

Exhibit No. \_\_\_ (JH-8)  
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

*Gas Inventory and JP Restating Adjustment*

September 19, 2012

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

Line No.	DESCRIPTION	Gas Inventory & JP Restating
	Adjustment Number	1.03
	Workpaper Reference	G-GI
REVENUES		
1	Total General Business	\$ -
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	-
EXPENSES		
Production Expenses		
5	City Gate Purchases	88
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	88
	Underground Storage	-88
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	-
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	-
25	Total Gas Expense	88
26	OPERATING INCOME BEFORE FIT	(88)
FEDERAL INCOME TAX		
27	Current Accrual	(31)
28	Debt Interest	116
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	\$ (173)
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	(10,773)
44	GAIN ON SALE OF BUILDING	-
45	OTHER	-
46	WORKING CAPITAL	-
47	TOTAL RATE BASE	\$ (10,773)
48	RATE OF RETURN	

		Total System Adjustment	Avista	Staff
			Total Washington Adjustment	Total Washington Adjustment
<u>IA Pro Forma Period: (01/01/2013-12/31/2013)</u>				
<u>System Contract Demand Allocation Percentages</u>				
		GDAN	69.580%	69.580%
<b>Jackson Prairie</b>				
2011 O & M	GI-1	\$ 827,606	575,848	575,848
2013 O & M - Avista	GI-1	\$ 1,115,327	776,045	
2014 O & M - Staff	GI-2	954,730		664,301
2013 Pro Forma O&M Adjustment			<b>\$ 200,197</b>	<b>\$ 88,453</b>
Net Income Before Taxes			200,197	88,453
Idaho State Income Taxes	1.8797%			
Net Income before FIT			\$ 200,197	\$ 88,453
Federal Income Tax	35%		\$ 70,069	\$ 30,959
Net Reduction to Income			\$ 130,128	\$ 57,494
<b>Per Inventory Workpaper:</b>				
	Dec 2013 AMA -->	\$16,415,872	\$11,422,163	\$0
	Dec 2011 AMA -->	\$15,482,583	\$10,772,781	\$0
			<b>\$649,382</b>	<b>-\$10,772,781</b>
			<b>moved to working Capital</b>	

Transaction Analysis Selection: Accounting Period : '2011%', Organization : 'J06'

Expenditure Organization: J06 Report Category: Summary Exp Category: Non-Labor

System WA

Actual	Project Number	Task Number	Service Desc	Jurisdiction	Ac Co	201101	201102	201103	201104	201105	201106	201107	201108	201109	201110	201111	201112	System Total
	54502100	824000	Gas Direct	AN		30,317	32,295	24,925	27,011	38,372	52,407	26,610	63,844	57,889	-3,430	21,273	61,590	433,103
	54502101	837000	Gas Direct	AN		36,432	24,305	20,062	23,569	49,618	69,606	3,219	31,613	56,195	11,571	32,737	35,574	394,503
<b>Staff proposed</b>																		
2013 O&M	54502100	824000	Gas Direct	AN		45,156	46,103	43,567	52,865	38,372	52,407	26,610	63,844	57,889	-3,430	21,273	61,590	506,247
	54502101	837000	Gas Direct	AN		38,097	38,896	36,756	44,601	49,618	69,606	3,219	31,613	56,195	11,571	32,737	35,574	448,483
																		<b>954,730</b>
<b>Avista proposed</b>																		
2013 Budgeted O&M	54502100	824000	Gas Direct	AN		201301	201301	201301	201301	201301	201301	201301	201301	201301	201301	201301	201301	604,950
	54502101	837000	Gas Direct	AN		45,156	46,103	43,567	52,865	48,470	63,009	46,779	54,979	51,006	50,668	44,581	57,768	510,377
						38,097	38,896	36,756	44,601	40,892	53,159	39,466	46,384	43,032	42,747	37,612	48,737	1,115,327

Avista Adjustment (1,115,327-827,606) 287,722

Staff Adjustment (incremental increase from Jan to Apr., which is 954,730-820,606) 127,124

**200,197**

**88,453**

**Estimated Inventory  
WA/ID**

		Volumes - Dth			WACOG	Avg. Cost in Inventory	Ending \$ Inventory	WA	ID	
		Reg. Inv.	Inject/(Withdr)	End. Inv.				0.6958	0.3042	
4	Apr-12	0	1,230,000	1,230,000	\$3.09	\$3.09	\$3,805,620	\$2,647,950	\$1,157,670	
5	May-12	1,230,000	1,271,000	2,501,000	\$3.05	\$3.07	\$7,679,628	\$5,343,485	\$2,336,143	
6	Jun-12	2,501,000	1,260,000	3,761,000	\$3.08	\$3.07	\$11,562,948	\$8,045,499	\$3,517,449	
7	Jul-12	3,761,000	1,302,000	5,063,000	\$3.21	\$3.11	\$15,744,972	\$10,955,351	\$4,789,621	
8	Aug-12	5,063,000	1,333,000	6,396,000	\$3.25	\$3.14	\$20,082,554	\$13,973,441	\$6,109,113	
9	Sep-12	6,396,000	1,308,667	7,704,667	\$3.24	\$3.16	\$24,327,870	\$16,927,331	\$7,400,538	
10	Oct-12	7,704,667	0	7,704,667		\$3.16	\$24,327,870	\$16,927,331	\$7,400,538	
11	Nov-12	7,704,667	0	7,704,667		\$3.16	\$24,327,870	\$16,927,331	\$7,400,538	
12	Dec-12	7,704,667	(1,395,000)	6,309,667		\$3.16	\$19,923,088	\$13,862,484	\$6,060,604	
1	Jan-13	6,309,667	(2,635,000)	3,674,667		\$3.16	\$11,602,944	\$8,073,328	\$3,529,616	
2	Feb-13	3,674,667	(2,100,000)	1,574,667		\$3.16	\$4,972,089	\$3,459,580	\$1,512,510	
3	Mar-13	1,574,667	(1,574,667)	0		\$3.16	\$0	\$0	\$0	
4	Apr-13	0	1,230,000	1,230,000	\$3.71	\$3.71	\$4,563,300	\$3,175,144	\$1,388,156	
5	May-13	1,230,000	1,271,000	2,501,000	\$3.72	\$3.72	\$9,293,962	\$6,466,739	\$2,827,223	
6	Jun-13	2,501,000	1,260,000	3,761,000	\$3.73	\$3.72	\$13,998,802	\$9,740,366	\$4,258,436	
7	Jul-13	3,761,000	1,302,000	5,063,000	\$3.83	\$3.75	\$18,988,066	\$13,211,896	\$5,776,170	
8	Aug-13	5,063,000	1,333,000	6,396,000	\$3.85	\$3.77	\$24,114,784	\$16,779,066	\$7,335,718	
9	Sep-13	6,396,000	1,308,667	7,704,667	\$3.87	\$3.79	\$29,181,943	\$20,304,795	\$8,877,147	
10	Oct-13	7,704,667	0	7,704,667		\$3.79	\$29,181,943	\$20,304,795	\$8,877,147	
11	Nov-13	7,704,667	0	7,704,667		\$3.79	\$29,181,943	\$20,304,795	\$8,877,147	
12	Dec-13	7,704,667	(1,395,000)	6,309,667		\$3.79	\$23,898,287	\$16,628,427	\$7,269,859	
							Dec 2013 AMA -->	\$16,415,872	\$11,422,163	
							Jun 2013 AMA -->	\$14,328,949	\$4,358,867	
less:							Dec 2011 AMA -->	\$15,482,583	\$4,709,802	
							Difference		\$10,772,781	\$4,358,867
							in \$000's		<b>\$649,382</b>	<b>-\$350,935</b>
									<b>\$649</b>	<b>-\$351</b>

	60-day avg fwd price+adders, 2-15-2012			Weighting			WACOG
	AECO	Sumas	Rockies	AECO	Sumas	Rockies	
Apr-12	2.97	3.07	3.13	0%	60%	40%	\$3.09
May-12	2.97	2.98	3.15	0%	60%	40%	\$3.05
Jun-12	2.98	3.01	3.19	0%	60%	40%	\$3.08
Jul-12	3.01	3.16	3.29	0%	60%	40%	\$3.21
Aug-12	3.05	3.21	3.32	0%	60%	40%	\$3.25
Sep-12	3.07	3.20	3.31	0%	60%	40%	\$3.24
Apr-13	3.60	3.67	3.77	0%	60%	40%	\$3.71
May-13	3.60	3.67	3.80	0%	60%	40%	\$3.72
Jun-13	3.60	3.67	3.83	0%	60%	40%	\$3.73
Jul-13	3.64	3.80	3.88	0%	60%	40%	\$3.83
Aug-13	3.62	3.81	3.90	0%	60%	40%	\$3.85
Sep-13	3.68	3.84	3.92	0%	60%	40%	\$3.87

	Daily Amount	Days	Monthly Injection	Monthly Withdrawal
Jan-12	-85,000	31	0	-2,635,000
Feb-12	-75,000	28	0	-2,100,000
Mar-12	-50,796	31	0	-1,574,667
Apr-12	41,000	30	1,230,000	0
May-12	41,000	31	1,271,000	0
Jun-12	42,000	30	1,260,000	0
Jul-12	42,000	31	1,302,000	0
Aug-12	43,000	31	1,333,000	0
Sep-12	43,622	30	1,308,667	0
Oct-12	0	31	0	0
Nov-12	0	30	0	0
Dec-12	-45,000	31	0	-1,395,000
			7,704,667	-7,704,667

*Anista workpaper P 1.05-3*

	Daily Amount	Days	Monthly Injection	Monthly Withdrawal
Jan-13	-85,000	31	0	-2,635,000
Feb-13	-75,000	28	0	-2,100,000
Mar-13	-50,796	31	0	-1,574,667
Apr-13	41,000	30	1,230,000	0
May-13	41,000	31	1,271,000	0
Jun-13	42,000	30	1,260,000	0
Jul-13	42,000	31	1,302,000	0
Aug-13	43,000	31	1,333,000	0
Sep-13	43,622	30	1,308,667	0
Oct-13	0	31	0	0
Nov-13	0	30	0	0
Dec-13	-45,000	31	0	-1,395,000
			7,704,667	-7,704,667

**WA/ID JP Inventory Synthetic Schedule**  
 Source: Gas Supply

	Injection	Withdrawal	End of Month Balance
Feb-12			-
Mar-12			-
Apr-12	1,230,000		1,230,000
May-12	1,271,000		2,501,000
Jun-12	1,260,000		3,761,000
Jul-12	1,302,000		5,063,000
Aug-12	1,333,000		6,396,000
Sep-12	1,308,667		7,704,667
Oct-12			7,704,667
Nov-12			7,704,667
Dec-12		(1,395,000)	6,309,667
Jan-13		(2,635,000)	3,674,667
Feb-13		(2,100,000)	1,574,667
Mar-13		(1,574,667)	-
Apr-13	1,230,000		1,230,000
May-13	1,271,000		2,501,000
Jun-13	1,260,000		3,761,000
Jul-13	1,302,000		5,063,000
Aug-13	1,333,000		6,396,000
Sep-13	1,308,667		7,704,667
Oct-13			7,704,667
Nov-13			7,704,667
Dec-13		(1,395,000)	6,309,667

*\* Injections are spread ratably over the injection season and withdrawals are scheduled based on pricing, peak day demand requirements and decline curve considerations. This schedule is synthetic and actuals can differ based on market conditions and variability in actual demand.*

*Avista workpaper 1.03-7*