

Exhibit __ (RLCD-5)

Before the
Washington Utilities and Transportation Commission

Avista Corporation

Docket Nos. UE-991606 & UG-991607

Gas Pro forma Results of Operation
For the 12 Months Ended December 31, 1998

Robert L. C. Damron - Consultant
On Behalf of Public Counsel

May, 2000

WUTC		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>708</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS PRO FORMA INCOME STATEMENT: WASHINGTON FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Docket No. UG-991607 Summary Page 1						
Line No.	Description	Source	As Recorded Results of Operations (C)	Total Restating Adjustments (D)	Restated Results of Operations (E)	Total Pro Forma Adjustments (F)	Pro forma Results of Operations (G)	Revenue (Excess) or Deficiency (H)	Adjusted Pro Forma Results of Operations (I)
REVENUES									
1	Total General Business	Input	\$67,226	(\$1,601)	\$65,625	\$6,010	\$71,635	(\$1,026)	\$70,609
2	Total Transportation	Input	5,294	(76)	5,218	(1,817)	3,401	0	3,401
3	Other Revenues	Input	12,629	0	12,629	(10,437)	2,192	0	2,192
4	Total Gas Revenues	Ln 1+2+3	85,149	(1,677)	83,472	(6,244)	77,228	(1,026)	76,202
5	Other Revenue	Input	0	561	561	0	561	0	561
6	TOTAL GAS REVENUES	Ln 4+5	85,149	(1,116)	84,033	(6,244)	77,789	(1,026)	76,763
EXPENSES									
7	Exploration and Development	Input	0	0	0	0	0	0	0
Production									
8	City Gate Purchases	Input	49,265	0	49,265	(10,020)	39,245	0	39,245
9	Purchased Gas Expense	Input	117	0	117	4	121	0	121
10	Net Nat Gas Storage Trans	Input	(1,017)	0	(1,017)	1,017	0	0	0
11	Total Production	Ln 8+9+10	48,365	0	48,365	(8,999)	39,366	0	39,366
Underground Storage									
12	Operating Expenses	Input	319	0	319	0	319	0	319
13	Depreciation	Input	325	0	325	(5)	320	0	320
14	Taxes	Input	103	(2)	101	0	101	(39)	62
15	Total Underground Storage	Ln 12+13+14	747	(2)	745	(5)	740	(39)	701
Distribution									
16	Operating Expenses	Input	3,905	0	3,905	120	4,025	0	4,025
17	Depreciation	Input	3,738	0	3,738	(72)	3,666	0	3,666
18	Taxes	Input	4,956	(1,153)	3,803	317	4,120	0	4,120
19	Total Distribution	Ln 16+17+18	12,599	(1,153)	11,446	365	11,811	0	11,811
20	Customer Accounting	Input	3,322	(1,460)	1,862	92	1,954	(4)	1,951
21	Customer Service & Information	Input	585	0	585	3	588	0	588
22	Sales Expenses	Input	474	0	474	5	479	0	479
Administrative & General									
23	Operating Expenses	Input	8,195	(1,426)	6,769	(213)	6,556	(10)	6,546
24	Depreciation and Amortization	Input	818	0	818	156	974	0	974
25	Taxes	Input	15	0	15	0	15	0	15
26	Total Admin. & General	Input	9,028	(1,426)	7,602	(57)	7,544	(10)	7,534
27	TOTAL GAS EXPENSES	7+11+15+19..22+26	75,120	(4,041)	71,079	(8,596)	62,483	(53)	62,430
28	OPERATING INCOME BEFORE FIT	Ln 6-27	10,029	2,925	12,954	2,352	15,306	(973)	14,333
FEDERAL INCOME TAXES									
29	Current Accrual	From Ln 48 or 49	(651)	1,613	962	851	1,813	(341)	1,472
30	Deferred Income Taxes	Input	2,229	(136)	2,093	(28)	2,065	0	2,065
31	Amortized Investment Tax Credit	Input	(31)	0	(31)	0	(31)	0	(31)
32	TOTAL FIT, DEF FIT & AMT ITC	Ln 29+30+31	1,547	1,477	3,024	823	3,847	(341)	3,507
33	TOTAL OPERATING EXPENSE, & FIT	Ln 27+32	76,667	(2,564)	74,103	(7,773)	66,330	(393)	65,936
34	NET OPERATING INCOME	Ln 6-33	\$8,482	\$1,448	\$9,930	\$1,529	\$11,459	(\$632)	\$10,827
RATE BASE									
35	Total Plant In Service	From Ln 53	\$177,284	\$4,344	\$181,628	\$0	\$181,628	\$0	\$181,628
36	Total Accumulated Depreciation & Amort.	From Ln 57	51,743	0	51,743	39	51,782	0	51,782
37	Net Plant In Service	Ln 35-36	125,541	4,344	129,885	(39)	129,846	0	129,846
38	Total Accumulated Deferred Taxes	From Ln 58	0	(10,080)	(10,080)	28	(10,052)	0	(10,052)
39	Gas Inventory	From Ln 59	0	1,458	1,458	0	1,458	0	1,458
40	Gain on Sale of Operating Assets	From Ln 60	0	(615)	(615)	0	(615)	0	(615)
41	Investor-Supplied Working Capital Allowance	From Ln 61	0	2,114	2,114	0	2,114	0	2,114
42	TOTAL RATE BASE	Ln 37+38+39+40+41	\$125,541	(\$2,779)	\$122,762	(\$12)	\$122,750	\$0	\$122,750
43	RATE OF RETURN ON RATE BASE- %	(Ln 34/42 x 100)	6.76%		8.09%		9.34%		8.82%

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS PRO FORMA INCOME STATEMENT: WASHINGTON DETAIL OF INCOME TAXES AND RATE BASE FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607 Summary Page 2						
Line No.	Description	Source	As Recorded Results of Operations	Total Restating Adjustments	Restated Results of Operations	Total Pro Forma Adjustments	Pro forma Results of Operations	Revenue (Excess) or Deficiency	Adjusted Results of Operations
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
FEDERAL INCOME TAXES:									
44	Operating Income Before FIT:	From Ln 28	\$10,029	\$2,925	\$12,954	\$2,352	\$15,306	(\$973)	\$14,333
45	Other Operating Income	Input	0	0	0	0	0	0	0
46	FIT - Net Deductions	Input	(11,889)	1,683	(10,206)	79	(10,127)	0	(10,127)
47	Taxable Income	Ln 44+45+46	(1,860)	4,608	2,748	2,431	5,179	(973)	4,208
48	Net Federal Income Tax *** OR ***	Ln 47 x 35.00%	(651)	1,613	962	851	1,813	(341)	1,472
49	Federal Income Taxes - Direct Input	Input	(651)	1,613	962	851	1,813	(341)	1,472
RATE BASE									
PLANT IN SERVICE									
50	Underground Storage	Input	\$14,091	\$4,443	\$18,534	\$0	\$18,534	\$0	\$18,534
51	Distribution Plant	Input	150,325	(99)	150,226	0	150,226	0	150,226
52	General Plant	Input	12,868	0	12,868	0	12,868	0	12,868
53	TOTAL PLANT IN SERVICE	Ln +50...+52	177,284	4,344	181,628	0	181,628	0	181,628
ACCUMULATED DEPRECIATION									
54	Underground Storage	Input	5,936	0	5,936	(2)	5,934	0	5,934
55	Distribution Plant	Input	40,779	0	40,779	(36)	40,743	0	40,743
56	General Plant	Input	5,028	0	5,028	78	5,106	0	5,106
57	TOTAL ACCUM. DEPRECIATION	Ln +54...+56	51,743	0	51,743	39	51,782	0	51,782
58	ACCUMULATED DEFERRED TAXES	Input	0	(10,080)	(10,080)	28	(10,052)	0	(10,052)
59	GAS INVENTORY	Input	0	1,458	1,458	0	1,458	0	1,458
60	GAIN ON SALE OF OPER. ASSETS	Input	0	(615)	(615)	0	(615)	0	(615)
61	INVESTOR SUPPLIED WORKING CAPITAL	Input	0	2,114	2,114	0	2,114	0	2,114
62			0	0	0	0	0	0	0
63			0	0	0	0	0	0	0
64									
65	NET RATE BASE	Ln 53-57+58+59...+61	\$125,541	(\$2,779)	\$122,762	(\$12)	\$122,750	\$0	\$122,750

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS RESTATING ADJUSTMENTS TO INCOME FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607 Restating Adj. Page 1					
Line No.	Description	Source	Total Restating Adjustments	RA-1 Deferred FIT Rate Base	RA-2 Deferred Gain On Office Building	RA-3 Gas Inventory	RA-4 Weatheriztn and Investment	RA-5 Customer Advances
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
REVENUES								
1	Total General Business	Input	(\$1,601)	\$0	\$0	\$0	\$0	\$0
2	Total Transportation	Input	(76)	0	0	0	0	0
3	Other Revenues	Input	0	0	0	0	0	0
4	Total Gas Revenues	Ln 1+2+3	(1,677)	0	0	0	0	0
5	Other Revenue	Input	561	0	0	0	0	0
6	TOTAL GAS REVENUES	Ln 4+5	(1,116)	0	0	0	0	0
EXPENSES								
7	Exploration and Development	Input	0	0	0	0	0	0
Production								
8	City Gate Purchases	Input	0	0	0	0	0	0
9	Purchased Gas Expense	Input	0	0	0	0	0	0
10	Net Nat Gas Storage Trans	Input	0	0	0	0	0	0
11	Total Production	Ln 8+9+10	0	0	0	0	0	0
Underground Storage								
12	Operating Expenses	Input	0	0	0	0	0	0
13	Depreciation	Input	0	0	0	0	0	0
14	Taxes	Input	(2)	0	0	0	0	0
15	Total Underground Storage	Ln 12+13+14	(2)	0	0	0	0	0
Distribution								
16	Operating Expenses	Input	0	0	0	0	0	0
17	Depreciation	Input	0	0	0	0	0	0
18	Taxes	Input	(1,153)	0	0	0	0	0
19	Total Distribution	Ln 16+17+18	(1,153)	0	0	0	0	0
20	Customer Accounting	Input	(1,460)	0	0	0	0	0
21	Customer Service & Information	Input	0	0	0	0	0	0
22	Sales Expenses	Input	0	0	0	0	0	0
Administrative & General								
23	Operating Expenses	Input	(1,426)	0	0	0	0	0
24	Depreciation and Amortization	Input	0	0	0	0	0	0
25	Taxes	Input	0	0	0	0	0	0
26	Total Admin. & General		(1,426)	0	0	0	0	0
27	TOTAL GAS EXPENSES	7+11+15+19...22+26	(4,041)	0	0	0	0	0
28	OPERATING INCOME BEFORE FIT	Ln 6-27	2,925	0	0	0	0	0
FEDERAL INCOME TAXES								
29	Current Accrual	From Ln 47 or 48	1,613	0	0	0	0	0
30	Deferred Income Taxes	Input	(136)	0	0	0	0	0
31	Amortized Investment Tax Credit	Input	0	0	0	0	0	0
32	TOTAL FIT, DEF FIT & AMT ITC	Ln 29+30+31	1,477	0	0	0	0	0
33	TOTAL OPERATING EXPENSE. & FIT	Ln 27+32	(2,564)	0	0	0	0	0
34	NET OPERATING INCOME	Ln 6-33	\$1,448	\$0	\$0	\$0	\$0	\$0
RATE BASE								
35	Total Plant In Service	From Ln 52	4,344	0	0	0	4,443	(99)
36	Total Accumulated Depreciation & Amort.	From Ln 56	0	0	0	0	0	0
37	Net Plant In Service	Ln 35-36	4,344	0	0	0	4,443	(99)
38	Total Accumulated Deferred Taxes	From Ln 57	(10,080)	(10,295)	215	0	0	0
39	Gas Inventory	From Ln 58	1,458	0	0	1,458	0	0
40	Gain on Sale of Operating Assets	From Ln 59	(615)	0	(615)	0	0	0
41	Investor-Supplied Working Capital Allowance	From Ln 60	2,114	0	0	0	0	0
42	TOTAL RATE BASE	Ln 37+38+39+40+41	(\$2,779)	(\$10,295)	(\$400)	\$1,458	\$4,443	(\$99)

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS			Exhibit # _____ (RLCD-05)					
RESTATING ADJUSTMENTS			Docket No. UG-991607					
DETAIL OF ADJUSTMENTS TO TAXES AND RATE BASE			Restating Adj. Page 2					
FOR THE 12 MONTHS ENDED DECEMBER 31, 1998			(DOLLARS IN THOUSANDS)					
Line No.	Description	Source	Total Restating Adjustments	RA-1 Deferred FIT Rate Base	RA-2 Deferred Gain On Office Building	RA-3 Gas Inventory	RA-4 Weatheriztn and Investment	RA-5 Customer Advances
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
FEDERAL INCOME TAXES:								
43	Operating Income Before FIT:	From Ln 28	\$2,925	\$0	\$0	\$0	\$0	\$0
44	Other Operating Income	Input	0	0	0	0	0	0
45	FIT - Net Deductions	Input	1,683	0	0	0	0	0
46	Taxable Income	Ln 43+44+45	4,608	0	0	0	0	0
47	Net Federal Income Tax *** OR ***	Ln 46 x 35.00%	1,613	0	0	0	0	0
48	Federal Income Taxes - Direct Input	Input	1,613	0	0	0	0	0
RATE BASE								
PLANT IN SERVICE								
49	Underground Storage	Input	\$4,443	\$0	\$0	\$0	\$4,443	\$0
50	Distribution Plant	Input	(99)	0	0	0	0	(99)
51	General Plant	Input	0	0	0	0	0	0
52	TOTAL PLANT IN SERVICE	Ln +49...+51	4,344	0	0	0	4,443	(99)
ACCUMULATED DEPRECIATION								
53	Underground Storage	Input	0	0	0	0	0	0
54	Distribution Plant	Input	0	0	0	0	0	0
55	General Plant	Input	0	0	0	0	0	0
56	TOTAL ACCUM. DEPRECIATION	Ln +53...+55	0	0	0	0	0	0
57	ACCUMULATED DEFERRED TAXES	Input	(10,080)	(10,295)	215	0	0	0
58	GAS INVENTORY	Input	1,458	0	0	1,458	0	0
59	GAIN ON SALE OF OPER. ASSETS	Input	(615)	0	(615)	0	0	0
60	INVESTOR SUPPLIED WORKING CAPITAL	Input	2,114	0	0	0	0	0
61			0	0	0	0	0	0
62			0	0	0	0	0	0
63			0	0	0	0	0	0
64	NET RATE BASE	Ln 52-56+57+58..+60	(\$2,779)	(\$10,295)	(\$400)	\$1,458	\$4,443	(\$99)

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS RESTATING ADJUSTMENTS DETAIL OF ADJUSTMENTS TO TAXES AND RATE BASE FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)				Exhibit # _____ (RLCD-05) Docket No. UG-991607 Restating Adj. Page 4				
Line No.	Description (A)	Source (B)	RA-6 Eliminate B&O Taxes (I)	RA-7 Pro Forma Property Tax (J)	RA-8 Uncollectible Expense (K)	RA-9 Regulatory Expense Adjustment (L)	RA-10 Injuries and Damages (M)	RA-11 FIT (N)
FEDERAL INCOME TAXES:								
43	Operating Income Before FIT:	From Ln 28	\$173	\$22	\$226	(\$15)	(\$44)	\$0
44	Other Operating Income	Input	0	0	0	0	0	0
45	FIT - Net Deductions	Input	0	0	0	0	0	1,594
46	Taxable Income	Ln 43+44+45	173	22	226	(15)	(44)	1,594
47	Net Federal Income Tax *** OR ***	Ln 46 x 35.00%	61	8	79	(5)	(15)	558
48	Federal Income Taxes - Direct Input	Input	61	8	79	(5)	(15)	558
RATE BASE								
PLANT IN SERVICE								
49	Underground Storage	Input	\$0	\$0	\$0	\$0	\$0	\$0
50	Distribution Plant	Input	0	0	0	0	0	0
51	General Plant	Input	0	0	0	0	0	0
52	TOTAL PLANT IN SERVICE	Ln +49...+51	0	0	0	0	0	0
ACCUMULATED DEPRECIATION								
53	Underground Storage	Input	0	0	0	0	0	0
54	Distribution Plant	Input	0	0	0	0	0	0
55	General Plant	Input	0	0	0	0	0	0
56	TOTAL ACCUM. DEPRECIATION	Ln +53...+55	0	0	0	0	0	0
57	ACCUMULATED DEFERRED TAXES	Input	0	0	0	0	0	0
58	GAS INVENTORY	Input	0	0	0	0	0	0
59	GAIN ON SALE OF OPER. ASSETS	Input	0	0	0	0	0	0
60	INVESTOR SUPPLIED WORKING CAPITAL	Input	0	0	0	0	0	0
61			0	0	0	0	0	0
62			0	0	0	0	0	0
63								
64	NET RATE BASE	Ln 52-56+57+58...+60	\$0	\$0	\$0	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS RESTATING ADJUSTMENTS TO INCOME FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607 Restating Adj. Page 5					RA-##
Line No.	Description	Source	RA-12 Pro Forma Restated Debt Interest	RA-13 Eliminate A/R Expenses	RA-14 Office Space Charges to Sub	RA-15 Restate Excise /Franchise Taxes	RA-16 Lease Expense Adjustment	
	(A)	(B)	(P)	(P)	(Q)	(R)	(S)	(N)
REVENUES								
1	Total General Business	Input	\$0	\$0	\$0	\$0	\$0	\$0
2	Total Transportation	Input	0	0	0	0	0	0
3	Other Revenues	Input	0	0	0	0	0	0
4	Total Gas Revenues	Ln 1+2+3	0	0	0	0	0	0
5	Other Revenue	Input	0	0	0	0	0	0
6	TOTAL GAS REVENUES	Ln 4+5	0	0	0	0	0	0
EXPENSES								
7	Exploration and Development	Input	0	0	0	0	0	0
Production								
8	City Gate Purchases	Input	0	0	0	0	0	0
9	Purchased Gas Expense	Input	0	0	0	0	0	0
10	Net Nat Gas Storage Trans	Input	0	0	0	0	0	0
11	Total Production	Ln 8+9+10	0	0	0	0	0	0
Underground Storage								
12	Operating Expenses	Input	0	0	0	0	0	0
13	Depreciation	Input	0	0	0	0	0	0
14	Taxes	Input	0	0	0	0	0	0
15	Total Underground Storage	Ln 12+13+14	0	0	0	0	0	0
Distribution								
16	Operating Expenses	Input	0	0	0	0	0	0
17	Depreciation	Input	0	0	0	0	0	0
18	Taxes	Input	0	0	0	717	0	0
19	Total Distribution	Ln 16+17+18	0	0	0	717	0	0
20	Customer Accounting	Input	0	(245)	0	0	0	0
21	Customer Service & Information	Input	0	0	0	0	0	0
22	Sales Expenses	Input	0	0	0	0	0	0
Administrative & General								
23	Operating Expenses	Input	0	0	(6)	(11)	(20)	0
24	Depreciation and Amortization	Input	0	0	0	0	0	0
25	Taxes	Input	0	0	0	0	0	0
26	Total Admin. & General		0	0	(6)	(11)	(20)	0
27	TOTAL GAS EXPENSES	7+11+15+19...22+26	0	(245)	(6)	706	(20)	0
28	OPERATING INCOME BEFORE FIT	Ln 6-27	0	245	6	(706)	20	0
FEDERAL INCOME TAXES								
29	Current Accrual	From Ln 47 or 48	31	86	2	(247)	7	0
30	Deferred Income Taxes	Input	0	0	0	0	0	0
31	Amortized Investment Tax Credit	Input	0	0	0	0	0	0
32	TOTAL FIT, DEF FIT & AMT ITC	Ln 29+30+31	31	86	2	(247)	7	0
33	TOTAL OPERATING EXPENSE. & FIT	Ln 27+32	31	(159)	(4)	459	(13)	0
34	NET OPERATING INCOME	Ln 6-33	(\$31)	\$159	\$4	(\$459)	\$13	\$0
RATE BASE								
35	Total Plant In Service	From Ln 52	\$0	\$0	\$0	\$0	\$0	\$0
36	Total Accumulated Depreciation & Amort.	From Ln 56	0	0	0	0	0	0
37	Net Plant In Service	Ln 35-36	0	0	0	0	0	0
38	Total Accumulated Deferred Taxes	From Ln 57	0	0	0	0	0	0
39	Gas Inventory	From Ln 58	0	0	0	0	0	0
40	Gain on Sale of Operating Assets	From Ln 59	0	0	0	0	0	0
41	Investor-Supplied Working Capital Allowance	From Ln 60	0	0	0	0	0	0
42	TOTAL RATE BASE	Ln 37+38+39+40+41	\$0	\$0	\$0	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS RESTATING ADJUSTMENTS DETAIL OF ADJUSTMENTS TO TAXES AND RATE BASE FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)							Exhibit # _____ (RLCD-05) Docket No. UG-991607 Restating Adj. Page 6	
Line No.	Description	Source	RA-12 Pro Forma Restated Debt Interest	RA-13 Eliminate A/R Expenses	RA-14 Office Space Charges to Sub	RA-15 Restate Excise /Franchise Taxes	RA-16 Lease Expense Adjustment	RA-##
	(A)	(B)	(P)	(P)	(Q)	(R)	(S)	(N)
FEDERAL INCOME TAXES:								
43	Operating Income Before FIT:	From Ln 28	\$0	\$245	\$6	(\$706)	\$20	\$0
44	Other Operating Income	Input	0	0	0	0	0	0
45	FIT - Net Deductions	Input	89	0	0	0	0	0
46	Taxable Income	Ln 43+44+45	89	245	6	(706)	20	0
47	Net Federal Income Tax *** OR ***	Ln 46 x 35.00%	31	86	2	(247)	7	0
48	Federal Income Taxes - Direct Input	Input	31	86	2	(247)	7	0
RATE BASE								
PLANT IN SERVICE								
49	Underground Storage	Input	\$0	\$0	\$0	\$0	\$0	\$0
50	Distribution Plant	Input	0	0	0	0	0	0
51	General Plant	Input	0	0	0	0	0	0
52	TOTAL PLANT IN SERVICE	Ln +49...+51	0	0	0	0	0	0
ACCUMULATED DEPRECIATION								
53	Underground Storage	Input	0	0	0	0	0	0
54	Distribution Plant	Input	0	0	0	0	0	0
55	General Plant	Input	0	0	0	0	0	0
56	TOTAL ACCUM. DEPRECIATION	Ln +53...+55	0	0	0	0	0	0
57	ACCUMULATED DEFERRED TAXES	Input	0	0	0	0	0	0
58	GAS INVENTORY	Input	0	0	0	0	0	0
59	GAIN ON SALE OF OPER. ASSETS	Input	0	0	0	0	0	0
60	INVESTOR SUPPLIED WORKING CAPITAL	Input	0	0	0	0	0	0
61			0	0	0	0	0	0
62			0	0	0	0	0	0
63								
64	NET RATE BASE	Ln 52-56+57+58. +60	\$0	\$0	\$0	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS RESTATING ADJUSTMENTS TO INCOME FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607 Restating Adj. Page 7					
Line No.	Description	Source	RA-PC-01 Admin. & General Adjustment	RA-PC-02 Franchise Fees for Use Corp. Name	RA-PC-05 Meter Reading and Billing	RA-PC-06 Remove Name Change Amortization	RA-## (Y)	RA-## (Z)
	(A)	(B)	(N)	(Q)	(R)	(Z)	(Y)	(Z)
REVENUES								
1	Total General Business	Input	\$0	\$0	\$0	\$0	\$0	\$0
2	Total Transportation	Input	0	0	0	0	0	0
3	Other Revenues	Input	0	0	0	0	0	0
4	Total Gas Revenues	Ln 1+2+3	0	0	0	0	0	0
5	Other Revenue	Input	0	561	0	0	0	0
6	TOTAL GAS REVENUES	Ln 4+5	0	561	0	0	0	0
EXPENSES								
7	Exploration and Development	Input	0	0	0	0	0	0
Production								
8	City Gate Purchases	Input	0	0	0	0	0	0
9	Purchased Gas Expense	Input	0	0	0	0	0	0
10	Net Nat Gas Storage Trans	Input	0	0	0	0	0	0
11	Total Production	Ln 8+9+10	0	0	0	0	0	0
Underground Storage								
12	Operating Expenses	Input	0	0	0	0	0	0
13	Depreciation	Input	0	0	0	0	0	0
14	Taxes	Input	0	0	0	0	0	0
15	Total Underground Storage	Ln 12+13+14	0	0	0	0	0	0
Distribution								
16	Operating Expenses	Input	0	0	0	0	0	0
17	Depreciation	Input	0	0	0	0	0	0
18	Taxes	Input	0	0	0	0	0	0
19	Total Distribution	Ln 16+17+18	0	0	0	0	0	0
20	Customer Accounting	Input	0	0	(989)	0	0	0
21	Customer Service & Information	Input	0	0	0	0	0	0
22	Sales Expenses	Input	0	0	0	0	0	0
Administrative & General								
23	Operating Expenses	Input	(1,422)	0	0	(27)	0	0
24	Depreciation and Amortization	Input	0	0	0	0	0	0
25	Taxes	Input	0	0	0	0	0	0
26	Total Admin. & General		(1,422)	0	0	(27)	0	0
27	TOTAL GAS EXPENSES	7+11+15+19... 22+26	(1,422)	0	(989)	(27)	0	0
28	OPERATING INCOME BEFORE FIT	Ln 6-27	1,422	561	989	27	0	0
FEDERAL INCOME TAXES								
29	Current Accrual	From Ln 47 or 48	498	196	346	9	0	0
30	Deferred Income Taxes	Input	0	0	0	0	0	0
31	Amortized Investment Tax Credit	Input	0	0	0	0	0	0
32	TOTAL FIT, DEF FIT & AMT ITC	Ln 29+30+31	498	196	346	9	0	0
33	TOTAL OPERATING EXPENSE. & FIT	Ln 27+32	(924)	196	(643)	(17)	0	0
34	NET OPERATING INCOME	Ln 6-33	\$924	\$364	\$643	\$17	\$0	\$0
RATE BASE								
35	Total Plant In Service	From Ln 52	\$0	\$0	\$0	\$0	\$0	\$0
36	Total Accumulated Depreciation & Amort.	From Ln 56	0	0	0	0	0	0
37	Net Plant In Service	Ln 35-36	0	0	0	0	0	0
38	Total Accumulated Deferred Taxes	From Ln 57	0	0	0	0	0	0
39	Gas Inventory	From Ln 58	0	0	0	0	0	0
40	Gain on Sale of Operating Assets	From Ln 59	0	0	0	0	0	0
41	Investor-Supplied Working Capital Allowance	From Ln 60	0	0	2,114	0	0	0
42	TOTAL RATE BASE	Ln 37+38+39+40+41	\$0	\$0	\$2,114	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS			Exhibit # _____(RLCD-05)					
RESTATING ADJUSTMENTS			Docket No. UG-991607					
DETAIL OF ADJUSTMENTS TO TAXES AND RATE BASE			Restating Adj. Page 8					
FOR THE 12 MONTHS ENDED DECEMBER 31, 1998								
(DOLLARS IN THOUSANDS)								
Line No.	Description	Source	RA-PC-01 Admin. & General Adjustment	RA-PC-02 Franchise Fees for Use Corp. Name	RA-PC-05 Meter Reading and Billing	RA-PC-06 Remove Name Change Amortization	RA-## (Y)	RA-## (Z)
	(A)	(B)	(N)	(Q)	(R)	(Z)	(Y)	(Z)
FEDERAL INCOME TAXES:								
43	Operating Income Before FIT:	From Ln 28	\$1,422	\$561	\$989	\$27	\$0	\$0
44	Other Operating Income	Input	0	0	0	0	0	0
45	FIT - Net Deductions	Input	0	0	0	0	0	0
46	Taxable Income	Ln 43+44+45	1,422	561	989	27	0	0
47	Net Federal Income Tax *** OR ***	Ln 46 x 35.00%	498	196	346	9	0	0
48	Federal Income Taxes - Direct Input	Input	498	196	346	9	0	0
RATE BASE								
PLANT IN SERVICE								
49	Underground Storage	Input	\$0	\$0	\$0	\$0	\$0	\$0
50	Distribution Plant	Input	0	0	0	0	0	0
51	General Plant	Input	0	0	0	0	0	0
52	TOTAL PLANT IN SERVICE	Ln +49...+51	0	0	0	0	0	0
ACCUMULATED DEPRECIATION								
53	Underground Storage	Input	0	0	0	0	0	0
54	Distribution Plant	Input	0	0	0	0	0	0
55	General Plant	Input	0	0	0	0	0	0
56	TOTAL ACCUM. DEPRECIATION	Ln +53...+55	0	0	0	0	0	0
57	ACCUMULATED DEFERRED TAXES	Input	0	0	0	0	0	0
58	GAS INVENTORY	Input	0	0	0	0	0	0
59	GAIN ON SALE OF OPER. ASSETS	Input	0	0	0	0	0	0
60	INVESTOR SUPPLIED WORKING CAPITAL	Input	0	0	2,114	0	0	0
61			0	0	0	0	0	0
62			0	0	0	0	0	0
63								
64	NET RATE BASE	Ln 52-56+57+58..+60	\$0	\$0	\$2,114	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS PROFORMA ADJUSTMENTS TO INCOME FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607 Proforma Adj. Page 1					
Line No.	Description	Source	Total Proforma Adustments	P-PC-01 Pro Forma Depn. Adjustment	P-2 Pro Forma Labor/Benefit Adjustment	P-3 Pro Forma Revenue Adjustment	P-4 Pro Forma Miscellaneous Adjustment	P-5
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
REVENUES								
1	Total General Business	Input	\$6,010	\$0	\$0	\$6,010	\$0	\$0
2	Total Transportation	Input	(1,817)	0	0	(1,817)	0	0
3	Other Revenues	Input	(10,437)	0	0	(10,437)	0	0
4	Total Gas Revenues	Ln 1+2+3	(6,244)	0	0	(6,244)	0	0
5	Other Revenue	Input	0	0	0	0	0	0
6	TOTAL GAS REVENUES	Ln 4+5	(6,244)	0	0	(6,244)	0	0
EXPENSES								
7	Exploration and Development	Input	0	0	0	0	0	0
Production								
8	City Gate Purchases	Input	(10,020)	0	0	(10,020)	0	0
9	Purchased Gas Expense	Input	4	0	4	0	0	0
10	Net Nat Gas Storage Trans	Input	1,017	0	0	1,017	0	0
11	Total Production	Ln 8+9+10	(8,999)	0	4	(9,003)	0	0
Underground Storage								
12	Operating Expenses	Input	0	0	0	0	0	0
13	Depreciation	Input	(5)	(5)	0	0	0	0
14	Taxes	Input	0	0	0	0	0	0
15	Total Underground Storage	Ln 12+13+14	(5)	(5)	0	0	0	0
Distribution								
16	Operating Expenses	Input	120	0	120	0	0	0
17	Depreciation	Input	(72)	(72)	0	0	0	0
18	Taxes	Input	317	0	0	317	0	0
19	Total Distribution	Ln 16+17+18	365	(72)	120	317	0	0
20	Customer Accounting	Input	92	0	63	29	0	0
21	Customer Service & Information	Input	3	0	3	0	0	0
22	Sales Expenses	Input	5	0	5	0	0	0
Administrative & General								
23	Operating Expenses	Input	(213)	0	(29)	80	(264)	0
24	Depreciation and Amortization	Input	156	156	0	0	0	0
25	Taxes	Input	0	0	0	0	0	0
26	Total Admin. & General		(57)	156	(29)	80	(264)	0
27	TOTAL GAS EXPENSES	7+11+15+19...22+26	(8,596)	79	166	(8,577)	(264)	0
28	OPERATING INCOME BEFORE FIT	Ln 6-27	2,352	(79)	(166)	2,333	264	0
FEDERAL INCOME TAXES								
29	Current Accrual	From Ln 47 or 48	851	0	(58)	817	92	0
30	Deferred Income Taxes	Input	(28)	(28)	0	0	0	0
31	Amortized Investment Tax Credit	Input	0	0	0	0	0	0
32	TOTAL FIT, DEF FIT & AMT ITC	Ln 29+30+31	823	(28)	(58)	817	92	0
33	TOTAL OPERATING EXPENSE. & FIT	Ln 27+32	(7,773)	51	108	(7,760)	(172)	0
34	NET OPERATING INCOME	Ln 6-33	\$1,529	(\$51)	(\$108)	\$1,516	\$172	\$0
RATE BASE								
35	Total Plant In Service	From Ln 52	0	0	0	0	0	0
36	Total Accumulated Depreciation & Amort.	From Ln 56	39	39	0	0	0	0
37	Net Plant In Service	Ln 35-36	(39)	(39)	0	0	0	0
38	Total Accumulated Deferred Taxes	From Ln 57	28	28	0	0	0	0
39	Gas Inventory	From Ln 58	0	0	0	0	0	0
40	Gain on Sale of Operating Assets	From Ln 59	0	0	0	0	0	0
41	Investor-Supplied Working Capital Allowance	From Ln 60	0	0	0	0	0	0
42	TOTAL RATE BASE	Ln 37+38+39+40+41	(\$12)	(\$12)	\$0	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS			Exhibit # _____ (RLCD-05)					
PROFORMA ADJUSTMENTS			Docket No. UG-991607					
DETAIL OF ADJUSTMENTS TO TAXES AND RATE BASE			Proforma Adj. Page 2					
FOR THE 12 MONTHS ENDED DECEMBER 31, 1998			(DOLLARS IN THOUSANDS)					
Line No.	Description	Source	Total Proforma Adustments	P-PC-01 Pro Forma Depr. Adjustment	P-2 Pro Forma Labor/Benefit Adjustment	P-3 Pro Forma Revenue Adjustment	P-4 Pro Forma Miscellaneous Adjustment	P-5
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
FEDERAL INCOME TAXES:								
43	Operating Income Before FIT:	From Ln 28	\$2,352	(\$79)	(\$166)	\$2,333	\$264	\$0
44	Other Operating Income	Input	0	0	0	0	0	0
45	FIT - Net Deductions	Input	79	79	0	0	0	0
46	Taxable Income	Ln 43+44+45	2,431	0	(166)	2,333	264	0
47	Net Federal Income Tax *** OR ***	Ln 46 x 35.00%	851	0	(58)	817	92	0
48	Federal Income Taxes - Direct Input	Input	851	0	(58)	817	92	0
RATE BASE								
PLANT IN SERVICE								
49	Underground Storage	Input	\$0	\$0	\$0	\$0	\$0	\$0
50	Distribution Plant	Input	0	0	0	0	0	0
51	General Plant	Input	0	0	0	0	0	0
52	TOTAL PLANT IN SERVICE	Ln +49...+51	0	0	0	0	0	0
ACCUMULATED DEPRECIATION								
53	Underground Storage	Input	(2)	(2)	0	0	0	0
54	Distribution Plant	Input	(36)	(36)	0	0	0	0
55	General Plant	Input	78	78	0	0	0	0
56	TOTAL ACCUM. DEPRECIATION	Ln +53...+55	39	39	0	0	0	0
57	ACCUMULATED DEFERRED TAXES	Input	28	28	0	0	0	0
58	GAS INVENTORY	Input	0	0	0	0	0	0
59	GAIN ON SALE OF OPER. ASSETS	Input	0	0	0	0	0	0
60	INVESTOR SUPPLIED WORKING CAPITAL	Input	0	0	0	0	0	0
61			0	0	0	0	0	0
62			0	0	0	0	0	0
63								
64	NET RATE BASE	Ln 52-56+57+58...+60	(\$12)	(\$12)	\$0	\$0	\$0	\$0

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS REVIEW OF COST OF CAPITAL FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)				Exhibit # _____ (RLCD-05) Docket No. UG-991607	
Ln #	DESCRIPTION (A)	AMOUNT (\$000) [See Note] (B)	CAPITAL STRUCTURE (%) (C)	COST RATES (%) (D)	WEIGHTED COST RATES (%) (E)
1	LONG-TERM DEBT	\$638,933	46.03%	7.45%	3.43%
2	SHORT-TERM DEBT	63,167	4.55%	6.67%	0.30%
3	PREFERRED STOCK	35,000	2.52%	8.15%	0.21%
4	PREFERRED SECURITIES	110,000	7.93%	8.11%	0.64%
5	COMMON EQUITY	540,833	38.97%	10.88%	4.24%
6	TOTALS	<u>\$1,387,933</u>	<u>100.00%</u>		<u>8.82%</u>

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS PRO FORMA INCOME STATEMENT: WASHINGTON CALCULATION OF PRO FORMA DEBT ADJUSTMENT FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)					Exhibit # _____ (RLCD-05) Docket No. UG-991607
LINE NO.	DESCRIPTION	SOURCE	FEDERAL AMOUNT	OTHER AMOUNT	TOTAL AMOUNT
	(A)	(B)	(C)	(D)	(E)
1	TOTAL PRO FORMA RATE BASE	INPUT	\$122,750	\$0	
2	ADDED CWIP	INPUT	0	0	
3	TOTAL PROFORMA RATE BASE & CWIP	Ln 1 + Ln 2	\$122,750	\$0	
4	WEIGHTED COST OF DEBT	INPUT	4.37%	4.37%	
5	PRO FORMA INTEREST EXPENSE	Ln 3 x Ln 4	\$5,364	\$0	
6	ACTUAL INTEREST EXPENSE	INPUT	5,453	0	
7	CHANGE IN INTEREST EXPENSE	Ln 5 - Ln 6	(\$69)	(\$0)	
8	FEDERAL/OTHER INC. TAX RATE	CURRENT RATE	35.00%	0.00%	
9	FED./OTHER INCOME TAX EFFECT	Ln 7 x Ln 8	31	0	31
10	LESS DEDUCTION FOR "OTHER"	OTHER x FIT RATE	0	0	0
11	NET OPERATING INCOME EFFECT	- Ln 9 + Ln 10	(\$31)	\$-0	(\$31)

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS GROSS REVENUE CONVERSION FACTOR FOR THE 12 MONTHS ENDED DECEMBER 31, 1998				Exhibit # _____ (RLCD-05) Docket No. UG-991607 Page 1 of 1
LN #	DESCRIPTION (A)	SOURCE (B)	REVENUE SENSITIVE RATES (C)	STATUTORY TAX RATE (D)
1	REVENUES	Constant		1.000000
	EXPENSES:			
2	LESS: PROVISION FOR UNCOLLECTIBLES	Input	0.3514%	0.003514
3	COMMISSION FEES	Input	0.2000%	0.002000
4	WASHINGTON EXCISE TAX	Input	3.8385%	0.038385
5	FRANCHISE FEES	Input	0.7632%	0.007632
6	OTHER FEES OR TAXES	Input		0.000000
7	TOTAL REVENUE SENSITIVE EXPENSES	+ Ln 2...Ln 6		0.051530
8	TAXABLE INCOME BEFORE FIT	Ln 1 - Ln 7		0.948470
9	LESS: FEDERAL INCOME TAX	Input	35.0000%	0.331965
10	NET OPERATING INCOME	Ln 8 - Ln 9		0.616506
11	GROSS REVENUE CONVERSION FACTOR - MULTIPLIER	1/Ln 10		1.622046

AVISTA UTILITIES - GAS RESULTS OF OPERATIONS CALCULATION OF REVENUE REQUIREMENT FOR THE 12 MONTHS ENDED DECEMBER 31, 1998 (DOLLARS IN THOUSANDS)			Exhibit # _____ (RLCD-05) Docket No. UG-991607
LN #	DESCRIPTION (A)	SOURCE (B)	AMOUNT (C)
1	Pro Forma Rate Base	Input	\$122,750
2	Proposed Rate of Return	Input	8.820%
3	Net Operating Income Requirement	Ln 2 x (Ln 3/100)	\$10,827
4	Pro Forma Net Operating Income	Input	\$11,459
5	Net Operating Income Deficiency or (Excess)	Ln 3 - Ln 4	(\$632)
6	Conversion Factor	Input	0.616506
7	Total Revenue Deficiency or (Excess)	Ln 5 / Ln 6	(\$1,026)
8	Total General Business Revenues	Input	\$75,036
9	Percentage Revenue Increase or (Decrease)	(Ln 7/Ln 8) x 100	-1.37%