

Witness: J. Dittmer

Docket Nos. UE-050482 & UG-050483

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Schedule A-Gas

AVISTA UTILITIES

Revenue Requirement Summary for Washington Retail Gas 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	\$ 130,718	\$ (1,050)	\$ 129,668
2	Overall Rate of Return	9.670%	-1.030%	8.64%
3	Net Operating Income Required	12,640	(1,437)	11,203
4	NOI -- Existing Rates	10,810	258	11,068
5	NOI Deficiency (Excess)	1,830	(1,695)	136
6	Conversion Factor (a)	0.62175	0.62175	0.62175
7	Supply Adjustment	\$ 2,944	\$ (2,726)	\$ 218

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Schedule B-Gas

AVISTA UTILITIES**Rate Base Summary for Washington Retail Gas Operations
Adjusted Operations for Test Year Ending December 31, 2012**

Description (a)	WA Jurisdictional As Adjusted by Company (b)	Customer Deposits (Sch. B-1) (c)	Reserved (Sch. B-2) (d)	Reserved (Sch. B-3) (h)	WA Jurisdictional Rate Base As Adjusted by Public Counsel (i)
Rate Base:					
Gas Plant In Service					
Underground Storage	\$ 13,632				13,632
Distribution Plant	201,198				201,198
General Plant	16,499				16,499
Total Plant in Service	<u>\$ 231,329</u>				<u>231,329</u>
Accumulated Depreciation					
Underground Storage	6,659				6,659
Distribution Plant	64,817				64,817
General Plant	6,984				6,984
Total Accum. Depre & Amort.	<u>78,460</u>	-	-	-	<u>78,460</u>
Net Gas Plant in Service	<u>\$ 152,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,869</u>
Rate Base Deductions:					
Gain on Sale of Building	(243)				(243)
Accum. Def. Income Taxes	(26,715)				(26,715)
Gas Inventory	4,807				4,807
Customer Deposits		(1,050)			(1,050)
Other (Reserved)					-
					-
					-
Total WA Jurisdictional Rate Base:	<u>\$ 130,718</u>	<u>\$ (1,050)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,668</u>

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Schedule B-1-Gas

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 BusinessRevenues	<u><u>\$(2,329,022)</u></u>		<u><u>\$(1,050,100)</u></u>	L. 3 X L. 10

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AVISTA UTILITIES

Schedule C-Gas

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

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)	Promotional Advertising (Sch. C-4) (f)	Reserved (Sch. C-5) (g)	Reserved (Sch. C-6) (h)	Page Subtotal (i)
1	Operating Revenues:								
2	General Business Revenues	159,265							159,265
3	Interdepartmental	2,842							2,842
5	Other Operating Revenues	2,168							2,168
6	Total Operating Revenues	164,275	-	-	-	-	-	-	164,275
7	Operating Expenses:								
8	Exploration and Development	-							
9	Production	-							
10	City Gate Purchases	114,371							114,371
11	Purchased Gas Expense	550							550
		-							-
		114,921	-	-	-	-	-	-	114,921
7	Underground Storage								
14	Operating Expenses	382							382
16	Depreciation	309							309
17	Taxes	120							120
18	Total Underground Storage	811	-	-	-	-	-	-	811
19	Distribution								
20	Operating Expenses	6,175	11						6,186
21	Depreciation	4,902							4,902
22	Taxes	8,213							8,213
23	Total Distribution	19,290	11	-	-	-	-	-	19,301
24	Customer Accounting	4,450							4,450
25	Cust. Svc. & Information	481							481
26	Sales Expenses	441				(55)			386
27	Total CA, CS & Sales	5,372	-	-	-	(55)	-	-	5,317
28	Operating Expenses	9,086		(153)					8,933
29	Depreciation	1,186		(6)					1,180
30	Taxes	24							24
31	Total Admin & General	10,296	-	(159)	-	-	-	-	10,137
32	Total Gas Expenses	150,690	11	(159)	-	(55)	-	-	150,487
32	Operating Inc. Before FIT	13,585	(11)	159	-	55	-	-	13,788
33	Federal Income Taxes								
34	Current Accrual	466	(4)	56	(126)	19			411
	Deferred Income Taxes	2340							2,340
35	ITC Amortization	-31							(31)
36	Net Operating Income	10,810	(7)	103	126	36	-	-	11,068

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Schedule C-1-Gas

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 BusinessRevenues	(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	\$ (8,753)	\$ (3,947)	L. 3 X L.5

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Schedule C-2-Gas

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	\$ (153,000)	Proforma
6	Depreciation Expense	<u>(6,000)</u>	Adj. No. 11
	Total Operating Expenses	\$ (159,000)	
7			
8	Federal Income Tax Rate	<u>35%</u>	
9	Increase in Related Washington Jurisdictional		
10	Gas Federal Income Tax Expense	<u>\$ 55,650</u>	L. 7 X L.8
11	Increase in Net Operating Income	<u><u>\$ 103,350</u></u>	L. 7 - L.10

AVISTA UTILITIES

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

Line No.	Description	Amount	Source
1	Rate Base As Proposed by Public Counsel	\$ 129,668	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	\$ 6,255	L. 1 X L. 3
7	Annualized Interest Deduction Per		
8	Company	<u>5,895</u>	Co.WP V
7	Proposed Tax Deductible Interest		
11	Deduction	\$ 360	L. 22 - L.11
12	Federal Income Tax Rate	<u>35.000%</u>	
13	Increase (decrease) in Federal		
14	Income Tax Expense	<u><u>\$ (126)</u></u>	L. 11 X L.12

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Schedule C-4-Gas

AVISTA UTILITIES

Adjusted Operations for the Test Year Ended December 31, 2004

Eliminate Cost of Promotional Advertising Included

Within Test Year Operating Results

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Eliminate Cost of Gas Promotional Advertisement		
2	Included Within Avista's Test Year Operating		
3	Expenses	\$ (55,000)	PC-57
4	Federal Income Tax Rate	<u>35%</u>	
5	Increase in Related Washington Jurisdictional	\$ 19,250	L. 3 X L. 4
7	Increase in Net Operating Income	<u>\$ 35,750</u>	L. 3 - L. 6

**AVISTA UTILITIES
OVERALL COST OF CAPITAL**

As Proposed by Avista

<u>Line No.</u>	<u>Type of Capital</u>	<u>Capital Components</u>	<u>PERCENT</u>	<u>COST RATE</u>	<u>WT. AVG. COST RATE</u>
1	Common Equity	848,797,691	\$ 0	11.50%	5.06%
2	Trust Preferred	100,000,000	5.18%	6.60%	0.34%
3	Preferred Stock	27,300,000	1.42%	7.39%	0.10%
4	Long-term Debt	<u>953,122,557</u>	<u>49.40%</u>	8.44%	<u>4.17%</u>
5	TOTAL CAPITAL	<u><u>1,929,220,248</u></u>	<u><u>100.00%</u></u>		<u><u>9.67%</u></u>

As Proposed by Public Counsel

7

<u>Line No.</u>	<u>Type of Capital</u>	<u>Capital Components</u>	<u>PERCENT</u>	<u>COST RATE</u>	<u>WT. AVG. COST RATE</u>
6	Common Equity		40.00%	9.25%	3.70%
7	Trust Preferred		5.84%	6.60%	0.39%
8	Preferred Stock		1.57%	7.39%	0.12%
9	Long-term Debt	<u> </u>	<u>52.59%</u>	8.44%	<u>4.44%</u>
10	TOTAL CAPITAL	<u><u> </u></u>	<u><u>100.00%</u></u>		<u><u>8.64%</u></u>