

Exhibit No. \_\_\_\_ (JH-4)  
Dockets UE-120436, et al.  
Witness: Joanna Huang

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)*

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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

Joanna Huang

STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

*Restating Incentives Adjustment*

September 19, 2012

AVISTA UTILITIES  
WASHINGTON ELECTRIC RESULTS  
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Restate Incentives
	Adjustment Number	2.15
	Workpaper Reference	E-RI
<b>REVENUES</b>		
1	Total General Business	-
2	Interdepartmental Sales	-
3	Sales for Resale	-
4	Total Sales of Electricity	-
5	Other Revenue	-
6	Total Electric Revenue	-
<b>EXPENSES</b>		
Production and Transmission		
7	Operating Expenses	-
8	Purchased Power	-
9	Depreciation/Amortization	-
10	Regulatory Amortization	-
11	Taxes	-
12	Total Production & Transmission	-
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	243
21	Depreciation/Amortization	-
22	Taxes	-
23	Total Admin. & General	243
24	Total Electric Expenses	243
25	OPERATING INCOME BEFORE FIT	(243)
FEDERAL INCOME TAX		
26	Current Accrual	(85)
27	Debt Interest	-
28	Deferred Income Taxes	-
29	Amortized ITC - Noxon	-
30	NET OPERATING INCOME	(158.0)
<b>RATE BASE</b>		
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	-
DEFERRED TAXES		
44	Net Plant After DFIT	-
45	DEFERRED DEBITS AND CREDITS	-
46	WORKING CAPITAL	-
47	TOTAL RATE BASE	\$0

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

Line No.	DESCRIPTION	Restating Incentive Adjustment
	Adjustment Number	2.12
	Workpaper Reference	G-RI
	REVENUES	
1	Total General Business	-
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	-
	EXPENSES	
	Production Expenses	
5	City Gate Purchases	-
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	-
	Underground Storage	
9	Operating Expenses	-
10	Depreciation/Amortization	-
11	Taxes	-
12	Total Underground Storage	-
	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	66
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	66
25	Total Gas Expense	66
26	OPERATING INCOME BEFORE FIT	(66)
	FEDERAL INCOME TAX	
27	Current Accrual	23
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ (43)
	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	DEFERRED TAXES	-
42	Net Plant After DFIT	-
43	GAS INVENTORY	-
44	GAIN ON SALE OF BUILDING	-
45	OTHER	-
46	WORKING CAPITAL	-
47	TOTAL RATE BASE	\$ -

**Avista Utilities**  
**Adjust 2011 Incentives**  
*Adjusts Incentives to 6-Year Average*

Total Adjustment	501,800	\$	501,800
<u>Allocated to Washington Electric</u>			
0.723830 Note 7			
<hr/>			
0.670229 Note 4	\$	243,439	\$ 243,439
	<hr/>		<hr/>
<u>Allocated to Washington Gas</u>			
0.19477 Note 7			
0.67587 Note 4			
		66,057	66,057
	<hr/>		<hr/>
<u>Allocated to Idaho Electric</u>			
0.72383 Note 7			
0.32971 Note 4			
		119,757	119,757
	<hr/>		<hr/>
<u>Allocated to Idaho Gas</u>			
0.19477 Note 7			
0.32587 Note 4			
	\$	31,849	\$ 31,849
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<u>Allocated to Oregon</u>			
0.0841 Note 7	\$	42,201	\$ 42,201
	<hr/>		<hr/>

Incentives Based on YE Accruals Under Approved Plan							
(a)	Officer			(d)=(a+b)+(c)	Non - Officer	Total Incentive	Total O&M
	Corp EPS	Utility EPS	O&M		(f)	Accrual	Incentive
				Total	O&M	(g)=(d) + (f)	(h)=(g)+(f)
2005	-	837,817	562,797	1,400,614	4,587,283	5,987,897	5,150,080
2006	756,012	1,008,016	486,253	2,250,281	3,564,913	5,815,194	4,051,166
2007	-	-	324,182	324,182	2,668,976	2,993,158	2,993,158
2008	136,000	918,000	286,200	1,340,200	2,342,158	3,682,358	2,628,358
2009	-	1,401,375	524,719	1,926,094	4,127,585	6,053,679	4,652,304
2010	232,366	995,522	926,302	2,154,190	7,698,671	9,852,861	8,624,973
2011	198,220	1,098,115	485,333	1,781,668	2,674,302	4,455,970	3,159,635

Payroll Taxes on Incentives Based on YE Accruals Under Approved Plan							
	Officer			Total	Non - Officer	Total Incentive	Total O&M
	Corp EPS	Utility EPS	O&M		O&M	Accrual	Incentive
						Total	
2005	-	71,214	47,838	119,052	389,919	508,971	437,757
2006	66,151	88,201	42,547	196,900	311,930	508,829	354,477
2007	-	-	28,366	28,366	233,535	261,901	261,901
2008	11,798	79,637	24,828	116,262	203,182	319,445	228,010
2009	-	122,620	45,913	168,533	361,164	529,697	407,077
2010	20,100	86,113	80,125	186,337	665,935	852,273	746,060
2011	16,849	93,340	41,253	151,442	227,315	378,757	268,568

Incentives including Payroll Taxes Based on YE Accruals Under Approved Plan									
	Officer			Total	Non - Officer	Total Incentive	Total O&M	Removed portion of Officer's O&M Incentive	Staff adjusted total O&M Incentive
	Corp EPS	Utility EPS	O&M		O&M	Accrual	Incentive		
						Total			
2002	-	60,536	242,144	302,680	2,749,916	3,052,596	2,992,060		
2003	367,751	185,733	280,789	834,272	2,673,057	3,507,329	2,953,846		
2004	-	457,770	225,330	683,099	3,086,293	3,769,392	3,311,623		
2005	-	909,032	610,634	1,519,666	4,977,202	6,496,868	5,587,836	(213,172)	5,374,664
2006	822,163	1,096,217	528,800	2,447,180	3,876,843	6,324,024	4,405,643	(184,604)	4,221,039
2007	-	-	352,548	352,548	2,902,511	3,255,059	3,255,059	(123,074)	3,131,985
2008	147,798	997,637	311,028	1,456,462	2,545,340	4,001,803	2,856,368	(108,580)	2,747,788
2009	-	1,523,995	570,632	2,094,627	4,488,749	6,583,376	5,059,381	(199,208)	4,860,173
2010	252,466	1,081,635	1,006,427	2,340,528	8,364,606	10,705,134	9,371,033	(351,344)	9,019,690
2011	215,069	1,191,455	526,587	1,933,110	2,901,617	4,834,727	3,428,204	(183,831)	3,244,373

Data Sources: Avista witness Elizabeth Andrews' electric workpaper for Restate Incentive Adjustments, page 2.15-2 and workpaper from UE-110877.

6-Year (excluding 2010) Average without CPI adjusted	3,930,004
12/31/11 Test Year Incentives (incl. officers)	3,428,204
<b>Staff Adjustment: Increase to 2011 Incentives</b>	<b>501,800</b>