

Witness: J. Dittmer

Docket Nos. UE-050482 & UG-050483

Exhibit No. \_\_\_\_\_(JRD-2)

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Schedule A-Electric

## AVISTA UTILITIES

Revenue Requirement Summary for Washington Retail Electric Operations  
Adjusted Operations for Test Year Ending December 31, 2004

Line No.	Description	As Proposed By Company (\$000)	Public Counsel Adjustments (\$000)	As Proposed by Public Counsel (\$000)
1	WA Jurisdictional Rate Base	\$ 795,845	(24,639)	771,206
2	Overall Rate of Return	9.670%	-1.030%	8.64%
3	Net Operating Income Required	76,958	(10,326)	66,633
4	NOI -- Existing Rates	54,684	4,655	59,339
5	NOI Deficiency (Excess)	22,274	(14,981)	7,293
6	Conversion Factor (a)	0.62161	0.62161	0.62161
7	Revenue Deficiency (Excess)	\$ 35,833	\$ (24,100)	\$ 11,733

Witness: J. Dittmer

Schedule B-Electric  
 (first of two pages)

**AVISTA UTILITIES**  
 Rate Base Summary for Washington Retail Electric Operations  
 Adjusted Operations for Test Year Ending December 31, 2004

Line No.	Description	WA Jurisdictional As Adjusted by Company	Customer Deposits (Sch. B-1)	Colstrip AFUDC (Sch. B-2)	Colstrip Common AFUDC (Sch. B-3)	Kettle Falls (Sch. B-4)	Boulder Park (Sch. B-5)	Coyote (Sch. B-6)	Page 1 of 2 Subtotal
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Rate Base:								
2	Electric Plant In Service								-
3	Intangible	\$ 21,374							21,374
4	Production	651,310					(4,965)		646,345
5	Transmission	232,082							232,082
6	Distribution	459,516							459,516
7	General	63,155							63,155
8									
9	Total Plant in Service	\$ 1,427,437	\$ -	\$ -	\$ -	\$ -	\$ (4,965)	\$ -	1,422,472
10									
11	Accumulated Depreciation	428,229		441	(63)	479	(449)	1,634	430,271
12	Accumulated Provision for Amort.	47,788							47,788
13	Total Accum. Depre & Amort.	476,017	-	441	(63)	479	(449)	1,634	478,059
14	Net Electric Plant in Service	\$ 951,420	\$ -	\$ (441)	\$ 63	\$ (479)	\$ (4,516)	\$ (1,634)	\$ 944,413
15	Rate Base Deductions:								
16	Gain on Sale of Building	(715)							(715)
17	Accum. Def. Income Taxes	(154,860)					113	(248)	(154,995)
18	Customer Deposits		(2,329)						(2,329)
19	Other (Reserved)								-
20	Other (Reserved)								-
21									-
22									-
23	Total WA Jurisdictional Rate Base:	<u>\$ 795,845</u>	<u>\$ (2,329)</u>	<u>\$ (441)</u>	<u>\$ 63</u>	<u>\$ (479)</u>	<u>\$ (4,403)</u>	<u>\$ (1,882)</u>	<u>\$ 786,374</u>

Witness: J. Dittmer

Schedule B-Electric  
 (second of two pages)

**AVISTA UTILITIES**  
 Rate Base Summary for Washington Retail Electric Operations  
 Adjusted Operations for Test Year Ending December 31, 2004

Line No.	Description	Carried Forward From Page 1 of 2	Proforma Transmission Project (Sch. B-7)	Production Factor (Sch. B-8)	Reserved (Sch. B-9)	Reserved (Sch. B-10)	Reserved (Sch. B-11)	Reserved (Sch. B-6)	WA Jurisdictional Rate Base As Adjusted by Public Counsel
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Rate Base:								
2	Electric Plant In Service								-
3	Intangible	\$ 21,374							\$ 21,374
4	Production	646,345		(14,953)					631,392
5	Transmission	232,082							232,082
6	Distribution	459,516							459,516
7	General	63,155							63,155
8									
9	Total Plant in Service	\$ 1,422,472	\$ -	\$ (14,953)	\$ -	\$ -	\$ -	\$ -	\$ 1,407,519
10									
11	Accumulated Depreciation	430,271	203						430,474
12	Accumulated Provision for Amort.	47,788							47,788
13	Total Accum. Depre & Amort.	478,059	203	-	-	-	-	-	478,262
14	Net Electric Plant in Service	\$ 944,413	\$ (203)	\$ (14,953)	\$ -	\$ -	\$ -	\$ -	\$ 929,257
15	Rate Base Deductions:								
16	Gain on Sale of Building	(715)							(715)
17	Accum. Def. Income Taxes	(154,995)	(12)						(155,007)
18	Customer Deposits	(2,329)							(2,329)
19	Other (Reserved)	-							-
20	Other (Reserved)	-							-
21		-							-
22		-							-
23	Total WA Jurisdictional Rate Base:	<u>\$ 786,374</u>	<u>\$ (215)</u>	<u>\$ (14,953)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 771,206</u>

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Schedule B-1-Electric

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004  
Customer Deposits Adjustment

<u>Line No.</u>	<u>Description</u>	<u>Electric</u>	<u>Total Company</u>	<u>Gas</u>	<u>Source</u>
1	Average of the Monthly Averages of				
2	WA Jurisdictional Electric & Gas				
3	Customer Deposits Balances		\$ 3,379,122		PC-94
4	TY Actual General Business Revenues	\$ 323,681		\$ 145,940	DMF-2 & 3
5	Electric/Gas Revenue Percentages	<u>68.92%</u>		<u>31.08%</u>	
6	Electric and Gas Rate Base Offset				
7	Allocated on Gen'l Business Revenues	<u><u>\$(2,329,022)</u></u>		<u><u>\$(1,050,100)</u></u>	L. 3 X L. 10

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004

Colstrip AFUDC Eliminations

Line No.	Description	Company	Idaho	Washington	Source
1	Colstrip AFUDC Elimination from Plant in Service Allocation per books	-\$22,333,736	-\$7,781,000	-\$14,553,000	Workpaper E-2
2	Reallocation of AFUDC Elimination	-\$22,333,736	-\$456,000	-\$21,878,000	Workpaper E-2
3	Adjustment to Jurisdictional Plant in Service	\$0	\$7,325,000	-\$7,325,000	Workpaper E-2
Calculation of Accum. Depr. on Jurisdictional Plant Difference from 1/1/84-12/31/89					
4	Annual Depreciation Rate	3.143%			Workpaper E-2
5	No. of Year	6			Workpaper E-2
6	Cum. Depr Rate to 12/89	18.858%			L4 * L5
7	Cumulative Depr Dollars thru 12/89	-\$4,211,696			L6 * L2
Plant Difference 1990 - 2003					
8	Number of years 1990-2003	14			Workpaper E-2
9	Annual Depr. Rate	3.013%			Workpaper E-2
10	Cum Depr Rate to 1990 - 2003	0.42182			
11	Cum Depr \$s 1990 - 2003	-\$9,420,817			L2 * L10
12	2004 Depr Exp @ Same Rate	-\$672,915			L9 * L2, also WP E-2
13	total accumulated depr 12/31/2003	-\$13,632,512			L7 + L11
14	total accumulated depr 12/31/2004	-\$14,305,428			L13 + L12
15	Average for 2004	\$ (13,968,970)			average L13 and L14
16	Allocated per books		-\$4,867,000	-\$9,102,000	WA L15 * 65.16%
17	Allocated per actual		-\$285,000	-\$13,684,000	Split based on line 2
18	Colstrip AFUDC Accum. Depr. Adjustment		\$4,582,000	-\$4,582,000	L17- L16
19	Net Washington Electric Rate Base Adjustment			-\$2,743,000	L3 - L18
20	Company Adjustment			-2,302,000	
21	Adjustment to Washington Jurisdictional Rate Base			-\$441,000	L19 - L20

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Schedule B-3 Electric

### AVISTA UTILITIES

Adjusted Operations for Test Year Ending December 31, 2004

Colstrip Common AFUDC Adjustment

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Washington</u>	<u>Source</u>
	(a)	(b)		
	Calculation of test year AMA rate base:			
1	Balance December 31, 2004	\$539,629	\$540,000	WP F-2
2	Annual depreciation	\$31,740		WP F-2
3	Balance December 31, 2003	I1+I2 \$ 571,369	\$571,000	L1+L2
4	AMA average	(I1+I3)/2	\$555,000	(L1+L3)/2
5	Company adjustment based on 2006		<u>492,000</u>	
6	Net rate base adjustment		<u><u>\$63,000</u></u>	L6 - L5
7	All amounts are Washington Direct			

Schedule B-4 Electric

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004

Kettle Falls Disallowance Adjustment

Line No.	Description	Amount	Reference
	Calculation of Kettle Falls disallowance based on U-83-26		
	Calculation of System Disallowance		
1	Total Plant	\$89,299,000	5th Supp P16
2	Allowed Plant	\$80,555,706	5th Supp P16
3	System Disallowance	\$8,743,294	L1 -L2
4	Washington Allocation	65.16%	Production Allocator
5	Washington Share Plant in service	\$5,697,130	L3 * L4
		-\$5,697,000	
6	Book life Depr Rate	2.8571%	1/35 or WP G2
7	Annual system Depr. Disallowance	\$249,805	L3*L6
8	Washington Allocated depr.	\$162,773	L7*L4
		-\$163,000	
	Accumulated depreciation:		
9	Years to December 31,2003	20.083	20 years 1 month
10	Accumulated 12/31/03	\$5,016,910	L9*L7
11	Accumulated 12/31/04	\$5,266,715	L10+L7
12	Average System Accum. Depr	\$5,141,812	average L10 and L11
13	Washington Allocated	\$3,350,405	L12*L4
		-\$3,350,000	
	Accumulated Deferred Tax		
14	Tax value as % of book	95.00%	WP-G2
	Deferred Tax based on company		
15	Disallowance of \$5,247,725 Wa	\$5,247,725	
16	End of Year	-\$779,750	WP-G-2
	Ratio of correct disallowance to		
17	Company disallowance	1.085638133	L5/I15
18	Deferred Tax WA	-\$846,526	\$847,000 L16*L17
	Deferred Tax expense		
19	Reversal tax rate	0.393355	WP G-2
20	Deferred Tax expense WA	\$60,826	\$61,000 95%*L8*L19
21	Net Rate Base Adjustment		-\$1,500,000 L5-L13+L18
22	Net Operating Income Adjustment		\$102,000 L8-L20
	Company Adjustment		
23	Rate Base		-\$1,021,000
24	Net Operating Income		<u>\$79,000</u>
	Net Adjustment		
25	Rate Base		<u><u>-\$479,000</u></u> L21-L23
26	Net Operating Income		<u><u>\$23,000</u></u> L22-L24

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004

Boulder Park Rate Base Disallowance Adjustment

Line No.	Description		Amount	Reference
1	System Disallowance		\$7,620,000	
2	Washington Allocation	0.6516		
3	Washington Amount	\$4,965,192	-\$4,965,000	
4	Average Depreciation rate	0.0417		FERC Form 1
5	Months to June 30, 2004 Based on May 2002 in service	26		
6	Annual Depreciation	\$207,049		
7	Accumulated depreciation 12/31/04	\$552,129		32 months Depr
8	Accumulated depreciation 12/31/03	\$345,081		20 months Depr
9	Average Accum. Depreciation	\$448,605	-\$449,000	Average L7 an L8
	Deferred Taxes:			
10	Accumulated 3 first year tax rate	17.646%		Tax code
11	Tax depreciation 3 year	\$876,158		L3*L9
12	Accum Depr 12/31/04	\$552,129		L3*L4
13	Tax greater than book	\$324,028		L10-L11
14	Deferred taxes	0.35 \$113,410	<u>\$113,000</u>	35%*L12
15	Net rate Base Adjustment		<u><u>-\$4,403,000</u></u>	



## Schedule B-6 Electric

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004

Coyote Springs adjusted to Rate Year

Line No.	Description	Amount	Reference
	Calculation Coyote Springs to 2006		
	NOI portion of the adjustment agree with company		
	Plant in service, agree with company		
	Accumulated Depreciation		
1	Annual depreciation System	\$2,617,000	WP T-2
2	Accumulated depreciation 12/31/05	\$2,507,958	11 1/2 months
3	Accumulated depreciation 12/31/06	\$5,124,958	L1+L2
4	Average Accumulated depreciation	\$3,816,458	average L2 and L3
5	Washington average at 65.16%	\$2,486,804	\$2,487,000
	Deferred Taxes		
	Tax depreciation to 12/31/04		
10	Backup	\$2,000,000	WP T-3
11	Rate	51.875%	WP T-3
12	2nd Half	\$62,500,000	WP T-3
13	Rate	3.750%	WP T-3
14	Total tax depr 2005	\$3,381,250	L11+L13
15	Tax less Book	\$873,292	L14+L2
16	Deferred tax at 35%	35.0000%	L15*35%
17	BackupTax depreciation 2006	3.60950%	\$72,190
			times L 10
18	CS 2 Tax Depreciation 2006	7.21900%	\$4,511,875
			Times L12
19	Total 2006 tax depreciation	\$4,584,065	L17+L18
20	Tax less book	\$1,967,065	L19-L1
21	Deferred tax expense 2006 at 35%	-\$688,473	L20*35%
22	Accumulated deferred tax 12/31/06	-\$994,125	L16+L21
23	Average deferred tax 2006	-\$649,888	Average L16 and L22
24	Allocated to Washington	-\$423,467	-\$423,000
			at 65.16%
25	Washington Rate Base adjustment		-\$2,910,000
			(-L+L24)
	Company adjustments		
26	Accumulated depreciation	853000	
27	Accumulated DFIT	-175000	
28	Net Company adjustment	-1028000	-\$1,028,000
29	Net Accumulated adjustment		<b>-\$1,882,000</b>
			L25-L28

**AVISTA UTILITIES**Adjusted Operations for Test Year Ending December 31, 2004  
Pro forma Transmission Project

Line No.	Description	Amount	Reference
	Calculation Transmission Project to 2006 year 2006		
	NOI portion of the adjustment agree with company		
	Plant in service, agree with company		
	Accumulated Depreciation		
	As of December 31, 2005		
1	Beacon 230 Line	\$903	Based on PF7 pages 7-8
2	Bolder 230	\$139,418	Based on PF7 pages 7-8
3	Dry Creek	\$170,688	Based on PF7 pages 7-8
4	Total	<u>\$311,009</u>	Sum L1-L3
	As of December 31, 2006		
5	Beacon 230 Line	\$22,565	Based on PF7 pages 7-8
6	Bolder 230	\$511,200	Based on PF7 pages 7-8
7	Dry Creek	\$443,789	Based on PF7 pages 7-8
8	Total	<u>\$977,554</u>	SumL5-L8
9	Average	<u>\$644,282</u>	Average L 4 and L8
10	Washington Allocated	<u>\$419,814</u>	<u>\$420,000</u> 65.16%
	Deferred Taxes		
	As of December 31, 2005		
11	Beacon 230 Line	-\$13,334	Tax rates T 22
12	Bolder 230	-\$161,624	Tax rates T 22
13	Dry Creek	-\$98,111	Tax rates T 22
14	Total	<u>-\$273,069</u>	Sum L11-13
	As of December 31, 2006		
15	Beacon 230 Line	-\$32,030	Tax rates T 22
16	Bolder 230	-\$436,572	Tax rates T 22
17	Dry Creek	-\$303,993	Tax rates T 22
18	Total	<u>-\$772,594</u>	Sum L15-17
19	Average	<u>-\$522,832</u>	Average L14 and L18
20	Washington Allocated	<u>-\$340,677</u>	<u>-\$341,000</u> 65.16%
21	Rate Base Adjustment	<u><b>-\$761,000</b></u>	(-L10+L20)
	Company Adjust to Accumulated Depreciation and Deferred FIT		
22	Accumulated Depreciation	\$217,000	
23	Deferred FIT	-\$329,000	
24	Total	<u>-\$546,000</u>	(-L22+L23)
25	Net Adjustment to Avista's Proforma Rate Base	<u><b>-\$215,000</b></u>	L21-L24

Witness: M. Lott

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Schedule B-8 Electric

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004  
 Production Factor Adjustment

Line No.	Description	Amounts	Amounts Rounded	Source
1	Production Rate Base Per Ms Knox Work Sheet PC Adjustments to Production Rate Base	\$374,429,143		Work paper TLK 123
2	Colstrip Eliminations	-\$441,000		
3	Colstrip Common	\$63,000		
4	Kettle Falls Disallowance	-\$479,000		
5	Coyote Springs	-\$1,882,000		
6	Boulder Park	-\$4,403,000		
7	Total Rate Base Adjustments	-\$7,142,000		
8	Net Production Plant	<u>\$367,287,143</u>		
9	Production Depreciation Expense	\$17,314,000		Work paper TLK 122
10	Kettle Falls Adjustment	-\$28,000		
11	Net Production Depreciation and Amortization	<u>\$17,286,000</u>		
12	Growth rate	2.10%		Draft integrated resource plan squared
13	Two Year growth	4.2441%		
14	Rate Year load to test year load	1.042441		
15	Test year rate base factored for Growth	\$352,333,746		L8/L14
16	Test year depreciation Expense factored for Growth	\$16,582,233		L11/L14
17	Adjustments Rate Base	-\$14,953,397	<u>-\$14,953,000</u>	L15-L 8
18	Depreciation Expense	-\$703,767	-\$704,000	L16-L11
19	Tax effect		<u>\$246,000</u>	35% of -L19
20	Net operating income		<u><u>\$458,000</u></u>	L18+L19

Witness: J. Dittmer

**AVISTA UTILITIES**

Net Operating Income Summary for Washington Electric Retail Operations  
 Adjusted Operations for Test Year Ending December 31 2004

Schedule C-Electric  
 (first of two pages)

Line No.	Description (a)	Washington Jurisdictional As Adjusted by Company (b)	Customer Deposit Interest (Sch. C-1) (c)	CA Sale - Overhead Allocations (Sch. C-2) (d)	Interest Synch. (Sch. C-3) (e)	American Jobs Act of 2004 (Sch. C-4) (f)	Production Tax Credit (Sch. C-5) (g)	Vegetation Manage't Expenses (Sch. C-6) (h)	Page Subtotal (i)
1	Operating Revenues:								
2	General Business Revenues	285,399							285,399
3	Interdepartmental	752							752
4	Sales for Resale	40,460							40,460
5	Other Operating Revenues	8,587							8,587
6	Total Operating Revenues	335,198	-	-	-	-	-	-	335,198
7	Operating Expenses:								
8	Production and Transmission	101,844							101,844
9	Operating Expenses	51,042							51,042
10	Purchased Power	23,604							23,604
11	Depre & Amort	7,554							7,554
12	Total Prod. & Trans.	184,044	-	-	-	-	-	-	184,044
13	Distribution								
14	Operating Expenses	13,101	25					(492)	12,634
15	Depreciation	10,067							10,067
16	Taxes	17,401							17,401
17	Total Distribution	40,569	25	-	-	-	-	(492)	40,102
18	Customer Accounting	7,542							7,542
19	Cust. Svc. & Information	269							269
20	Sales Expenses	709							709
21	Total CA, CS & Sales	8,520	-	-	-	-	-	-	8,520
22	Operating Expenses	32,454		(521)					31,933
23	Depreciation	6,085		(13)					6,072
24	Taxes	3							3
25	Total Admin & General	38,542	-	(534)	-	-	-	-	38,008
26	Total Electric Expenses	271,675	25	(534)	-	-	-	(492)	270,674
27	Operating Inc. Before FIT	63,523	(25)	534	-	-	-	492	64,524
28	Federal Income Taxes								
29	Current Accrual	8012	(9)	187	(459)	(235)	(992)	172	6,677
30	Deferred Income Taxes	827							827
31	Net Operating Income	54,684	(16)	347	459	235	992	320	57,020

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**AVISTA UTILITIES**Net Operating Income Summary for Washington Electric Retail Operations  
Adjusted Operations for Test Year Ending December 31 2004Schedule C-Electric  
(second of two pages)

Line No.	Description	Previous Page Subtotal	Kettle Falls Depre. (Sch. B-4)	Production Factor (Sch. B-8)	Amortize Canceled Prod. Facilities (Sch. C-7)	Power Supply (Sch. C-8)	Reserved (Sch. C-9)	Reserved (Sch. C-10)	Total As Adjusted Per WA Public Counsel (l)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(l)
1	Operating Revenues:								
2	General Business Revenues	285,399							285,399
3	Interdepartmental	752							752
4	Sales for Resale	40,460							40,460
5	Other Operating Revenues	8,587							8,587
6	Total Operating Revenues	335,198	-	-	-	-	-	-	335,198
7	Operating Expenses:								
8	Production and Transmission	101,844							101,844
9	Operating Expenses	51,042				(2,674)			48,368
10	Purchased Power	23,604							23,604
11	Depre & Amort	7,554	(28)	(704)	(153)				6,669
12	Total Prod. & Trans.	184,044	(28)	(704)	(153)	(2,674)	-	-	180,485
13	Distribution								
14	Operating Expenses	12,634							12,634
15	Depreciation	10,067							10,067
16	Taxes	17,401							17,401
17	Total Distribution	40,102	-	-	-	-	-	-	40,102
18	Customer Accounting	7,542							7,542
19	Cust. Svc. & Information	269							269
20	Sales Expenses	709							709
21	Total CA, CS & Sales	8,520	-	-	-	-	-	-	8,520
22	Operating Expenses	31,933							31,933
23	Depreciation	6,072							6,072
24	Taxes	3							3
25	Total Admin & General	38,008	-	-	-	-	-	-	38,008
26	Total Electric Expenses	270,674	(28)	(704)	(153)	(2,674)	-	-	267,115
27	Operating Inc. Before FIT	64,524	28	704	153	2,674	-	-	68,083
28	Federal Income Taxes								
29	Current Accrual	6,677				936			7,613
30	Deferred Income Taxes	827	5	246	53				1,131
31	Net Operating Income	57,020	23	458	100	1,738	-	-	59,339

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Schedule C-1-Electric

## AVISTA UTILITIES

Adjusted Operations for the Test Year Ended December 31, 2004

Adjustment for Customer Deposit Interest

<u>Line No.</u>	<u>Description</u>	<u>Washington Electric</u>	<u>Washington Gas</u>	<u>Source</u>
1	Electric and Gas Rate Base Offset			
2	Allocated on Gen'l Business Revenues	(2,329,022)	(1,050,100)	Sch B-1
3	Total Washington Interest Expense			PC-94
	36,285			
4	Allocate Total WA Interest on Basis of RB Offset	\$ 25,009	\$ 11,276	
5	Federal Income Tax Rate	<u>35%</u>	<u>35%</u>	
6	Decrease in Related Federal Income Tax Expense	<u>\$ (8,753)</u>	<u>\$ (3,947)</u>	

Witness: J. Dittmer

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### AVISTA UTILITIES

Adjusted Operations for the Test Year Ended December 31, 2004  
Reverse Company's Proforma Adjustment to Allocate Additional  
Common Overhead Cost to Washington Operations as a Result  
Of the Sale of Gas Property In California

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Reverse Avista's Proforma Adjustment to Allocate		
2	Additional Common Overhead Cost to Washington		
3	Operations Resulting from the Sale of California		
4	Gas Properties		Co.'s
5	Operating Expense	\$ (521,000)	Proforma
6	Depreciation Expense	<u>\$ (13,000)</u>	Adj. No. 11
7	Total Operating Expenses	\$ (534,000)	
8	Federal Income Tax Rate	<u>35%</u>	
9	Increase in Related Washington Jurisdictional		
10	Electric Federal Income Tax Expense	<u>186,900</u>	
11	Increase in Net Operating Income	<u><u>\$ 347,100</u></u>	

Schedule C-3-Electric

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ended December 31, 2004  
Adjust Federal Income Tax Expense for Interest Synchronization

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Rate Base As Proposed by Public Counsel	\$ 771,206	Sch. B
2	Public Counsel Proposed Weighted Cost		
3	of Debt	<u>4.824%</u>	Sch. D
4	Annualized Interest Deduction Calculated		
5	Utilizing Public Counsel Proposed Rate		
6	Base and Weighted Cost of Debt	\$ 37,203	L. 1 X L. 3
7	Annualized Interest Deduction Per		Co. WP
8	Company	<u>35,893</u>	AC 2
9	Increase (decrease) in Public Counsel		
10	Proposed Tax Deductible Interest		
11	Deduction	\$ 1,310	L. 6 - L. 8
12	Federal Income Tax Rate	<u>35.000%</u>	
13	Increase (decrease) in Federal		
14	Income Tax Expense	<u>\$ (459)</u>	L. 11 X L. 12



Witness: J. Dittmer

Docket Nos. UE-050482 & UG-050483

Exhibit No. \_\_\_\_\_(JRD-2)

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Schedule C-4-Electric

**AVISTA UTILITIES**

Adjusted Operations for the Test Year Ended December 31, 2004

Reflect Anticipated Federal Income Tax Savings Resulting

From the American Jobs Creation Act of 2004

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Anticipated Washington Electric Jurisdictional		
2	Reduction in Federal Income Tax Expense		
3	Stemming from the American Jobs Creation		
4	Act of 2004 -- Provided by Avista	<u>(234,576)</u>	Staff-70

Witness: J. Dittmer

Docket Nos. UE-050482 & UG-050483

Exhibit No. \_\_\_\_\_(JRD-2)

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Schedule C-5-Electric

**AVISTA UTILITIES**

Adjusted Operations for the Test Year Ended December 31, 2004  
Reflect 100% of Production Tax Credit within Retail Cost of Service

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
1	Reduction in Federal Income Tax Expense to Reflect		Co. WP
2	100% of Savings in Production Tax Credit	(992,433)	PF 102
3	Increase in Washington Retail Electric Net		
4	Operating Income	<u>\$ 992,433</u>	

Witness: J. Dittmer

Docket Nos. UE-050482 & UG-050483

Exhibit No. \_\_\_\_\_(JRD-2)

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Schedule C-6-Electric

### AVISTA UTILITIES

Adjusted Operations for the Test Year Ended December 31, 2004

Reflect Anticipated Federal Income Tax Savings Resulting

From the American Jobs Creation Act of 2004

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Reverse Avista's Proforma Adjustment to Reflect		Co.'s
2	Vegetation Management Costs on the basis of		Proforma
3	the Company's 2006 Budget	(491,895)	Adj. No. 6
4	Federal Income Tax Rate	<u>35%</u>	
5	Increase in Related Washington Jurisdictional		
6	Electric Federal Income Tax Expense	<u>172,163</u>	L. 3 X L. 4
7	Increase in Net Operating Income	<u>\$ 319,732</u>	L. 3 - L. 26

**AVISTA UTILITIES**

Adjusted Operations for Test Year Ending December 31, 2004

Cancelled Small Projects Amortization Adjustment

Line No.	Description	Amounts	Source
1	Company investment in cancelled generators	\$3,650,129	WP PF9-2
2	Estimated Market Value	<u>\$1,300,000</u>	WP PF9-2
3	Estimated Loss	\$2,350,129	
4	Deferred Tax	<u>-\$822,545</u>	
5	Net of Tax	<u><u>\$1,527,584</u></u>	
6	Ten year amort Estimated Loss	\$235,013	
7	Deferred tax amortization	<u>-\$82,255</u>	
8	System Net operating income	<u><u>-\$152,758</u></u>	
	Washington Allocation at 65.16%		
9	Amortization	\$153,134	\$153,000
10	Tax	-\$53,597	<u>-\$54,000</u>
11	Net operating Income		-\$99,000
12	Company Adjustment		<u>-\$199,000</u>
13	Net adjustment to net operating income		<u><u>\$100,000</u></u>

Witness: M. Lott

Docket Nos. UE-050482 & UG-050483

Exhibit No. \_\_\_\_\_(JRD-2)

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Schedule C-8-Electric

### AVISTA UTILITIES

Adjusted Operations for the Test Year Ended December 31, 2004  
Numerous Power Supply Adjustments

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Power Supply Adjustment to Per Book Recorded		
2	Amounts per Public Counsel Witness Merton Lott	\$ 4,195	M. Lott
3	Power Supply Adjustment to Per Book Recorded		
4	Amounts per Avista	<u>6,869</u>	M. Lott
5	Reduction in Proforma Washington Jurisdictional		
6	Power Supply Costs	(2,674)	L. 2 - L.4
7	Federal Income Tax Rate	<u>35.00%</u>	
8	Increase in Federal Income Tax Expense	<u>936</u>	L.6 X L.7
9	Increase in Net Operating Income	<u>\$ 1,738</u>	L. 6 - L. 8

