58	Sagle-Northern Lights	136	\$89	0	0	136	\$89
59	Northwestern for Colstrip	311	\$203	0	0	311	\$203
60	PGE Firm Wheeling	643	\$419	0	0	643	\$419
61	Total Account 565	17,490	11,410	569	371	18,059	11,782
536 WATER FOR POWER							
62	Headwater Benefits Payments	974	\$635	-39	-25	935	\$610
549 MISC OTHER GENERATION EXPENSE							

Avista Corp.
Power Supply Pro forma - Washington Jurisdiction
System Numbers - Jan 2011 - Dec 2011 Actual and Jan 2013 - Dec 2013 Pro Forma
2011 Weather Normalized Load

Avista Response to Staff Data Request 223

Line No.	Jan 11 - Dec 11 Actuals	Washington Actuals	Adjustment	Washington 65.24%	Jan 13 - Dec 13 Pro forma	Washington 65.24%	
63	160	\$104	0	0	160	\$104	
64	TOTAL EXPENSE	503,778	316,223	-229,061	-136,731	274,717	179,493
	<u>447 SALES FOR RESALE</u>						
65	0	\$0	37,049	24,171	37,049	\$24,171	
66	90,744	\$59,201	-89,228	-58,212	1,516	\$989	
67	0	\$0	18,092	11,803	18,092	\$11,803	
68	1,752	\$1,143	0	0	1,752	\$1,143	
69	1,229	\$802	225	147	1,454	\$949	
70	78	\$51	0	0	78	\$51	
71	430	\$281	0	0	430	\$281	
72	251	\$164	-251	-164	0	\$0	
73	443	\$289	-443	-289	0	\$0	
74	22,439	\$14,639	2,171	1,416	24,610	\$16,056	
75	645	\$421	-645	-421	0	\$0	
76	118,011	76,990	-33,030	-21,549	84,981	55,441	
	<u>456 OTHER ELECTRIC REVENUE</u>						
77	2,178	\$1,421	-1,800	-1,174	378	\$247	
78	0	\$0	158	158	158	\$158	
79	179,427	\$117,058	-179,427	-117,058	0	\$0	
80	181,605	118,479	-181,069	-118,074	536	405	
	<u>453 SALES OF WATER AND WATER POWER</u>						
81	507	\$331	-77	-118,232 -50	430	\$281	
82	TOTAL REVENUE	300,123	195,800	-214,176	-139,674	85,947	56,127
83	TOTAL NET EXPENSE	203,655	120,423	-14,884	2,943	188,771	123,366

Source: Avista Response to Staff Data Request 223