

Exhibit No. ____ (MDF-2)
Dockets UE-120436, et al.
Witness: Michael Foisy

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

Michael Foisy

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Investor-Supplied Working Capital

September 19, 2012

AVISTA UTILITIES
ELECTRIC ADJUSTMENT SUMMARY
Twelve Months Ending December 31, 2011
(000'S OF DOLLARS)

CONTESTED
WORKING CAPITAL
ADJUSTMENT
ELECTRIC Adj-s

Line No.	DESCRIPTION	ELECTRIC Adj-s		
		System	Washington	Idaho
REVENUES				
1	Total General Business	\$0	\$0	\$0
2	Interdepartmental Sales			
3	Sales For Resale			
4	Total Sales of Electricity	0	0	0
5	Other Revenue			
6	Total Electric Revenue	0	0	0
EXPENSES				
Production and Transmission				
7	Operating Expenses	0	0	0
8	Purchased Power			
9	Depreciation and Amortization	0	0	
10	Taxes	0		
11	Total Production & Transmission	0	0	0
Distribution				
12	Operating Expenses	0	0	0
13	Depreciation			
14	Taxes	0	0	0
15	Total Distribution	0	0	0
16	Customer Accounting	0	0	0
17	Customer Service & Information	0	0	0
18	Marketing	0	0	0
Administrative & General				
19	Operating Expenses	0	0	0
20	Depreciation			
21	Taxes			
22	Total Admin. & General	0	0	0
23	Total Electric Expenses	0	0	0
24	Operating Income before FIT	0	0	0
Federal Income Taxes				
25	Current Accrual	0	0	0
26	Deferred Income Taxes			
27	Amortized ITC - Noxon			
28	NET OPERATING INCOME	\$0	\$0	\$0
RATE BASE				
PLANT IN SERVICE				
29	Intangible			
30	Production	0	0	
31	Transmission			
32	Distribution			
33	General			
34	Total Plant in Service	0	0	0
35	ACCUMULATED DEPRECIATION	0		
36	ACCUM. PROVISION FOR AMORTIZATION			
37	Total Accum. Depreciation & Amort.	0	0	0
38	GAIN ON SALE OF BUILDING			
39	WORKING CAPITAL	3,744	3,744	
40	DEFERRED TAXES	0		
41	TOTAL RATE BASE	\$3,744	\$3,744	\$0

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

CONTESTED
WORKING CAPITAL
ADJUSTMENT
Included in Gas Adj.-e

Line No.	DESCRIPTION	Washington
	Adjustment Number	
	Workpaper Reference	
	REVENUES	
1	Total General Business	
2	Total Transportation	
3	Other Revenue	
4	Total Gas Revenue	
	EXPENSES	
	Production Expenses	
5	City gate Purchases	
6	Purchased Gas Expense	
7	Net Nat gas Storage Trans	0
8	Total Production	
	Underground Storage	
9	Operating Expenses	
10	Depreciation/Amortization	
11	Taxes	0
12	Total Underground Storage	0
	Distribution	
13	Operating Expenses	
14	Depreciation/Amortization	
15	Taxes	0
16	Total Distribution	0
17	Customer Accounting	
18	Customer Service & Information	
19	Sales Expenses	
	Administrative & General	
20	Operating Expenses	
21	Depreciation/Amortization	
22	Regulatory Amortizations	\$0
23	Taxes	
24	Total Admin. & General	
25	Total Gas Expenses	
26	OPERATING INCOME BEFORE FIT	0
	FEDERAL INCOME TAX	
27	Current Accrual	
28	Debt Interest	0
29	Deferred Income Taxes	
30	Amortized ITC - Noxon	
		0
31	NET OPERATING INCOME	
	RATE BASE	
	PLANT IN SERVICE	
32	Underground Storage	
33	Distribution Plant	
34	General Plant	
35	Total Plant in Service	
	ACCUMULATED DEPRECIATION/AMORT	
36	Underground Storage	
37	Distribution Plant	
38	General Plant	
39	Total Accumulated Depreciation/Amortization	
40	NET PLANT	
41	DEFERED TAXES	
42	NET PLANT AFTER DFIT	
43	GAS INVENTORY	
44	GAIN ON SALE OF BUILDING	
45	OTHER	
46	WORKING CAPITAL	3,568
47	TOTAL RATE BASE	\$3,568

Avista Corp
Staff Combined Working Capital
For the Twelve Month Period Ended December 31, 2011

Line No.	Description	31-Dec-11 AMA
1	AVERAGE INVESTED CAPITAL	
2	Common Equity	\$ 1,163,975,998
3	Trust Originated Preferred Securities	51,547,000
4	Long-Term Debt	1,092,967,434
5	Unamortized Debt Expense & Reacq. Gain/Loss	(38,271,200)
6	Current Portion Long Term Debt	4,375,000
7	Notes Payable - Current	81,800,000
8		
9	Total Average Invested Capital	\$ 2,356,394,232
10		
11	AVERAGE OPERATING INVESTMENTS	
12		
13	Electric Utility Plant	\$ 2,845,901,498
14	Electric Accumulated Depreciation	(997,185,875)
15	Gas Utility Plant	731,280,715
16	Gas Accumulated Depreciation	(252,758,368)
17	WPNG Acquisition Adjustment	2,753,493
18	WPNG Acquisition Adju. Accum. Amort.	(2,707,818)
19	Common Plant	190,457,922
20	Common Accumulated Depreciation	(54,724,512)
21	Customer Deposits and Advances	(8,579,995)
22	Accumulated Deferred Taxes	(439,431,604)
23	Other Regulatory Assets/Liabilities	263,467,962
24	Unrecovered Purchased Gas Costs - PGA	(11,053,476)
25	Conservation Programs	2,051,199
26	Provision for Pensions	(138,023,452)
27	Investment in Exchange Power	20,008,192
28	Total Average Operating Investment	\$ 2,151,455,881
29		
30		
31	Construction Work in Progress	
32		
33	Electric and Gas Construction Work in Process	-
34	Preliminary Surveys	75,372,715
35	Total Construction Work in Progress	\$ 75,372,715
36		
37	Non-Utility / Nonoperating Investments	
38		
39	Non-Utility Property	\$ 4,824,696
40	Investment in Subsidiaries	72,122,526
41	Other Investments & FAS 133	12,417,501
42	Other Special Funds	9,556,364
43	Special Deposits and Temporary Investments	16,762,579
44	Misc. Deferred Charges / Other Deferred Credits Net	(29,881,018)
45	Receivable/Payable Associated Co.-Net	(1,598,471)
46	Derivative Assets/Liabilities Net	(15,469,988)
47	Accumulated Deferred Federal Income Tax	(67,333,807)
48	FAS 109 Regulatory Asset/Liability Net	87,969,522
49	Other Accounts and Notes Receivable	287,381
50	Other Current and Accrued Liabilities	(3,910,957)
51	Total Non Operating Investment	\$ 85,746,329
52		
53	Total Average Investments	(line 28+line 35+line 51) \$ 2,312,574,925
54		
55	Total Investor Supplied Capital	(line 9 - line 53) \$ 43,819,307
56		

Avista Corp
Staff Combined Working Capital
For the Twelve Month Period Ended December 31, 2011

Line No.	Description	31-Dec-11 AMA
57		
58	I - ALLOCATION OF WORKING CAPITAL -	
59	OPERATING & NON-OPERATING	
60	Total Investment (from line 53)	\$ 2,312,574,925
61	Less:	
62	Electric and Gas Construction Work in Progress (from line 35)	(75,372,715)
63		
64	Total Investment - Net of CWIP and Preliminary Survey	\$ 2,237,202,209
65		
66	Total Investor Supplied Working Capital (from line 55)	\$ 43,819,307
67		
68	Investor Supplied Working Capital Ratio (line 66/line 64)	1.959%
69		
70	Total Average Operating Investment (from line 28)	\$ 2,151,455,881
71		
72	Total Operating Working Capital (line 70 x line 68)	<u>\$ 42,139,824</u>
73		
74	Total Non-Operating Working Capital (line 66 - line 72)	<u>\$ 1,679,484</u>

II - ALLOCATION OF OPERATING WORKING CAPITAL

Line No.	Jurisdiction	Allocation Factor	Total Operating Working Capital
80			
81			
82	Total to allocate:		\$ 42,139,824
83			
84	Washington - Electric Operations	52.046%	21,932,177
85	Idaho - Electric Operations	28.196%	11,881,565
86	Washington - Gas Operation	8.466%	3,567,691
87	Idaho - Gas Operation	4.896%	2,063,368
88	Oregon - Gas Operation	6.395%	2,695,023
89		<u>100%</u>	<u>\$ 42,139,823.51</u>

90 Calculation of Allocation Factor: (Per 12A Results Net Rate Base)

91			
92	Washington - Electric Operations	1,123,910,329	52.046%
93	Idaho - Electric Operations	608,868,593	28.196%
94	Washington - Gas Operation*	182,825,643	8.466%
95	Idaho - Gas Operation	105,736,898	4.896%
96	Oregon - Gas Operation	138,105,946	6.395%
97		<u>\$ 2,159,447,409</u>	<u>100%</u>

98
99 *Excluding Gas Inventory (WA- A/C 164100 only)

Avista Corp
Combined Working Capital
For the Twelve Month Period Ended December 31, 2011
Start Adjustments

Line No.	Description	31-Dec-11 AMA	Working Gas Adjustment 1	Temp Cash Investment Adjustment 2	Preliminary Survey Adjustment 3	DSM Rider Adjustment 4	Notes Receivable Adjustment 5	Low Inc Energy Asst. Adjustment 6	Misc Liab-Margin Adjustment 7	Trans Svc Deposits Adjustment 8
AVERAGE INVESTED CAPITAL										
1	Common Equity	1,163,975,998								
2	Trust Originated Preferred Securities	51,547,000								
3	Long-Term Debt	1,092,967,434								
4	Unamortized Debt Expense & Reacq. Gain/Loss	(38,271,200)								
5	Current Portion Long Term Debt	4,875,000								
6	Notes Payable - Current	81,800,000								
7										
8										
9										
10	Total Average Invested Capital	2,356,394,232								
AVERAGE OPERATING INVESTMENTS										
11	Electric Utility Plant	2,845,801,498								
12	Electric Accumulated Depreciation	(997,185,875)								
13	Gas Utility Plant	731,280,715								
14	Gas Accumulated Depreciation	(282,756,388)								
15	WPNG Acquisition Adjustment	2,753,493								
16	Common Plant	(2,707,818)								
17	Common Accumulated Depreciation	190,467,922								
18	Customer Deposits and Advances	(54,724,512)								
19	Accumulated Deferred Taxes	(9,372,288)								
20	Other Regulatory Assets/Liabilities	(439,431,604)								
21	Unrecovered Purchased Gas Costs - PGA	270,575,639	(10,772,781)			426,542				792,293
22	Conservation Programs	(11,053,476)								
23	Provision for Pensions	2,051,198								
24	Investment in Exchange Power	(138,023,462)								
25		20,006,192								
26										
27										
28	Total Average Operating Investment	2,157,771,265	(10,772,781)			426,542				792,293
29										
30										
31	Construction Work in Progress									
32	Electric and Gas Construction Work in Process									
33	Preliminary Surveys	71,314,527			4,058,188					
34										
35	Total Construction Work in Progress	71,314,527			4,058,188					
36	Non-Utility / Nonoperating Investments									
37										
38										
39	Non-Utility Property	4,824,696								
40	Investment in Subsidiaries	72,122,526								
41	Other Investments & FAS 133	12,417,501								
42	Other Special Funds	9,556,364								
43	Special Deposits and Temporary Investments			5,837,560						
44	Misc. Deferred Charges / Other Deferred Credits Net	(29,881,018)								
45	Receivable/Payable Associated Co.-Net	(1,598,471)								
46	Derivative Assets/Liabilities Net	(15,469,988)								
47	Accumulated Deferred Federal Income Tax	(67,533,607)								
48	FAS 109 Regulatory Asset/Liability Net	87,959,522								
49	Other Accounts and Notes Receivable						287,381			
50	Other Current and Accrued Liabilities									
51										
52	Total Non Operating Investment	64,371,359		5,837,560			287,381			
53										
54	Total Average Investments	2,293,457,151	(10,772,781)	5,837,560	4,058,188	426,542	287,381	3,239,944	678,333	792,293
55	Total Investor Supplied Capital									
56										

Account	Amount	Adjustment #1	Adjustment #2	Adjustment #3	Adjustment #4	Adjustment #5	Adjustment #6	Adjustment #7	Adjustment #8	Adjustment #9	Adjustment #10	Adjustment #11	Adjustment #12	Adjustment #13	Adjustment #14	Adjustment #15
STAFF ADJUSTMENTS																
164100 Working Gas Inventory to Working Capital	10,772,781															
136000 Working Capital to Temporary Investments	(5,837,560)															
183000 Working Capital to Preliminary Survey	(4,058,188)															
242600 Tariff Rider Debit Balance to Investment	(426,542)															
141150 Notes Receivable to Investment	(287,381)															
242770 Low Income Funds to working capital	(3,239,944)															
242050 Margin Call Deposit to working capital	(678,333)															
235400 Transmission deposit to working capital	(792,293)															
242375 Misc. Liab to working capital-MT Settlement	(2,898,583)															
232681 Acct Payable-JP to working capital	(556,645)															
134150 Other Special Deposits - Lake CDA	(183,333)															
134120 Other Special Deposits - Newedge	(1,600,000)															
165550 Prepayments - Wilmington Trust	(9,113,203)															
Other and Current liabilities	(211,816)															
	(406,732)															
Total Adjustments	(19,117,774)															

* source is E. Andrews work papers 1.03-1

Avista Corp
Combined Working Capital
For the Twelve Month Period Ended December
Start Adjustments

Line No.	Description	MT Lease Pay. Adjustment 9	AP Jackson Prairie AP - Lake CDA Adjustment 10	Spec Deposits - Other Adjustment 12	Spec Deposits - Newedge Adjustment 13	Prepay - Wilmington Trust Adjustment 14	Current Liab. Adjustment #15	31-Dec-11 AMA PER STAFF
1	AVERAGE INVESTED CAPITAL							
2	Common Equity							1,163,975,998
3	Trust Originated Preferred Securities							51,547,000
4	Long-Term Debt							1,092,967,434
5	Unamortized Debt Expense & Reacq. Gain/Loss							(38,271,200)
6	Current Portion Long Term Debt							4,375,000
7	Notes Payable - Current							81,800,000
8								
9	Total Average Invested Capital							2,356,394,232
10								
11	AVERAGE OPERATING INVESTMENTS							
12	Electric Utility Plant							2,845,901,498
13	Electric Accumulated Depreciation							(987,186,875)
14	Gas Utility Plant							731,280,715
15	Gas Accumulated Depreciation							(252,756,366)
16	WPNG Acquisition Adj. Accum. Amort.							2,753,493
17	Common Plant							(2,707,818)
18	Common Accumulated Depreciation							190,457,922
19	Customer Deposits and Advances							(54,724,512)
20	Accumulated Deferred Taxes							(8,579,995)
21	Other Regulatory Assets/Liabilities							(439,431,604)
22	Unrecovered Purchased Gas Costs - PGA	2,698,583	356,645	183,333				263,467,962
23	Conservation Programs							(11,053,476)
24	Provision for Pensions							2,051,199
25	Investment in Exchange Power							(188,023,452)
26								20,006,192
27	Total Average Operating Investment	2,698,583	356,645	183,333				2,151,455,881
28								
29	Construction Work in Progress							
30	Electric and Gas Construction Work in Process							75,372,715
31	Preliminary Surveys							
32	Total Construction Work in Progress							75,372,715
33								
34	Non-Utility / Nonoperating Investments							
35	Non-Utility Property							4,824,696
36	Investment in Subsidiaries							72,122,526
37	Other Investments & FAS 133							12,417,501
38	Other Special Funds							9,556,364
39	Special Deposits and Temporary Investments							16,762,579
40	Misc. Deferred Charges / Other Deferred Credits Net			1,600,000	9,113,203	211,816		(29,881,018)
41	Receivable/Payable Associated Co.-Net							(1,598,471)
42	Derivative Assets/Liabilities Net							(5,469,988)
43	Accumulated Deferred Federal Income Tax							87,969,522
44	FAS-109 Regulatory Asset/Liability Net							287,381
45	Other Accounts and Notes Receivable							
46	Other Current and Accrued Liabilities							
47	Total Non Operating Investment			1,600,000	9,113,203	211,816	406,732	85,746,329
48								
49	Total Average Investments	2,698,583	356,645	183,333	9,113,203	211,816	406,732	2,312,574,925
50								
51	Total Investor Supplied Capital	(2,698,583)	(356,645)	(183,333)	(9,113,203)	(211,816)	(406,732)	43,819,307
52								
53								
54								
55								
56								

Account

Account	STAFF ADJUSTMENTS
164100 Working Gas Inventory to Working Capital	
136000 Working Capital to Temporary Investments	
183000 Working Capital to Preliminary Survey	
242600 Tariff Rider Debit Balance to Investment	
141150 Notes Receivable to Investment	
242770 Low Income Funds to working capital	
242650 Margin Call Deposit to working capital	
235400 Transmission deposit to working capital	
242375 Misc. Liab to working capital-MT Settlement	
232545 Acct Payable-JP to working capital	
232681 Acct Payable - Lake CDA	
134150 Other Special Deposits - Energy	
165550 Prepayments - Wilmington Trust	
Other and Current liabilities	
Total Adjustments	